



South Coast
AQMD

South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

ADMINISTRATIVE COMMITTEE MEETING

Committee Members

Dr. William A. Burke, Chair
Council Member Ben Benoit, Vice Chair
Council Member Michael Cacciotti
Council Member Judith Mitchell

November 13, 2020 ♦ 10:00 a.m.

Pursuant to Governor Newsom's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), the South Coast AQMD Administrative Committee meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION AT BOTTOM OF AGENDA

Join Zoom Webinar Meeting - from PC or Laptop

<https://scaqmd.zoom.us/j/93760468442>

Zoom Webinar ID: 937 6046 8442 (applies to all)

Teleconference Dial In

+1 669 900 6833

One tap mobile

+16699006833,93760468442#

Audience will be able to provide public comment through telephone or Zoom connection during public comment periods.

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

DISCUSSION ITEMS – Items 1 through 10:

- | | | |
|-----|---|--|
| 1. | Board Members' Concerns (<i>No Motion Required</i>)
<i>Any member of the Governing Board, on his or her own initiative may raise a concern to the Administrative Committee regarding any South Coast AQMD items or activities.</i> | Dr. William A. Burke
Committee Chair |
| 2. | Chairman's Report of Approved Travel (<i>No Motion Required</i>) | Dr. Burke |
| 3. | Report of Approved Out-of-Country Travel
(<i>No Motion Required</i>) | Wayne Nastri
Executive Officer |
| 4. | Review December 4, 2020 Governing Board Agenda | Wayne Nastri pgs. 1-11 |
| 5. | Approval of Compensation for Board Member Assistant(s)/
Consultant(s) (Any material, if submitted, will be distributed at the meeting.) (<i>Motion Requested if Proposal Made</i>) | Dr. Burke pgs. 12-16 |
| 6. | Update on South Coast AQMD Inclusion, Diversity and Equity
Efforts (<i>No Motion Required</i>)
<i>Staff will provide an update on current and future efforts for our internal processes and programs, and to improve how we work with communities.</i> | Wayne Nastri pgs. 17-19 |
| 7. | Budget and Economic Outlook Update (<i>No Motion Required</i>)
<i>Staff will provide an update on economic indicators and key South Coast AQMD metrics.</i> | Jill Whynot
Chief Operating
Officer |
| 8. | Status Report on Major Ongoing and Upcoming Projects for
Information Management (<i>No Motion Required</i>)
<i>Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This action is to provide the monthly status report on major automation contracts and planned projects.</i> | Ron Moskowitz pgs. 20-27
Chief Information
Officer, Information
Management |
| 9. | Annual Audited Financial Statement for FY Ended June 30, 2020
(<i>No Motion Required</i>)
<i>This item transmits the annual audited financial statements of the South Coast AQMD. The South Coast AQMD has received an unmodified opinion (the highest obtainable) on its financial statements.</i> | Sujata Jain pgs. 28-188
Chief Financial
Officer, Finance |
| 10. | South Coast AQMD's FY 2020-21 First Quarter Ended September
30, 2020 Budget vs. Actual (Unaudited) (<i>No Motion Required</i>)
<i>Staff will provide a comparison of budget vs. actual results for the first quarter which ended September 30, 2020.</i> | Sujata Jain pgs. 189-192 |

ACTION ITEMS – Items 11 through 14:

DECEMBER ITEMS

- | | | |
|-----|--|--|
| 11. | Execute Contracts for Legislative Consulting Services
Representation in Sacramento, California (<i>Motion Requested</i>) | Derrick J. Alatorre pgs. 193-196
DEO, Legislative, |
|-----|--|--|

At the September 4, 2020 meeting, the Board approved release of a RFP to solicit proposals for legislative representation in Sacramento, California. Four separate proposals were received from California Advisors, LLC, Campbell Strategy & Advocacy, Joe A. Gonsalves & Son and Resolute. On November 13, 2020, the Administrative Committee recommended approval of the execution of contract(s) with _____ for \$_____ for legislative representation in Sacramento.

Public Affairs & Media

12. Amend Contracts for Legislative Representation in Washington, D.C. (**Motion Requested**)
The current contracts for legislative and regulatory representation in Washington D.C. with Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group Inc., expire on January 14, 2021. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2021 with Kadesh & Associates, LLC for \$226,400; Cassidy & Associates for \$216,000; and Carmen Group Inc. for \$222,090 as South Coast AQMD's legislative and regulatory representatives in Washington D.C., to further the agency's policy positions at the federal level. Sufficient funding is available in the Legislative, Public Affairs & Media FY 2020-21 Budget.

Derrick J. Alatorre pgs. 197-200

13. Recognize Revenue and Appropriate and Transfer Funds, Issue Solicitations and Purchase Orders and Amend Contract for Air Monitoring (**Motion Requested**)
South Coast AQMD is expected to receive supplemental grant funds up to \$350,000 from the U.S. Government for the Enhanced Particulate Monitoring Program and up to \$794,261 from U.S. EPA for the FY 2021 (29th Year) PAMS Program. These actions are to recognize revenue and appropriate funds when they become available in Science & Technology Advancement's FY 2020-21 and FY 2021-22 budgets for the Enhanced Particulate Monitoring Program and the PAMS Program, transfer up to \$350,000 between Major Objects in Science and Technology Advancement's FY 2020-21 Budget to realign expenditures as needed for the Enhanced Monitoring Program, issue solicitations, execute purchase orders and amend contract for equipment and services for air monitoring.

Jason Low pgs. 201-207
ADEO, Science & Technology Advancement

14. Establish List of Prequalified Vendors for Mailing Services (**Motion Requested**)
On September 4, 2020, the Board approved release of an RFQ to establish a prequalified list for outside mailing services, including folding, inserting, sealing, removing duplicate addresses, labeling, tabbing and metering, as well as pick-up and delivery of mailing materials. This action is to establish a prequalified vendor list that will be used for mailing services for a three-year period, from January 1, 2021 to December 31, 2023, and vendors on the list will be given an opportunity to bid competitively on mailing jobs, as the need arises.

John Olvera pgs. 208-210
DEO, Administrative & Human Resources

WRITTEN REPORT:

15. Local Government & Small Business Assistance Advisory Group Minutes for the September 11, 2020 Meeting
(**No Motion Required**)

Derrick J. Alatorre pgs. 211-214

Attached for information only are the Local Government & Small Business Assistance Advisory Group minutes for the September 11, 2020 meeting.

OTHER MATTERS:

16. Other Business

Dr. Burke

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Govt Code Section 54954.2)

17. Public Comment

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

18. Next Meeting Date: December 11, 2020 at 10:00 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disabilities and language-related accommodations can be requested to allow participation in the Administrative Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the District. Please contact Nancy Velasquez at (909) 396-2557 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to nvelasquez@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Nancy Velasquez at (909) 396-2557, or send the request to nvelasquez@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

Speakers will be limited to a total of three (3) minutes for the Consent Calendar and Board Calendar, and three (3) minutes or **less** for other agenda items.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

11/6/20 3:30 PM

DRAFT AGENDA

MEETING, DECEMBER 4, 2020

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 AM.

Pursuant to Governor Newsom's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), the Governing Board meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

ELECTRONIC PARTICIPATION INFORMATION (Instructions provided at bottom of the agenda)

Join Zoom Meeting - from PC, Laptop or Phone

<https://scagmd.zoom.us/j/93128605044>

Meeting ID: 931 2860 5044 (applies to all)

Teleconference Dial In +1 669 900 6833 or +1 253 215 8782

One tap mobile +16699006833,,97364562763# or +12532158782,,93128605044#

Spanish Language Only Audience (telephone)

Número Telefónico para la Audiencia de Habla Hispana

Teleconference Dial In/Numero para llamar: +1 669 900 6833

One tap mobile: +16699006833,,XXXXXXXXXX#

Meeting ID/Identificación de la reunión: XXX XXXX XXXX

Audience will be allowed to provide public comment through telephone or Zoom connection.

PUBLIC COMMENT WILL STILL BE TAKEN

Questions About an Agenda Item

- The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item.
- In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.

Meeting Procedures

- The public meeting of the South Coast AQMD Governing Board begins at 9:00 a.m. The Governing Board generally will consider items in the order listed on the agenda. However, any item may be considered in any order.
- After taking action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

All documents (i) constituting non-exempt public records, (ii) relating to an item on the agenda, and (iii) having been distributed to at least a majority of the Governing Board after the agenda is posted, are available prior to the meeting at South Coast AQMD's web page (www.aqmd.gov).

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Governing Board meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov. Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact the Clerk of the Boards Office at (909) 396-2500 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to cob@aqmd.gov

A webcast of the meeting is available for viewing at:

<http://www.aqmd.gov/home/news-events/webcast>

CALL TO ORDER

- Pledge of Allegiance
- Roll Call
- Opening Comments: William A. Burke, Ed.D., Chair
Other Board Members
Wayne Nastri, Executive Officer

Staff/Phone (909) 396-

CONSENT CALENDAR (Items 1 through XX)

Note: Consent Calendar items held for discussion will be moved to Item No. XX

- | | | |
|--------|---|----------------------|
| 11022. | Approve Minutes of November 6, 2020 Board Meeting | Thomas/3268 |
| 11085. | Set Public Hearing January 8, 2021 to Consider Adoption of and/or Amendments to South Coast AQMD Rules and Regulations | Nastri/3131 |
| 11084. | Set Public Hearing January 8, 2021 to Certify Final Environmental Assessment and Adopt Proposed Rule 1407.1 – Control of Toxic Air Contaminant Emissions from Chromium Alloy Melting Operations | Nakamura/3105 |

Proposed Rule 1407.1 will reduce hexavalent chromium, arsenic, cadmium, and nickel emissions from chromium alloy melting operations such as smelting, die-casting, and other miscellaneous processes where metals are processed in molten form. Proposed Rule 1407.1 establishes point source emission limits for chromium metal melting, housekeeping requirements, building enclosure provisions, source testing requirements, and monitoring, reporting, and recordkeeping requirements. This action is to adopt the Resolution: 1) Certifying the Final Environmental Assessment for Proposed Rule 1407.1 – Control of Toxic Air Contaminant Emissions from Chromium Alloy Melting Operations; and 2) Adopting Proposed Rule 1407.1 – Control of Toxic Air Contaminant Emissions from Chromium Alloy Melting Operations. (Reviewed: Stationary Source Committee, November 20, 2020)

Budget/Fiscal Impact

11086. Recognize Revenue and Execute Contracts for Electrification of Transport Refrigeration in Southern California Grocery Fleet **Miyasato/3249**

South Coast AQMD has been awarded up to \$2,240,721 from U.S. EPA to replace diesel transport refrigeration units (TRUs) with electrified TRUs and install supporting infrastructure with Albertsons Companies. These actions are to: 1) recognize revenue, upon receipt, of up to \$2,240,721 from the U.S. EPA FY20 Clean Diesel Funding Assistance Program into the Clean Fuels Program Fund (31) for electrification of transport refrigeration; 2) execute a contract with Albertsons Companies to replace diesel TRUs with electrified TRUs and install supporting infrastructure in an amount not to exceed \$2,170,975 from the Clean Fuels Program Fund (31); and 3) reimburse the General Fund up to \$69,746 from the Clean Fuels Program Fund (31) for administrative costs. (Reviewed: Technology Committee, November 20, 2020; Recommended for Approval)

11083. Recognize Funds, Execute and Amend Agreements for Installation and Maintenance of Air Filtration Systems, and Reimburse General Fund **Miyasato/3249**

As part of the Community Air Protection Program (CAPP) incentive funds, \$6,352,650 was approved to implement school air filtration projects in AB 617 communities. CARB has also requested South Coast AQMD administer two Supplemental Environmental Projects (SEPs) to install and maintain air filtration systems at schools and residences in Environmental Justice communities. These actions are to: 1) recognize up to \$17,600 and \$9,250 from CARB for two SEPs to install and maintain air filtration systems at schools and residences into the Air Filtration Fund (75); 2) execute contracts with IQAir North America to install air filtration systems in an amount up to \$6,352,650 from the Community Air Protection SB 856 Fund (77) and up to \$17,600 and \$9,250 from the Air Filtration Fund (75); 3) execute agreements with CARB and local school districts; 4) amend contracts to purchase additional filters using unspent administrative funds; and 5) reimburse the General Fund for administrative costs up to \$1,343 for the CARB SEPs. (Reviewed: Technology Committee, November 20, 2020; Recommended for Approval)

11052. Execute Contracts for Volkswagen Environmental Mitigation Trust Program – Combustion Freight and Marine Projects Category **Berry/2363**

In March 2020, the Program Announcement for the Volkswagen (VW) Environmental Mitigation Trust Program - Combustion Freight and Marine Projects category closed, with \$30 million in available funding. The solicitation was largely undersubscribed primarily due to the low incentive amounts and other programmatic requirements, as specified in the court-approved Consent Decrees and CARB's Beneficiary Mitigation Plan. Based on review of eligible applications, staff is recommending awards for truck replacement and marine engine repower projects. This action is to execute contracts for the VW Program – Combustion Freight and Marine Projects Category. (Reviewed: Technology Committee, November 20, 2020; Recommended for Approval)

11051. **Recognize Revenue and Appropriate and Transfer Funds, Issue Solicitations and Purchase Orders and Amend Contract for Air Monitoring** **Low/2269**
- South Coast AQMD is expected to receive supplemental grant funds up to \$350,000 from the U.S. Government for the Enhanced Particulate Monitoring Program and up to \$794,261 from U.S. EPA for the FY 2021 (29th Year) PAMS Program. These actions are to recognize revenue and appropriate funds when they become available in Science & Technology Advancement's FY 2020-21 and FY 2021-22 budgets for the Enhanced Particulate Monitoring Program and the PAMS Program, transfer up to \$350,000 between Major Objects in Science and Technology Advancement's FY 2020-21 Budget to realign expenditures as needed for the Enhanced Monitoring Program, issue solicitations, execute purchase orders and amend contract for equipment and services for air monitoring. (Administrative Committee, November 13, 2020; Recommended for Approval)
11055. **Amend Contracts for Legislative Representation in Washington, D.C.** **Alatorre/3122**
- The current contracts for legislative and regulatory representation in Washington D.C. with Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group, Inc., expire on January 14, 2021. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2021 with Kadesh & Associates, LLC for \$226,400; Cassidy & Associates for \$216,000; and Carmen Group, Inc. for \$222,090 as South Coast AQMD's legislative and regulatory representatives in Washington D.C., to further the agency's policy positions at the federal level. Sufficient funding is available in the Legislative, Public Affairs & Media FY 2020-21 Budget. (Reviewed: Administrative Committee; November 13, 2020, Recommended for Approval)
11071. **Execute Contracts for Legislative Consulting Services Representation in Sacramento, California** **Alatorre/3122**
- At the September 4, 2020 meeting, the Board approved the release of an RFP to solicit proposals for legislative representation in Sacramento, California. Four proposals were received from the following firms: California Advisors, LLC, Campbell Strategy/Advocacy, Joe A. Gonsalves & Son, and Resolute. On November 13, 2020, the Administrative Committee interviewed the four firms and recommended approval of the execution of Contract(s) with X(s) for \$X. (Reviewed: Administrative Committee, November 13, 2020; Recommended for Approval)
11082. **Establish List of Prequalified Vendors for Mailing Services** **Olvera/2309**
- On September 4, 2020, the Board approved release of an RFQ to establish a prequalified list for outside mailing services, including folding, inserting, sealing, removing duplicate addresses, labeling, tabbing and metering, as well as pick-up and delivery of mailing materials. This action is to establish a prequalified vendor list that will be used for mailing services for a three-year period, from January 1, 2021 to December 31, 2023, and vendors on the list will be given an opportunity to bid competitively on mailing jobs, as the need arises. (Reviewed: Administrative, November 13, 2020; Recommended for Approval)

10895. Approve Contract Modifications as Approved by MSRC

McCallon

Items XX through XX - Information Only/Receive and File

10854. Legislative, Public Affairs, and Media Report

Alatorre/3122

This report highlights the October 2020 outreach activities of the Legislative, Public Affairs and Media Office, which includes: Major Events, Community Events/Public Meetings, Environmental Justice Update, Speakers Bureau/Visitor Services, Communications Center, Public Information Center, Business Assistance, Media Relations and Outreach to Business and Federal, State and Local Government. (No Committee Review)

11000. Hearing Board Report

Prussack/2500

This reports the actions taken by the Hearing Board during the period of October 1 through October 31, 2020. (No Committee Review)

10984. Civil Filings and Civil Penalties Report

Gilchrist/3459

This reports the monthly penalties from October 1, 2020 through October 31, 2020, and legal actions filed by the General Counsel's Office from October 1 through October 31, 2020. An Index of South Coast AQMD Rules is attached with the penalty report. (Reviewed: Stationary Source Committee, November 20, 2020)

10809. Lead Agency Projects and Environmental Documents Received

Nakamura/3105

This report provides a listing of CEQA documents received by the South Coast AQMD between October 1, 2020 and October 31, 2020, and those projects for which the South Coast AQMD is acting as lead agency pursuant to CEQA. (No Committee Review)

10780. Rule and Control Measure Forecast

Fine/2239

This report highlights South Coast AQMD rulemaking activities and public hearings scheduled for 2021. (No Committee Review)

11075. Annual Audited Financial Statements for FY Ended June 30, 2020 **Jain/2804**

This item transmits the annual audited financial statements of the South Coast AQMD. The South Coast AQMD has received an unmodified opinion (the highest obtainable) on its financial statements. (Reviewed: Administrative Committee, November 13, 2020)

11072. Status Report on Major Ongoing and Upcoming Projects for Information Management **Moskowitz/3329**

Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This item is to provide the monthly status report on major automation contracts and planned projects. (Reviewed: Administrative Committee, November 13, 2020)

XX. Items Deferred from Consent Calendar

BOARD CALENDAR

Note: The November meeting of the Mobile Source Committee was canceled. The next meeting of the Mobile Source Committee is scheduled for January 22, 2021.

- | | | | |
|--------|---|------------------------------|-----------------------|
| 11010. | Administrative Committee (Receive & File) | Chair: Burke | Nastri/3131 |
| 10972. | Investment Oversight Committee (Receive and File) | Chair: Cacciotti | Jain/2804 |
| 10784. | Legislative Committee | Chair: Mitchell | Alatorre/3122 |
| 10915. | Stationary Source Committee (Receive & File) | Chair: Benoit | Dejbakhsh/2618 |
| 10835. | Technology Committee (Receive & File) | Chair: Buscaino | Miyasato/3249 |
| 10797. | Mobile Source Air Pollution Reduction Review Committee (Receive & File) | Board Liaison: Benoit | Berry/2363 |
| 10952. | California Air Resources Board Monthly Report (Receive & File) | Board Rep: Mitchell | Thomas/2500 |

Staff Presentation/Board Discussion

11087. Budget and Economic Outlook Update (***Presentation In Lieu of Board Letter***) **Whynot/3104**

Staff will provide an update on economic indicators and key South Coast AQMD metrics. (Reviewed: Administrative Committee, November 13, 2020)

PUBLIC HEARINGS

11077. Determine That Southeast Los Angeles Community Emissions Reduction Plan Is Exempt from CEQA and Adopt Community Emissions Reduction Plan **Ghosh/2582**

Assembly Bill 617 requires CARB to select communities for the preparation of Community Emissions Reduction Plans (CERPs) and air districts with a selected community to adopt the CERP within one year of selection. CARB selected the Southeast Los Angeles Community in December 2019. The Southeast Los Angeles CERP provides a blueprint for air pollution emission and exposure reductions to address the community's air quality priorities identified within the community. The CERP also includes a description of the process to develop the plan, actions to reduce emissions and exposures, an implementation schedule, and an enforcement plan. This action is to: 1) Determine that the AB 617 CERP for the Southeast Los Angeles community is exempt from the California Environmental Quality Act; and 2) Adopt the AB 617 CERP for the Southeast Los Angeles community. (Reviewed: Stationary Source Committee, November 20, 2020)

11078. Determine That Eastern Coachella Valley Community Emissions Reduction Plan Is Exempt from CEQA and Adopt Community Emissions Reduction Plan **Ghosh/2582**

Assembly Bill 617 requires CARB to select communities for the preparation of Community Emissions Reduction Plans (CERPs) and air districts with a selected community to adopt the CERP within one year of selection. CARB selected the Eastern Coachella Valley Community in December 2019. The Eastern Coachella Valley CERP provides a blueprint for air pollution emission and exposure reductions to address the community's air quality priorities identified within the community. The CERP includes a description of the process to develop the plan, actions to reduce emissions and exposures, an implementation schedule, and an enforcement plan. This action is to: 1) Determine that the AB 617 CERP for the Eastern Coachella Valley community is exempt from the California Environmental Quality Act; and 2) Adopt the AB 617 CERP for the Eastern Coachella Valley community. (Reviewed: Stationary Source Committee, November 20, 2020)

11079. Determine That Attainment Plan for 2006 24-hour PM2.5 Standard for South Coast Air Basin Is Exempt from CEQA and Approve Attainment Plan for 2006 24-hour PM2.5 Standard for South Coast Air Basin

Rees/2856

The South Coast Air Basin (Basin) is a Serious nonattainment area for the 2006 24-hour PM2.5 National Ambient Air Quality Standard (standard) with an attainment deadline of December 31, 2019. Despite significant improvement in PM2.5 levels, the Basin failed to attain this standard by the required date based on 2017-2019 monitoring data. On September 16, 2020, U.S. EPA finalized its determination of the Basin's failure to attain the 2006 24-hour PM2.5 standard by the attainment date. Accordingly, a revision to the SIP is required to be submitted to U.S. EPA by December 31, 2020. The Attainment Plan has been developed to demonstrate expeditious attainment of the 2006 PM2.5 standard and to address other federal Clean Air Act requirements. Based on the updated emissions inventory and modeling analysis in the Plan, the Basin is expected to attain the 2006 PM2.5 standard in 2023 based on the continued implementation of existing regulations and programs. This action is to adopt the Resolution: 1) Determining that the Attainment Plan for 2006 24-hour PM2.5 Standard for the South Coast Air Basin is exempt from the requirements of the California Environmental Quality Act; and 2) Approving the Attainment Plan for 2006 24-hour PM2.5 Standard for the South Coast Air Basin, and directing staff to forward to CARB for approval and submission to U.S. EPA for inclusion in the SIP. (Reviewed: Mobile Source Committee, August 21, 2020)

11080. Determine That Coachella Valley Extreme Area Plan for 1997 8-Hour Ozone Standard Is Exempt from CEQA and Approve Coachella Valley Extreme Area Plan for 1997 8-Hour Ozone Standard

Rees/2856

On July 10, 2019, the Coachella Valley was reclassified from Severe-15 to Extreme nonattainment for the 1997 8-hour ozone National Ambient Air Quality Standard (standard) with an attainment date of June 15, 2024. A revision to the SIP is required to be submitted to U.S. EPA by February 14, 2021. The Coachella Valley Extreme Area Plan has been developed to demonstrate attainment of the 1997 8-hour ozone standard and to address the applicable federal Clean Air Act requirements for Extreme nonattainment areas. Based on the updated emissions inventory and modeling analysis in the Plan, the Coachella Valley is expected to attain the 1997 ozone standard in 2023 based on the continued implementation of existing regulations and programs. This action is to adopt the Resolution: 1) Determining that Coachella Valley Extreme Area Plan for 1997 8-Hour Ozone Standard is exempt from the requirements of the California Environmental Quality Act; and 2) Approving Coachella Valley Extreme Area Plan for 1997 8-Hour Ozone Standard, and directing staff to forward to CARB for approval and submission to U.S. EPA for inclusion in the SIP. (Reviewed: Mobile Source Committee, September 18, 2020)

11073. Determine That Amendments to Regulation XIII - New Source Review, Regulation XX - Regional Clean Air Incentives Market and Regulation XXX - Title V Permits, Are Exempt from CEQA and Amend Regulations XIII, XX and XXX

Nakamura/3105

Coachella Valley was recently reclassified from Severe-15 to Extreme nonattainment for the federal 1997 8-hour ozone standard, with a new attainment date of June 15, 2024. Under the federal Clean Air Act, the reclassification for Coachella Valley requires revisions to Regulations XIII - New Source Review, XX - Regional Clean Air Incentives Market and XXX - Title V Permits to reduce the Major Polluting Facility thresholds and the thresholds for federal Major Modifications for VOC and NOx which are ozone precursors. Additional amendments are proposed to remove outdated rule provisions, correct rule references, and improve rule clarity. This action is to adopt the Resolution: 1) Determining that the proposed amendments to Regulations XIII, XX and XXX, are exempt from the requirements of the California Environmental Quality Act; and 2) Amending Regulations XIII, XX and XXX. (Reviewed: Stationary Source Committee, October 16, 2020)

11081. Determine That Proposed Amendments to Rule 1146 - Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters are Exempt from CEQA; and Amend Rule 1146

Nakamura/3105

Rule 1146 establishes an ammonia slip limit for new and modified pollution controls with ammonia emissions such as Selective Catalytic Reduction (SCR). Proposed Amended Rule 1146 will remove the ammonia slip limit, which is currently addressed under Regulation XIII New Source Review. This action is to adopt the Resolution: 1) Determining that the proposed amendments to Rule 1146 - Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters are exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 1146 - Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters. (Reviewed: Stationary Source Committee, October 16, 2020)

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

BOARD MEMBER TRAVEL – (No Written Material)

Board member travel reports have been filed with the Clerk of the Boards, and copies are available upon request.

CLOSED SESSION - (No Written Material)

Gilchrist/3459

ADJOURNMENT

PUBLIC COMMENTS

Members of the public are afforded an opportunity to speak on any agenda item before consideration of that item. Persons wishing to speak may do so remotely via Zoom or telephone. To provide public comments via a Desktop/Laptop or Smartphone, click on the “Raise Hand” at the bottom of the screen, or if participating via Dial-in/Telephone Press *9. This will signal to the host that you would like to provide a public comment and you will be added to the list.

All agendas are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the meeting. At the end of the agenda, an opportunity is also provided for the public to speak on any subject within the South Coast AQMD's authority. Speakers may be limited to a total of three (3) minutes for the entirety of the Consent Calendar plus Board Calendar, and three (3) minutes or less for each of the other agenda items.

Note that on items listed on the Consent Calendar and the balance of the agenda any motion, including action, can be taken (consideration is not limited to listed recommended actions). Additional matters can be added and action taken by two-thirds vote, or in the case of an emergency, by a majority vote. Matters raised under the Public Comment Period may not be acted upon at that meeting other than as provided above.

