



Financial Report for Fiscal Year 2020 ended June 30, 2020 and Budget for Fiscal Year 2021 ended June 30, 2021

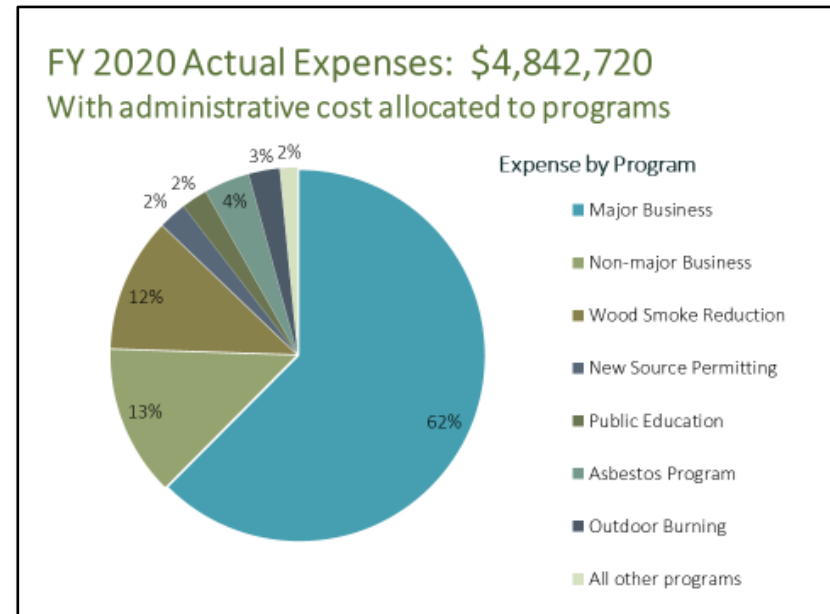
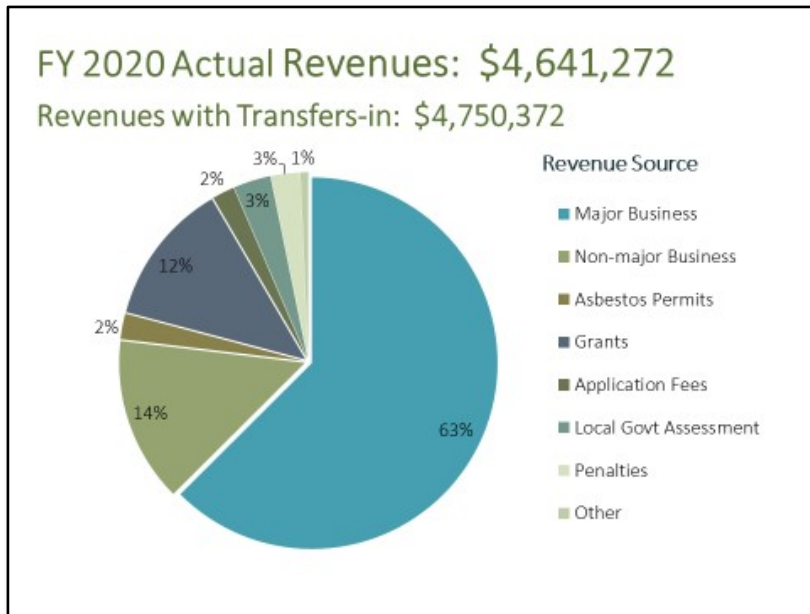
As a public agency, we take our responsibility for managing the public’s funds seriously. That’s why financial stability is one of the main outcome areas in the Agency strategic plan.

As evidence of our accountability to the public, our solid financial policies and practices, and our careful recordkeeping, we continue to receive clean financial audits by the Washington State Auditor’s Office with our most recent audit being completed for fiscal year 2018.

In this report, we provide an overview of our Fiscal Year (FY) 2020 financial results and a look ahead to the FY 2021 budget.

FY 2020 FINANCIAL RESULTS

The following pie charts represent revenues by source and expenses by program for our fiscal year 2020, which is July 1, 2019, to June 30, 2020. Total operating revenues for the year including transfers-in from other funds were \$4.75 million, and total operating expenses were \$4.82 million before transfers-out of \$267,000. Excess penalty revenue was transferred into Agency reserve funds for future Board approved expenses.



Our Major Business Program is the largest portion of our revenues and expenses at \$3.0 million, or 62 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, 23 in total for FY 2020, 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 included 493 businesses, and accounted for 13% of total expenses for the year. The fees are set with a goal to cover the costs of registering, monitoring, inspecting and administering the program.

We collected \$116,721 in penalties in fiscal year 2020. Budgeting for penalties is always an estimate 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 annual budget of \$85,000 are generally used for one-time projects. In FY 2020, \$267,000 of penalty revenue collected in the prior fiscal was transferred into Agency reserve funds.

We received grant funds from the Washington Department of Ecology totaling \$579,299, 12% of total revenue, in fiscal year 2020. Those funds were used to supplement programs that are not fully funded by fees, including Wood-smoke Reduction, Agricultural Burning and other programs.

\$150,756 or 3 percent of our revenue came from local government "per capita" assessments. This is the \$0.35 per resident annual assessment that the cities and counties of our jurisdiction pay to the Agency. Per capita funds contribute to programs such as Outdoor Burning and Asbestos. The per capital assessment of \$0.35 per resident has not increased since 1989.

LOOKING AHEAD – FISCAL YEAR 2021 PRIORITIES AND ADOPTED BUDGET

Every year, we develop our budget based on our strategic planning priorities for the year. In developing our fiscal year 2021 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**
 - Meet federal expectations of timely compliance and permitting actions for the major source program.
 - Continue implementation (year-2) of our digital records management modernization project, utilizing the enterprise content management software system, Laserfiche.
 - Continue to locate unregistered businesses and bring them into the registered source program.
 - Continue work with Columbia Valley area residents and stakeholders to reduce wood smoke pollution.
 - Complete greenhouse gas mitigation projects in our region.

- **Outcome area: Community engagement**
 - Undertake a social marketing project to develop a social marketing approach to share information.
- **Outcome area: Financial health**
 - Continue to monitor and maintain adequate budget reserves.

The following pie charts represent the adopted budget revenues by source and expenses by program for our fiscal year 2021, which is July 1, 2020, to June 30, 2021. Estimated total revenues for the year are \$4.4 million and operating expenses are \$4.7 million. The Agency will have 22 full time employees (FTEs) and 2 part-time employees in fiscal year 2021 as the budget includes the mid-year addition of one FTE, a much needed Air Quality Instrument Specialist, to assist the Air Monitoring program which at time of budget adoption consisted of one FTE. The FY 2020 budget had 21 FTEs and 2 part-time employees.

