



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Olympic Region Clean Air Agency

For the period July 1, 2018 through June 30, 2020

Published May 20, 2021

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**Office of the Washington State Auditor
Pat McCarthy**

May 20, 2021

Board of Directors
Olympic Region Clean Air Agency
Olympia, Washington

Report on Financial Statements

Please find attached our report on the Olympic Region Clean Air Agency's financial statements.

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Olympic Region Clean Air Agency July 1, 2018 through June 30, 2020

Board of Directors
Olympic Region Clean Air Agency
Olympia, 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 Olympic Region Clean Air Agency, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated May 12, 2021.

We issued an unmodified opinion on the fair presentation of the Agency's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Agency using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 9 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Agency is unknown.

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 opinions 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

May 12, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Olympic Region Clean Air Agency July 1, 2018 through June 30, 2020

Board of Directors
Olympic Region Clean Air Agency
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Olympic Region Clean Air Agency, for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law 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 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 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 opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Olympic Region Clean Air Agency has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the Olympic Region Clean Air Agency, and its changes in cash and investments, for the years ended June 30, 2020 and 2019, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the Agency used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Olympic Region Clean Air Agency, as of June 30, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 9 to the 2020 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the Agency is unknown. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2021 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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

May 12, 2021

FINANCIAL SECTION

Olympic Region Clean Air Agency July 1, 2018 through June 30, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020

Fund Resources and Uses Arising from Cash Transactions – 2019

Notes to Financial Statements – 2020

Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020

Schedule of Liabilities – 2019

**Olympic Region Clean Air Agency
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended June 30, 2020**

Beginning Cash and Investments

308	Beginning Cash and Investments	1,658,409
388 / 588	Net Adjustments	-

Revenues

320	Licenses and Permits	-
330	Intergovernmental Revenues	799,980
340	Charges for Goods and Services	1,536,856
350	Fines and Penalties	66,207
360	Miscellaneous Revenues	94,535
Total Revenues:		2,497,578

Expenditures

550	Natural/Economic Environment	2,389,518
Total Expenditures:		2,389,518
Excess (Deficiency) Revenues over Expenditures:		108,060

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	425
Total Other Increases in Fund Resources:		425

Other Decreases in Fund Resources

594-595	Capital Expenditures	-
591-593, 599	Debt Service	44,914
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	903
Total Other Decreases in Fund Resources:		45,817

Increase (Decrease) in Cash and Investments: 62,668

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	551,963
50851	Assigned	5,575
50891	Unassigned	1,163,539
Total Ending Cash and Investments		1,721,077

Olympic Region Clean Air Agency
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended June 30, 2019

Beginning Cash and Investments

30810	Reserved	463,112
30880	Unreserved	1,107,051
388 / 588	Net Adjustments	-

Revenues

320	Licenses and Permits	-
330	Intergovernmental Revenues	718,659
340	Charges for Goods and Services	1,538,970
350	Fines and Penalties	62,327
360	Miscellaneous Revenues	86,646
Total Revenues:		2,406,602

Expenditures

550	Natural and Economic Environment	2,245,392
Total Expenditures:		2,245,392
Excess (Deficiency) Revenues over Expenditures:		161,210

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	28,500
591-593, 599	Debt Service	44,465
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		72,965

Increase (Decrease) in Cash and Investments: 88,245

Ending Cash and Investments

5081000	Reserved	561,805
5088000	Unreserved	1,096,604
Total Ending Cash and Investments		1,658,409

OLYMPIC REGION CLEAN AIR AGENCY

Notes to Financial Statements

July 1, 2019 through June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Olympic Region Clean Air Agency (ORCAA) is a local government agency having regulatory and enforcement in and for Clallam, Grays Harbor, Jefferson, Mason, Pacific, and Thurston counties of Washington State. ORCAA, formerly known as the Olympic Air Pollution Control Agency, was established in 1968 after passage of the Washington Clean Air Act (RCW 70.94). The agency is responsible for enforcing federal, state and local air pollution standards and regulating air pollutant emissions from new and existing sources. Per RCW 70.94.100 Air Pollution Control Authority-ORCAA Board of Directors composition includes: one representative from each of the six counties in its jurisdiction, plus representatives from the city councils of the three largest cities in the territory. The ORCAA has a fiscal year end of June 30.