Written comments will be accepted by the Board and made part of the record. Individuals who wish to submit written or electronic comments must submit such comments to the Clerk of the Board, South Coast AQMD, 21865 Copley Drive, Diamond Bar, CA 91765-4178, (909) 396-2500, or to cob@aqmd.gov, on or before 5:00 p.m. on the Tuesday prior to the Board meeting.

ACRONYMS

AQ-SPEC = Air Quality Sensor Performance
Evaluation Center

AQIP = Air Quality Investment Program

AQMP = Air Quality Management Plan

AVR = Average Vehicle Ridership

BACT = Best Available Control Technology

BARCT = Best Available Retrofit Control Technology

Cal/EPA = California Environmental Protection Agency

CARB = California Air Resources Board

CEMS = Continuous Emissions Monitoring Systems

CEC = California Energy Commission

CEQA = California Environmental Quality Act

CE-CERT = College of Engineering-Center for Environmental
Research and Technology

CNG = Compressed Natural Gas

CO = Carbon Monoxide

DOE = Department of Energy

EV = Electric Vehicle

EV/BEV = Electric Vehicle/Battery Electric Vehicle

FY = Fiscal Year

GHG = Greenhouse Gas

HRA = Health Risk Assessment

LEV = Low Emission Vehicle

LNG = Liquefied Natural Gas

MATES = Multiple Air Toxics Exposure Study

MOU = Memorandum of Understanding

MSERCs = Mobile Source Emission Reduction Credits

MSRC = Mobile Source (Air Pollution Reduction) Review
Committee

NATTS = National Air Toxics Trends Station

NESHAPS = National Emission Standards for
Hazardous Air Pollutants

NGV = Natural Gas Vehicle

NOx = Oxides of Nitrogen

NSPS = New Source Performance Standards

NSR = New Source Review

OEHA = Office of Environmental Health Hazard
Assessment

PAMS = Photochemical Assessment Monitoring
Stations

PEV = Plug-In Electric Vehicle

PHEV = Plug-In Hybrid Electric Vehicle

PM10 = Particulate Matter \leq 10 microns

PM2.5 = Particulate Matter \leq 2.5 microns

RECLAIM = Regional Clean Air Incentives Market

RFP = Request for Proposals

RFQ = Request for Quotations

RFQQ = Request for Qualifications and Quotations

SCAG = Southern California Association of Governments

SIP = State Implementation Plan

SOx = Oxides of Sulfur

SOON = Surplus Off-Road Opt-In for NOx

SULEV = Super Ultra Low Emission Vehicle

TCM = Transportation Control Measure

ULEV = Ultra Low Emission Vehicle

U.S. EPA = United States Environmental Protection
Agency

VOC = Volatile Organic Compound

ZEV = Zero Emission Vehicle

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

For language interpretation:

Click the interpretation Globe icon at the bottom of the screen

Select the language you want to hear (either English or Spanish)

Click "Mute Original Audio" if you hear both languages at the same time.

Para interpretación de idiomas:

Haga clic en el icono de interpretación el globo terráqueo en la parte inferior de la pantalla

Seleccione el idioma que desea escuchar (inglés o español)

Haga clic en "Silenciar audio original" si escucha ambos idiomas al mismo tiempo.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

Speakers may be limited to a total of 3 minutes for the entirety of the consent calendar plus board calendar, and three minutes or less for each of the other agenda items.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **"Raise Hand"** button on the bottom of the screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **"Raise Hand"** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

Directions for Spanish Language TELEPHONE line only:

- The call in number is the same.
- The meeting ID number is 931-1258-4181
- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

Instrucciones para la línea de TELÉFONO en español únicamente:

- El número de llamada es el mismo (+1 669900 6833 o +1 253215 8782).
- El número de identificación de la reunión es 931-1258-4181
- Si desea hacer un comentario público, marque * 9 en su teclado para indicar que desea comentar.

Agenda Item #5

Approval of Compensation for Board Member Assistant(s)/Consultant(s)

**Administrative Committee Meeting
November 13, 2020**

Janice Rutherford

Proposal for SCAQMD Board Member Assistant/Consultant

To: Administrative Cmte For meeting on November 13, 2020 From: Board Member Janice Rutherford

In accordance with the policy adopted by the Governing Board April 3, 2015, I submit this proposal to hire the individual named below, in the capacity indicated, to assist me in my duties as a member of the Governing Board of the SCAQMD effective November 1, 2020 and ending June 30, 2021

Candidate Information

Name: Debra Mendelsohn

Qualifications (education, professional experience, etc.): Resume attached

Proposed Capacity (check one)

☐ **Board Member Assistant (employee)** - the work to be performed primarily will entail the duties indicated below for an Assistant.

☐ **Board Member Consultant (employee)** - the work to be performed primarily will entail the duties indicated below for a Consultant.

☒ **Board Member Consultant (independent contractor)** - the work to be performed primarily will entail the duties indicated below for a Board Member Consultant and in performing such duties the independent contractor will be responsible for selecting the appropriate method and means of achieving the required results. My proposed Board Member Consultant does ☐/does not ☐ have a business license. If so, the type of business is _____, and the business license number is _____ issued by the _____

Proposed Scope of Duties (check one)

☐ **Assistant (up to \$31.51/hour, \$31.99/hour effective January 1, 2017)** - Performs for Board Member a variety of tasks ranging from liaison with constituent public entities, other Board Members, the public, and District staff related to clerical functions. Typical functions may include preparing narrative and statistical reports, preparing correspondence, filing and maintaining records, arranging meetings and other group functions; monitoring various programs and projects; responding to inquiries from constituent public entities, District Board Members, the public and District staff.
☐ Examples of duties are set forth in the attachment (OPTIONAL)

☒ **Consultant (up to \$56.73/hour, \$57.59/hour effective January 1, 2017)** - Performs for Board Member a variety of professional-level assignments in the development and formulation of policy, data analysis, reports, plans, assessments, and strategies for District programs; provides advice and recommendations to the Board Member regarding matters subject to the Board Member's decision-making authority; may provide liaison with the public on behalf of the Board Member. Typical functions may include planning, organizing, and developing a wide variety of programs on the Board Member's behalf and evaluating the effectiveness of various approaches.
☐ Examples of duties are set forth in the attachment (OPTIONAL)

Proposed Rate of Compensation (fill in all blanks)

\$ 2,500.00 per month for November 1, 2020 through June 30, 2021, up to a maximum payable during the contract period not to exceed \$20,000.00.

For Administrative Committee Use:

Reviewed by Administrative Committee with advice of District Counsel. Based on the scope of duties, the individual is a:
☐ Assistant (employee) ☐ Consultant (employee) ☒ Consultant (independent contractor)

By _____ for the Administrative Committee

cc: Human Resources

Rev. 10/27/20

DEBRA MENDELSON
Debbymendelson1@gmail.com

Education: **Southern New Hampshire University** - Manchester, New Hampshire
Master of Arts, Communication

University of Southern California - Los Angeles, California
Bachelor of Arts, Political Science

**Professional
Experience:**

Iowa Western Community College (IWCC)

Adjunct Online Speech Instructor, Fall 2020 to present

Courses: SPC 122 – Interpersonal Communications

Lead multiple class sections representing both “accelerated” online format (8 weeks) and “traditional” online format (16 weeks). Develop course content and utilize the IWCC College Learning Management System to actively engage with students, post syllabus, record student attendance and manage/maintain gradebook. Serve as facilitator, mentor, and guide to motivate and teach students in curriculum utilizing Canvas class management system platform.

Columbia College – Los Alamitos and San Diego, CA campuses

Adjunct Professor, December 2019 – present

Courses: MKTG 333-Public Relations; MKTG 370- Social Media Marketing

Work directly with students enrolled in the Global Military Campus program. Responsible for building course and teaching curriculum according to the goals and objectives of the department. Responsible for developing syllabus; maintaining attendance records; presenting lectures and course projects; providing course assessments, and actively engaging with students. Course utilizes Columbia Colleges’ Desire to Learn(D2L) Brightspace learning management system and Zoom video conferencing.

Los Angeles County Supervisor Kathryn Barger

Senior Field Deputy, January 2017 to February 2019

Served as elected official’s senior advisor and community representative in one of the country’s largest counties. As liaison to nine cities, two town councils and multiple unincorporated regions, oversaw area with more than 370,000 constituents. Established relationships with elected officials, legislative and municipal staffs. Increased external engagement by 110% in first year. Developed policy recommendations and legislative proposals. Directed office operations for the East San Gabriel Valley. Performed community outreach and case work oversight. Mentored and managed field office staff. As senior policy advisor for Military & Veterans Affairs, created satellite Veteran Service Officer claims and entitlement

Debra Mendelson

Page 2

program to address needs of veterans in geographically remote locations. Represented Los Angeles County on the Executive Boards of the San Gabriel Valley Council of Governments and Watershed Conservation Authority.

DMPR Consulting

Principal Consultant, September 1993 to December 2016

Provided consulting services to public, private-sector and non-profit organizations. Scope of work included environmental policy analysis and development; research; media and community relations; advocacy; special event planning; military, veterans and intergovernmental affairs. Clients included: County of Los Angeles (21 annual contracts) and the South Coast Air Quality Management District (17 annual contracts).

Los Angeles County Supervisor Mike Antonovich

Deputy; May 1991 to August 1993

Coordinated liaison efforts between County, business community and air quality regulatory agencies. Directed speech office operations and served as chief speechwriter for Supervisor. Advised and developed policy recommendations with regard to environmental policy.

Assistant Deputy/Staff Assistant; January 1989 to May 1991

Analyzed legislative issues including regional government impacts on County services, worker's compensation, environmental issues and business retention strategies. Wrote speeches and worked on municipal strategic planning. Assisted in media office operations, managed student internship program.

Allergy & Asthma Network, Mothers Of Asthmatics

Managing Editor, MA Report, December 2001-December 2002

Oversaw the production of nationally distributed monthly asthma education newsletter, building circulation from 15,000 to in excess of 25,000. Established production schedules and coordinated content with medical advisory board.

Claremont Heroes

Director, April 2005 to December 2018

Founded grassroots military advocacy program to recognize and support local military service personnel through an annual city-wide Veteran's Day banner recognition program. Raised donations to underwrite expenses and worked with public and private community partners to coordinate annual display.

<i>Community:</i>	Los Angeles County Board of Supervisors commendation
<i>Awards:</i>	South Coast Air Quality Management District commendation
	City of La Verne, California commendation
	City of Claremont, California commendation
	City of Sierra Madre, California commendation
	Congressional Recognition Certificate, Congresswoman Grace Napolitano
	California State Senate Resolution, Senator Anthony Portantino
	Association of the U.S. Army 2012 National Volunteer Family of the Year
	United States Army Quartermaster Regiment Catharine Greene Award
	Department of the Army Commander's Award for Public Service
	Department of the Army Achievement Medal for Civilian Service
	California Commendation Medal, Army National Guard
	Department of Defense ESGR "Above & Beyond" Award
	Los Angeles County Fair "Community Hero" Award

<i>Community</i>	Veterans of Foreign Wars Auxiliary, Post 6604
<i>Activities:</i>	Senior Vice-President (May, 2020 to present)
	Association Of The United States Army, Greater Los Angeles Chapter
	Governing Board Member (2010 to present)
	Vice President, Communication (2019 to present)
	Vice President, Education (2016 to 2019)
	California Army National Guard
	Family Readiness Group leader (2004 to present)

<i>Published</i>	<i>Miracles and Moment of Grace: Inspiring Stories from Moms</i>
<i>Works:</i>	Nancy Kennedy, 2013 – Leafwood Publishers
	Contributing author - Chapter 7 – "It's Just Hair"

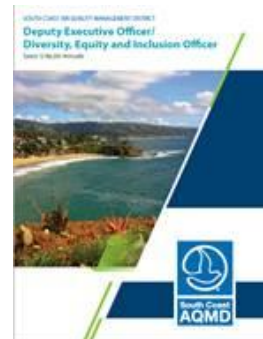
Update on South Coast AQMD Inclusion, Diversity and Equity Efforts

Administrative Committee
November 13, 2020

1

Recent Actions

- Diversity, Equity & Inclusion (DEI) Officer
 - Flyer developed with input from IDEA panel
 - Recruitment underway with outside firm
 - Robust outreach plan
 - Ethnic publications, job boards, multiple newspapers, HR sites, our website



2

Recent Actions, con't.

Recruitment Schedule

Date	Action
October 30	Recruitment started
November 23	Screening interviews by recruiter
December 14	South Coast AQMD interviews most qualified candidates
January 2021	DEI Officer joins agency

3

IDEA Panel

- Continue to meet regularly
- Provided recommendations on communication and engagement, and forming subcommittees



4

Future Actions

- Interview candidates and hire Diversity, Equity and Inclusion Officer
- Additional speakers and training
- Update and recommendations from IDEA panel to Executive Council
- Lunch and Learn session from IDEA panel for all employees

5

Summary

- Making progress on several fronts, but lots more work to do
- Will continue monthly updates to Administrative Committee
- Steadfast commitment to these efforts and continual improvement

6

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

REPORT: Status Report on Major Ongoing and Upcoming Projects for Information Management

SYNOPSIS: Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This item is to provide the monthly status report on major automation contracts and planned projects.

COMMITTEE: Administrative, November 13, 2020, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Executive Officer

RMM:MAH:XC:dc

Background

Information Management (IM) provides a wide range of information systems and services in support of all South Coast AQMD operations. IM's primary goal is to provide automated tools and systems to implement Board-approved rules and regulations, and to improve internal efficiencies. The annual Budget and Board-approved amendments to the Budget specify projects planned during the fiscal year to develop, acquire, enhance, or maintain mission-critical information systems.

In light of COVID-19 and the related budget impact, we are evaluating all of our projects and delaying non-critical projects as long as possible.

Summary of Report

The attached report identifies the major projects/contracts or purchases that are ongoing or expected to be initiated within the next six months. Information provided for each project includes a brief project description and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

Attachment

Information Management Status Report on Major Ongoing and Upcoming Projects During the Next Six Months

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Office 365 Implementation	Acquire and implement Office 365 for South Coast AQMD staff	\$350,000	<ul style="list-style-type: none"> • Pre-assessment evaluation and planning completed • Board approved funding on October 5, 2018 • Developed implementation and migration plan • Acquired Office 365 licenses • Implemented Office 365 email (Exchange) and migrated all users • Trained staff in Office 365 Pro Plus desktop software • Implemented Office 365 Pro Plus, Office Web, and OneDrive for Business 	<ul style="list-style-type: none"> • Implement Office 365 internal website (SharePoint) and migrate existing content
Permitting System Automation Phase 1	New Web application to automate the filing of permit applications with immediate processing and issuance of permits for specific application types: Dry Cleaners, Gas Stations, and Automotive Spray Booths	\$694,705	<ul style="list-style-type: none"> • Automated 400A form filing, application processing, and online permit generation for Dry Cleaner, Automotive Spray Booth, and Gas Station Modules deployed to production • Enhanced processing of school locations with associated parcels • Deployed upgraded GIS Map integration and enhanced sensitive receptor identification and distance measurement work • Deployed new version of On Line Application Filing (OLAF) that includes Rule 212(c)(1) Implementation Guidance 	<ul style="list-style-type: none"> • Continue Phase 1.1 project outreach support
Legal Division New System Development	Develop new web-based case management system for Legal Division to replace existing system	\$500,000	<ul style="list-style-type: none"> • Task order issued, evaluated and awarded • Project charter finalized • Business Process Model completed • User Acceptance Testing completed • User Training completed • Parallel testing completed • Deployed to production 	<ul style="list-style-type: none"> • Phase II Requirements

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Permitting System Automation Phase 2	Enhanced Web application to automate filing of permit applications, Rule 222 equipment and registration for IC engines; implement electronic permit folder and workflow for internal South Coast AQMD users	\$525,000	<ul style="list-style-type: none"> • Board approved initial Phase 2 funding December 2017 • Board approved remaining Phase 2 funding October 5, 2018 • Completed report outlining recommendations for automation of Permitting Workflow • Developed application submittals and form filing for first nine of 32 400-E forms • Completed application submittals and form filing for 23 types of equipment under Rule 222 ready for User Testing • Deployed to production top three most frequently used Rule 222 forms: Negative Air Machines, Small Boilers, and Charbroilers • Completed requirements gathering for Phase II of the project (an additional 10 400-E-XX forms) 	<ul style="list-style-type: none"> • Complete User Testing for first nine 400-E forms • Complete User Acceptance Testing and Deployment to production of Emergency IC Engines Form (EICE-RE) • Complete User Acceptance Testing and Deployment of remaining 22 Rule 222 forms to production • Development of Phase II additional 10 400-E-XX forms
Cybersecurity Assessment	Perform a cybersecurity risk assessment, maturity assessment, and penetration testing	\$100,000 (not included in FY 2020-21 Budget)		<ul style="list-style-type: none"> • Release RFP Q1 2020
South Coast AQMD Mobile Application Enhancements	Enhancement of Mobile application from SRA based map to grid map. This grid map will allow users to see AQI at a finer resolution.	\$100,000	<ul style="list-style-type: none"> • Vision and scope completed • Project charter released • Task order issued, evaluated and awarded • Project kick off completed • User Interface design completed • Code Development completed 	<ul style="list-style-type: none"> • User Acceptance Testing • Deploy Gridded Air Quality enhancement to production

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Replace Your Ride (RYP)	New Web application to allow residents to apply for incentives to purchase newer, less polluting vehicles	\$301,820	<ul style="list-style-type: none"> • Phase 2 and 3 Fund Allocation, Administration, Management Reporting modules, VIN Number, Case Manager, Auto e-mail and document library updates deployed and in production • Implemented following modifications: Electric Vehicle Service Equipment, email templates, call center hours, additional incentive amounts, VIN Number scramble modifications and replacement option choices to allow staff to process application more efficient • Implemented RYP and PeopleSoft Financial integration module • Implemented RYP 	<ul style="list-style-type: none"> • Provide support for RYP moratorium
Flare Event Notification – Rule 1118	Develop new web-based application to comply with Rule 1118 to improve current flare notifications to the public and staff	\$100,000	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Refinery user training completed • Major incident notification deployed • Phase II development on administrative and reporting pages completed • Completed Phase II User Acceptance Testing • Demonstrated Phase II to EO/EC • Refinery staff training completed • Phase II deployed to production 	<ul style="list-style-type: none"> • Provide post-production support for Phase II

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
AQ-SPEC Cloud Platform	Develop a cloud-based platform to manage and visualize data collected by low-cost sensors	\$385,500	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Business requirements gathering completed • System architecture, data storage, and design data ingestion completed • Data transformations, calculations and averaging completed • Dashboards, microsites and data migration completed • Release 2 User Acceptance Testing completed • Deployment to production completed 	<ul style="list-style-type: none"> • Support public outreach for AQ-SPEC Platform
PeopleSoft Electronic Requisition	Electronic requisition for PeopleSoft Financials will allow submittal of requisitions online, tracking multiple levels of approval, electronic archival, pre-encumbrance of budget, and streamlined workflow	\$75,800	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Requirement gathering and system design completed • System setup and code development and user testing for Information Management completed • System setup and code development and User Acceptance Testing completed for Administrative and Human Resources completed • System setup for Technology Advancement Office completed 	<ul style="list-style-type: none"> • Deployment to IM and AHR Divisions • TAO training and Integrated User Testing for other divisions

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
VW Environmental Mitigation Action Plan Project	CARB has assigned South Coast AQMD to develop web applications for two projects: Zero-Emission Class 8 Freight and Port Drayage Truck Project and Combustion Freight and Marine Project. The database will support reporting	\$355,000	<ul style="list-style-type: none"> • Draft Charter Document issued • Project Initiation completed • Task order issued • Deployed Phase I to production • Phase II to production – Messaging, Evaluation, and Administration • Development of evaluation module and calculation module completed • Phase III - ZE Class 8 Application Deployed to production 	<ul style="list-style-type: none"> • Development of Phase III – Ranking Contracting, and Inspection
Renewal of HP Server Maintenance & Support	Purchase of maintenance and support services for servers and storage devices	\$140,000		<ul style="list-style-type: none"> • Request Board approval on April 2, 2021 for HP server maintenance and support • Execute contract April 30, 2021
Renewal of OnBase Software Support	Authorize the sole source purchase of OnBase software subscription and support for one year	\$140,000		<ul style="list-style-type: none"> • Request Board approval May 7, 2021 • Execute contract July 15, 2021

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Source Test Tracking System	Online system to keep track of timelines and protocols and reports received. External online portal to submit source testing protocols and reports, track the review process, and provide integration to internal users	\$250,000	<ul style="list-style-type: none"> • Project Charter approved • Project Initiation completed • Task Order issued • Project Kick-off completed • User requirements gathering for Source Testing and Engineering & Permitting Divisions completed • User requirements gathering for Compliance & Enforcement and Planning Divisions completed • Development of Full Business Process Model of the To-Be system completed • Development of screens mock-ups for the system completed. • Review proposed automation with EQUATE group completed • Proposal for system development approved 	<ul style="list-style-type: none"> • Review proposed automation with Stationary Source Committee • Development of Sprint 1 of the Source Test Protocol and Report Tracking System

Projects that have been completed within the last 12 months are shown below.	
Completed Projects	
Project	Date Completed
CLASS Database Software Licensing	October 16,2020
Flare Event Notification – Rule 1118 Phase II	October 14, 2020
Volkswagen Environmental Mitigation Administration Zero Emission Class 8	August 18, 2020
Ingres Actian X database migration	August 17, 2020
Rule 1403 Enhancement	July 1, 2020
Legal Office System	June 17, 2020
Document Conversion Services	June 30, 2020
Oracle PeopleSoft Software Support	June 5, 2020
Renewal of OnBase Software Support	May 1, 2020
Public Facing Permit Application Status Dashboard	May 1, 2020
Mobile Application Enhancement – Hourly Forecast	April 29, 2020
Renewal of HP Server Maintenance & Support	April 30, 2020

Rule 1180 Fence Line Monitoring Web Site Enhancements	April 3, 2020
Volkswagen Environmental Mitigation Administration and Communication Module	March 3, 2020
Data Cable Infrastructure Installation	February 31, 2020
Prequalify Vendor List for PCs, Network Hardware, etc.	February 7, 2020
Mobile Application Enhancements Including Spanish Language	January 23, 2020
Annual Emissions Reporting System	December 31, 2019
Rule 1180 Fence Line Monitoring Website	December 31, 2019
Online filing of Rule 222 – Negative Air Machines, Small Boilers, and Charbroilers Modules	December 13, 2019
Flare Notification System	December 12, 2019
Volkswagen Environmental Mitigation Application Filing Portal	December 7, 2019
CLASS Database Software Licensing and Support	November 30, 2019
Office 365 Suite Implementation of File Storage (OneDrive for Business)	November 22, 2019

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

REPORT: Annual Audited Financial Statements for FY Ended June 30, 2020

SYNOPSIS: This item transmits the annual audited financial statements of the South Coast AQMD. The South Coast AQMD has received an unmodified opinion (the highest obtainable) on its financial statements.

COMMITTEE: Administrative, November 13, 2020, Reviewed

RECOMMENDED ACTION:

Receive and file the South Coast AQMD's Comprehensive Annual Financial Report (CAFR) and Single Audit Reports for the FY ended June 30, 2020.

Wayne Nastri
Executive Officer

SJ:tm

Background

The audit of the South Coast AQMD financial statements, along with the Single Audit Reports for the Fiscal Year ended June 30, 2020, have been completed by BCA Watson Rice, LLP. South Coast AQMD has received an unmodified opinion on its financial statements. An unmodified opinion is the highest obtainable, assuring interested parties that South Coast AQMD's financial statements fairly present the agency's financial position.

Attachments

- The Comprehensive Annual Financial Report (CAFR), which includes the Independent Auditor's Report, was previously provided to Board Members and will be available at South Coast AQMD's library or website at <http://www.aqmd.gov/home/about/finance>.
- Single Audit Reports that include Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. Copies were previously provided to Board Members and will be available at South Coast AQMD's library or website at <http://www.aqmd.gov/home/about/finance>.

South Coast Air Quality Management District
Diamond Bar, California

Comprehensive Annual Financial Report

Year Ended June 30, 2020





MISSION STATEMENT

South Coast AQMD's mission is to clean the air and protect the health of all residents in the South Coast Air District through practical and innovative strategies.

South Coast
Air Quality Management District
Diamond Bar, California

Comprehensive Annual Financial Report
Year Ended June 30, 2020

Prepared by:
Finance Office
Sujata Jain, Chief Financial Officer

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Comprehensive Annual Financial Report
Year Ended June 30, 2020

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

June 30, 2020

WILLIAM A. BURKE, Ed.D
Chairman
Speaker of the Assembly Appointee

BEN BENOIT
Vice Chair
County of Riverside
Cities Representative

LISA A. BARTLETT
County of Orange Representative

LARRY McCALLON
County of San Bernardino
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City of Los Angeles Representative

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County of Riverside Representative

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CARLOS RODRIGUEZ
County of Orange
Cities Representative

KATHRYN BARGER
County of Los Angeles Representative

JANICE RUTHERFORD
County of San Bernardino Representative

GIDEON KRAKOV
Governor's Appointee

WAYNE NASTRI
Executive Officer



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

October 16, 2020

Chairman, Governing Board and Residents
Of the South Coast Air Quality Management District

State law requires that local governments publish within nine months of the close of each fiscal year a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the South Coast Air Quality Management District (South Coast AQMD), Diamond Bar, California. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

South Coast AQMD's financial statements have been audited by BCA Watson Rice LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of South Coast AQMD for the fiscal year ended June 30, 2020 are free of material misstatements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion that South Coast AQMD's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

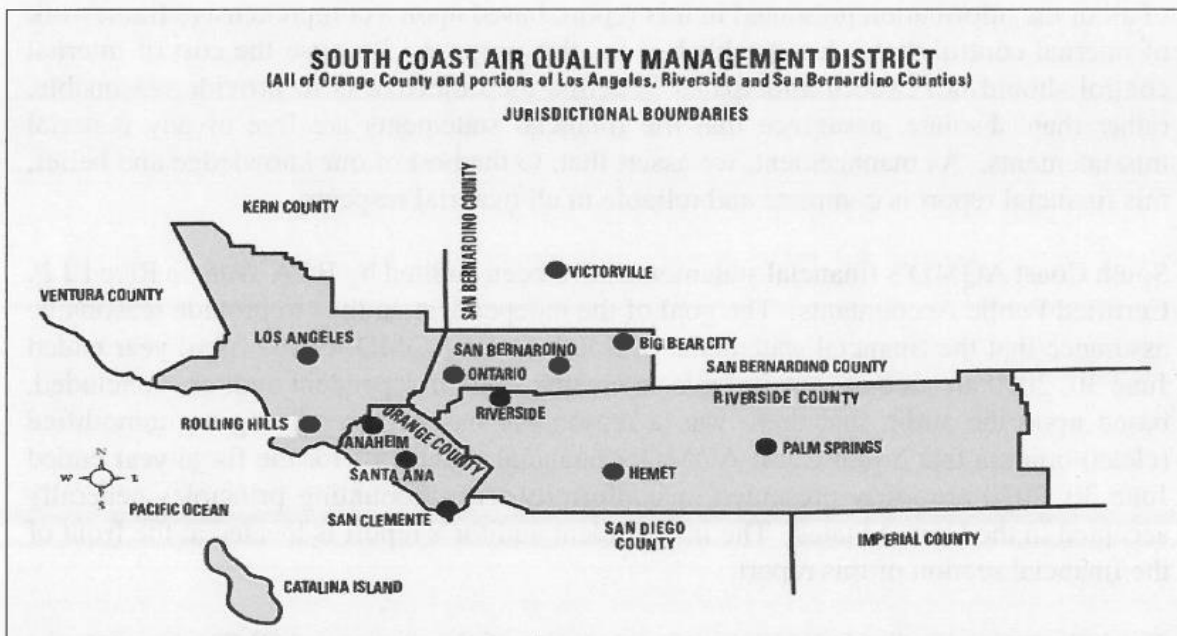
The independent audit of the financial statements of South Coast AQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal

grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with special emphasis on internal controls and compliance with federal statutes, regulations, and terms and conditions involving the administration of Federal awards. These reports are available in South Coast AQMD's separately issued Single Audit Report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the South Coast Air Quality Management District

The South Coast Air Quality Management District began operation on February 1, 1977 as a regional governmental agency established by the California Legislature pursuant to the Lewis Air Quality Management Act. South Coast AQMD encompasses all of Orange County and parts of Los Angeles, San Bernardino and Riverside Counties, representing over 17 million residents. It succeeded the Southern California Air Pollution Control District and its predecessor four county air pollution control districts, of which the Los Angeles County Air Pollution Control District was the oldest in the nation, having been formed in 1947.



