



Financial Report – Fiscal Year 2015

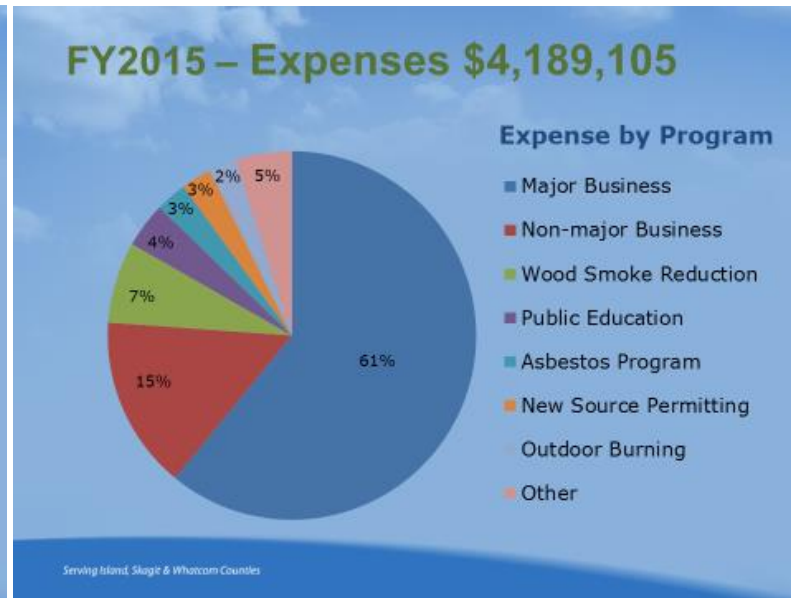
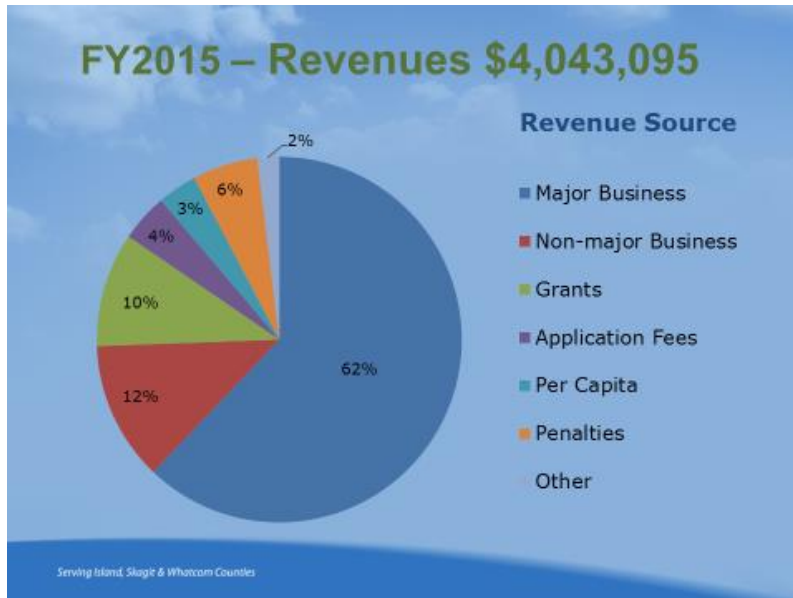
As a public agency, we take our responsibility for managing the public's funds seriously. That's why financial stability is one of the main outcome areas in the agency strategic plan.

As evidence of our accountability to the public, our solid financial policies and practices, and our careful recordkeeping, we received a clean financial audit for fiscal years 2012 to 2014, our most recent audit by the Washington State Auditor's Office.

In this report, we provide an overview of our 2015 financial results and a look ahead to the 2016 budget.

2015 FINANCIAL RESULTS

The following pie charts represent revenues by source and expenses by program for our fiscal year 2015, which is July 1, 2014, to June 30, 2015. Total operating revenues for the year were \$4 million, and total operating expenses were \$4.2 million.



Our Major Business Program is the largest portion of our revenues and expenses at more than \$2.5 million, or 61 percent of total expenses for the year. This is the program that allows us to permit and regulate major businesses regulated under Title V of the federal Clean Air Act. These businesses tend to be the largest sources of air pollutants that we regulate in our jurisdiction, although there are others that are subject to these requirements. By federal law, these major businesses must pay fees sufficient to fully fund the cost of running the program.

Our Non-Major Business Program includes about 400 businesses. The fees are set with a goal to cover the costs of registering, monitoring, inspecting and administering the program.

We collected \$234,000 in penalties in fiscal year 2015, which was more than three times the estimated penalty revenue included in the budget. Budgeting for penalties is always a big unknown because we have no way of knowing in advance who is going to violate air quality requirements and how much the resulting penalties will be. Because the amount of penalties is uncertain, amounts collected in excess of the budget are generally used for one-time projects.

We received grant funds from the Washington Department of Ecology totaling \$409,000 in fiscal year 2015. Those funds were used to replace old high-polluting woodstoves in Columbia Valley and to supplement the programs that are not fully funded by fees, including our Asbestos, Agricultural Burning and other programs.

About \$141,000 or 3 percent of our revenue came from per capita assessments. That's the \$0.35 per resident, per year, the cities and counties of our jurisdiction pay to the agency. Per capita funds contribute to programs such as Outdoor Burning and Public Education.

LOOKING AHEAD – FISCAL YEAR 2016 PRIORITIES AND ADOPTED BUDGET

Every year, we develop our budget based on our strategic planning priorities for the year. Developing our fiscal year 2016 budget, these are the main budget planning priorities considered by our Board of Directors:

Incorporation of Strategic Plan Elements

- **Outcome area: Healthy people and environment**
 - Enhance and standardize equipment at monitoring stations
 - Reduce Columbia Valley wood smoke
 - Continue greenhouse gas mitigation projects
- **Outcome area: A level playing field for business**
 - Locate unregistered businesses and bring them into the Non-Major Business program

- **Outcome area: Community engagement**
 - Develop new website, enhance communication materials
- **Outcome area: Financial health**
 - Maintain adequate budget reserves

The following pie charts represent the adopted budget revenues by source and expenses by program for our fiscal year 2016, which is July 1, 2015, to June 30, 2016. We estimated total revenues for the year of \$4.2 million and operating expenses of \$4.4 million. We will use reserves to pay for the difference between revenues and expenses.