ORCAA is considered a special purpose district with less than \$5 million in combined annual gross operating revenue and therefore allowed to follow single entry accounting and cash basis reporting. ORCAA's financial reports are prepared using the governmental cash basis method of reporting. Under the authority of Washington State law financial statements are prepared in accordance with the procedures recognized and outlined in the Budgeting, Accounting and Reporting System (BARS) manual. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

The following is a summary of the more significant policies, including identification of those policies, which result in material departures from generally accepted accounting principles:

a. Reporting Entity

The Agency is a government agency. The accounting policies of the Agency conform to procedures prescribed by the State Auditor under RCW 43.09.200.

b. Basis of Presentation - Fund Accounting

The accounts of the Agency are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The Agency's resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled. The following fund types are used by the Agency:

GENERAL FUND

This fund is the general operating fund of the Agency. It accounts for all financial resources and transactions except those required to be accounted for in another fund.

The following reserve funds have been established by Resolution and adopted by the Board of Directors as designated reserves that have been elected to be accounted for as to use. These reserve funds roll-up into the General Fund for reporting purposes.

1021	-	Operating Reserve
1022	-	Building Reserve
1023	-	Monitoring Reserve
1024	-	Database Reserve
1025	-	Air Operating Permit - Title V
1040	-	Tenant Security Deposits

A Resolution must be approved by the Board of Directors to appropriate expenditures (except #1025 & #1040).

c. 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. ORCAA uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

Accounting records for the Agency are maintained in accordance with methods prescribed by the State Auditor under the Agency of Washington State law, Chapter 43.09 RCW. The Agency uses the revenue and expenditure classifications contained in the BARS manual prescribed by the State Auditor.

In governmental funds, revenues are recognized only when received in cash and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law. This is a departure from generally accepted accounting principles, which require revenue and expenditure recognition on the modified-accrual basis of accounting (GAAP). Purchases of fixed assets are expensed during the year acquired.

d. Budgets and Budgetary Accounting

As specified in the Washington Clean Air Act (RCW 70.94.092), on or before the fourth Monday in June of each year, ORCAA must adopt a budget for the following fiscal year.

Annual appropriated budgets are adopted for all funds. Budgetary accounts are integrated in fund ledgers for all budgeted funds.

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Total General Fund FY 2020	\$2,498,003	\$2,435,335	\$62,668

e. Cash and Investments

See Note 2, Deposits and Investments.

f. Revenues, Expenditures and Expenses

Governmental funds use the cash basis of accounting where revenues are recognized when received in cash and expenditures are recognized when paid. This is a departure from generally accepted accounting principles, which require revenue and expenditure recognition on the modified-accrual basis in governmental funds.

g. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated with no maximum. Other than retirement from ORCAA, sick leave is not paid out upon separation. ORCAA will pay retiring employees 50% of their accrued sick leave up to a maximum of 120 hours of accumulated sick leave, whichever is less. Payments are recognized as expenditures when paid. The Executive Director is under contract and will be paid for all unused vacation, sick, and comp time upon separation or retirement as outlined in the contract.

h. Long-Term Debt

See Note 4, Long Term Debt.

i. Other Financing Sources or Uses

The government's *Other Financing Sources or Uses* consist of expenditures to pay debt service principal and interest for the Agency's long-term notes payable.

j. Risk Management

See Note 6, Risk Management

k. Reserved/Unreserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution approved by the Board of Director's. When expenditures that meet restrictions are incurred, the Agency intends to use reserved resources first before using unreserved amounts with prior Board approval.

Reserved Fund Balance

The Agency has the following reserve funds that have been established with resolutions approved by the Board of Directors. The funds are reserved for a specific use indicated by title and roll up into the General Fund. Additional funds may be added to these reserve funds during the annual budget process each year.