South Coast AQMD's Governing Board is composed of 13 members, including four members appointed by the Boards of Supervisors of the four counties in South Coast AQMD's jurisdiction, six members appointed by cities in South Coast AQMD's jurisdiction and three members appointed by the Governor, the Speaker of the State Assembly and the Rules Committee of the State Senate, respectively. The members appointed by the various Boards of Supervisors and cities consist of one member of the Board of Supervisors of Los Angeles, Orange, Riverside, and San Bernardino Counties, respectively, and a mayor or member of the city council of a city within Orange, Riverside and San Bernardino Counties. Los Angeles County cities have three representatives, one each from the western and eastern portions of the county and one member representing the City of Los Angeles. Each Board member serves a four year term. The Board appoints the agency's Executive Officer and General Counsel. The Executive Officer in turn appoints the heads of the various agency departments.

Southern California has the most serious air quality problem in the country. A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains and sunny days act to enhance smog formation and effectively trap pollutants in the Basin. South Coast AQMD is responsible for monitoring air pollution within the Basin and for developing and administering programs to reduce air pollution levels below the health-based standards established by the state and federal governments.

South Coast AQMD provides a full range of air pollution control activities, including permitting, site inspection, air quality attainment planning, rule making, air quality monitoring and technology advancement. Government Accounting Standards Board Statement No. 61 requires that certain separate but related component units be included with South Coast AQMD for reporting purposes. This report includes the South Coast Air Quality Management District Building Corporation (Corporation) as a blended component unit. South Coast AQMD may impose its will on the component unit, including the ability to appoint, hire, reassign or dismiss management. There are also financial benefit/burden relationships between South Coast AQMD and the Corporation. For additional information, see Note 1 to the financial statements.

The annual budget serves as the foundation for South Coast AQMD's financial planning and control. The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. South Coast AQMD's annual appropriated budgets are adopted for the General Fund. Budgets are adopted on a budgetary basis that includes encumbrances as expenditures. All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered. Amendments to increase the budget must be approved by the Governing Board. Budgets for Special Revenue Funds are not adopted due to the narrow focus (advance technology demonstration projects/emission reduction projects) and limited life of many of these special revenues. Expenditures from the Special Revenue Funds require Governing Board approval and are primarily related to contractual obligations with vendors and grantees. Administrative expenditures related to managing

and accounting for Special Revenue Fund projects are appropriated within the General Fund budget.

South Coast AQMD maintains budgetary controls through both signature authority and automated budget checking. The objective of these controls is to ensure compliance with specific special revenue fund appropriations and the annual appropriated budget approved by the Governing Board. South Coast AQMD maintains an encumbrance accounting system of purchase orders and contracts at the fund level as a means of accomplishing budgetary control. Open encumbrances are reported as committed fund balance at the end of the fiscal year. Purchase orders and contracts are reviewed to ensure that funds are available and that requests are properly authorized prior to being released or executed.

The accounting principles applied in reporting budgetary expenditures differ in some respects from the generally accepted accounting principles applied in the reporting of the financial statements. Reconciliation of these differences is presented in the Required Supplementary Information section of this report.

As reflected in the statements and schedules included in the financial section of this report, South Coast AQMD continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

South Coast AQMD is a fee-supported agency and does not receive sales or property tax support. Approximately 68% of its General Fund revenue is derived from permit evaluation fees, annual permit renewal fees, emission fees, Hearing Board fees, Area Sources, Toxic Hot Spots, penalties and settlements, interest earnings, and other revenues. The remaining 32% of its General Fund revenue is derived from federal grants, state grants, California Air Resources Board (CARB) subvention funds, and motor vehicle fees.

To meet its program commitments, despite new federal and state mandates, increased workload complexity, and ongoing cost containment efforts, South Coast AQMD continues to streamline many of its operations. Compared to the fiscal year 1991-92 General Fund budget, the fiscal year 2019-20 General Fund budget reflects funded staffing levels that are approximately 19% below the 1991-92 level. The budgeted General Fund expenditures, when adjusted for inflation, are approximately 13% less than the 1991-92 period.

Government-wide revenues during this fiscal year increased by 4.7% as compared to the prior fiscal year, primarily due to increase in the grants such as the implementation portion of the Community Air Protection Program (CAPP) and subsequent increase in revenue. General Fund revenues increased by 12.6% as compared to the prior fiscal year, primarily

due to increase in state grants such as the implementation portion of CAPP, last year of a three-year Board approved fee increase of 10.6%, increase in CPI of 3.5% and increase in unexpected large one-time penalties and settlements paid by non-compliant entities. Future changes in government-wide revenue are highly dependent on the timing of receipts and continuation of state and federal grant funding, while General Fund revenues are expected to continue to remain generally stable or decline slightly through the following fiscal year due to the impact of COVID-19 on the economy.

Government-wide expenses increased when compared to the prior fiscal year by 18.2% primarily due to expenditures related to state grants such as Carl Moyer program, incentive portion of CAPP funds and increase in Advance Technology Goods Movement funds. General Fund expenditures increased by 8.4% as compared to the prior fiscal year, due to increased employee retirement plan contributions, slight salary increases and expenditures related to grants such as the implementation portion of CAPP. Future changes in government-wide expenses are highly dependent on the timing of receipts and continuation of state and federal grant funding, while General Fund expenditures are expected to increase through the following fiscal year due to the continued increases in employee retirement plan contributions.

Long-term Financial Planning

In addressing long-term program costs, South Coast AQMD has pursued actions over the past several years including legislative changes to the employee retirement plan, labor negotiations, and the use of one-time revenues to lower its long-term retirement costs. As part of the annual budget process, South Coast AQMD prepares a five year financial plan that demonstrates the commitment to meet future financial challenges and uncertainties while continuing to protect the health of the residents within the South Coast AQMD boundaries and remaining sensitive to business. During the current fiscal year and beyond, South Coast AQMD continues to look for cost savings and operational efficiencies as a means of balancing revenues and expenditures to ensure long term financial sustainability.

Relevant Financial Policies

In recent years, South Coast AQMD's Governing Board has made several policy decisions to meet future financial challenges and uncertainties while continuing to protect the health of the residents within the South Coast AQMD boundaries and remaining sensitive to business. These policy decisions include reducing debt, negotiating reductions in the cost of pensions, and reviewing and revising fee policies. In fiscal year 2012-13, debt associated with the Headquarters building was eliminated, while additional funds were set aside in fiscal year 2013-14 to pay for outstanding debt related to pension obligation bonds. Starting fiscal year 2017-18 employer pick-up of employee retirement plan contributions was completely phased out and the entire employee contribution

portion of the pension cost is picked up by employees. This was eliminated at the direction of the Governing Board and was part of a three-year labor agreement. Over the past decade and continuing, changes and reductions in pension benefits and costs have been successfully negotiated with the employees of South Coast AQMD as a means of curbing the cost of pensions and associated liabilities.

In fiscal year 2010-11, South Coast AQMD's Governing Board approved a rule which provides that certain fees be automatically adjusted effective July 1 of each year by the California Consumer Price Index for the preceding calendar year unless the Governing Board by rule decides not to implement such fee increase for a given year, either for all fees or for a specified fee or fees. Due to the economic downturn caused by COVID-19, the Governing Board decided to not implement any fee increases related to increase in CPI for Fiscal Year 2020-21.

Additionally, the Governing Board adopted a fund balance policy for the General Fund so that an amount equal to at least 20% of General Fund revenues is maintained in the combination of Assigned and Unassigned General Fund Balance. The policy serves to mitigate current and future risks related to potential revenue shortfalls and/or unanticipated expenditures.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and around the world. As a governmental agency, South Coast AQMD is deemed to be an essential business. The Executive Officer has activated the Continuity of Operations Plan (COOP) and a large portion of the workforce is teleworking from home. South Coast AQMD is aware of changes in its business as a result of COVID-19. The extent to which the COVID-19 may impact South Coast AQMD's operating results, cash flows, and financial position will depend on future developments. The duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

Major Initiatives

The mission of South Coast AQMD is to protect public health from air pollution with sensitivity to the impacts of its actions on the community, public agencies and businesses. To carry out this mission, South Coast AQMD has developed the following goals:

- I. Achieve clean air standards.
- II. Enhance public education and equitable treatment for all communities.
- III. Operate efficiently and transparently.

During fiscal year 2019-20, South Coast AQMD advanced many projects which were particularly important to achieving our mission and goals, including: emissions

reductions as specified in the 2016 Air Quality Management Plan; conduct air monitoring and implementation of community emission reduction plans for year 1 communities and conduct outreach to develop recommendations for year 2 communities; complete all Title V facilities inspections and support development of Cleaner Advanced Technology, development of enhanced emissions/ambient monitoring capabilities, increased communication between South Coast AQMD and all stakeholders, and internal business process improvement such as reducing the number of pending permit applications in the backlog.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Coast Air Quality Management District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of our comprehensive annual financial report was made possible by the dedicated services of the accounting, financial services, and management staff of the Finance Office. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support and to all employees of South Coast AQMD who continue their work to accomplish South Coast AQMD's mission of protecting public health from air pollution with sensitivity to the impacts of its actions on the community and businesses.

Respectfully submitted,



Wayne Nastri
Executive Officer



Sujata Jain, CPA
Chief Financial Officer, Finance



Government Finance Officers Association

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**South Coast Air Quality Management District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

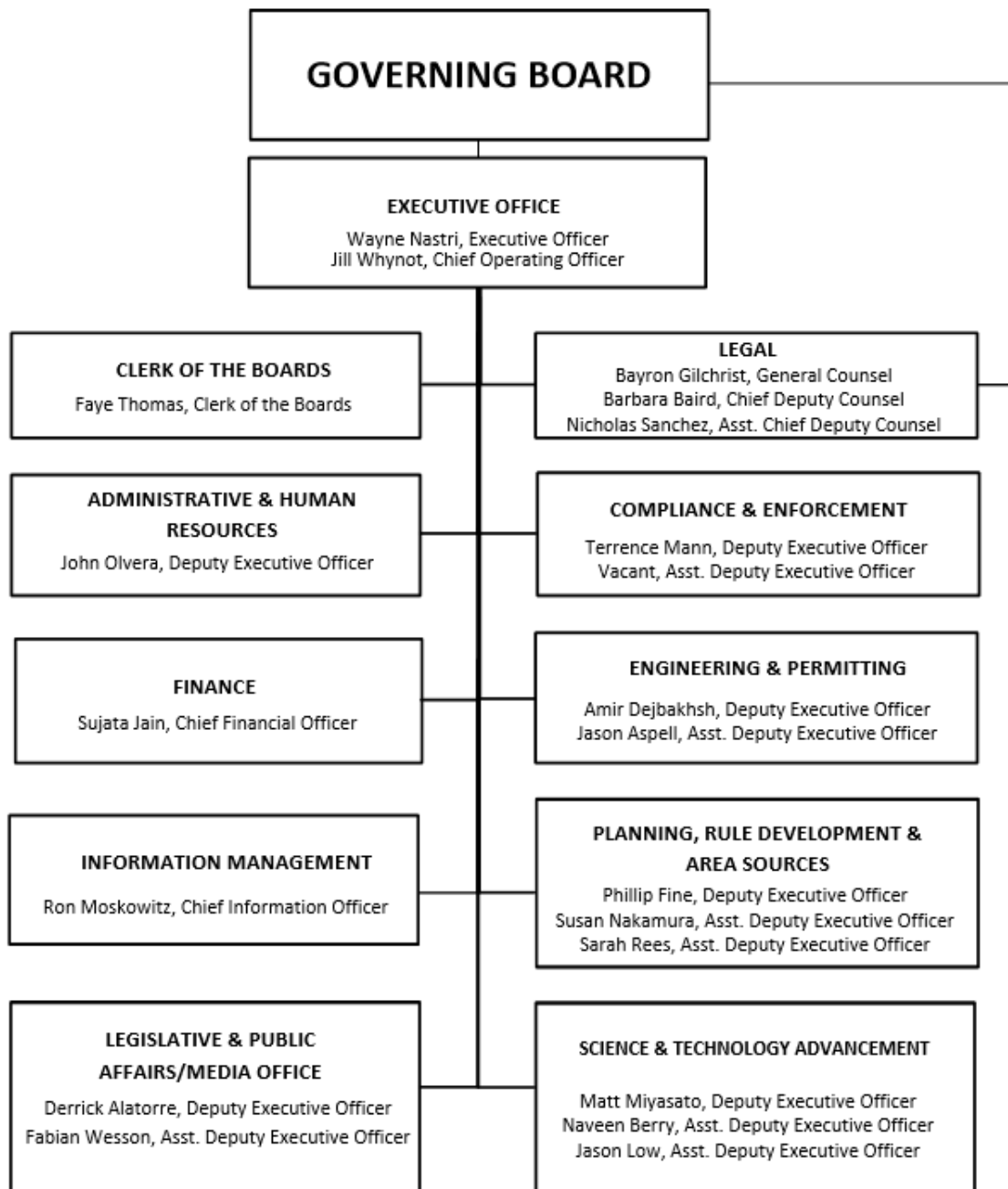
Christopher P. Morill

Executive Director/CEO

South Coast Air Quality Management District, California

Organizational Chart

June 30, 2020



INDEPENDENT AUDITOR'S REPORT

The Governing Board of
South Coast Air Quality Management District

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of the South Coast Air Quality Management District (South Coast AQMD), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the South Coast AQMD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

South Coast AQMD's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 audit. We conducted our audit 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic 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 entity'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.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of the South Coast AQMD, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information on pages 4-11 and 67-73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Coast AQMD's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BCA Watson Rice, LLP

Torrance, California
October 16, 2020

As management of the South Coast Air Quality Management District (South Coast AQMD), we offer readers of South Coast AQMD's financial statements this narrative overview and analysis of the financial activities of South Coast AQMD for fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

A. Financial Highlights

- Total assets and deferred outflows of resources of South Coast AQMD exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$762.6 million (net position), an increase of \$70.2 million was the change in net position for the current year. The net position of \$762.6 million consisted of: \$38.5 million net investment in capital assets; \$850.5 million restricted for long-term emission-reduction projects; and a deficit of \$126.4 million unrestricted net position primarily due to a net pension liability of \$233.9 million.
- As of the close of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of \$935.1 million, an increase of \$77.9 million in comparison to the prior year. Of the \$935.1 million combined ending fund balances, \$84.5 million represents the fund balance of the General Fund.
- Out of the general fund balance of \$84.5 million at the end of the fiscal year, \$65,321 was nonspendable, \$12.4 million was committed, \$6.1 million was assigned and \$66.0 million was unassigned, which is 38.2% of the general fund expenditures.
- South Coast AQMD's capital assets increased by \$3.0 million from the prior year.
- South Coast AQMD's long-term debt decreased by \$2.5 million or 7.3% of the long-term debt outstanding.
- South Coast AQMD's net pension liability increased by \$15.7 million or 7.1% from the prior year.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to South Coast AQMD's basic financial statements. South Coast AQMD's basic financial statements have three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

In general, the purpose of financial reporting is to provide the external parties that read financial statements with information that will help them make decisions or draw conclusions about an entity. In order to address the needs of as many parties as reasonably possible, South Coast AQMD, in accordance with required reporting standards, presents government-wide financial statements and fund financial statements.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of South Coast AQMD. These financial statements are constructed around the concept of a primary government and its component unit, excluding fiduciary funds. The financial statements of South Coast AQMD's fiduciary funds are not included in the government-wide financial statements because these funds cannot be used to finance South Coast AQMD's activities.

The government-wide financial statements are designed to provide readers with a broad overview of South Coast AQMD's finances in a manner similar to a private sector business. These financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position reports all assets and deferred outflows of resources held and liabilities and deferred inflows of resources owed by South Coast AQMD using the accrual basis of accounting which is similar to the accounting method used by most private sector companies. The difference between assets and liabilities is reported as net position. Over time increases or decreases in net position serve as a useful indicator of whether South Coast AQMD's financial position is improving or deteriorating.

The Statement of Activities presents information showing how South Coast AQMD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation leave.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. South Coast AQMD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of South Coast AQMD can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as land and building and long-term liabilities such as pension obligation bonds payable or long term liabilities that will not be paid with current assets are excluded. Such information on available spendable resources may be useful in evaluating South Coast AQMD's near-term financing requirements. The Basic Governmental Fund Statements can be found under the Fund Financial Statements section of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of South Coast AQMD's near-term financing decisions. Information from the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances is used to facilitate the comparison between governmental funds and governmental activities. The reconciliation between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position can be found under the Fund Financial Statements section. The reconciliation of the total change in fund balances for all governmental funds to the change in net position can also be found under that same section.

South Coast AQMD maintains 47 individual special revenue funds, one debt service fund, one capital projects fund, and a blended component unit in addition to the General Fund. Four of the special revenue funds are considered major funds. The information for the major special revenue funds is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balances. Data for the other 43 non-major special revenue funds, debt service fund, capital projects fund and blended component unit are combined into a single, aggregated presentation. Individual fund data for each of the 43 non-major governmental funds, debt service fund, capital projects fund, and blended component unit, is reported in the Other Supplementary Information section of this report.

South Coast AQMD adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This is presented in the Required Supplementary Information (RSI) section of this report. Also, presented in RSI are South Coast AQMD's schedule of proportionate share of net pension liability, schedule of

proportionate share of net OPEB liability, and schedules of contributions for pensions and OPEB.

Fiduciary Funds

Fiduciary Funds represent Agency Funds and Retirement Benefit Trust Fund which are custodial in nature and do not involve measurement of results of operations. South Coast AQMD's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These statements are excluded from South Coast AQMD's other financial statements because the resources of fiduciary funds, by definition, cannot be used to support South Coast AQMD's own programs. South Coast AQMD is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

South Coast AQMD's Fiduciary Fund Financial Statements for the Agency Funds and Retirement Benefit Trust Fund are presented under the Fund Financial Statements section.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a RSI section concerning the General Fund's budgetary comparison schedule and budgetary reconciliation. Also included in RSI are South Coast AQMD's schedule of proportionate share of net pension liability, schedule of proportionate share of net OPEB liability, and schedules of contributions for pensions and OPEB.

Individual fund data for each of the non-major governmental funds is included in the Other Supplementary Information section.

The Statistical section provides readers with information covering financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

C. Government-wide Financial Analysis

Our analysis focuses on the net position and changes in net position of South Coast AQMD's governmental activity.

The schedule below presents a condensed Statement of Net Position as of June 30, 2020 compared with the prior fiscal year.

South Coast AQMD's Net Position
(Amounts expressed in thousands)

	Governmental Activities		Total	
	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>
Current and other assets	\$ 1,024,871	\$ 932,368	\$ 1,024,871	\$ 932,368
Capital assets	<u>38,515</u>	<u>35,502</u>	<u>38,515</u>	<u>35,502</u>
Total assets	<u>1,063,386</u>	<u>967,870</u>	<u>1,063,386</u>	<u>967,870</u>
Deferred outflow of resources-pension	79,377	88,553	79,377	88,553
Deferred outflow of resources-OPEB	<u>241</u>	<u>231</u>	<u>241</u>	<u>231</u>
Total deferred outflow of resources	<u>79,618</u>	<u>88,784</u>	<u>79,618</u>	<u>88,784</u>
Other liabilities	92,119	77,996	92,119	77,996
Long-term liabilities	<u>269,427</u>	<u>255,824</u>	<u>269,427</u>	<u>255,824</u>
Total liabilities	<u>361,546</u>	<u>333,820</u>	<u>361,546</u>	<u>333,820</u>
Deferred inflow of resources-pension	17,978	29,738	17,978	29,738
Deferred inflow of resources-OPEB	486	810	486	810
Deferred inflow of resources-other	<u>418</u>	<u>-</u>	<u>418</u>	<u>-</u>
Total deferred inflow of resources	<u>18,882</u>	<u>30,548</u>	<u>18,882</u>	<u>30,548</u>
Net Position:				
Net investment in capital assets	38,515	35,502	38,515	35,502
Restricted for:				
Restricted for long-term emission-reduction projects	850,524	785,722	850,524	785,722
Unrestricted	<u>(126,464)</u>	<u>(128,939)</u>	<u>(126,464)</u>	<u>(128,939)</u>
Total net position	\$ <u>762,575</u>	\$ <u>692,285</u>	\$ <u>762,575</u>	\$ <u>692,285</u>

As noted earlier, net position may serve over time as a useful indicator of South Coast AQMD's financial position. At the close of the most recent fiscal year, South Coast AQMD's assets exceeded liabilities by \$762.6 million.

The largest portion of South Coast AQMD's net position, \$850.5 million, represents resources that are subject to external restrictions on how they may be used. The revenue in special revenue funds is restricted to expenditures for specific purposes. Approximately \$38.5 million of South Coast AQMD's net position reflect its investment in capital assets used by South Coast AQMD (e.g. land, buildings, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. South Coast AQMD uses these capital assets in carrying out its mission of protecting public health while being sensitive to the economic needs of local businesses. Consequently,

these assets are not available for future spending. Although South Coast AQMD's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The debt service installment schedules for the 1995 and 2004 Pension Obligation Bonds will be fully paid by fiscal years 2022 and 2024, respectively.

The remaining portion of South Coast AQMD's net position of governmental activities, a deficit of \$126.4 million, is unrestricted. The deficit is mainly due to the net pension liability. At the end of the current fiscal year, South Coast AQMD had a negative balance in the unrestricted categories of net position and positive fund balance in restricted and net investment in capital asset category.

The net position for governmental activities increased by \$70.2 million compared with the prior fiscal year. Most of the increase was due to revenues in long-term emission-reduction projects.

Program revenues increased by approximately \$15.9 million, 3.7% change from the prior year. These are largely due to an increase of approximately \$11.7 million in state grants and \$3.4 million in annual renewal fees, and offsetted by \$2.5 million decrease in interest revenue of special revenue funds. General revenue increased by \$4.8 million, compared with the prior fiscal year, which is primarily attributed to an increase in penalties and settlements.

Expenses increased by \$59.8 million largely due to a higher amount paid for fiscal year 2019-20 long-term emission reduction projects as compared to fiscal year 2018-19.

A condensed Schedule of Changes in Net Position for the fiscal year ending June 30, 2020 compared with the prior fiscal year can be found on the following page.

South Coast AQMD's Changes in Net Position
(amount expressed in thousands)

	<u>Governmental Activities</u>		<u>TOTAL</u>	
	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>
Revenues:				
Program Revenues:				
Fees and charges – stationary source	\$ 106,450	\$ 101,804	\$ 106,450	\$ 101,804
Fees and charges – mobile sources	29,215	26,106	29,215	26,106
Operating grants and subventions	303,621	295,517	303,621	295,517
General Revenues:				
Grants and subventions – not restricted to specific programs	2,880	2,865	2,880	2,865
Interest	1,791	1,977	1,791	1,977
Penalties and settlement	12,178	7,197	12,178	7,197
Other revenues	1,422	1,422	1,422	1,422
Total revenues	<u>457,557</u>	<u>436,888</u>	<u>457,557</u>	<u>436,888</u>
Expenses:				
Advance clean air technology	12,827	11,521	12,827	11,521
Ensure compliance with clean air rules	55,168	52,353	55,168	52,353
Customer service and business assistance	13,032	11,638	13,032	11,638
Develop programs to achieve clean air	12,472	9,408	12,472	9,408
Develop rules to achieve clean air	14,131	14,276	14,131	14,276
Monitoring air quality	31,911	26,547	31,911	26,547
Timely review of permits	35,512	33,951	35,512	33,951
Policy support	1,946	1,028	1,946	1,028
Interest on long-term debt	3,463	3,605	3,463	3,605
Long-term emission reduction projects	206,807	163,188	206,807	163,188
Total expenses	<u>387,269</u>	<u>327,515</u>	<u>387,269</u>	<u>327,515</u>
Increase/(Decrease) in net position	70,288	109,373	70,288	109,373
Net position beginning	692,286	582,913	692,286	582,913
Net position ending	<u>\$ 762,574</u>	<u>\$ 692,286</u>	<u>\$ 762,574</u>	<u>\$ 692,286</u>

Governmental Activities

The objective of the statement of activities is to report the full cost of providing government services for that year. The format also permits the reader to ascertain the extent to which each function is either self-financing or draws from the general funds of the government.

The Statement of Activities presents information showing how South Coast AQMD's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

The Governmental activities of South Coast AQMD are predominantly supported by fees, grants, state subvention, penalties, and settlements. The penalties and settlements are one-time revenues which are over and above the regular revenues directly related to the programs. The governmental activities of South Coast AQMD are: Advance Clean Air Technology, Ensure Compliance with Clean Air Rules, Customer Service and Business Assistance, Develop Programs to Achieve Clean Air, Develop Rules to Achieve Clean Air, Monitoring Air Quality, Timely Review of Permits, Policy Support, and Long-Term Emission Reduction Projects.

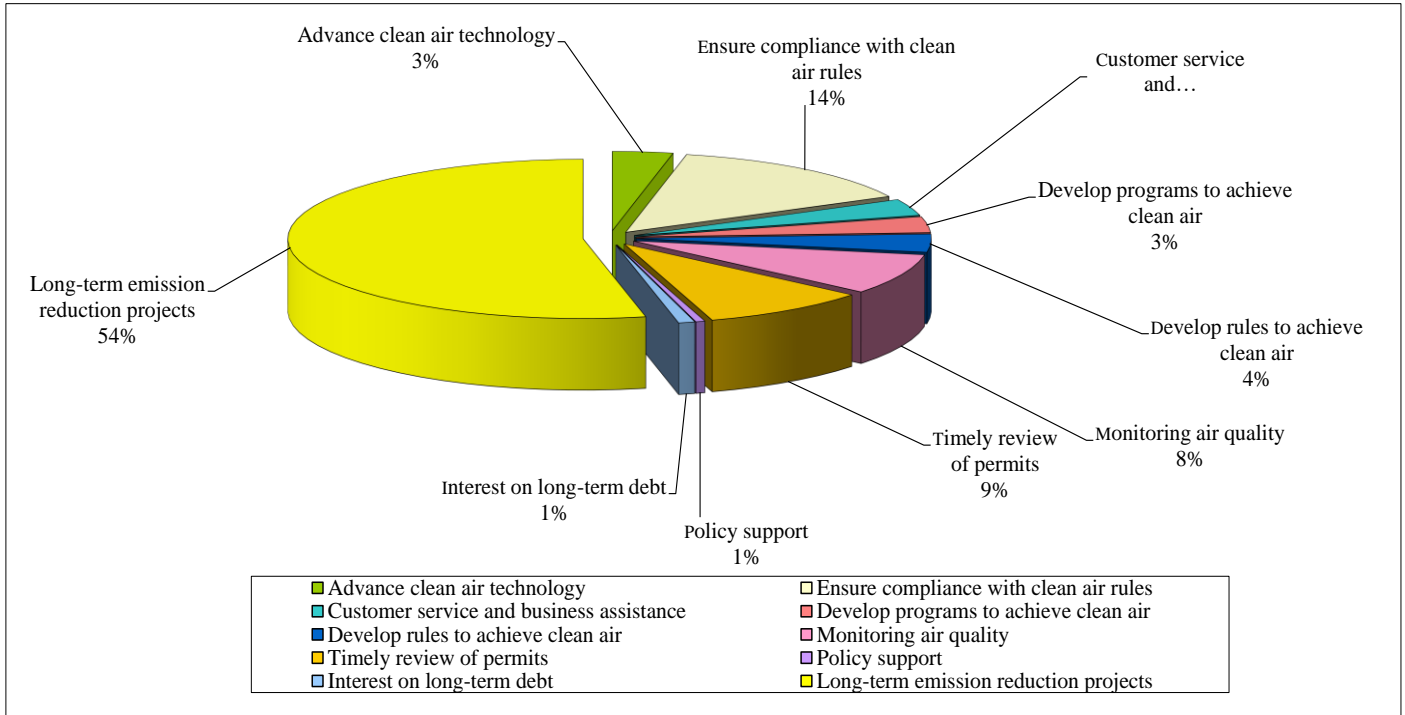
There was an increase in program revenues in the Operating Grants and Subvention Revenues Sources. The program revenues in this revenue category are made up of revenues from mostly restricted revenue derived from federal and state funds. Following are the explanations of the significant revenue variances from fiscal year 2018-19 to fiscal year 2019-20:

- **Community Air Protection Program (CAPP)** – In fiscal year 2018-19, the incentive and operating portions of CAPP were recognized \$106.2 million in Community Air Protection AB 134 Fund (Special Revenue Fund) and \$10.9 million in AB 617 (General Fund), respectively. In fiscal year 2019-20, the incentive portion of CAPP in the special revenue fund were decreased by \$21.2 million and the operating portion of CAPP in the general fund were increased by \$7.2 million.
- **VW Mitigation Fund** - Established in fiscal year 2019 to administer and implement two project funding categories identify in CARB's Beneficiary Mitigation Plan for the VW Environmental Mitigation Trust. In fiscal year 2019-20, this fund recognized the first allocation of \$7.6 million in state grant revenue.

Business-type Activities

The Business-type Activities section reports transactions relating to the CNG fueling station. The CNG fueling station were closed in fiscal year 2017-18. Thus, no business-type activities were reported in this financial statements.

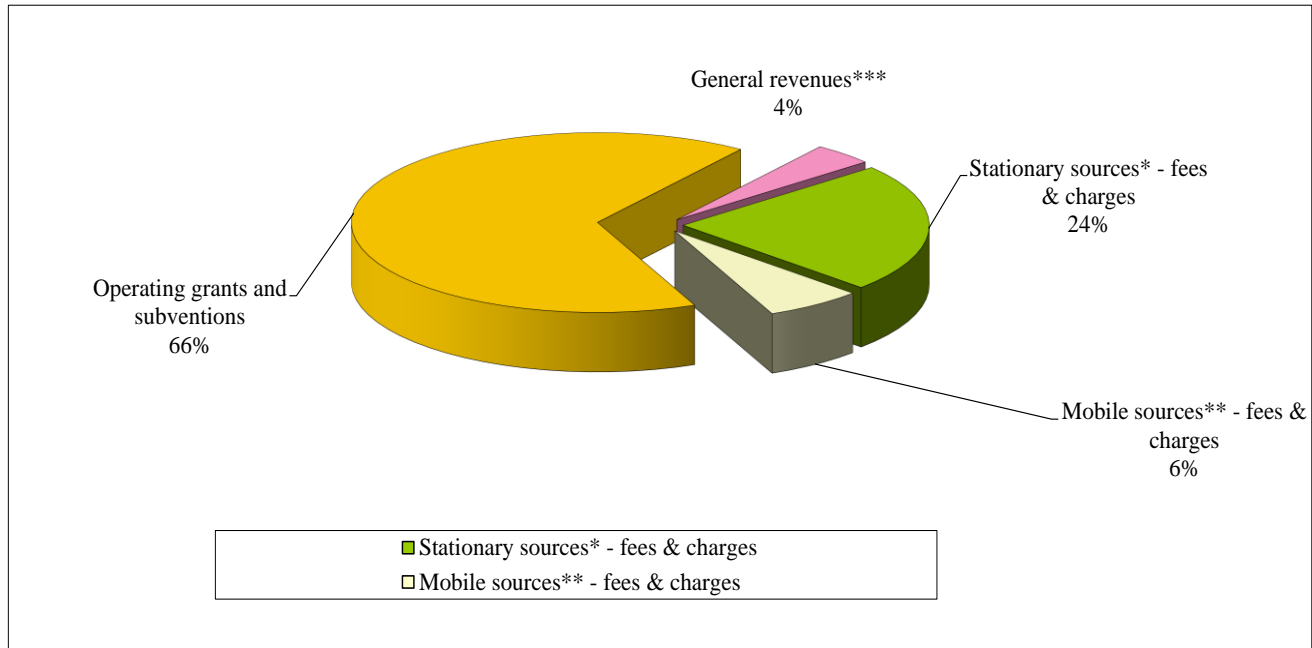
**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
EXPENSES BY ACTIVITY
Governmental Activities
FY 2019-20**



Activity	FY 19-20	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15
Advance clean air technology	\$ 12,827,393	\$ 11,520,547	\$ 9,271,026	\$ 7,825,599	\$ 7,119,417	\$ 5,539,607
Ensure compliance with clean air rules	55,167,960	52,353,479	50,528,522	49,316,129	45,622,680	43,252,162
Customer service and business assistance	13,032,003	11,637,664	9,743,294	9,260,504	8,337,319	6,124,811
Develop programs to achieve clean air	12,471,639	9,407,869	8,636,784	11,335,498	10,444,147	9,727,624
Develop rules to achieve clean air	14,131,578	14,275,590	10,013,098	7,604,041	7,566,089	7,161,179
Monitoring air quality	31,910,536	26,547,245	20,822,380	17,856,869	16,028,394	13,197,801
Timely review of permits	35,511,594	33,951,378	33,301,565	31,520,083	27,891,070	24,431,059
Policy support	1,945,852	1,028,495	667,046	885,773	511,705	331,652
Interest on long-term debt	3,463,254	3,605,251	3,731,589	3,906,955	3,884,990	4,031,178
Long-term emission reduction projects	206,806,917	163,187,839	101,304,229	101,008,426	87,079,799	210,229,182
Total	\$ 387,268,726	\$ 327,515,357	\$ 248,019,533	\$ 240,519,877	\$ 214,485,610	\$324,026,255

Source: FY 2019-2020 CAFR Statement of Activities

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REVENUES BY MAJOR SOURCE
Governmental Activities
FY 2019-20**



Source	FY 19-20	FY 18-19	FY 17-18	FY 16-17	FY 15-16	FY 14-15
Stationary sources* - fees & charges	\$ 106,450,095	\$ 101,804,325	\$ 100,354,910	\$ 94,279,518	\$ 89,264,511	\$ 88,120,829
Mobile sources** - fees & charges	29,214,922	26,106,160	26,026,673	28,087,131	25,743,988	24,526,008
Operating grants and subventions	303,621,322	295,516,665	185,367,622	222,070,040	122,424,397	149,766,034
General revenues***	18,272,157	13,460,793	20,644,444	16,664,195	10,148,573	14,043,695
Total	\$ 457,558,496	\$ 436,887,943	\$ 332,393,649	\$ 361,100,884	\$ 247,581,469	\$ 276,456,566

* Stationary sources consist of refineries, power plants, manufacturing facilities and small businesses.

** Mobile sources are motorized vehicles that typically include automobiles, trucks, aircraft, ships, trains, and self-propelled construction equipment.

*** General Revenues include Penalties/Settlements, Interest, and dollars that are not restricted to specific stationary source programs.

Source: FY 2019-2020 CAFR Statement of Activities

The following schedule presents the cost of each South Coast AQMD program as well as each program's net cost (total cost less revenues generated by the activities):

GOVERNMENTAL ACTIVITIES

Net (Expense) Revenue (amounts expressed in thousands)

	<u>FY 2019-20</u>	
	Total Cost of Program Activities	Net Cost of Program Activities
Advance clean air technology	\$ 12,827	\$ (3,240)
Ensure compliance with clean air rule	55,168	(5,027)
Customer service and business assistance	13,032	(1,004)
Develop programs to achieve clean air	12,472	(708)
Develop rules to achieve clean air	14,131	(849)
Monitoring air quality	31,911	(1,305)
Timely review of permits	35,511	(1,708)
Policy support	1,946	(151)
Interest on long-term debt	3,463	(3,463)
Long-term emission reduction projects	206,807	69,473
Total	\$ <u>387,268</u>	\$ <u>52,018</u>

The program activities are described as follows:

- **Advance Clean Air Technology** – Identify technologies from anywhere in the world that may have application in reducing emissions from mobile and stationary sources in South Coast AQMD's jurisdiction. Promote development and assess the use of clean fuels and low-emitting technologies. Implement and administer state- and federal-funded programs for retrofitting, re-powering, or replacing diesel engines with newer and cleaner engines and projects to reduce air pollution associated with freight movement along California's trade corridors.
- **Ensure Compliance with Clean Air Rules** – Perform inspections, source tests, sample collection, the certification of Continuous Emission Monitoring Systems (CEMS), emissions audits, and respond to and resolve public complaints to ensure compliance with South Coast AQMD rules for existing major and small stationary sources of all pollutants.
- **Customer Service and Business Assistance** – Provide local government, business, and the public with access and input into the regulatory and policy processes of South Coast AQMD. Assist cities and others with AB 2766 projects. Interact with local, state and federal agencies and others to share air quality information, resolve jurisdictional questions, and implement joint programs. Implement comprehensive public information, legislative and customer service programs.

- **Develop Programs to Achieve Clean Air** – Develop a regional Air Quality Management Plan (AQMP) to achieve federal and state ambient air quality standards and to meet all other requirements of the federal and California Clean Air Acts. Analyze air quality data and provide an estimate of pollutant emissions by source category. Develop pollutant control strategies and project future air quality using computer models and statistical analysis of alternative control scenarios.
- **Develop Rules to Achieve Clean Air** – Develop emission reduction regulations for sulfur dioxide, nitrogen dioxide, organic gases, particulate matter, toxics, and other pollutants to implement the regional AQMP, Tanner Air Toxics Process (AB 1807), National Emission Standards for Hazardous Air Pollutants (NESHAPS), and Prevention of Significant Deterioration (PSD) requirements.
- **Monitoring Air Quality** – Operate and maintain within South Coast AQMD’s jurisdiction a network of air quality monitoring sites for ozone, nitrogen oxides, sulfur oxides, particulate matter, carbon monoxide and other pollutants to obtain data regarding public exposure to air contaminants. Analyze, summarize, and report air quality information generated from the monitoring sites. Prepare meteorological forecasts and models.
- **Timely Review of Permits** – Ensure timely processing of permits for new sources based on compliance with New Source Review and other applicable local, state and federal air quality rules and regulations.
- **Policy Support** – Provide support staff to the Governing Board, Board committees, and various advisory and other groups as well as ad hoc committees and Rule working groups. Monitor potential changes to state and federal legislation and budgets that may affect South Coast AQMD.
- **Interest on Long-Term Debt** – Identify the cost of borrowing on Pension Obligation Bonds to partially retire the Unfunded Actuarial Accrued Liability (UAAL) due to San Bernardino County Employees’ Retirement Association (SBCERA).
- **Long-term Emission Reduction Projects** – Generate funding for long-term projects that reduce emissions in the South Coast Air Basin. Funding for special funds activities are recognized when received and projects carried out may extend over multiple fiscal years.

D. Financial Analysis of South Coast AQMD’s Funds

As noted earlier, South Coast AQMD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of South Coast AQMD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing South Coast AQMD's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of \$935.1 million, an increase of \$77.9 million in comparison with the prior year. Approximately 90.9% of these fund balances (\$850.5 million) constitutes the portion pertaining to special revenue funds. Expenditures under these funds are restricted for specific purposes. The long-term contractual commitments related to these special fund programs, such as replacement of diesel-fueled trucks, involve multiple-year spending.

- **The General Fund** is the operating fund of South Coast AQMD. At the end of the fiscal year, the total fund balance of the General Fund was \$84.5 million. The unassigned fund balance was \$66.0 million or 78.0% of the total fund balance; assigned was \$6.1 million or 7.2% of the total fund balance. The assigned amount represents South Coast AQMD's intended use of the financial resources in future periods. One measure of the General Fund's liquidity is the comparison of both assigned and unassigned fund balance to total expenditures. The assigned and unassigned fund balance represent 41.7% of total General Fund expenditures, while total fund balance represents 48.9% of the total General Fund expenditures. In the General Fund, the assigned and unassigned fund balance may serve as a useful measure of South Coast AQMD's net resources available for spending at the end of the fiscal year.

General Fund's revenues increased in fiscal year 2019-20 by \$20.3 million. This increase is primarily due to revenue increases from the state grants and penalties and settlements.

Overall, General Fund's expenditures increased in fiscal year 2019-20 by \$13.3 million primarily due to higher salaries and employment benefits expenditures as compared to prior fiscal year. This is due primarily to increased cost associated with the three year labor agreement, increased in retirement plan contribution, and adding positions.

Fund balance changes in other major governmental funds are noted below:

- **Air Quality Investment Fund** – The fund balance increased compared with the prior year by \$25.2 million due to revenues exceeding expenditures in fiscal year 2019-20. This fund recognized \$33.8 million in the other revenues. Many

of the contracts executed in this special revenue fund are multi-year and the projects are often long-term and expenditures can vary significantly from year to year.

- **GHG Reduction Projects Special Revenue Fund** –The fund balance decreased slightly in fiscal year 2019-20 by \$405,983 due to expenditures exceeding revenues in fiscal year 2019-20. This fund recognized \$12.3 million more state grant and offsetted by contract and special service expenditures. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary significantly from year to year.
- **Community Air Protection AB 134 Fund** – This fund was established to account for AB 617 Community Air Protection incentive funds. The fund balance increased by \$57.0 million due to revenues exceeding expenditures in fiscal year 2019-20. This fund recognized \$85.0 million in state grant revenue during the fiscal year 2019-20, and multi-year projects that are identified in approved AB 617 Community Emissions Reduction Plans were executed in this funding.
- **Carl Moyer Program (CMP) AB 923 Fund** – The fund balance decreased by \$13.9 million due to expenditures exceeding revenues in fiscal year 2019-20. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary significantly from year to year.

E. General Fund Budgetary Highlights

Overall, the fiscal year 2019-20 adopted budget represented a \$8.3 million (5.1%) increase in expenditures/transfers out over the fiscal year 2018-19 adopted budget. The fiscal year 2019-20 adopted budget increased due to adding 63 grant funded positions, cost increases associated with the three-year labor agreement and an increase in retirement contribution rates. On a budgetary basis, actual fiscal year 2019-20 General Fund revenues/transfers in exceeded expenditures/transfers out by \$12.2 million.

South Coast AQMD adopts an annual operating budget for the General Fund. During budget preparation, South Coast AQMD estimates its revenues using realistic but conservative methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, South Coast AQMD adopts budget amendments during the fiscal year to reflect availability of additional revenues for expansion of existing programs and any budget transfers between major accounts.

The fiscal year 2019-20 amended budget compared to the adopted budget reflected an increase in appropriations of \$21.7 million. The changes to the budget were the result of Governing Board actions that allocated additional funding after the budget was adopted. Also, changes can be attributed to Governing Board approved use of unassigned fund balance for program needs that were unknown at the time the budget was developed.

Additional funding was appropriated during fiscal year 2019-20 from the following:

EPA - \$1,855,000 for the following programs: Photochemical Assessment Monitoring Stations (PAMS), PM 2.5 Monitoring, Science to Achieve Results (STAR) research grant for low cost air monitoring sensors, the National Air Toxics Monitoring Program, Near Road NO2 and enhanced particulate monitoring programs.

State Grants - \$5,231,00 to implement the AB 617 program for community air monitoring and the development of community emission reduction plans.

Rule 1118 Mitigation Fund - \$117,000 to assist in conducting the fifth Multiple Air Toxics Exposure Study (MATES V).

Rule 1180 Special Revenue Fund – \$7,493,000 for the installation and operation of community air monitoring stations near refineries.

VW Mitigation Fund - \$447,000 to administer and implement Zero Emission Class 8 Freight and Port Drayage Truck projects. Also, to administer and implement Combustion Freight and Marine projects.

Unassigned Fund Balance - \$6,541,000 for specialized legal services, elevator upgrade and renovation, legislative representation in Sacramento, office data cable infrastructure, cafeteria and security monitoring equipment, replacement of air monitoring equipment, air filtration systems in environmental justice schools, transfers out to the Building Infrastructure and Health Effects funds, and the restoration of budget reductions that occurred during the Fiscal Year 2019-20 budget development.

For fiscal year 2019-20, actual revenues were \$7.6 million or 4.3% higher than the final budget and expenditure savings were \$15.9 million or 8.4%.

Actual revenue was higher than the final budget primarily due to Penalty and Settlement revenue being higher than anticipated. Also, State Grant revenue was

higher than expected due to receipt of and reimbursement of AB 617 expenditures in June 2020 that was anticipated to be received in FY 2020-21.

The expenditure savings can be primarily attributed to various fiscal measures implemented in the second half of the fiscal year due to uncertainty stemming from the COVID-19 pandemic. The fiscal measures implemented included a hiring freeze and spending reductions in Services and Supplies and Capital Outlays.

F. Capital Assets and Debt Administration

Capital Assets

South Coast AQMD's investment in capital assets is mostly for its governmental activities. The book value was \$38.5 million (net of accumulated depreciation of \$99.5 million) as of June 30, 2020. This investment in capital assets includes land, buildings, laboratory equipment, air monitoring stations, intangible assets (internally generated software) and South Coast AQMD fleet vehicles. Depreciation on capital assets is recognized in the Government-wide financial statements.

Additional information on the capital assets can be found in Note V under the Notes to the Basic Financial Statements section.

Long-Term Debt

At the end of the current fiscal year, South Coast AQMD had total long-term debt outstanding of \$31.9 million, including the current portion of \$5.6 million. The amount of \$15.6 million represents the Pension Obligation Bonds. The 1995 series issued in December 1995 (outstanding balance of \$917,324 million) and the 2004 series issued in June 2004 (outstanding balance of \$14.7 million) retired the Unfunded Actuarial Accrued Liability due to San Bernardino County Employees' Retirement Association as of June 30, 2004. Other long-term debt includes general liability claims and workers' compensation claims payable of \$938,163 and compensated absences of \$15.3 million.

Additional information on South Coast AQMD's long-term debt can be found in Note VII under the Notes to the Basic Financial Statements section of this report.

G. Economic Factors and Next Year's Budget and Rates

The fiscal year 2020-21 expenditure budget decreased by 11.3% compared to the fiscal year 2019-20 amended budget. The budget reflects a decrease of \$17.1 million in expenditures from the fiscal year 2019-20 Amended Budget and a \$2.1 million increase from the fiscal year 2019-20 Adopted Budget. The increase in expenditures from the fiscal year 2019-20 Adopted Budget can be attributed to an increase in debt

service. In addition, the FY 2020-21 Adopted Budget reflect increases in expenditures for grant funded programs in the major objects of services/supplies and capital outlays.

In fiscal year 2020-21, revenues are projected to increase by approximately \$2.1 million from the fiscal year 2019-20 adopted budget. The increase in revenue can be mainly attributed additional grant funding for the AB 617 Community Air Protection Program. Nevertheless, in recent years, South Coast AQMD's revenues have not kept pace with program costs mainly due to increases in retirement rates as the result of market losses to the retirement system's investments.

Moreover, since fiscal year 1991-92, the South Coast AQMD has reduced staffing and program costs despite increased program requirements. The fiscal year 2020-21 expenditure budget is \$173.0 million and includes 946 authorized positions. Compared to fiscal year 1991-92, this reflects a reduction of 19% in authorized positions. Program costs, however, will exceed the fiscal year 1991-92 budget by \$60.0 million (approximately 53%). Using inflation-adjusted dollars, however, this year's budget request is 13% less than the budget approved in fiscal year 1991-92.

H. Requests for Information

This financial report is designed to provide a general overview of South Coast AQMD's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, CA 91765-4182.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and pooled cash	\$ 977,496,728
Interest receivable	2,746,395
Due from other governmental agencies	39,615,429
Accounts receivable, net	4,946,679
Inventories	65,321
Total current assets	<u>1,024,870,552</u>
Noncurrent Assets:	
Capital assets not being depreciated:	
Land	8,829,792
Capital assets, net of accumulated depreciation:	
Buildings and improvements	8,621,825
Intangibles (software)	7,942,247
Equipment, vehicles and furniture	13,121,157
Total noncurrent assets	<u>38,515,021</u>
TOTAL ASSETS	<u>1,063,385,573</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources-pension	79,376,597
Deferred outflow of resources-OPEB	240,984
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>79,617,581</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	47,626,286
Interest payable	2,727,103
Salaries and benefits payable	7,985,382
Unearned revenue	33,779,918
Long term debt - due within one year	5,577,117
Total current liabilities	<u>97,695,806</u>
Noncurrent liabilities - due in more than one year:	
Long term debt	26,331,592
Net pension liability	233,891,405
Net OPEB liability	3,627,000
Total noncurrent liabilities	<u>263,849,997</u>
TOTAL LIABILITIES	<u>361,545,803</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources-pension	17,978,189
Deferred inflow of resources-OPEB	486,000
Deferred inflow of resources-other	417,962
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>18,882,151</u>
NET POSITION	
Net investment in capital assets	38,515,021
Restricted for:	
Long-term emission-reduction projects	850,523,778
Unrestricted	(126,463,599)
TOTAL NET POSITION	<u>\$ 762,575,200</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Fees and Charges		Operating Grants and Subventions	Governmental Activities **
		Stationary Sources **	Mobile Sources		
Governmental Activities:					
Advance clean air technology	\$ 12,827,393	\$ -	\$ 9,485,661	\$ 102,070	\$ (3,239,662)
Ensure compliance with clean air rules	55,167,960	43,109,039	3,636,440	3,395,987	(5,026,494)
Customer service and business assistance	13,032,003	7,625,658	2,297,033	2,105,371	(1,003,941)
Develop programs to achieve clean air	12,471,639	5,380,824	3,565,031	2,817,383	(708,401)
Develop rules to achieve clean air	14,131,578	6,451,084	2,935,620	3,895,570	(849,304)
Monitoring air quality	31,910,536	9,916,164	6,647,746	14,041,134	(1,305,492)
Timely review of permits	35,511,594	32,819,924	-	983,558	(1,708,112)
Policy support	1,945,852	1,147,402	647,391	-	(151,059)
Interest on long-term debt	3,463,254	-	-	-	(3,463,254)
Long-term emission reduction projects *	206,806,917	-	-	276,280,249	69,473,332
Total governmental activities	\$ <u>387,268,726</u>	\$ <u>106,450,095</u>	\$ <u>29,214,922</u>	\$ <u>303,621,322</u>	<u>52,017,613</u>
General Revenues **:					
Grants and subventions - not restricted to specific stationary source programs					2,879,664
Interest					1,791,178
Penalties/ settlement					12,178,184
Subscriptions					972
Other					1,422,159
Total general revenues and transfers					<u>18,272,157</u>
Change in net position					70,289,770
Net position - July 1, 2019					692,285,430
Net position - June 30, 2020					\$ <u>762,575,200</u>

* Long-term emission reduction projects consist of pass-through and/or one-time or limited duration funding sources that are restricted for specific programs such as Carl Moyer Program Fund, Clean Fuels Program Fund, Mobile Sources Air Pollution Reduction Fund and the Air Quality Investment Fund.