1021	- Operating Reserve	\$391,963
	-to cover catastrophic/emergency exposures/unexpected revenue shortfalls	
1022	- Building Reserve	\$30,000
	-to maintain/upgrade HVAC and other major office building components	
1023	- Monitoring Reserve	\$20,000
	-to purchase and replace monitoring equipment	
1024	- Database Reserve	\$110,000
	-to purchase and replace agency database	

1025	- Air Operating Permit - Title V	\$-56,282
	-RCW mandates full cost recovery with 10% reserve; reserve balance is applied to next year's program costs	
1040	- Tenant Security Deposits	\$5,575
	-funds collected to cover damages above "normal wear & tear"	

Unreserved Fund Balance

The unreserved fund balance in the General Fund is available for appropriation by board approval. The General Fund Unreserved Fund Balance at June 30, 2020 was \$1,163,539.

Note 2 – Deposits and Investments

Cash of the ORCAA is combined with Thurston County's investment pool. The Agency is invested at 100% of their daily balance for each fund. The investment instruments are diversified under the guidelines of the Thurston County Investment Policy and conform to all state statutes.

The Agency has complete liquidity in all funds under the care of the Thurston County Treasurer. All funds on deposit with the Thurston County Treasurer are considered cash or cash equivalents and are limited to obligations of the U.S. government, U.S. agency issues, and obligations of the State of Washington. The ORCAA's cash and equivalents are in the Thurston County Investment Pool. At June 30, 2020, the Treasurer was holding \$1,721,077. This amount is included in the Net Cash and Investments shown on the statement of Fund Resources and Uses Arising from Cash Transactions.

Note 3 – Capital Assets

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

The ORCAA maintains an inventory of all purchases and tags items that exceed a \$200 threshold. Staff conducts a physical inventory at least every two years.

Note 4 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Olympic Region Clean Air Agency and summarizes the Agency's debt transactions for year ended June 30, 2020.

Notes Payable: The Olympic Region Clean Air Agency originally executed a Purchases and Sales Agreement in September 2001 to purchase and renovate an office building with a purchase price of \$800,000. On May 9, 2002, the agency closed on the loan and signed a note that is secured by a Deed of Trust with Thurston County. The terms included a down payment of 20% and a loan for \$640,759 for 20 years that bears interest at 4.848%. On November 9, 2010, the County refunded the 2002 Bonds which resulted in a lower interest rate and a net savings of more than \$48,000 for ORCAA. The County issued a new bond in 2010 and assessed ORCAA a portion of the bond issuance costs totaling \$13,669. The County continued the same loan terms with a lower interest rate of 2.491%. The principal is payable each year on December 1, and the interest is payable on December 1 and June 1 of each year to Thurston County.

The annual debt service requirements to maturity for our long-term debt as of June 2020 is as follows—

		<u>Principal</u>	<u>Interest</u>
Fiscal Year	2021	\$ 41,607.00	\$ 3,265.24
	2022	\$ 43,114.50	\$ 1,994.42
	2023	\$ 44,923.50	\$ 673.85

References:

RCW 70.94-096 authorizes our agency to borrow money,

RCW 70.94-081 refers to ORCAA as a municipal corporation, and allows acquisition in real or personal property,

RCW 84.36.010 as a municipal corporation, all property is considered exempt from property taxes.

Compensated Absences: Vacation leave may be accumulated up to 240 hours and is payable upon separation, retirement, or death. Sick leave may be accumulated with no maximum. ORCAA will pay retiring employees 50% of their accrued sick leave up to a maximum of 120 hours of accumulated sick leave, whichever is less. To be eligible, retiring employees will need to have worked for the agency for at least five years for payment of sick leave.

At June 30, 2020, total accumulated leave liability (vacation and comp time, plus sick time for director) was valued at \$211,133.

Refer to Long-Term Debt Schedule 09

Note 5 - Pension Plans

Substantially, all Olympic Region Clean Air Agency full-time and qualifying part-time employees participate in one of the statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At **June 30, 2020** (the measurement date of the plans), the Olympic Region Clean Air Agency's proportionate share of the collective net pension liabilities*, as reported on Schedule 9, was as follows:

Plan	Employer Contribution	Allocation %	FY2018 Ending Net Pension Liability	Liability (Asset)
PERS 1 UAAL	\$69,250	0.009555%	\$3,530,540,000	\$337,343
PERS 2/3	\$114,040	0.012379%	\$1,278,943,000	\$158,320

Deferred Compensation Plan

The ORCAA offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan was established to permit employees, on a voluntary basis, to defer a portion of their salaries and invest it, for payment later. While the funds are invested in the Plan, the assets cannot be used as collateral. Neither the contributions nor any investment earnings are subject to current federal and (in most cases) state income taxes.