** General Revenue and excess Stationary Source Fees are used to offset a portion of the Permit Processing shortfall.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2020

<u>Assets</u>	General Fund	Air Quality Investment Fund	GHG Reduction Projects Special Revenue Fund	Community Air Protection AB 134 Revenue Fund	CMP AB 923 Fund	Other Governmental Funds	Total
Cash and cash equivalents	\$ 115,080,637	\$ 108,162,073	\$ 7,341,259	\$ 165,679,737	\$ 122,679,581	\$ 458,553,441	\$ 977,496,728
Interest receivable	276,219	284,076	33,822	410,380	355,147	1,386,751	2,746,395
Due from other governmental agencies	7,466,013	-	14,092,432	330,000	4,841,643	12,885,341	39,615,429
Due from other funds	7,022,270	-	-	-	-	18,632,352	25,654,622
Accounts receivable, net	3,534,588	52,999	100,000	-	-	1,259,092	4,946,679
Inventories	65,321	-	-	-	-	-	65,321
Total assets	<u>133,445,048</u>	<u>108,499,148</u>	<u>21,567,513</u>	<u>166,420,117</u>	<u>127,876,371</u>	<u>492,716,977</u>	<u>1,050,525,174</u>
<u>Deferred Outflow of Resources:</u>							
Deferred outflow of resources	-	-	-	-	-	-	-
Combined assets and deferred outflow of resources	<u>\$ 133,445,048</u>	<u>\$ 108,499,148</u>	<u>\$ 21,567,513</u>	<u>\$ 166,420,117</u>	<u>\$ 127,876,371</u>	<u>\$ 492,716,977</u>	<u>\$ 1,050,525,174</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 6,639,196	\$ 931,727	\$ 5,358,510	\$ 10,592,596	\$ 3,243,965	\$ 20,860,292	\$ 47,626,286
Salaries and benefits payable	7,985,382	-	-	-	-	-	7,985,382
Due to other funds	503,326	9,092	8,624,985	8,289,876	-	8,227,343	25,654,622
Unearned revenue	33,779,918	-	-	-	-	-	33,779,918
Total liabilities	<u>48,907,822</u>	<u>940,819</u>	<u>13,983,495</u>	<u>18,882,472</u>	<u>3,243,965</u>	<u>29,087,635</u>	<u>115,046,208</u>
<u>Deferred Inflow of Resources:</u>							
Deferred inflow of resources	-	-	-	60,000	-	357,962	417,962
Fund Balances:							
Nonspendable	65,321	-	-	-	-	-	65,321
Restricted	-	-	7,584,018	147,477,645	124,632,406	307,589,331	587,283,400
Committed	12,365,231	9,687,703	-	-	-	42,964,827	65,017,761
Assigned	6,149,673	97,870,626	-	-	-	112,717,222	216,737,521
Unassigned	65,957,001	-	-	-	-	-	65,957,001
Total fund balances	<u>84,537,226</u>	<u>107,558,329</u>	<u>7,584,018</u>	<u>147,477,645</u>	<u>124,632,406</u>	<u>463,271,380</u>	<u>935,061,004</u>
Combined liabilities, deferred inflow of resources and fund balances	<u>\$ 133,445,048</u>	<u>\$ 108,499,148</u>	<u>\$ 21,567,513</u>	<u>\$ 166,420,117</u>	<u>\$ 127,876,371</u>	<u>\$ 492,716,977</u>	<u>\$ 1,050,525,174</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2020**

Total fund balances – total governmental funds	\$ 935,061,004
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. These capital assets net of accumulated depreciation are reported in the Statement of Net Position as capital assets of South Coast AQMD as a whole.	38,515,020
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Deferred outflows of resources are not current financial resources and therefore are not reported in the Governmental Fund Balance Sheet.	79,617,581
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(2,727,103)
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Long-term liabilities and deferred inflows are not due and payable in the current period and accordingly are not reported as fund liabilities and deferred inflows. All liabilities and deferred inflows of resources, both current and long-term, are reported in the Statement of Net Position.

Net pension liability	(233,891,405)
Net OPEB liability	(3,627,000)
General liability	(73,000)
Workers' compensation	(865,163)
Compensated absences	(15,333,222)
Pension obligation bonds	(15,637,323)
Deferred inflows of resources related to pension and OPEB	(18,464,189)
Net position of governmental activities	\$ 762,575,200

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Air Quality Investment Fund	GHG Reduction Projects Special Revenue Fund	Community Air Protection AB 134 Revenue Fund	CMP AB 923 Fund	Other Governmental Funds	Total
Revenues:							
Emission fees	\$ 20,781,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,781,427
Annual renewal fees	60,450,564	-	-	-	-	-	60,450,564
Area Sources	1,859,185	-	-	-	-	-	1,859,185
Permit processing fees	19,666,601	-	-	-	-	-	19,666,601
Mobile sources/clean fuels	23,517,978	-	-	-	26,874,305	25,720,778	76,113,061
Air Toxics "Hot Spots"	2,906,530	-	-	-	-	27,142	2,933,672
Transportation programs	1,069,607	-	-	-	-	-	1,069,607
State subvention	3,939,219	-	-	-	-	-	3,939,219
Federal grant	7,630,780	-	-	-	-	5,860,796	13,491,576
State grant	23,278,084	-	18,433,644	85,011,020	-	61,592,281	188,315,029
Interest revenue	1,791,178	1,589,750	-	1,634,674	2,202,601	8,146,689	15,364,892
Lease revenue	150,164	-	-	-	-	-	150,164
Source test/analysis fees	427,852	-	-	-	-	-	427,852
Hearing Board fees	357,937	-	-	-	-	-	357,937
Penalties and settlements	12,178,184	-	-	-	-	1,761,317	13,939,501
Subscriptions	972	-	-	-	-	-	972
Other revenues	1,271,985	33,811,581	100,000	2,000,000	-	1,513,671	38,697,237
Total revenues	<u>181,278,247</u>	<u>35,401,331</u>	<u>18,533,644</u>	<u>88,645,694</u>	<u>29,076,906</u>	<u>104,622,674</u>	<u>457,558,496</u>
Expenditures:							
Current:							
Salaries and employee benefits	133,296,239	-	-	-	-	-	133,296,239
Insurance	1,059,265	-	-	-	-	-	1,059,265
Rent	676,950	-	-	-	-	-	676,950
Supplies	4,186,926	-	-	-	-	-	4,186,926
Contract and special services	11,698,731	7,370,646	18,798,711	31,593,270	40,019,306	105,757,814	215,238,478
Maintenance	1,784,818	-	-	-	-	-	1,784,818
Travel and auto	877,886	-	-	-	-	-	877,886
Utilities	1,429,880	-	-	-	-	-	1,429,880
Communications	821,324	-	-	-	-	-	821,324
Uncollectible accounts	578,246	-	-	-	-	12,557	590,803
Other expenditures	1,356,919	-	14,999	-	-	2,239,614	3,611,532
Capital outlay	8,872,504	-	-	-	-	-	8,872,504
Principal	2,686,641	-	-	-	-	1,000,000	3,686,641
Interest	3,503,983	-	-	-	-	-	3,503,983
Total expenditures	<u>172,830,312</u>	<u>7,370,646</u>	<u>18,813,710</u>	<u>31,593,270</u>	<u>40,019,306</u>	<u>109,009,985</u>	<u>379,637,229</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>8,447,935</u>	<u>28,030,685</u>	<u>(280,066)</u>	<u>57,052,424</u>	<u>(10,942,400)</u>	<u>(4,387,311)</u>	<u>77,921,267</u>
Other Financing Sources (uses):							
Transfers in	7,590,565	-	-	-	-	14,275,592	21,866,157
Transfers out	(2,525,592)	(2,863,332)	(125,917)	(30,794)	(3,000,000)	(13,320,522)	(21,866,157)
Total other financing sources (uses)	<u>5,064,973</u>	<u>(2,863,332)</u>	<u>(125,917)</u>	<u>(30,794)</u>	<u>(3,000,000)</u>	<u>955,070</u>	<u>-</u>
Net change in fund balance	<u>13,512,908</u>	<u>25,167,353</u>	<u>(405,983)</u>	<u>57,021,630</u>	<u>(13,942,400)</u>	<u>(3,432,241)</u>	<u>77,921,267</u>
Fund balances, July 1, 2019	<u>71,024,318</u>	<u>82,390,976</u>	<u>7,990,001</u>	<u>90,456,015</u>	<u>138,574,806</u>	<u>466,703,621</u>	<u>857,139,737</u>
Fund balances, June 30, 2020	<u>\$ 84,537,226</u>	<u>\$ 107,558,329</u>	<u>7,584,018</u>	<u>\$ 147,477,645</u>	<u>\$ 124,632,406</u>	<u>\$ 463,271,380</u>	<u>\$ 935,061,004</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Net change in fund balances – total governmental funds	\$ 77,921,267
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays recorded in the current period.	8,872,504
Depreciation and miscellaneous expenses on capital assets is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(5,859,086)
Pension expense is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources.	(46,281,985)
Pension contribution made by employer in current fiscal year reduce the net pension liability and do not require current resources.	33,202,615
OPEB expense is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources.	(353,900)
OPEB contribution made by employer in current fiscal year reduce the net OPEB liability and do not require current resources.	240,984
Repayment of bond principal is an expenditure in the governmental funds. For SCAQMD as a whole, principal payments reduce the liabilities in the Government-wide Statement of Net Position and do not result in an expense in the Statement of Activities and Changes in Net Position.	3,686,640
Accrued interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds. The amount represents the change in accrued interest from the prior year.	40,728
Long-term compensated absences and general liability/workers' compensation claims are reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds. The following amounts represent the change from the prior year:	
Compensated absences	(1,646,843)
General and auto liability/workers' compensation claims	466,846
Change in net position of governmental activities	<u>\$ 70,289,770</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

<u>Assets</u>	Agency Funds	Retirement Benefit Trust Fund
Cash and cash equivalents	\$ 107,307	\$ -
Total assets	\$ 107,307	-
 <u>Liabilities</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 107,307	-
Total liabilities	\$ 107,307	-
 <u>Net Position</u>		
Net position restricted for pensions		-
Total net position		\$ -

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020**

	Retirement Benefit Trust Fund
<u>Additions:</u>	
Interest revenue	\$ 13,237
Total additions	<u>13,237</u>
<u>Deductions:</u>	
Other expenditures	78,047
Total deductions	<u>78,047</u>
Change in net position	<u>(64,810)</u>
Net position restricted for pensions, July 1, 2019	<u>64,810</u>
Net position restricted for pensions, June 30, 2020	<u><u>\$ -</u></u>

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The South Coast Air Quality Management District (South Coast AQMD) was established pursuant to the Lewis Air Quality Management Act on February 1, 1977, commencing at Section 40400 of the Health and Safety Code of the State of California. South Coast AQMD encompasses all of Orange County and parts of Los Angeles, San Bernardino, and Riverside Counties. South Coast AQMD operates a network of air monitoring stations, analyzes air quality data and establishes maximum emission levels for stationary, commercial, and industrial facilities that are enforced through South Coast AQMD's permit system.

As defined by generally accepted accounting principles (GAAP) in the United States of America that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units, which are legally separate organizations. The financial statements of South Coast AQMD are prepared in accordance with GAAP.

The accompanying financial statements present the financial activities of South Coast AQMD (primary government) and its blended component unit, South Coast Air Quality Management District Building Corporation (Corporation), an entity for which South Coast AQMD is considered to be financially accountable. Legally separate from South Coast AQMD and as a tax-exempt entity, the Corporation is reported as a governmental fund.

The Corporation was incorporated as a nonprofit corporation under the laws of the State of California on September 21, 1978. The purpose of the Corporation is to finance the acquisition and improvement of a building complex/headquarters of South Coast AQMD. South Coast AQMD Governing Board approves the appointment of the Corporation's Board of Directors. South Coast AQMD has had significant transactions with the Corporation for the construction and improvement of South Coast AQMD's headquarters facility. It is legally separate from South Coast AQMD and a tax-exempt entity under Section 501(c)(4) of the Internal Revenue Code.

Separate financial statements for the Corporation may be obtained from South Coast AQMD's Finance Office located at 21865 Copley Drive, Diamond Bar, California 91765.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements of South Coast AQMD are composed of the following:

- Government-wide financial statements
- Governmental fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) present summaries of governmental and business-type activities of South Coast AQMD as a whole, excluding fiduciary activities. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of South Coast AQMD's assets and liabilities including capital assets and long-term liabilities are included in the accompanying Statement of Net Position. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures. Proceeds of long-term debt are also recorded in the government-wide financial statements as a liability, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

The Statement of Activities demonstrates the degree to which the direct expenses of a given functional activity are offset by program revenues directly related to the functional activity. Direct expenses are those that are clearly identifiable with a specific functional activity.

The types of transactions reported as program revenues are reported in three categories: 1) fees and charges including stationary source fees from permitted facilities and mobile source fees from motor vehicle registrations; 2) operating grants and subventions that are in support of air pollution program activities; and 3) long-term emission reduction projects which include capital grants and contributions which are mostly restricted. Program expenses are subtracted from program revenues to present the net cost of each functional activity. Interest income and other miscellaneous items not properly included among program revenues are reported as general revenues.

South Coast AQMD's functional activities are broken down into the following ten categories:

- Advance clean air technology
- Ensure compliance with clean air rules
- Customer service and business assistance
- Develop programs to achieve clean air
- Develop rules to achieve clean air
- Monitoring air quality
- Timely review of permits
- Policy support
- Interest on long-term debt, and
- Long-term emission reduction projects

When both restricted and unrestricted resources are available for use, it is South Coast AQMD's policy to use restricted resources first within the restricted activities, then use the unrestricted resources as they are needed.

Fund financial statements for the primary government's governmental and fiduciary funds are presented after the government-wide financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

South Coast AQMD has presented all major funds that met those qualifications. These major funds are Air Quality Investment Fund, GHG Reduction Projects Special Revenue Fund, Community Air Protection AB 134 Fund, and Carl Moyer Program (CMP) AB 923 Special Revenue Fund, in addition to the General Fund.

A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences as a result of the integrated approach of GASB Statement No. 34 reporting.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included in the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized in the accounting period in which they become

measurable and available to finance expenditures of the current period. They are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, South Coast AQMD considers revenues to be available if they are collected generally within 90 days after year-end to be available to finance the expenditures accrued for the reporting period. The primary revenue sources which have been treated as susceptible to accrual by South Coast AQMD are as follows: emissions flat fees, permit fees, air toxics “Hot Spots” fees, and source test/analysis fees from stationary sources; clean fuels revenues from stationary sources; federal and state grants under grants and subventions and interest under general revenues. All other revenue items are recorded when received in cash. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for debt service expenditures, as well as expenditures related to compensated absences, which are recognized when payment is due.

Amounts expended to acquire capital assets are recorded as capital outlay expenditures in the year that resources were expended rather than recording them as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as fund liability. Amounts paid to reduce long-term indebtedness are reported as debt service expenditures.

Fiduciary Fund Financial Statements

Fiduciary Fund financial statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds represent agency funds which are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses or the measurement of results of operations. The reporting focus is upon net position and changes in net position. Fiduciary funds also include the Retirement Benefits Trust Fund for LACERA OPEB (see fund type in Note 1C). These funds are accounted for in the accrual basis of accounting.

C. Fund Types and Major Funds

As noted earlier, the funds designated as major funds are determined in accordance with GASB Statement No. 34.

South Coast AQMD reports the following major governmental funds:

General Fund – This is the primary operating fund of South Coast AQMD and is used to record transactions relating to its general business operations. It is also used to account for all revenues and expenditures that are not required to be accounted for in another fund.

Special Revenue Funds – These funds are used to record transactions applicable to specific revenue sources that are legally restricted to expenditures for specific purposes. The following are South Coast AQMD’s major special revenue funds:

- Air Quality Investment Fund – To account for revenue from employers with 250 or more employees at a worksite who are subject to Rule 2202. This revenue is used to purchase emissions reductions credits to meet the required target. To date, \$47.9 million in projects have been awarded to purchase over 34,071 tons of emission reductions. Starting April 2017, this fund was used to process rebates for South Coast AQMD’s Residential Electric Lawn Mower Rebate Program. By the end of 2019, \$279,404 rebates were processed. As of June 30, 2020, a total of 1,608 lawn mowers were exchanged with total emission reductions of 3.02 tons and \$333,151 total fund spent.
 - RECLAIM AQIP – Established in fiscal year 2001 to separately account for the generation of NOx (Oxides of Nitrogen) credits at stationary and mobile sources for use by certain small or new RECLAIM (Regional Clean Air Incentives Market) participants. AQIP stands for Air Quality Investment Program.
 - RECLAIM and Executive Order Mitigation – Established in fiscal year 2001 to account for mitigation fee payments made by power generators in lieu of emission offsets. Proceeds are used to generate RECLAIM Trading Credits (RTCs) to offset excess emissions.
 - Rule 1121 Mitigation Fee Program – Established in fiscal year 2004 to issue program announcements for projects under the Rule 1121 Mitigation Fee Program. Under Rule 1121 - Control of Nitrogen Oxides (NOx) from Residential Type, Natural Gas Fired Water Heaters, emission mitigation fees are collected from water heater manufacturers to fund stationary and mobile source emission reduction projects targeted at offsetting NOx emission.
- Green House Gas (GHG) Reduction Projects Special Revenue Fund – Established in fiscal year 2016 to account for the projects funded by CARB’s Low Carbon Transportation Green House Gas Reduction Fund Investments.
- Community Air Protection AB 134 Fund – Established in fiscal year 2018 to recognize the first allocation of AB 617 Community Air Protection incentive funds (AB 134 revenue) from CARB. This fund will also be used to recognize additional Community Air Protection incentive funds awarded and received by CARB. These funds are intended to implement projects that are identified in approved 617 Community Emissions Reduction Plans and in other communities that are disproportionately impacted by air pollution. Requirements for expenditure of these funds will be specified in the grant agreements provided by CARB.

- Carl Moyer Program (CMP) AB 923 Fund - Established in fiscal year 2008 to provide additional funding for the Carl Moyer Program from an adjustment to the tire fee and authorizes local air districts to increase motor vehicle registration fees by up to \$2 for programs to reduce air pollution. AB 923 has expanded the Carl Moyer incentive program to include agricultural sources of air pollution as well as buses, cars and on and off-road equipment. The program targets reductions in nitrogen oxide, hydrocarbon, and particulate matter emissions. About \$4 million per year in AB 923 funds are used to fund projects as match requirement to the Carl Moyer Program.

South Coast AQMD reports the following fiduciary fund types:

- Agency Funds - Used to account for funds due to others that are not accounted for in the other funds and acts as a temporary custodian.
 - 1) Accounting Agency Fund - Used to account for unidentified payments that require additional research before final disposition.
 - 2) 457 Plan Administration Revenue Sharing Fund - Used to account for funds that, the 457 plan administrator, transfers to South Coast AQMD as part of a revenue-sharing agreement. After applicable expenses are paid, residual funds are returned to the 457 plan administrator to be distributed among participants based on an approved formula.
- Retirement Benefit Trust Fund - Used to account for resources to be transferred to Los Angeles County Employees Retirement Association (LACERA) defined benefit Other Post Employment Benefit (OPEB) irrevocable trust. Note X contains more information about South Coast AQMD's OPEB plans.

D. Assets, Liabilities and Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Pooled Cash, and Investments

Cash includes amounts to conduct daily operations of South Coast AQMD in demand deposits with the Los Angeles County Treasurer and various financial institutions. South Coast AQMD deposits virtually all of its cash with the Treasurer of the County of Los Angeles. South Coast AQMD's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which the County Treasurer manages for investment purposes. Earnings from the pooled investments are allocated to participating funds based on average investments in the pool during the allocation period.

All South Coast AQMD-directed investments are to diversify South Coast AQMD's investments and are in compliance with South Coast AQMD's investment policy and

Los Angeles County Treasury investment guidelines. The guidelines limit specific investments to United States Agency securities. The South Coast AQMD securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. All South Coast AQMD investments are stated at fair value based on quoted market prices.

2. Capital Assets and Depreciation

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include land, equipment, vehicles, furniture, buildings and improvements, software and other intangible assets are reported at cost unless obtained by donation in which case the assets are recorded at the acquisition value at the date of receipt. Capital asset purchases with values of at least \$5,000 and with an expected useful life of three years or more are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Assets disposed of or no longer required for its existing use are removed from the records at actual or estimated cost.

Depreciation is charged as an expense against operations, and accumulated depreciation is reported on the respective balance sheet. Property, plant, equipment, vehicles and furniture of South Coast AQMD are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-30
Equipment, vehicles and furniture	5-7
Software and Systems	3-5

3. Inventories

Inventories as determined by annual physical counts are valued at cost using the first-in/first-out (FIFO) method. They consist principally of office, computer, cleaning and laboratory supplies. The cost is recorded as an expense as inventory items are consumed.

4. Compensated Absences

Regular full-time employees accumulate earned but unused vacation time, sick leave, compensatory time, and other leave time. Certain restrictions apply with respect to the accumulation of leave time and its payment at termination. All vacation, sick leave, compensatory time, and other leave time are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

5. Self-Insurance

South Coast AQMD is self-insured for general, automobile, and workers' compensation liabilities (See note VIII).

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pensions, information

about the fiduciary net position of the San Bernardino County Employees' Retirement Association (SBCERA) and Los Angeles County Employees' Retirement Association (LACERA) and additions to/deductions from SBCERA's fiduciary net position have been determined on the same basis as they are reported by SBCERA and LACERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measurable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

9. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the LACERA's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value, which are derived from quoted market prices.

10. Net Position and Fund Balance Classifications

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources on the government-wide financial statements. Net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure and intangibles, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation.

Unrestricted Net Position

This category represents the residual net position of South Coast AQMD in excess of what can properly be classified in one of the other two categories mentioned above.

Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise hierarchy that is based primarily on the extent to which South Coast AQMD is bound to honor constraints on the specific purposes for which amounts can be spent.

The fund balance classifications used in the governmental fund financial statements are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Governing Board, as the highest level of decision-making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or modifies the use through the adoption of a subsequent resolution.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. South Coast AQMD's adopted policy requires the Board to assign amounts to specific purposes.

Unassigned – this classification includes the residual fund balance for the General Fund. It also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

When both restricted and unrestricted resources are available for use, it is South Coast AQMD's policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, South Coast AQMD's Governing Board approved policy is to use committed amounts first, followed by assigned and then unassigned.

The following schedule shows the details of the fund balances as of June 30, 2020:

Major Governmental Funds

	<u>General Fund</u>	<u>Air Quality Investment Fund</u>	<u>GHG Reduction Projects Special Revenue Fund</u>	<u>Community Air Protection AB134 Revenue Fund</u>	<u>CMP AB923 Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Fund Balance</u>							
Nonspendable:							
Inventory	\$ 65,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,321
Total nonspendable	<u>65,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,321</u>
Restricted:							
Long term emission reduction projects	-	-	7,584,018	147,477,645	124,632,406	307,589,331	587,283,400
Total restricted	<u>-</u>	<u>-</u>	<u>7,584,018</u>	<u>147,477,645</u>	<u>124,632,406</u>	<u>307,589,331</u>	<u>587,283,400</u>
Committed:							
Advance clean air technology	727,111	-	-	-	-	-	727,111
Ensure compliance with clean air rules	2,062,702	-	-	-	-	-	2,062,702
Customer service and business assistance	740,959	-	-	-	-	-	740,959
Develop programs to achieve clean air	949,114	-	-	-	-	-	949,114
Develop rules to achieve clean air	703,998	-	-	-	-	-	703,998
Monitoring air quality	5,266,270	-	-	-	-	-	5,266,270
Timely review of permits	1,308,480	-	-	-	-	-	1,308,480
Policy support	606,597	-	-	-	-	-	606,597
Long term emission reduction projects	-	9,687,703	-	-	-	42,964,827	52,652,530
Total committed	<u>12,365,231</u>	<u>9,687,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,964,827</u>	<u>65,017,761</u>
Assigned:							
Long term emission reduction projects	-	97,870,626	-	-	-	112,717,222	210,587,848
For self insurance	2,000,000	-	-	-	-	-	2,000,000
For unemployment claims	80,000	-	-	-	-	-	80,000
For permit streamlining	234,159	-	-	-	-	-	234,159
For enhanced compliance activity	883,018	-	-	-	-	-	883,018
For OPEB obligations	2,952,496	-	-	-	-	-	2,952,496
Total assigned	<u>6,149,673</u>	<u>97,870,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,717,222</u>	<u>216,737,521</u>
Unassigned:							
General Purpose	65,957,001	-	-	-	-	-	65,957,001
Long term emission reduction projects	-	-	-	-	-	-	-
Total unassigned	<u>65,957,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,957,001</u>
Total fund balances	<u>\$ 84,537,226</u>	<u>\$ 107,558,329</u>	<u>\$ 7,584,018</u>	<u>\$ 147,477,645</u>	<u>\$ 124,632,406</u>	<u>\$ 463,271,380</u>	<u>\$ 935,061,004</u>

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Adoption of New GASB Pronouncements

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

GASB issued this Statement in May 2020. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the pronouncements are postponed by one year: Statement No. 83 - Certain Asset Retirement Obligations, Statement No. 84 - Fiduciary Activities, Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90 - Majority Equity Interests, Statement No. 91 - Conduit Debt Obligations, Statement No. 92 - Omnibus 2020, Statement No. 93 - Replacement of Interbank Offered Rates, Implementation Guide No. 2017-3 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), Implementation Guide No. 2018-1 - Implementation Guidance Update 2018, Implementation Guide No. 2019-1 - Implementation Guidance Update 2019, and Implementation Guide No. 2019-2 - Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 - Leases, and Implementation Guide No. 2019-3 - Leases. South Coast AQMD adopted this statement in fiscal year 2020.

II. CASH, POOLED CASH AND INVESTMENTS

The following is a summary of the cash, pooled cash, and investments for the primary government (including fiduciary funds) at June 30, 2020:

	Primary Government
Cash on hand	\$ 590,292
Cash in bank	501,014
Pooled cash	976,512,729
Cash, pooled cash, and investments	<u>\$ 977,604,035</u>

CASH

At June 30, 2020, the carrying amount of South Coast AQMD's bank deposits was \$501,014 and the bank balance was \$512,516. The amount covered and insured by Federal Deposit Insurance Corporation (FDIC) was up to \$250,000. The bank deposits and the bank balance exceeds FDIC by \$251,014 and \$262,516, respectively. Management believes that South Coast AQMD is not exposed to any significant credit risk related to cash in bank. Cash on hand consists of cash and checks not deposited as of June 30, 2020.

POOLED CASH

South Coast AQMD's pooled cash and investments are held in the Los Angeles County Pooled Surplus Investment Fund Portfolio (PSI), the Los Angeles County Specific Purpose Investment Portfolio (SPI), and the State of California Local Agency Investment Fund (LAIF). Pooled cash and investments are held in accordance with California Government Code, South Coast AQMD Investment Policy, Los Angeles County Treasurer Investment Policy and LAIF Policies, Goals, and Objectives.

Los Angeles County Pooled Surplus Investment Fund Portfolio (PSI)

South Coast AQMD is a voluntary participant in the Los Angeles County Pooled Surplus Investment Fund Portfolio (PSI), an external investment pool managed by the Los Angeles County Treasurer who reports on a monthly basis to its Board of Supervisors. Its Treasury Oversight Committee reviews and monitors its investment policy. The investment policy is governed by applicable California Government Code. Investments held are stated at fair value. The fair value of pooled cash is determined monthly and is based on current market prices.

State of California Local Agency Investment Fund (LAIF)

South Coast AQMD is a voluntary participant in the State of California Local Agency Investment Fund (LAIF), an external investment pool that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

LAIF is part of the Pooled Money Investment Account (PMIA) and has oversight provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB Board members are the State Treasurer, Director of Finance and the State Controller. Additionally, LAIF has oversight by the Local Investment Advisory Board, which consists of five members, as designated by statute. The Chairman is the State Treasurer, who appoints the other four members to two-year terms.

The fair value of South Coast AQMD's investment in this pool is reported in the accompanying financial statements at amounts based upon South Coast AQMD's pro-

rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records of LAIF, which are recorded on an amortized cost basis.

The following table summarizes South Coast AQMD's cash and pooled cash and maturities at June 30, 2020:

	Investment Maturities			
	Fair Value	<1 Year	1-2 Years	2-3 Years
Cash:				
On hand	\$ 590,292	\$ -	\$ -	\$ -
In bank	501,014	-	-	-
Total cash	<u>1,091,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pooled cash:				
Los Angeles County				
Pooled Surplus Investment (PSI)	936,867,544	640,911,087	295,956,457	-
Local Agency				
Investment Fund (LAIF)	<u>39,645,185</u>	<u>39,645,185</u>	<u>-</u>	<u>-</u>
Total pooled cash	<u>976,512,729</u>	<u>680,556,272</u>	<u>295,956,457</u>	<u>-</u>
Total cash and pooled cash investments	\$ <u>977,604,035</u>	\$ <u>680,556,272</u>	\$ <u>295,956,457</u>	\$ <u>-</u>

INVESTMENTS

South Coast AQMD categorized its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 is significant unobservable inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in interest rates. As a means of limiting its exposure to declines in fair value, the South Coast AQMD Investment Policy limits its investment portfolio of SPI with the County of Los Angeles to maturities of less than five years at time of purchase and the weighted average maturity of the SPI portfolio may not exceed three years.

Credit Risk

Credit risk is the risk of default or the inability of an issuer of an investment to fulfill its obligation to the holder of the investment. South Coast AQMD mitigates its credit risk in the SPI portfolio generally by following its three primary investment objectives, in order of safety, liquidity, and yield. South Coast AQMD's Investment Policy further requires only permitted investments with specific credit quality requirements.

The Los Angeles County PSI the State of California LAIF, and the United States Treasury Securities are both unrated as to credit quality.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a investments in a single issuer. South Coast AQMD's Investment Policy mitigates concentration of credit risk through diversification requirements so that no one type of issuer or issue will have a disproportionate impact on the portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, South Coast AQMD will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that South Coast AQMD will not be able to recover the value of its investment securities that are in the possession of an outside party. South Coast AQMD's deposits are fully insured by the FDIC, pooled cash with the Los Angeles County PSI and the State of California LAIF are not subject to custodial credit risk.

III. DUE FROM OTHER GOVERNMENT AGENCIES AND ACCOUNTS RECEIVABLE

Due from other government agencies at June 30, 2020 consists of the following:

California Air Resources Board (CARB)	\$ 14,092,432
California Energy Commission (CEC)	1,084,424
Department of Energy	22,141
Department of Homeland Security (DHS)	665,362
Department of Motor Vehicles	
AB 2766, SB 1928, AB 923	16,933,208
Environmental Protection Agency (EPA)	
DERA Bus Administration	2,273,195
National Air Toxics Trend Station (NATTS)	180,137
Section 103 Community Scale Air Toxics Grant	73,629
Section 103 PM 2.5 Grant	312,523
Section 105 Air Grant	3,718,101
STAR Grant	134,109
Targeted Air Shed Grant Administration	<u>126,168</u>
Total	<u>\$ 39,615,429</u>

Accounts Receivable consists of the following at June 30, 2020:

Air Toxics "Hot Spots", Emission Fees, Permits, Annuals and Source Testing	\$ 5,906,373
Miscellaneous Receivables	
	<u>678,833</u>
Subtotal	6,585,206
Less: Allowance for Doubtful Accounts	<u>(1,638,527)</u>
Total	<u>\$ 4,946,679</u>

IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	\$ 7,022,270	Air Toxics Fund	\$ 862,162
		Advanced Technology, Outreach & Education Fund	64,072
		Air Quality Investment Fund	9,092
		Clean Fuels Program Fund	1,173,085
		Carl Moyer Fund	350,814
		CARB ERC Bank Fund	434
		Rule 1118 Mitigation Fund	294,258
		HEROS II Special Revenue Fund	154,695
		AB 1318 Mitigation Fees Fund	2,209
		GHG Reduction Projects Special Revenue Fund	125,917
		Air Filtration Fund	72,485
		Community Air Protection AB 134 Fund	188,881
		Rule 1180 Special Revenue Fund	3,107,940
		VW Mitigation Special Revenue Fund	453,746
		Prop 1B Funding – Goods Movement	162,480
	<u>\$ 7,022,270</u>		<u>\$ 7,022,270</u>
Clean Fuels Program Fund	\$ 10,531,357	Advanced Technology, Outreach & Educational Fund	\$ 500,000
		Advanced Technology Goods Movement Fund	1,028,963
		GHG Reduction Projects Special Revenue Fund	8,499,068
		General Fund	503,326
	<u>\$ 10,531,357</u>		<u>\$ 10,531,357</u>
Prop 1B Funding-Goods Movement	\$ 8,100,995	Community Air Protection AB 134 Fund	\$ 8,100,995
	<u>\$ 8,100,995</u>		<u>\$ 8,100,995</u>
Total Receivables	<u>\$ 25,654,622</u>	Total Payables	<u>\$ 25,654,622</u>

The outstanding balances between funds result mainly from the time lag between the date that: (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Fund Transferred From	Fund Transferred To		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 2,525,592	\$ 2,525,592
Air Quality Investment Fund	113,332	2,750,000	2,863,332
GHG Reduction Projects Special Revenue Fund	125,917	-	125,917
Community Air Protection AB 134 Fund	30,794	-	30,794
Carl Moyer Program AB 923 Fund	-	3,000,000	3,000,000
Other Governmental Fund	7,320,522	6,000,000	13,320,522
	<u>\$ 7,590,565</u>	<u>\$ 14,275,592</u>	<u>\$ 21,866,157</u>

South Coast AQMD's Governing Board approved the following:

- Transfer of \$1,000,000 from General Fund to the Infrastructure Improvement Fund to enable the implementation of critical projects and programs.
- Transfer of total \$1,480,592 from General Fund to the Health Effects Research Fund to fund a number of research projects.
- Transfer of \$45,000 from General Fund to the Air Filtration Fund as part of a settlement with the State of California Attorney General to implement a South Coast AQMD SEP.
- Transfer of \$96,631 from Air Toxics Fund to General Fund for administrative costs.
- Transfer of \$2,000,000 from Air Quality Investment Fund to the Clean Shipping Technology Demonstration Special Revenue Fund to install, test and demonstrate on one of MSC Ship management Limited Tier 2 vessels.
- Transfer of \$750,000 from the Air Quality Investment Fund to the Advanced Technology, Outreach and Education Fund to participate in the Commercial Electric Lawn and Garden Equipment Incentive and Exchange Program.
- Transfer of \$113,332 from Air Quality Investment Fund to General Fund for administrative costs.
- Transfer of \$7,977 from CARB ERC Bank Fund to General Fund for administrative costs.
- Transfer of \$56,049 from the BP ARCO Settlement Projects Fund to the General Fund for the purchase of the last 6 filter-based samplers.
- Transfer a total of \$407,542 from Rule 1118 Mitigation Fund to General Fund. The transfer included \$119,809 for administrative costs and \$287,733 to support the MATES V enhanced monitoring program.
- Transfer of \$1,179,464 from HEROS II Special Revenue Fund to General Fund for administrative costs.
- Transfer of \$2,209 from AB 1318 Mitigation Fees Fund to General Fund for administrative costs.
- Transfer of \$6,000,000 from Advanced Technology Goods Movement Fund to the Clean Fuels Program Fund for project completion.
- Transfer of \$125,917 from GHG Reduction Projects to General Fund for administrative costs.
- Transfer of \$72,485 from Air Filtration Fund to General Fund for administrative costs.
- Transfer of \$30,794 from the Community Air Protection AB 134 Fund to the General Fund for administrative costs.
- Transfer of \$5,498,165 from the Rule 1180 Special Revenue Fund to the General Fund to appropriate funds, issue solicitations and purchase orders for equipment.
- Transfer of \$3,000,000 from Carl Moyer Program AB 923 Fund to the Voucher Incentive Program Fund to continue funding truck replacement projects on a first-come, first-served basis.

V. CAPITAL ASSETS

In compliance with GASB Statement No. 34 reporting, South Coast AQMD has reported all capital assets in the Government-wide Statement of Net Position. Capital asset activities for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,829,792	\$ -	\$ -	\$ 8,829,792
Total capital assets not being depreciated	<u>8,829,792</u>	<u>-</u>	<u>-</u>	<u>8,829,792</u>
Capital Assets being depreciated:				
Buildings and improvements	78,667,608	968,229	-	79,635,837
Intangibles (software)	9,874,168	1,453,115	(32,000)	11,295,283
Equipment, vehicles and furniture	33,081,465	6,451,161	(1,275,573)	38,257,053
Total capital assets being depreciated	<u>121,623,241</u>	<u>8,872,505</u>	<u>(1,307,573)</u>	<u>129,188,173</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Buildings and improvements	(68,366,574)	(2,647,438)	-	(71,014,012)
Intangibles (software)	(2,592,103)	(760,933)	-	(3,353,036)
Equipment, vehicles and furniture	(23,992,754)	(2,418,715)	1,275,573	(25,135,896)
Total accumulated depreciation	<u>(94,951,431)</u>	<u>(5,827,086)</u>	<u>1,275,573</u>	<u>(99,502,944)</u>
Net capital assets being depreciated	<u>26,671,810</u>	<u>3,045,419</u>	<u>(32,000)</u>	<u>29,685,229</u>
Net capital assets, governmental activities	<u>\$ 35,501,602</u>	<u>\$ 3,045,419</u>	<u>\$ (32,000)</u>	<u>\$ 38,515,021</u>

For the year ended June 30, 2020, the depreciation expense of \$5,827,086 was charged to South Coast AQMD's functions/programs in the governmental activities as follows:

Advance clean air technology	\$ 273,908
Ensure compliance with clean air rules	1,673,208
Customer service and business assistance	405,145
Develop programs to achieve clean air	375,665
Develop rules to achieve clean air	287,047
Monitoring air quality	2,001,258
Timely review of permits	720,033
Policy support	<u>90,822</u>
Total depreciation expense	<u>\$5,827,086</u>

VI. DEFERRED OUTFLOWS/DEFERRED INFLOWS OF RESOURCES, PENSION, AND OPEB

The following is a summary of deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred outflows of resources – Pension (SBCERA) (see note IX for details)	\$ 79,376,597	\$ -
Deferred inflows of resources – Pension (SBCERA) (see note IX for details)	-	17,978,189
Deferred outflows of resources – OPEB (LACERA) (see note X for details)	240,984	-
Deferred inflows of resources – OPEB (LACERA) (see note X for details)	-	486,000
Total	\$ 79,617,581	\$ 18,464,189

The following is a summary of pension and OPEB Balances:

	SBCERA	LACERA	Total
Pension:			
Net Pension liability	\$ 233,891,405	\$ -	\$ 233,891,405
Pension expense	46,248,985	33,000	46,281,985
Pension contributions made in fiscal year 2019-20	33,202,615	-	33,202,615
OPEB:			
Net OPEB liability	-	3,627,000	3,627,000
OPEB expense	-	353,900	353,900
OPEB contributions made in fiscal year 2019-20	-	240,984	240,984

VII. LONG-TERM DEBT

The following is a summary of long-term obligation transactions of South Coast AQMD for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More Than One Year</u>
Governmental Activities:						
Claims payable:						
General liability	\$ 42,500	\$ 81,914	\$ 51,414	\$ 73,000	\$ 33,000	\$ 40,000
Workers' compensation	1,362,509	2,147,306	2,644,652	865,163	233,594	631,569
Compensated absences	13,686,379	2,977,371	1,330,528	15,333,222	1,470,080	13,863,142
Pension Obligation Bonds	<u>19,323,964</u>	<u>-</u>	<u>3,686,640</u>	<u>15,637,324</u>	<u>3,840,443</u>	<u>11,796,881</u>
Total	\$ <u>34,415,352</u>	\$ <u>5,206,591</u>	\$ <u>7,713,234</u>	\$ <u>31,908,709</u>	\$ <u>5,577,117</u>	\$ <u>26,331,592</u>

In prior years, claims payable and compensated absences have been liquidated primarily by the General Fund.

1995 Pension Obligation Bonds

On December 1, 1995, South Coast AQMD, jointly with the County of San Bernardino, issued bonds to retire the Unfunded Actuarial Accrued Liability (UAAL) due to San Bernardino County Employees' Retirement Association (SBCERA). South Coast AQMD issued a \$34,261,896 aggregate principal amount to refund its portion of the obligation to SBCERA. The interest rates range from 5.68% to 7.72% with maturity date of August 1, 2021. The purpose of this refunding was to lower the cost to South Coast AQMD through the issuance of bonds at rates that are lower than those assessed by SBCERA and to restructure its debt service from an ascending to a level-debt-service schedule. At the time of refunding these changes were expected to result in estimated total gross debt service savings of \$20,151,420 through June 30, 2022. During the fiscal year ended June 30, 2020, \$511,640 in principal and \$2,553,360 in interest were paid on the bonds. The principal balance outstanding at June 30, 2020 amounted to \$917,324.

The annual payment requirements under the 1995 pension bond obligation are as follows:

<u>Year Ending</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
<u>June 30</u>						
2021	\$	475,443	\$	2,589,557	\$	3,065,000
2022		<u>441,881</u>		<u>2,623,119</u>		<u>3,065,000</u>
Total	\$	<u>917,324</u>	\$	<u>5,212,676</u>	\$	<u>6,130,000</u>

Series 2004 Pension Obligation Bonds

On June 29, 2004, South Coast AQMD issued and sold taxable pension obligation bonds to retire the Unfunded Actuarial Accrued Liability (UAAL) due to the SBCERA. At the time of issuance, it was estimated that the issuance and sale of \$47,030,000 was expected to result in estimated total gross debt service savings of \$22.4 million through August 1, 2023.

The Series 2004 Pension Obligation Bonds are payable on a parity with the 1995 Pension Obligation Bonds. South Coast AQMD may, from time to time, enter into supplemental indentures without the consent of the Bond Owners of the 1995 Bonds or Series 2004 Bonds for the purpose of providing for the issuance of additional series of Pension Obligation Bonds or to refund any other evidences of indebtedness of South Coast AQMD arising pursuant to the Retirement Law. The interest rates range from 4.75% to 5.93% with maturity date of August 1, 2023. During the fiscal year ended June 30, 2020, \$3,175,000 in principal and \$950,622 in interest were paid on the bonds. The principal balance outstanding at June 30, 2020 amounted to \$14,720,000.

The annual payment requirements under pension bond obligation, Series 2004, are as follows:

Year Ending				
<u>June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$	3,365,000	\$ 763,549	\$ 4,128,549
2022		3,565,000	563,242	4,128,242
2023		3,780,000	348,736	4,128,736
2024		<u>4,010,000</u>	<u>118,897</u>	<u>4,128,897</u>
Total	\$	<u>14,720,000</u>	\$ <u>1,794,424</u>	\$ <u>16,514,424</u>

Allocation of Interest Expenses

Total interest expenses on long-term debt for the year ended June 30, 2020 amounted to \$3,463,254. These interest expenses on long-term debt are not meaningfully associated with individual functional activities. Hence, this is considered an indirect expense and should be reported in the Statement of Activities as a separate line.

VIII. RISK MANAGEMENT

South Coast AQMD's risk management program is responsible for purchasing insurance when prudent and cost-effective, self-insuring other exposures to loss when feasible.

South Coast AQMD carries \$200 million of all-risk property insurance, with limits of \$100 million on business interruption and \$25 million on earthquake and flood coverage. The limits of liability for general claims is \$10 million. This coverage is supplemented by excess liability policies for boilers & machinery to a limit of \$100 million, and bodily injury/property damage/public officials' errors and emissions/employment practices liability/personal injury to \$15 million. Self-insured retention levels for excess liability is \$250,000. South Coast AQMD maintains \$25 million excess workers' compensation insurance for losses over \$750,000. South Coast AQMD also maintains policies to protect against some criminal conduct and cyber-attacks.

As of June 30, 2020, \$73,000 and \$865,163, respectively, had been reserved for general liability claims and workers' compensation.

An appropriate amount has been recorded in the General Fund's financial statements to the extent that South Coast AQMD anticipates that these amounts will be paid from current resources. While the ultimate amount of losses incurred through June 30, 2020 is dependent on future development based upon information from the independent claims' administrator and others involved with the administration of the

programs, South Coast AQMD management believes that the aggregate accrual is adequate to cover such losses.

No significant reduction in insurance coverage occurred during the last three fiscal years. Also, during this period, no claim settlement exceeded insurance coverage.

The following represents changes in the aggregate liabilities for claims of South Coast AQMD's general liability and workers' compensation for the years ended June 30, 2019 and 2020:

	General Liability	Workers' Compensation	Totals
Claims payable, July 1, 2018	\$ 135,000	\$ 960,000	\$ 1,095,000
Current year claims and changes in estimates	22,500	3,533,743	3,556,243
Claims payments	(115,000)	(3,131,234)	(3,246,234)
Claims payable, June 30, 2019	<u>\$ 42,500</u>	<u>\$ 1,362,509</u>	<u>\$ 1,405,009</u>
Claims payable, July 1, 2019	\$ 42,500	\$ 1,362,509	\$ 1,405,009
Current year claims and changes in estimates	81,914	2,147,306	2,229,220
Claims payments	(51,414)	(2,644,652)	(2,696,066)
Claims payable, June 30, 2020	<u>\$ 73,000</u>	<u>\$ 865,163</u>	<u>\$ 938,163</u>

IX. DEFINED BENEFIT PENSION PLANS

San Bernardino County Employees' Retirement Association

Plan description

South Coast AQMD participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. South Coast AQMD only has general membership. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The Plan operates under the provisions of the California County Employees' Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by

SBCERA's Board of Retirement (Board). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

SBCERA is a legally separate entity from South Coast AQMD, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the South Coast AQMD's comprehensive annual financial report excludes the SBCERA pension plan as of June 30, 2020. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or age eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	At normal retirement age, 2% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers mortality, service (including age at entry into the Plan, if applicable, and tier), and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2020 ranged between 9.14% and 15.53% for Tier 1 General members, 30 year General member are not required to pay any employee contribution. For Tier 2 General members, the contribution is 8.18%.

Employer contribution rates for the year ended June 30, 2020 are as follows:

Actuarially Determined Required Contribution Percentages	Employer Contribution Rates	
	Tier 1 Members	Tier 2 Members
	Total	Total
South Coast AQMD members	42.31%	38.04%

The required employer contributions and the amount paid to SBCERA by the South Coast AQMD for the year ended June 30, 2020 were \$33,202,615. The South Coast AQMD's employer contributions were equal to the required employer contributions for the year ended June 30, 2020.

Pension Liability

At June 30, 2020, South Coast AQMD reported a net pension liability of \$233,891,405 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

The South Coast AQMD's proportion of the net pension liability was based on the South Coast AQMD's contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of SBCERA's participating employers. At June 30, 2020, the South Coast AQMD's proportion was 8.625%, which was an increase of 0.012% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2020, the South Coast AQMD recognized pension expense of \$46,248,985 for its proportionate share of SBCERA's pension expense. At June 30, 2020, the South Coast AQMD reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Changes in proportion and differences between South Coast AQMD contributions and proportionate share of contributions	\$ 7,849,977	\$ 10,457,791
Changes in actuarial assumptions	30,546,994	-
Net difference between projected and actual earnings on pension plan investments	4,656,819	-
Differences between expected and actual experience	3,120,192	7,520,398
South Coast AQMD contributions paid to SBCERA subsequent to the measurement date	33,202,615	-
Total	\$ 79,376,597	\$ 17,978,189

*See note VI for summary

The \$33,202,615 reported as deferred outflows of resources related to pensions resulting from South Coast AQMD's contributions made to SBCERA subsequent to the measurement date but before the reporting period ended June 30, 2020. The contribution will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SBCERA pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	13,503,294
2022	589,266
2023	9,442,810
2024	5,502,386
2025	(805,762)
Thereafter	(36,201)

Actuarial Assumptions and Methods

The significant actuarial assumptions and methods used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial experience study	3-year period ending June 30, 2016
Actuarial cost method	Entry age actuarial cost method
Actuarial assumptions:	
Investment rate of return ⁽¹⁾	7.25%
Inflation	3.00%
Projected Salary increases ⁽²⁾	General: 4.5% to 14.50%
Cost of living adjustments	Contingent upon consumer price index with a 2.00% maximum
Administrative Expenses	0.70% of payroll

⁽¹⁾ Includes inflation at 3.00% and is net of pension investment expenses.

⁽²⁾ Includes inflation at 3.00% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2013 – June 30, 2016. Same assumptions are used in the June 30, 2019 and 2018 actuarial valuation.

For General employees, mortality rate is based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table set forward one year for males, projected generationally with the two-dimensional mortality MP-2016 projection scale.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is 7.25%. SBCERA's actuary prepares an analysis of the long-term expected rate of return on a triennial basis using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table:

SBCERA's Long-Term Expected Real Rate of Return

		As of June 30, 2019 Valuation Date	
Asset Class	Investment Classification	Target Allocation(1)	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	8.00%	5.61%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Agency/Corporate Bonds	2.00%	1.06%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	3.65%
Global Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emerging Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	3.56%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternatives/Foreign Alternative	16.00%	8.47%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	(0.17)%
Total		<u>100.00%</u>	

(1) For actuarial purposes, target allocations only change once every three years based on the triennial actuarial experience study.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made based on the actuarially determined rates based on the SBCERA Board's funding policy, which establishes the contractually required rate based on statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the South Coast AQMD's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the South Coast AQMD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of June 30, 2020

	1% Decrease (<u>6.25%</u>)	Current Discount Rate (<u>7.25%</u>)	1% Increase (<u>8.25%</u>)
South Coast AQMD's proportionate share of the net pension liability	\$363,132,883	\$233,891,405	\$127,933,967

Pension Plan Fiduciary Net Position

Detailed information about the SBCERA's fiduciary net position is available in a separately issued SBCERA comprehensive annual financial report. That report may be obtained on the Internet at www.SBCERA.org; by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415; or by calling (909) 885-7980 or (877) 722-3721.

Payables to the Pension Plan

The amount payable to SBCERA at June 30, 2020 for the legally required contribution is \$3,401,100.

Los Angeles County Employees' Retirement Association

Plan Description

South Coast AQMD participates in the Los Angeles County Employees Retirement Association Pension Plan (the plan). (LACERA operates as a cost-sharing multiple-employer defined benefit plan.) As of June 30, 2020, South Coast AQMD had no active members in this plan. For South Coast AQMD, LACERA is a closed plan which means no new members will be added to the plan. The Los Angeles County Employees' Retirement Association (LACERA) was established on January 1, 1938. It is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL); and the regulations, procedures, and policies adopted by LACERA's Board of Retirement and Board of Investments. The Los Angeles County (County) Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

Benefits Provided

Vesting occurs when a member accumulates five years' creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

Members and employers contribute to LACERA based on rates recommended by an independent consulting actuary and adopted by the Board of Investments and the Los Angeles County Board of Supervisors. Contributory plan members are required to contribute between approximately 5 percent and 13 percent of their annual covered salary. Member and employer contributions received from the outside districts are considered part of LACERA's pension plan as a whole.

Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual prefunded contributions at actuarially determined rates. Rates for the contributory plan tiers for members who entered the Plan prior to January 1, 2013 are based upon age at entry to the Plan and plan type enrollment.

Net Pension Liability

At June 30, 2020, the proportionate share of South Coast AQMD's Net Pension Liability was 0% and the amount payable to LACERA for the legally required contribution amount is \$0.

Pension Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2020, South Coast AQMD recognized pension expense of \$33,000 for its proportionate share of LACERA's pension expense. At June 30, 2020, South Coast AQMD reported zero balances for the proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions.

Pension Plan Fiduciary Net Position

Detailed information about the LACERA's fiduciary net position is available in a separately issued LACERA comprehensive annual financial report. That report may be obtained on the Internet at www.LACERA.com; by writing to LACERA at 300 N. Lake Avenue, Suite 650, Pasadena, CA 91101; or by calling (626) 564-6000.

X. OTHER POST EMPLOYMENT BENEFITS (OPEB)**Plan Description**

SBCERA does not provide any post-employment benefits to South Coast AQMD retirees. LACERA, however, in addition to providing pension benefits, essentially provides a comprehensive health care benefits program to its retirees that include several medical, dental, vision, and death benefits. LACERA administers the defined benefit Other Post-Employment Benefits (OPEB) on behalf of Los Angeles County and its participating agencies. South Coast AQMD is one of the participating agencies. Prior to fiscal year 2019-20, the OPEB was under a cost sharing multiple-employer structure. Starting in fiscal year 2019-20, the OPEB was changed to an agent plan structure. This is the inaugural year of the GASB 75 disclosure report under an agent plan structure.

South Coast AQMD is subject under the April 20, 1982 agreement between the Los Angeles County and LACERA (County Agreement). In April 1982, the Los Angeles County adopted an ordinance pursuant to the County Employees Retirement Law of 1937 (CERL) that provided for a retiree health insurance program and death/burial benefits for retired employees and their eligible dependents. In 1982, the Los Angeles County and LACERA entered into an agreement whereby LACERA would administer the program subject to the terms and conditions of the agreement. In 1994, the Los Angeles County amended the agreement to continue to support LACERA's retiree insurance benefits program, regardless of the status of the active member insurance. In 2018, this agreement was further updated to specify the sharing of expenses between South Coast AQMD

and LA County for South Coast AQMD retirees who also had LA County service credit.

LACERA is a closed plan to employees who were hired after December 31, 1979. Currently, there are 48 retirees covered by the benefit terms under the OPEB.