The plan assets and liabilities are not recorded on the financial statements of the ORCAA.

Note 6 - Risk Management

Olympic Region Clean Air 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, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention 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 a liability loss.
- \$250,000 self-insured retention 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 a property loss. For property losses related to boiler and machinery, Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is 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, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris 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 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 Pool is governed by a Board of Directors which is comprised of seven (7) board members. The Pool's 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 7 - Contingencies and Litigation

In the opinion of management, the Agency's insurance policies are adequate to pay all known or pending claims.

The Agency participates in several federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Agency management believes that such disallowances, if any, will be immaterial.

Note 8 – Health & Welfare

The Olympic Region Clean Air Agency is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser

ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018.. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 9 – Other Disclosures

Self-Insurance

The Agency self-insures for unemployment insurance through the Washington State Employment Security-Self Insurance program. The agency has not had any claims in the past three years and does not have a reserve as it poses a low risk.

Recodification of RCW

Following our June 30, 2020 agency year-end, the code reviser's office recoded RCW 70.94 to simplify the organization of the chapter. The change went into effect on July 1, 2020. ORCAA is in the process of updating agency documentation with the new reference following the Board of Directors approval. The existing RCW 70.94 is recoded to RCW 70A.15.

COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the

virus have been ordered. These measures include closing schools, colleges, and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The length of time these measures will be in place, and the full extent of the financial impact on the Agency is unknown at this time.

OLYMPIC REGION CLEAN AIR AGENCY

Notes to Financial Statements

July 1, 2018 through June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The Olympic Region Clean Air Agency (ORCAA) is a local government agency having regulatory and enforcement in and for Clallam, Grays Harbor, Jefferson, Mason, Pacific, and Thurston counties of Washington State. ORCAA, formerly known as the Olympic Air Pollution Control Agency, was established in 1968 after passage of the Washington Clean Air Act (RCW 70.94). The agency is responsible for enforcing federal, state and local air pollution standards and regulating air pollutant emissions from new and existing sources. Per RCW 70.94.100 Air Pollution Control Authority-ORCAA Board of Directors composition includes: one representative from each of the six counties in its jurisdiction, plus representatives from the city councils of the three largest cities in the territory. The ORCAA has a fiscal year end of June 30.

ORCAA is considered a special purpose district with less than \$5 million in combined annual gross operating revenue and therefore allowed to follow single entry accounting and cash basis reporting. ORCAA's financial reports are prepared using the governmental cash basis method of reporting. Under the authority of Washington State law financial statements are prepared in accordance with the procedures recognized and outlined in the Budgeting, Accounting and Reporting System (BARS) manual. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

The following is a summary of the more significant policies, including identification of those policies, which result in material departures from generally accepted accounting principles:

a. Reporting Entity

The Agency is a government agency. The accounting policies of the Agency conform to procedures prescribed by the State Auditor under RCW 43.09.200.

b. Basis of Presentation - Fund Accounting

The accounts of the Agency are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The Agency's resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled. The following fund types are used by the Agency:

GENERAL FUND

This fund is the general operating fund of the Agency. It accounts for all financial resources and transactions except those required to be accounted for in another fund.

The following reserve funds have been established by Resolution and adopted by the Board of Directors as designated reserves that have been elected to be accounted for as to use. These reserve funds roll-up into the General Fund for reporting purposes.

1021	-	Operating Reserve
1022	-	Building Reserve
1023	-	Monitoring Reserve
1024	-	Database Reserve
1025	-	Air Operating Permit - Title V
1040	-	Tenant Security Deposits

A Resolution must be approved by the Board of Directors to appropriate expenditures (except #1025 & #1040).

c. 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. ORCAA uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

Accounting records for the Agency are maintained in accordance with methods prescribed by the State Auditor under the Agency of Washington State law, Chapter 43.09 RCW. The Agency uses the revenue and expenditure classifications contained in the BARS manual prescribed by the State Auditor.