LACERA is a legally separate entity from South Coast AQMD, not a component unit, and there is no financial interdependency with the Los Angeles County. For these reasons, the South Coast AQMD's comprehensive annual financial report excludes the LACERA OPEB as of June 30, 2020. LACERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, which can be obtained by writing LACERA at 300 N. Lake, Pasadena, CA 91101 or visiting the website at: www.LACERA.com.

Benefits Provided

LACERA OPEB program offers members choice of medical plan as well as dental/vision plans. Medical and dental/vision are provided through third-party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit, the plan selected, and the number of persons covered. There is a one-time lump-sum \$5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree.

Contributions

South Coast AQMD and/or Los Angeles County and each retired employee participating in the OPEB contributes a portion of the total cost per month of the premium for the plan in which the retiree is enrolled according to the terms of the Retiree Health Care Program under the County Agreement. The portion of the premium to be paid by South Coast AQMD and/or the Los Angeles County is calculated based on the years of retirement service credit under the terms of the County Agreement, as they may change from time to time. LACERA subsidizes the retiree's cost starting at 10 years of service credit and up to a maximum of 100% for a member with 25 years of service credit with the County. LACERA, at its own discretion, may increase the premium to cover additional expenses.

Net OPEB Liability

The net OPEB liability was measured at \$3,627,000 as of June 30, 2020. South Coast AQMD's total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was projected forward to the measurement date. The total OPEB liability is the same as the net OPEB liability since the fiduciary net position is zero.

OPEB Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2020, the South Coast AQMD recognized OPEB expense of \$353,900. As of June 30, 2020, South Coast AQMD's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Differences between projected and actual plan investment earnings	\$ -	\$ 5,000
Differences between expected and actual economic experience	-	138,000
Changes of assumptions	-	343,000
South Coast AQMD contributions paid to LACERA subsequent to the measurement date	240,984	-
Total	\$ <u>240,984</u>	\$ <u>486,000</u>

*See note VI for summary

The \$240,984 reported as deferred outflows of resources related to OPEB resulting from South Coast AQMD's contributions made to LACERA subsequent to the measurement date but before the reporting period ended June 30, 2020. The contribution will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended June 30:	
2020	\$ (74,000)
2021	(74,000)
2022	(73,000)
2023	(72,000)
2024	(72,000)
Thereafter	(121,000)

Actuarial Assumptions and Methods

The significant actuarial assumptions and methods used to measure the total OPEB's liability are as follows:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal, level percent of pay
Inflation	2.75%
Salary Increases	3.25%
Investment Rate of Return	3.50%

Mortality rates were based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MP-2014 Ultimate Projection Scale.

Healthcare Cost Trend Rates:

	FY 2018 to FY 2019	FY 2019 to FY 2020	Ultimate
LACERA Medical Under 65	5.80%	6.30%	4.50%
LACERA Medical Over 65	6.00%	6.00%	4.50%
Part B Premiums	9.25%	1.85%	4.35%
Dental/Vision	0.00%	3.00%	3.70%
Weighted-average Trend	5.85%	5.42%	4.47%

The OPEB liability figures include the Excise Tax. This is based on the requirements of the Affordable Care Act (ACA) and the Consolidated Appropriations Act of 2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of a 2016 actuarial retirement experience study and a 2018 actuarial OPEB experience study.

Discount Rate

The discount rate used to measure the net OPEB liability under the agent structure was 3.50%. The discount rate was determined from the 20-year tax-exempt municipal bond yield whereas the discount rate under the cost sharing structure of 5.11% was determined from the depletion date calculation of the combined liabilities and assets from all the cost sharing employers. The beginning balance of the net OPEB liability was changed from \$3,180,000 to \$3,623,000, and the impact on the net OPEB liability due to this change was \$443,000.

Sensitivity of the South Coast AQMD's Net OPEB Liability to Changes in the Discount Rate

The following presents the South Coast AQMD's net OPEB liability as well as what the South Coast AQMD's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$4,046,000	\$3,627,000	\$3,279,000

Sensitivity of the South Coast AQMD's Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the South Coast AQMD's net OPEB liability, calculated using the healthcare cost trend rates as reported on the July 1, 2018 OPEB Actuarial Valuation Health Cost Trend Assumptions with Excise Tax table, as well as what the net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$3,283,000	\$3,627,000	\$4,033,000

OPEB Plan Fiduciary Net Position

Detail information about the LACERA's fiduciary net position is available in a separately issued LACERA comprehensive annual financial report. That report may be obtained on the internet at www.LACERA.com; by writing to LACERA at 300 N. Lake, Pasadena, CA 91101; or by calling (626) 564-6000.

Payable to the OPEB Plan

At June 30, 2020, the amount payable to LACERA for the legally required contribution is \$19,691.

XI. DEFERRED COMPENSATION PLAN

South Coast AQMD offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

The deferred compensation plan monies are invested in various investment funds as selected by the participating employees. All amounts of compensation deferred under the plan and all income attributed to those amounts are held in trust for the exclusive benefit of plan participants and their beneficiaries.

Effective January 1, 1999, federal legislation requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. South Coast AQMD's deferred compensation administrator, Hartford Life Insurance Co., qualifies as the plan trustee to meet the federal requirements. In accordance with GASB Statement No. 32, South Coast AQMD no longer reports the plan assets and liabilities in its financial statements. As of June 30, 2020, investments with a fair value of \$189,214,629 are held in a trust.

XII. HEALTH REIMBURSEMENT ARRANGEMENT PLAN

On December 4, 2009, South Coast AQMD's Governing Board approved the establishment of a Health Reimbursement Arrangement (HRA) plan for South Coast AQMD employees. This allows active employees to save on a tax-free basis for their future post-retirement health care costs. The Hartford serves as South Coast AQMD's HRA service provider. Currently, both South Coast AQMD and the SBCERA do not offer a health reimbursement program nor post-retirement health care to help the employees afford health care in retirement.

Initially, the program was made available to non-represented employees with the understanding that it could be expanded to cover represented employees, based on their approval. In compliance with the rules establishing the HRA, each defined group covered by the plan is required to establish its own criteria on what earnings would be contributed. As of June 30, 2020, Executive Officer, General Counsel and Designated Deputies were the eligible employee classifications that were set up and approved by South Coast AQMD. Contributions are 100% vacation and sick leave payouts at termination and/or compensation payout at termination per existing leave payment policy. Eligibility shall commence upon termination of employment on account of retirement (whether through disability or service).

XIII. COMMITMENTS

Guaranteed Loans

The Air Quality Assistance Fund (AQAF) was originally established to comply with state legislation which required South Coast AQMD to allocate a portion of the funds it receives as penalties and settlements from violators of air pollution regulations and to provide financing assistance to small businesses that require financing in order to comply with South Coast AQMD requirements. This legislation was repealed on January 1, 1999. In June 2000, the Governing Board authorized staff to continue to use the funds to assist small businesses with an improved program for greater participation. Financing assistance includes

guaranteeing or otherwise reducing the financial risks of lenders in providing financial assistance to small businesses. The funds are not used for direct loans to small businesses.

In June 2001, South Coast AQMD entered into an agreement with the California Pollution Control Financing Authority (CPCFA) to be an “independent contributor” to the California Capital Access Program (CalCAP). South Coast AQMD transferred \$100,000 to the CPCFA to cover borrower fees on any qualified small business CalCAP loans for air quality-related equipment or processes.

In October 2007, the Governing Board authorized the transfer of \$1 million to the Dry Cleaners Financial Incentives Grant Program to supplement the existing incentive grant programs. This incentive program assists dry cleaners in making early transitions from perchloroethylene (perc) to alternative cleaning technologies. AQA’s fund balance amounted to \$1,676,976 at fiscal year ended June 30, 2020.

Operating Leases

Rental expense for non-cancelable operating leases was \$349,335 for the year ended June 30, 2020. Future minimum lease payments under non-cancelable operating leases of South Coast AQMD total as follows:

Year Ending	
<u>June 30</u>	<u>Amount</u>
2021	\$ 316,001
2022	325,719
2023	335,796
2024	345,874
2025	355,951
Thereafter	<u>459,605</u>
Total	<u><u>\$2,138,946</u></u>

The lease for the office equipment expires in December 2021 while the lease of the South Bay satellite office expires in September 2026.

XIV. PENDING LITIGATION

A number of other lawsuits and claims are pending against South Coast AQMD for alleged damages to persons and property and for other alleged liabilities arising out of its normal operations. South Coast AQMD’s management believes that any liability that may arise from the ultimate resolution of such legal actions will not have a material adverse impact on the financial position as of June 30, 2020.

XV. UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and around the world. As a governmental agency, South Coast AQMD is deemed to be an essential business. Executive Officer has activated the Continuity of Operations Plan (COOP) and a large portion of the workforce are teleworking from home. South Coast AQMD is aware of changes in its business as a result of COVID-19. The extent to which the COVID-19 may impact South Coast AQMD's operating results, cash flows, and financial position will depend on future developments. The duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Revenues:				
Emission fees	\$ 20,675,800	\$ 20,675,800	\$ 20,781,427	\$ 105,627
Annual renewal fees	59,351,020	59,351,020	60,450,564	1,099,544
Area Sources	2,277,000	2,277,000	1,859,185	(417,815)
Permit processing fees	20,643,870	20,643,870	19,603,857	(1,040,013)
Mobile sources/clean fuels	28,129,833	28,129,833	26,776,335	(1,353,498)
Air toxics "Hot Spots"	2,647,420	2,647,420	2,906,530	259,110
Transportation programs	963,900	963,900	1,069,607	105,707
State subvention	3,924,550	3,924,550	3,939,219	14,669
Federal grant	6,140,350	7,995,026	7,630,780	(364,246)
Interest revenue	1,718,490	1,718,490	1,791,178	72,688
Lease revenue	176,960	176,960	150,164	(26,796)
Source test/analysis fees	755,550	755,550	427,852	(327,698)
Hearing Board fees	217,350	217,350	357,937	140,587
Penalties and settlements	5,000,000	5,000,000	12,178,184	7,178,184
Other revenues	13,984,932	19,250,629	21,355,427	2,104,798
Total revenues	166,607,025	173,727,398	181,278,246	7,550,848
Expenditures:				
Current:				
Salaries and employee benefits	141,667,712	142,162,416	133,296,238	8,866,178
Insurance	1,317,400	1,364,486	1,059,265	305,221
Rent	511,823	1,301,714	711,657	590,057
Supplies	2,285,868	3,680,574	3,237,331	443,243
Contract and special services	10,230,002	11,722,643	10,371,071	1,351,572
Maintenance	1,825,343	3,766,757	2,334,492	1,432,265
Travel and auto	931,323	1,147,791	877,887	269,904
Utilities	1,959,620	1,622,891	1,429,880	193,011
Communications	707,800	975,860	821,323	154,537
Uncollectible accounts	-	-	578,246	(578,246)
Other expenditures	2,032,857	2,877,351	2,053,709	823,642
Capital outlay	395,000	13,241,336	11,172,630	2,068,706
Debt service:				
Principal	2,686,641	2,686,641	2,686,641	-
Interest	3,503,983	3,503,983	3,503,983	-
Total expenditures	170,055,372	190,054,443	174,134,353	15,920,090
Excess (deficiency) of revenues over (under) expenditures	(3,448,347)	(16,327,045)	7,143,893	23,470,938
Other Financing Sources (Uses)				
Transfers in	4,289,700	12,311,780	7,590,565	(4,721,215)
Transfers out	841,353	2,525,592	2,525,592	-
Total other financing sources	5,131,053	9,786,188	5,064,973	(4,721,215)
Net change in budgetary fund balances	\$ 1,682,706	\$ (6,540,857)	\$ 12,208,866	\$ 18,749,723

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of South Coast AQMD's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*

	Measurement Date**						
<u>SBCERA Pension Plan</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
South Coast AQMD's proportion of the net pension liability	8.63%	8.61%	8.12%	8.09%	7.79%	6.45%	7.88%
South Coast AQMD's proportionate share of the net pension liability	\$ 233,891,405	\$ 218,228,092	\$ 214,076,570	\$ 199,589,723	\$ 151,441,343	\$ 109,655,281	\$ 156,371,863
South Coast AQMD's covered payroll	\$ 77,342,109	\$ 73,329,109	\$ 71,657,793	\$ 71,247,083	\$ 68,088,547	\$ 75,623,191	\$ 77,748,408
South Coast AQMD's proportionate share of the net pension liability as a percentage of its covered payroll	302.41%	297.60%	298.75%	280.14%	222.42%	145.00%	201.13%
SBCERA's fiduciary net position as a percentage of the total pension liability	75.24%	75.85%	74.94%	74.10%	79.33%	83.74%	76.28%

	Measurement Date**						
<u>LACERA Pension Plan</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
South Coast AQMD's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%
South Coast AQMD's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Coast AQMD's covered payroll	\$ -	\$ 48,839	\$ 60,610	\$ 59,557	\$ 59,193	\$ 57,884	\$ 58,597
South Coast AQMD's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%	0%	0%	0%
LACERA's fiduciary net position as a percentage of the total pension liability	0%	0%	0%	0%	0%	0%	0%

* Data for FY's ended June 30, 2010 through 2012 is not available in comparable format.

** GASB Statement No. 68 requires this information to be presented as of the measurement date of the net pension liability, which is not the current fiscal year end.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of South Coast AQMD's Contributions - Pensions Last 10 Fiscal Years*

<u>SBCERA Pension Plan</u>	Reporting Date**						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 33,202,615	\$ 30,295,487	\$ 25,332,734	\$ 23,319,256	\$ 21,089,956	\$ 19,384,858	\$ 18,060,910
Contributions in relation to the contractually required contributions	33,202,615	30,295,487	25,332,734	23,319,256	21,089,956	19,384,858	18,060,910
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Coast AQMD's covered payroll***	\$ 80,649,203	\$ 76,475,127	\$ 73,329,109	\$ 71,657,793	\$ 71,247,083	\$ 68,088,547	\$ 75,623,191
Contributions as a percentage of covered payroll	41.17%	39.61%	34.55%	32.54%	29.60%	28.47%	23.89%

<u>LACERA Pension Plan</u>	Reporting Date**						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ -	\$ -	\$ 8,300	\$ 11,000	\$ 13,000	\$ 14,000	\$ 14,000
Contributions in relation to the contractually required contributions	-	-	8,300	11,000	13,000	14,000	14,000
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
South Coast AQMD's covered payroll***	\$ -	\$ -	\$ 48,839	\$ 60,610	\$ 59,557	\$ 59,193	\$ 57,844
Contributions as a percentage of covered payroll	0.00%	0.00%	16.99%	18.15%	21.83%	23.65%	24.20%

* Data for FY's ended June 30, 2011 through 2013 is not available in comparable format.

** GASB Statement No. 68 requires this information to be presented as of the most recent fiscal year end.

*** Covered payroll is different from that shown in previously issued reports due to updated information.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of Changes in the South Coast AQMD's Net OPEB Liability and Related Ratios Last 10 Fiscal Years*

<u>LACERA OPEB Plan***</u>	<u>Measurement Date**</u>	
	<u>June 30, 2019</u>	
Net OPEB Liability		
Interest	\$	135,000
Effects of assumptions, changes or inputs		136,000
Benefit payments		(267,000)
Net change in net OPEB liability		4,000
Net OPEB liability, beginning		3,623,000
Net OPEB liability, ending (a)	\$	3,627,000
South Coast AQMD's covered-employee payroll	\$	-
Net OPEB liability as (a) % of covered-employee payroll		N/A

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

** GASB Statement No. 75 requires this information to be presented as of the measurement date of the net OPEB liability, which is not the current fiscal year end.

*** OPEB liability for fiscal year 2019 and prior was reported based on a cost sharing structure. In fiscal year 2020 (measurement date at June 30, 2019), the plan was changed from a cost sharing structure to an agent structure. This is the inaugural year of the OPEB information to be reported under an agent structure. The beginning OPEB liability balance was changed to reflect the impact under the agent structure. The following is the historical information under the cost sharing structure:

Schedule of South Coast AQMD's Proportionate Share of the Net OPEB Liability

<u>LACERA OPEB Plan</u>	<u>Measurement Date</u>		
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
South Coast AQMD's proportion of the collective net OPEB liability	0.01286%	0.01335%	0.01396%
South Coast AQMD's proportionate share of the collective net OPEB liability	\$3,180,000	\$3,534,000	\$3,721,000
South Coast AQMD's covered-employee payroll	\$48,839	\$60,610	\$59,557
South Coast AQMD's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	6511.19%	5830.72%	6247.80%
LACERA's fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of South Coast AQMD's Contributions - OPEB Last 10 Fiscal Years*

	Reporting Date**			
<u>LACERA OPEB Plan</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 240,984	\$ 232,780	\$ 232,715	\$ 234,967
Contributions in relation to the contractually required contributions	(240,984)	(232,780)	(232,715)	(234,967)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
South Coast AQMD's covered-employee payroll	\$ -	\$ -	\$ 48,839	\$ 60,610
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	476.49%	387.67%

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

** GASB Statement No. 75 requires this information to be presented as of the most recent fiscal year-end.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

South Coast AQMD has a comprehensive annual budget process which establishes goals and objectives and monitors expenditures associated with meeting those goals and objectives.

Up to and including the budget adoption hearing by South Coast AQMD's Governing Board, the public and the business community have several opportunities to participate in the budget process. These opportunities include: Budget Advisory Committee meetings made up of business and environmental representatives, a public consultation, a Governing Board workshop and a public hearing.

Following input from the public, Budget Advisory Committee, and Governing Board, the draft budget for fiscal year 2019-20 was prepared and subsequently adopted at the May 2019 meeting of the Governing Board. The fiscal year 2019-20 Adopted Budget and the final fee schedules became effective on July 1, 2019.

South Coast AQMD's annual budget is adopted for the General Fund at the Major Object levels of Salaries and Employee Benefits, Services and Supplies, Capital Outlays, and Building Remodeling. The Governing Board has delegated expenditure authority to the Executive Officer for all budgeted expenditures of \$75,000 or less within a major object. All appropriations to the budget and transfers between major objects must be approved by the Governing Board. Transfers within a major object are delegated to the Executive Officer. Monthly expenditure reports are issued to each Office. The Governing Board receives a General Fund Budget status report on a quarterly basis.

South Coast AQMD presents a comparison of annual budget to actual results for the General Fund. The budgeted expenditure amounts represent the adopted budget adjusted for Governing Board approved supplemental appropriations. The budgeted revenue amounts represent the adopted budget modified for Governing Board approved adjustments which were based upon new or additional revenue sources. Supplemental expenditure appropriations of \$21,683,310 and revenue adjustments of \$15,142,453 were approved by the Governing Board in fiscal year 2019-20.

NOTE 2 – GENERAL FUND BUDGETARY BASIS RECONCILIATION

The General Fund Budgetary Basis under Required Supplementary Information presents comparisons of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing expenditures data on a budgetary basis differ from those used to present financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The basis of budgeting that differs from GAAP is modified accrual basis plus encumbrances. The following is a reconciliation of differences for the fiscal year ended June 30, 2020:

Expenditures and encumbrances (budgetary basis) June 30, 2020	\$174,134,353
Add: payments on encumbrances open at July 1, 2019	6,211,229
Less: encumbrances open at June 30, 2020	<u>(7,515,270)</u>
Expenditures (GAAP basis), June 30, 2020	<u>\$172,830,312</u>

A reconciliation of revenue is not presented since budgetary practices and GAAP do not differ with respect to revenue.

NOTE 3 – USE OF BUDGETARY FUND BALANCE

When the fiscal year 2019-20 budget was adopted the Governing Board approved a budget that was balanced. Mid-year adjustments appropriated \$6,540,857 from Unassigned Fund Balance.

NOTE 4 – FACTORS AFFECTING PENSION TRENDS SOUTH COAST AQMD'S PROPORTION

As of the June 30, 2019 measurement date, South Coast AQMD's proportionate share of SBCERA's total net pension liability increased from 8.61% to 8.63%. The increase is primarily due to an increase in South Coast AQMD's staffing levels and associated SBCERA-eligible compensation ("pensionable compensation" and "compensation earnable") as compared against the net increase in total SBCERA-eligible compensation from all other SBCERA employers, resulting in an increase in proportionate share of net pension liability.

Non-major Governmental Funds

Special Revenue Funds:

- Air Toxics Fund – Used to account for fees received from industrial toxic air emitters. These funds are spent on planning and performing health risk evaluations for the purpose of developing a toxic emissions inventory for the South Coast Air Basin.
- Advanced Technology, Outreach and Education Fund – Used to account for monies contributed by companies in lieu of paying fines for violating South Coast AQMD rules. Contributed amounts must be used to pay costs associated with South Coast AQMD-sponsored research and development in cleaner burning fuels and other advanced technologies and public outreach and education related to advanced technology and air pollution and its impacts.
- Air Quality Assistance Fund – Used to account for funds set aside for the purpose of underwriting, guaranteeing, or otherwise participating in the provision of financial assistance to small businesses as required by Section 40448.7 of the California Health and Safety Code. (This legislation was repealed by its own terms January 1, 1999). In June 2000, the Governing Board authorized staff to revise the program to increase participation of small businesses. Certain revisions, including participation in the California Capital Access Program (CalCAP) to assist small businesses, were implemented in June 2001.
- Air Quality Improvement Fund – Used to account for 40% of the revenue received by the South Coast AQMD from motor vehicle registration fees under the provisions of Sections 44243 and 44244 of the California Health and Safety Code. This money is distributed on a quarterly basis to cities and counties within the South Coast Air Basin to implement programs to reduce air pollution from motor vehicles.
- Mobile Sources Air Pollution Reduction Fund – Used to account for 30% of the revenue received by South Coast AQMD from the motor vehicle registration fees under the provisions of Sections 44243 and 44244 of the California Health and Safety Code. This money is used to provide grants to fund projects for the purpose of reducing air pollution from motor vehicles within the jurisdiction of the South Coast AQMD. Total projects to date amount to over \$451 million and over 14,250 tons of emissions reduced. This special fund was established in fiscal year 1992.
- Clean Fuels Program Fund – Established as a special revenue fund in fiscal year 2000 to account for contract activities and revenues of the Clean Fuels Program. These are activities associated with implementing Clean Fuels stationary source and mobile source research, development, demonstration and deployment projects approved by

the Governing Board. Since 1988, the Clean Fuels Program has provided funds for 1,435 projects totaling \$234.5 million.

- Carl Moyer Program Fund – Established in fiscal year 1999 to account for activities related to the administration of state funds set aside for the replacement of diesel-powered vehicles with cleaner-technology vehicles. It has funded over 7,977 vehicles totaling over \$530 million. It provides incentive funds for the replacement or repower of older diesel engines in on- and off-road vehicles such as refuse haulers, heavy duty trucks, transit and school buses, construction equipment, and marine vessels.
- Lower-Emission School Bus Fund – Established in fiscal year 2001 to administer state funds set aside in the South Coast Air Basin for the replacement and retrofit of high-emitting diesel-fueled school buses. Since 2001, \$325 million of Lower Emissions School Bus funds were spent on the replacement of school buses, and the retrofit of newer diesel buses with PM traps. In total, nearly 1600 old buses were replaced by brand new, primarily CNG school buses, and nearly 3,400 newer diesel school buses were retrofitted with PM traps.
- Zero Emission Vehicle Incentive Program – Established in fiscal year 2001 to administer the State funds set aside for the implementation of the Zero Emission Vehicle (ZEV) Incentive Program.
- AES Settlement Projects Fund – Established in fiscal year 2001 for the purpose of accounting for the one-time penalty settlement with AES Corporation for air pollution violations.
- Rule 1309.1 Priority Reserve Fund – Established in fiscal year 2001 to account for mitigation fees paid for Particulate Matter ≤ 10 microns (PM₁₀) credits. Due to the state energy crisis in 2001, Rule 1309.1 was amended to allow new electric generating facilities temporary access to South Coast AQMD's Priority Reserve Account to offset their PM₁₀ emission increases provided that they meet specific criteria and pay appropriate mitigation fees.
- CARB ERC Bank Fund – Established in fiscal year 2001 to account for the proceeds from the issuance of the Emission Reduction Credits (ERCs) to natural gas turbine power plant peaker units. CARB established the ERC Bank for peaker power plants that need emission offsets to add new or expanded capacity. Proceeds from the issuance of these ERCs will fund emission reduction programs where the new or expanded facility is located.

- LADWP Settlement Fund – Established in fiscal year 2001 for the purpose of accounting for the monies received from the Los Angeles Department of Water and Power as part of the settlement agreement.
- State-Emissions Mitigation Fund – Established during fiscal year 2002 to account for the funds received from California Air Resources Board (CARB) to fund CARB selected projects on emission reductions within the South Coast Air Basin. This is in response to the Governor's statewide program to mitigate excess emissions from peaker power generation units to alleviate the power crisis in California.
- Natural Gas Vehicle Partnership Fund – Established during fiscal year 2002 for creation of the Natural Gas Vehicle Partnership to facilitate the advancement of natural gas vehicle technology and deployment. The contributions received from participating members are accounted for in this fund as well as the expenditures for activities and projects selected by the Partnership.
- State Backup Generators (BUG) Program Fund – Established in fiscal year 2003 to account for the funds received from CARB's Diesel-Fueled Electrical Backup Generator Emissions Mitigation Program. This program funds emission related projects as part of an ongoing effort to expeditiously reduce public exposure to air toxics and other pollutants.
- Dry Cleaners Financial Incentives Grant Program – Established in fiscal year 2003 to provide financial incentives to dry cleaners to purchase non-toxic alternative dry cleaning equipment.
- Rule 1173 Mitigation Fee Fund – Established in fiscal year 2004 to account for Rule 1173 mitigation fee payments to be used in funding air quality projects which directly benefit the community surrounding the facility. Amendments in December 2002 to Rule 1173 for Refineries and Chemical Plants established a mitigation fee payment provision relating to the release of Volatile Organic Compound (VOC) from an atmospheric Pressure Relief Device (PRD).
- Communities for Better Environment (CBE)/Our Children's Earth (OCE) Settlement Agreement Fund – Established in FY 2004 as part of the settlement agreement to fund P_{M10} (Particulate Matter ≤ 10 microns) and/or NO_x (Oxides of Nitrogen) reduction projects in disproportionately impacted areas.
- BP ARCO Settlement Projects Fund – Established in fiscal year 2005 to account for the \$25 million civil penalties received in 2005 as part of the settlement with BP ARCO for air pollution violations.