In governmental funds, revenues are recognized only when received in cash and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law. This is a departure from generally accepted accounting principles, which require revenue and expenditure recognition on the modified-accrual basis of accounting (GAAP). Purchases of fixed assets are expensed during the year acquired.

d. Budgets and Budgetary Accounting

As specified in the Washington Clean Air Act (RCW 70.94.092), on or before the fourth Monday in June of each year, ORCAA must adopt a budget for the following fiscal year.

Annual appropriated budgets are adopted for all funds. Budgetary accounts are integrated in fund ledgers for all budgeted funds.

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Total General Fund FY 2019	\$2,406,602	\$2,318,357	\$88,245

e. Cash and Investments

See Note 2, Deposits and Investments.

f. Revenues, Expenditures and Expenses

Governmental funds use the cash basis of accounting where revenues are recognized when received in cash and expenditures are recognized when paid. This is a departure from generally accepted accounting principles, which require revenue and expenditure recognition on the modified-accrual basis in governmental funds.

g. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated with no maximum. Other than retirement from ORCAA, sick leave is not paid out upon separation. ORCAA will pay retiring employees 50% of their accrued sick leave up to a maximum of 120 hours of accumulated sick leave, whichever is less. Payments are recognized as expenditures when paid. The Executive Director is under contract and will be paid for all unused vacation, sick, and comp time upon separation or retirement as outlined in the contract.

h. Long-Term Debt

See Note 4, Long Term Debt.

i. Other Financing Sources or Uses

The government's *Other Financing Sources or Uses* consist of expenditures to pay debt service principal and interest for the Agency's long-term notes payable.

j. Risk Management

See Note 6, Risk Management

k. Reserved/Unreserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution approved by the Board of Director's. When expenditures that meet restrictions are incurred, the Agency intends to use reserved resources first before using unreserved amounts with prior Board approval.

Reserved Fund Balance

The Agency has the following reserve funds that have been established with resolutions approved by the Board of Directors. The funds are reserved for a specific use indicated by title and roll up into the General Fund. Additional funds may be added to these reserve funds during the annual budget process each year.

1021	- Operating Reserve	\$389,790
	-to cover catastrophic/emergency exposures/unexpected revenue shortfalls	
1022	- Building Reserve	\$30,000
	-to maintain/upgrade HVAC and other major office building components	
1023	- Monitoring Reserve	\$20,000
	-to purchase and replace monitoring equipment	
1024	- Database Reserve	\$75,000
	-to purchase and replace agency database	

1025	- Air Operating Permit - Title V	\$41,139
	-RCW mandates full cost recovery with 10% reserve; excess reserve balance is used for next year's program costs	
1040	- Tenant Security Deposits	\$5,875
	-funds collected to cover damages above "normal wear & tear"	

Unreserved Fund Balance

The unreserved fund balance in the General Fund is available for appropriation by board approval. The General Fund Unreserved Fund Balance at June 30, 2019 was \$1,096,604.

Note 2 – Deposits and Investments

Cash of the ORCAA is combined with Thurston County's investment pool. The Agency is invested at 100% of their daily balance for each fund. The investment instruments are diversified under the guidelines of the Thurston County Investment Policy and conform to all state statutes.

The Agency has complete liquidity in all funds under the care of the Thurston County Treasurer. All funds on deposit with the Thurston County Treasurer are considered cash or cash equivalents and are limited to obligations of the U.S. government, U.S. agency issues, and obligations of the State of Washington. The ORCAA's cash and equivalents are in the Thurston County Investment Pool. At June 30, 2019, the Treasurer was holding \$1,658,409. This amount is included in the Net Cash and Investments shown on the statement of Fund Resources and Uses Arising from Cash Transactions.

Note 3 – Capital Assets

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

The ORCAA maintains an inventory of all purchases and tags items that exceed a \$200 threshold. Staff conducts a physical inventory at least every two years.

Note 4 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Olympic Region Clean Air Agency and summarizes the Agency's debt transactions for year ended June 30, 2019.

Notes Payable: The Olympic Region Clean Air Agency originally executed a Purchases and Sales Agreement in September 2001 to purchase and renovate an office building with a purchase price of \$800,000. On May 9, 2002, the agency closed on the loan and signed a note that is secured by a Deed of Trust with Thurston County. The terms included a down payment of 20% and a loan for \$640,759 for 20 years that bears interest at 4.848%. On November 9, 2010, the County refunded the 2002 Bonds which resulted in a lower interest rate and a net savings of more than \$48,000 for ORCAA. The County issued a new bond in 2010 and assessed ORCAA a portion of the bond issuance costs totaling \$13,669. The County continued the same loan terms with a lower interest rate of 2.491%. The principal is payable each year on December 1, and the interest is payable on December 1 and June 1 of each year to Thurston County.

The annual debt service requirements to maturity for our long-term debt as of June 2019 is as follows—

Fiscal Year		<u>Principal</u>	<u>Interest</u>
2020		\$ 40,401.00	\$ 4,495.36
2021		\$ 41,607.00	\$ 3,265.24
2022		\$ 43,114.50	\$ 1,994.42
2023		\$ 44,923.50	\$ 673.85

References:

RCW 70.94-096 authorizes our agency to borrow money,
 RCW 70.94-081 refers to ORCAA as a municipal corporation, and allows acquisition in real or personal property,
 RCW 84.36.010 as a municipal corporation, all property is considered exempt from property taxes.

Compensated Absences: Vacation leave may be accumulated up to 240 hours and is payable upon separation, retirement, or death. Sick leave may be accumulated with no maximum. ORCAA will pay retiring employees 50% of their accrued sick leave up to a maximum of 120 hours of accumulated sick leave, whichever is less. To be eligible, retiring employees will need to have worked for the agency for at least five years for payment of sick leave.

At June 30, 2019, total accumulated leave liability (vacation and comp time, plus sick time for director) was valued at \$155,715.

Refer to Long-Term Debt Schedule 09

Note 5 - Pension Plans

Substantially, all Olympic Region Clean Air Agency full-time and qualifying part-time employees participate in one of the statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At **June 30, 2019** (the measurement date of the plans), the Olympic Region Clean Air Agency's proportionate share of the collective net pension liabilities*, as reported on Schedule 9, was as follows:

Plan	Employer Contribution	Allocation %	FY2018 Ending Net Pension Liability	Liability (Asset)
PERS 1 UAAL	\$67,774	0.009452%	\$3,845,355,000	\$363,463

PERS 2/3	\$99,730	0.012211%	\$971,340,000	\$118,610
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Deferred Compensation Plan

The ORCAA offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan was established to permit employees, on a voluntary basis, to defer a portion of their salaries and invest it, for payment later. While the funds are invested in the Plan, the assets cannot be used as collateral. Neither the contributions nor any investment earnings are subject to current federal and (in most cases) state income taxes.

The plan assets and liabilities are not recorded on the financial statements of the ORCAA.

Note 6 - Risk Management

Olympic Region Clean Air 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, 2018, there are 540 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$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 a 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 a property loss. For property losses related to boiler and machinery, Enduris is responsible for the \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is 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, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

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. The Pool's 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.

Enduris did not have any claim settlements that exceeded limits in the last three years.

Note 7 - Contingencies and Litigation

In the opinion of management, the Agency's insurance policies are adequate to pay all known or pending claims.

The Agency participates in several federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Agency management believes that such disallowances, if any, will be immaterial.

Note 8 – Health & Welfare

The Olympic Region Clean Air Agency is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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**Olympic Region Clean Air Agency
Schedule of Liabilities
For the Year Ended June 30, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Office Building	12/1/2022	170,045	-	40,401	129,644
	Total General Obligation Debt/Liabilities:		170,045	-	40,401	129,644
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		155,715	55,418	-	211,133
264.30	DRS-PERS Collective Net Pension Liability		482,073	13,590	-	495,663
	Total Revenue and Other (non G.O.) Debt/Liabilities:		637,788	69,008	-	706,796
	Total Liabilities:		807,833	69,008	40,401	836,440

**Olympic Region Clean Air Agency
Schedule of Liabilities
For the Year Ended June 30, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Office Building	12/1/2022	208,637	-	38,592	170,045
	Total General Obligation Debt/Liabilities:		208,637	-	38,592	170,045
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		152,346	3,369	-	155,715
264.30	DRS-PERS Pension Liability		657,906	-	175,833	482,073
	Total Revenue and Other (non G.O.) Debt/Liabilities:		810,252	3,369	175,833	637,788
	Total Liabilities:		1,018,889	3,369	214,425	807,833

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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