- Health Effects Research Fund – The Health Effects Research Fund was established in fiscal year 2008 to receive 20% of all penalty/settlement monies in excess of \$4 million recognized annually in South Coast AQMD’s General Fund beginning in fiscal year 2009, subject to annual Board approval.
- CEQA Green House Gas Mitigation Fund – This fund was established in fiscal year 2009 under Rule 2702 for Green House Gas (GHG) emission reductions. It received \$1.5 million from Chevron Products Company to offset Green House Gas emission as part of its Product Reliability and Optimization (PRO+) Project Mitigation Monitoring Plan.
- TraPac School Air Filtration Fund – This fund was established in fiscal year 2011 and received \$6,000,000 from City of Los Angeles towards installation and maintenance of air filtration systems for schools in the Wilmington area that were impacted by the expansion of the TraPac Container Terminal Project.
- Emission Reduction and Outreach Fund – This fund was established in fiscal year 2010 due to a \$1,000,000 Supplemental Environmental Project Settlement. These funds are used to enhance compliance of emission reduction policies by providing source education and consumer education.
- Rule 1118 Mitigation Fund – Established in fiscal year 2010 to account for mitigation fees from petroleum refineries that exceed sulfur dioxide emission thresholds from flares and future Rule 1118 mitigation fees and to track the projects funded through these fees.
- HEROS II Fund – Established in fiscal year 2011, this fund is used to track funds received and expenditures for South Coast AQMD’s vehicle scrap and replacement program. This voluntary program reduces emissions from high-emitting light and medium-duty vehicles in South Coast AQMD.
- EL Monte Park Project Settlement Fund – Established in fiscal year 2011 for the purpose of accounting for the monies received from Gregg Industries bankruptcy estate as part of a settlement agreement to finance the construction of park improvements in the City of El Monte.
- AB 1318 Mitigation Fees Fund – Created in fiscal year 2011 to account for revenue of \$53.3 million from a mitigation fee payment for the transfer of emission credits under AB 1318.

- Voucher Incentive Program (VIP) Fund – Established in fiscal year 2012 due to transfer of funds from the Carl Moyer Multidistrict funds originally recorded in Carl Moyer Program Fund, to separately administer the On-Road Heavy-Duty Vehicle Voucher Incentive Program.
- Advanced Technology Goods Movement Fund – Established in fiscal year 2012 to administer funds received through an agreement with Port of Los Angeles and Port of Long Beach to fund projects consistent with the development and demonstration of zero emissions goods movement technologies, including the demonstration of Linear Synchronous Motor (LSM) technology to move cargo containers and the development of two discrete hybrid electric drive systems for heavy-duty vehicles.
- Rule 1470 Risk Reduction Fund – Established in fiscal year 2012 to help fund control equipment costs for public agencies, such as cities, counties, and schools, required to install control equipment on new emergency standby engines in order to comply with Rule 1470.
- Hydrogen Fueling Infrastructure Network Fund – Established in fiscal year 2014 to receive state and federal grant revenue earmarked for hydrogen infrastructure upgrades to support the expected role out of fuel cell cars in the next few years. In fiscal year 2014, the South Coast AQMD received an award for \$6.69 million from the California Energy Commission (CEC) to upgrade and refurbish existing hydrogen stations in the South Coast Air Basin. Three stations in Burbank, LAX and Torrance were funded for upgrade through this grant. Work on the Torrance station was completed in August 2017 and work on the LAX station was completed in December 2018. Construction on the Burbank station was completed in January 2019, with some remaining work for the station to transition to open retail status.
- Rule 1420.1 Special Revenue Fund – Established in fiscal year 2014 to account for monies received from Exide Technologies and Quemetco to finance the Multi-Metals continuous emission monitoring system (CEMS) and continuous Multi-Metals Ambient Air Monitoring Demonstration Programs.
- BP/South Coast AQMD Public Benefits Oversight Fund – Established to receive remaining unspent \$177,802 from the 2005 BP Settlement Agreement public benefits payments. Funds will continue to be expended through the approval of the BP/South Coast AQMD Public Benefits Oversight Committee.
- Rule 1304.1 Special Revenue Fund – Established in fiscal year 2016 to track the deposit of fees paid and the withdrawal of funds for approved projects, pursuant to Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption.

- ExxonMobil Settlement Projects Special Revenue Fund – Established in fiscal year 2016 for the purpose of accounting for the monies received pursuant to a settlement agreement with ExxonMobil for Supplemental Environmental Project (SEP).
- LADWP Variance Special Revenue Fund – Established in fiscal year 2017 to receive environmental fees from the Los Angeles Department of Water and Power as part of an South Coast AQMD Hearing Board variance. The variance allowed LADWP to burn diesel to 1) recommission and test the turbines, and 2) subsequently to operate them on diesel fuel, only if the natural gas supply to LADWP was curtailed by SoCal Gas.
- Air Filtration Special Revenue Fund – Established in fiscal year 2017, a Supplemental Environmental Project (SEP) agreement was executed between CARB and the Burlington Northern Santa Fe Railway Company (BNSF) to install air filtration systems at schools in an Environmental Justice community in the South Coast region.
- SoCal Gas Settlement Special Revenue Fund – Established in fiscal year 2017 to execute a contract with KORE Infrastructure Inc in an amount not to exceed \$1 million from the SoCal Gas Settlement Special Revenue Fund to cost-share the commercial field test project.
- Rule 1180 Special Revenue Fund – Established in fiscal year 2018 to account for the Rule 1180 initial and final payments for implementation of the community air monitoring stations near petroleum refineries.
- VW Mitigation Special Revenue Fund – Established in fiscal year 2019 to recognize revenue of up to \$150 million into the fund, to administer and implement two project funding categories identified in CARB’s Beneficiary Mitigation Plan for the VW Environmental Mitigation Trust. The funded projects are intended to mitigate the excess NOx emissions caused by the VW vehicles.
- Prop 1B Goods Movement Fund – Established in fiscal year 2008 to account for voter approved transportation bond dollars. A portion of these were allocated to CARB and passed through to South Coast AQMD to implement programs that reduce emissions from movement of freight or “goods” along California’s trade corridors. Over \$500 million in goods movement projects have been and are being implemented within the South Coast AQMD.
- Clean Shipping Technology Demonstration Special Revenue Fund – Established in FY 2020 for the purpose of implementing clean shipping projects.

Capital Projects Fund

- Infrastructure Improvement Fund – Established in fiscal year 2013 to separately account for large-scale and/or multi-year infrastructure improvement projects.

Debt Service Fund – Established in 2009 to replace the terminated Guaranteed Investment Contract with the Municipal Bond Insurance Association (MBIA, Inc.) due to changes in financial markets. This is used for the defeasance of a portion of South Coast AQMD's debt service on Pension Obligation Bonds.

Component Unit – South Coast AQMD Building Corporation – Established in fiscal year 1978 for the acquisition and improvement of South Coast AQMD headquarters. The South Coast AQMD Building Corporation is a legally separate entity, but for financial statement purposes, it is shown as a blended component unit in the governmental funds.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	Special Revenue				
	Air Toxics Fund	Advanced Tech Outreach & Education Fund	Air Quality Assistance Fund	Air Quality Improvement Fund	Mobile Sources Air Pollution Reduction Fund
Cash and cash equivalents	\$ 2,506,486	\$ 1,911,558	\$ 1,671,712	\$ 1,610,369	\$ 101,159,454
Interest receivable	5,902	5,710	5,264	7,103	288,210
Due from other governmental agencies	-	2,385,402	-	3,873,314	2,904,986
Due from other funds	-	-	-	-	-
Accounts receivable, net	1,015,699	-	-	-	-
Total assets	<u>\$ 3,528,087</u>	<u>\$ 4,302,670</u>	<u>\$ 1,676,976</u>	<u>\$ 5,490,786</u>	<u>\$ 104,352,650</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 396,218	\$ 2,503,738	\$ -	\$ 5,468,374	\$ 893,766
Due to other funds	862,162	564,072	-	-	-
Total liabilities	<u>1,258,380</u>	<u>3,067,810</u>	<u>-</u>	<u>5,468,374</u>	<u>893,766</u>
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	1,234,860	-	22,412	103,458,884
Committed	-	-	-	-	-
Assigned	2,269,707	-	1,676,976	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,269,707</u>	<u>1,234,860</u>	<u>1,676,976</u>	<u>22,412</u>	<u>103,458,884</u>
Total liabilities and fund balances	<u>\$ 3,528,087</u>	<u>\$ 4,302,670</u>	<u>\$ 1,676,976</u>	<u>\$ 5,490,786</u>	<u>\$ 104,352,650</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	Special Revenue				
	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund
Cash and cash equivalents	\$ 61,863,165	\$ 74,698,714	\$ 9,001,168	\$ 703,830	\$ 907,932
Interest receivable	195,013	220,214	26,387	2,064	2,662
Due from other governmental agencies	3,199,498	-	-	-	-
Due from other funds	10,531,357	-	-	-	-
Accounts receivable, net	243,393	-	-	-	-
Total assets	<u>\$ 76,032,426</u>	<u>\$ 74,918,928</u>	<u>\$ 9,027,555</u>	<u>\$ 705,894</u>	<u>\$ 910,594</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,096,557	\$ 2,891,891	\$ -	\$ -	\$ -
Due to other funds	1,173,085	350,814	-	-	-
Total liabilities	<u>2,269,642</u>	<u>3,242,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	<u>357,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	71,676,223	9,027,555	705,894	-
Committed	18,862,819	-	-	-	1,200
Assigned	54,542,003	-	-	-	909,394
Unassigned	-	-	-	-	-
Total fund balances	<u>73,404,822</u>	<u>71,676,223</u>	<u>9,027,555</u>	<u>705,894</u>	<u>910,594</u>
Total liabilities and fund balances	<u>\$ 76,032,426</u>	<u>\$ 74,918,928</u>	<u>\$ 9,027,555</u>	<u>\$ 705,894</u>	<u>\$ 910,594</u>

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	Special Revenue				
	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund	Natural Gas Vehicle Partner Fund
Cash and cash equivalents	\$ 5,201,576	\$ 619,460	\$ 397,234	\$ 108,463	\$ 365,909
Interest receivable	15,335	1,838	1,209	318	1,241
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 5,216,911</u>	<u>\$ 621,298</u>	<u>\$ 398,443</u>	<u>\$ 108,781</u>	<u>\$ 367,150</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 9,349	\$ -	\$ 376,673	\$ -	\$ 16,000
Due to other funds	-	434	-	-	-
Total liabilities	<u>9,349</u>	<u>434</u>	<u>376,673</u>	<u>-</u>	<u>16,000</u>
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	108,781	-
Committed	483,122	-	-	-	3,948
Assigned	4,724,440	620,864	21,770	-	347,202
Unassigned	-	-	-	-	-
Total fund balances	<u>5,207,562</u>	<u>620,864</u>	<u>21,770</u>	<u>108,781</u>	<u>351,150</u>
Total liabilities and fund balances	<u>\$ 5,216,911</u>	<u>\$ 621,298</u>	<u>\$ 398,443</u>	<u>\$ 108,781</u>	<u>\$ 367,150</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020

<u>Assets</u>	<u>Special Revenue</u>				
	<u>State BUG Program Fund</u>	<u>Dry Cleaners Financial Incentives Grant Program Fund</u>	<u>Rule 1173 Mitigation Fee Fund</u>	<u>CBE / OCE Settlement Agreement Fund</u>	<u>BP ARCO Settlements Project Fund</u>
Cash and cash equivalents	\$ 324,395	\$ 387,808	\$ 2,908,269	\$ 223,320	\$ 10,061,286
Interest receivable	959	1,238	8,525	-	30,227
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 325,354</u>	<u>\$ 389,046</u>	<u>\$ 2,916,794</u>	<u>\$ 223,320</u>	<u>\$ 10,091,513</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 94,648
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	94,648
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	325,354	-	-	-	-
Committed	-	-	-	-	749,983
Assigned	-	389,046	2,916,794	223,320	9,246,882
Unassigned	-	-	-	-	-
Total fund balances	<u>325,354</u>	<u>389,046</u>	<u>2,916,794</u>	<u>223,320</u>	<u>9,996,865</u>
Total liabilities and fund balances	<u>\$ 325,354</u>	<u>\$ 389,046</u>	<u>\$ 2,916,794</u>	<u>\$ 223,320</u>	<u>\$ 10,091,513</u>

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	<u>Special Revenue</u>				
	<u>Health Effects Research Fund</u>	<u>CEQA Green House Gas Mitigation Fund</u>	<u>TraPac School Air Filtration Fund</u>	<u>Emission Reduction and Outreach Fund</u>	<u>Rule 1118 Mitigation Fund</u>
Cash and cash equivalents	\$ 1,899,594	\$ 131,618	\$ 270,583	\$ 950	\$ 22,690,588
Interest receivable	6,341	386	4,131	3	66,978
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 1,905,935</u>	<u>\$ 132,004</u>	<u>\$ 274,714</u>	<u>\$ 953</u>	<u>\$ 22,757,566</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 270,000	\$ -	\$ 1,570,970
Due to other funds	-	-	-	-	294,258
Total liabilities	-	-	270,000	-	1,865,228
 <u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
 Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	4,714	-	-
Committed	-	-	-	-	2,393,780
Assigned	1,905,935	132,004	-	953	18,498,558
Unassigned	-	-	-	-	-
Total fund balances	<u>1,905,935</u>	<u>132,004</u>	<u>4,714</u>	<u>953</u>	<u>20,892,338</u>
Total liabilities and fund balances	<u>\$ 1,905,935</u>	<u>\$ 132,004</u>	<u>\$ 274,714</u>	<u>\$ 953</u>	<u>\$ 22,757,566</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	Special Revenue				
	HEROS II Fund	El Monte Park Project Settlement Fund	AB 1318 Mitigation Fees Fund	Voucher Incentive Program (VIP) Fund	Advanced Technology Good Movement Fund
Cash and cash equivalents	\$ 3,652,239	\$ 916,387	\$ 17,788,407	\$ 3,252,697	\$ 3,643,743
Interest receivable	17,789	2,687	53,290	6,912	27,961
Due from other governmental agencies	-	-	-	-	522,141
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 3,670,028</u>	<u>\$ 919,074</u>	<u>\$ 17,841,697</u>	<u>\$ 3,259,609</u>	<u>\$ 4,193,845</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 578,444	\$ -	\$ -	\$ -	\$ 981,505
Due to other funds	154,695	-	2,209	-	1,028,963
Total liabilities	<u>733,139</u>	<u>-</u>	<u>2,209</u>	<u>-</u>	<u>2,010,468</u>
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,936,889	-	-	3,259,609	-
Committed	-	895,086	14,123,308	-	1,449,777
Assigned	-	23,988	3,716,180	-	733,600
Unassigned	-	-	-	-	-
Total fund balances	<u>2,936,889</u>	<u>919,074</u>	<u>17,839,488</u>	<u>3,259,609</u>	<u>2,183,377</u>
Total liabilities and fund balances	<u>\$ 3,670,028</u>	<u>\$ 919,074</u>	<u>\$ 17,841,697</u>	<u>\$ 3,259,609</u>	<u>\$ 4,193,845</u>

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	Special Revenue				
	Rule 1470 Risk Reduction Fund	Hydrogen Fueling Infrastructure Fund	Rule 1420.1 Special Revenue Fund	BP/SCAQMD Public Benefits Oversight Fund	Rule 1304.1 Special Revenue Fund
Cash and cash equivalents	\$ 2,526,257	\$ 306,946	\$ 94,745	\$ 151,954	\$ 7,824,419
Interest receivable	7,406	908	278	445	22,937
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 2,533,663</u>	<u>\$ 307,854</u>	<u>\$ 95,023</u>	<u>\$ 152,399</u>	<u>\$ 7,847,356</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	307,854	95,023	152,399	7,847,356
Committed	-	-	-	-	-
Assigned	2,533,663	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,533,663</u>	<u>307,854</u>	<u>95,023</u>	<u>152,399</u>	<u>7,847,356</u>
Total liabilities and fund balances	<u>\$ 2,533,663</u>	<u>\$ 307,854</u>	<u>\$ 95,023</u>	<u>\$ 152,399</u>	<u>\$ 7,847,356</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

<u>Assets</u>	<u>Special Revenue</u>				
	<u>ExxonMobil Settlement Projects Special Revenue Fund</u>	<u>LADWP Variance Special Revenue Fund</u>	<u>Air Filtration Fund</u>	<u>SoCal Gas Settlement Special Revenue Fund</u>	<u>Rule 1180 Special Revenue Fund</u>
Cash and cash equivalents	\$ 2,099,443	\$ 1,587,075	\$ 2,055,050	\$ 1,235,423	\$ 4,647,037
Interest receivable	7,032	4,652	3,696	3,622	13,644
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 2,106,475</u>	<u>\$ 1,591,727</u>	<u>\$ 2,058,746</u>	<u>\$ 1,239,045</u>	<u>\$ 4,660,681</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 127,490	\$ 236,568	\$ -	\$ -	\$ -
Due to other funds	-	-	72,485	-	3,107,940
Total liabilities	<u>127,490</u>	<u>236,568</u>	<u>72,485</u>	<u>-</u>	<u>3,107,940</u>
<u>Deferred Inflow of Resources:</u>					
Deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	1,552,741
Committed	1,807,047	855,764	497,534	175,000	-
Assigned	171,938	499,395	1,488,727	1,064,045	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,978,985</u>	<u>1,355,159</u>	<u>1,986,261</u>	<u>1,239,045</u>	<u>1,552,741</u>
Total liabilities and fund balances	<u>\$ 2,106,475</u>	<u>\$ 1,591,727</u>	<u>\$ 2,058,746</u>	<u>\$ 1,239,045</u>	<u>\$ 4,660,681</u>

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Revenue			Capital Project		Component Unit		
	VW Mitigation Special Revenue Fund	Prop 1B Goods Movement Fund	Clean Shipping Tech Special Revenue Fund	Infrastructure Improvement Fund	Debt Service Fund	SCAQMD Building Corporation	Total	
<u>Assets</u>								
Cash and cash equivalents	\$ 8,164,681	\$ 92,112,427	2,010,198	\$ 2,517,219	\$ 159,250	\$ 182,403	\$	458,553,441
Interest receivable	25,797	273,307	5,677	10,980	473	-		1,386,751
Due from other governmental agencies	-	-	-	-	-	-		12,885,341
Due from other funds	-	8,100,995	-	-	-	-		18,632,352
Accounts receivable, net	-	-	-	-	-	-		1,259,092
Total assets	\$ 8,190,478	100,486,729	2,015,875	\$ 2,528,199	\$ 159,723	\$ 182,403	\$	492,716,977
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 3,347,921	\$ -	\$ -	\$ -	\$ 180	\$	20,860,292
Due to other funds	453,746	162,480	-	-	-	-		8,227,343
Total liabilities	453,746	3,510,401	-	-	-	180		29,087,635
<u>Deferred Inflow of Resources:</u>								
Deferred inflow of resources	-	-	-	-	-	-		357,962
Fund Balances:								
Nonspendable	-	-	-	-	-	-		-
Restricted	7,736,732	96,976,328	-	-	159,723	-		307,589,331
Committed	-	-	-	666,459	-	-		42,964,827
Assigned	-	-	2,015,875	1,861,740	-	182,223		112,717,222
Unassigned	-	-	-	-	-	-		-
Total fund balances	7,736,732	96,976,328	2,015,875	2,528,199	159,723	182,223		463,271,380
Total liabilities and fund balances	\$ 8,190,478	\$ 100,486,729	\$ 2,015,875	\$ 2,528,199	\$ 159,723	\$ 182,403	\$	492,716,977

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	Air Toxics Fund	Advanced Tech Outreach & Education Fund	Air Quality Assistance Fund	Air Quality Improvement Fund	Mobile Sources Air Pollution Reduction Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	16,263,488
Air Toxics "Hot Spots"	27,142	-	-	-	-
Federal grant	-	2,934,745	-	-	-
State grant	-	-	-	-	-
Interest revenue	28,845	27,620	30,034	37,573	1,739,390
Penalties and settlements	-	-	-	-	-
Other revenues	1,634	-	-	-	-
Total revenues	57,621	2,962,365	30,034	37,573	18,002,878
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	7,011	3,164,420	-	86,180	12,865,826
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	12,557	-	-	-	-
Other expenditures	-	-	-	-	720,891
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	19,568	3,164,420	-	86,180	13,586,717
Excess (deficiency) of revenues over (under) expenditures before transfers	38,053	(202,055)	30,034	(48,607)	4,416,161
Other financing sources (uses)					
Transfers in	-	750,000	-	-	-
Transfers out	(96,631)	-	-	-	-
Total other financing sources (uses)	(96,631)	750,000	-	-	-
Net change in fund balances	(58,578)	547,945	30,034	(48,607)	4,416,161
Fund balances, July 1, 2019	2,328,285	686,915	1,646,942	71,019	99,042,723
Fund balances, June 30, 2020	\$ 2,269,707	\$ 1,234,860	\$ 1,676,976	\$ 22,412	\$ 103,458,884

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	9,457,290	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	1,966,440	-	-	-	-
State grant	840,259	33,797,769	-	-	-
Interest revenue	1,224,590	1,080,598	149,370	11,693	15,115
Penalties and settlements	-	-	-	-	-
Other revenues	1,056,341	-	-	-	-
Total revenues	14,544,920	34,878,367	149,370	11,693	15,115
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	6,928,327	25,583,146	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	6,928,327	25,583,146	-	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	7,616,593	9,295,221	149,370	11,693	15,115
Other financing sources (uses)					
Transfers in	6,000,000	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	6,000,000	-	-	-	-
Net change in fund balances	13,616,593	9,295,221	149,370	11,693	15,115
Fund balances, July 1, 2019	59,788,229	62,381,002	8,878,185	694,201	895,479
Fund balances, June 30, 2020	\$ 73,404,822	\$ 71,676,223	\$ 9,027,555	\$ 705,894	\$ 910,594

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund	Natural Gas Vehicle Partner Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	87,685	10,416	6,921	1,802	7,199
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>87,685</u>	<u>10,416</u>	<u>6,921</u>	<u>1,802</u>	<u>7,199</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	98,765	-	397,266	-	117,652
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>98,765</u>	<u>-</u>	<u>397,266</u>	<u>-</u>	<u>117,652</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(11,080)</u>	<u>10,416</u>	<u>(390,345)</u>	<u>1,802</u>	<u>(110,453)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(7,977)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(7,977)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(11,080)</u>	<u>2,439</u>	<u>(390,345)</u>	<u>1,802</u>	<u>(110,453)</u>
Fund balances, July 1, 2019	<u>5,218,642</u>	<u>618,425</u>	<u>412,115</u>	<u>106,979</u>	<u>461,603</u>
Fund balances, June 30, 2020	<u>\$ 5,207,562</u>	<u>\$ 620,864</u>	<u>\$ 21,770</u>	<u>\$ 108,781</u>	<u>\$ 351,150</u>

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	State BUG Program Fund	Dry Cleaners Financial Incentives Grant Program Fund	Rule 1173 Mitigation Fee Fund	CBE/OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	5,743	7,654	48,315	-	178,603
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>5,743</u>	<u>7,654</u>	<u>48,315</u>	<u>-</u>	<u>178,603</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	27,500	95,000	-	-	1,143,128
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>27,500</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>1,143,128</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(21,757)</u>	<u>(87,346)</u>	<u>48,315</u>	<u>-</u>	<u>(964,525)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(56,049)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,049)</u>
Net change in fund balances	<u>(21,757)</u>	<u>(87,346)</u>	<u>48,315</u>	<u>-</u>	<u>(1,020,574)</u>
Fund balances, July 1, 2019	<u>347,111</u>	<u>476,392</u>	<u>2,868,479</u>	<u>223,320</u>	<u>11,017,439</u>
Fund balances, June 30, 2020	<u>\$ 325,354</u>	<u>\$ 389,046</u>	<u>\$ 2,916,794</u>	<u>\$ 223,320</u>	<u>\$ 9,996,865</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	Health Effects Research Fund	CEQA Green House Gas Mitigation Fund	TraPac School Air Filtration Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	59,425	2,186	-	16	380,618
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	59,425	2,186	-	16	380,618
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	3,500,000	-	1,138,596	-	1,664,970
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	246,589	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	3,500,000	-	1,385,185	-	1,664,970
Excess (deficiency) of revenues over (under) expenditures before transfers	(3,440,575)	2,186	(1,385,185)	16	(1,284,352)
Other financing sources (uses)					
Transfers in	1,480,592	-	-	-	-
Transfers out	-	-	-	-	(407,542)
Total other financing sources (uses)	1,480,592	-	-	-	(407,542)
Net change in fund balances	(1,959,983)	2,186	(1,385,185)	16	(1,691,894)
Fund balances, July 1, 2019	3,865,918	129,818	1,389,899	937	22,584,232
Fund balances, June 30, 2020	\$ 1,905,935	\$ 132,004	\$ 4,714	\$ 953	\$ 20,892,338

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	HEROS II Fund	El Monte Park Project Settlement Fund	AB 1318 Mitigation Fees Fund	Voucher Incentive Program (VIP) Fund	Advanced Technology Goods Movement Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	959,611
State grant	17,835,000	-	-	-	659,932
Interest revenue	89,030	15,285	315,056	42,032	252,599
Penalties and settlements	-	-	-	-	-
Other revenues	223,700	-	231,996	-	-
Total revenues	18,147,730	15,285	547,052	42,032	1,872,142
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	17,318,790	6,345	1,430,890	3,780,000	13,514,583
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	17,318,790	6,345	1,430,890	3,780,000	13,514,583
Excess (deficiency) of revenues over (under) expenditures before transfers	828,940	8,940	(883,838)	(3,737,968)	(11,642,441)
Other financing sources (uses)					
Transfers in	-	-	-	3,000,000	-
Transfers out	(1,179,464)	-	(2,209)	-	(6,000,000)
Total other financing sources (uses)	(1,179,464)	-	(2,209)	3,000,000	(6,000,000)
Net change in fund balances	(350,524)	8,940	(886,047)	(737,968)	(17,642,441)
Fund balances, July 1, 2019	3,287,413	910,134	18,725,535	3,997,577	19,825,818
Fund balances, June 30, 2020	\$ 2,936,889	\$ 919,074	\$ 17,839,488	\$ 3,259,609	\$ 2,183,377

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	Special Revenue				
	Rule 1470 Risk Reduction Fund	Hydrogen Fueling Infrastructure Fund	Rule 1420.1 Special Revenue Fund	BP/SCAQMD Public Benefits Oversight Fund	Rule 1304.1 Special Revenue Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	41,969	5,070	1,574	2,524	129,987
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	41,969	5,070	1,574	2,524	129,987
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	41,969	5,070	1,574	2,524	129,987
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	41,969	5,070	1,574	2,524	129,987
Fund balances, July 1, 2019	2,491,694	302,784	93,449	149,875	7,717,369
Fund balances, June 30, 2020	\$ 2,533,663	\$ 307,854	\$ 95,023	\$ 152,399	\$ 7,847,356

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Special Revenue				
	ExxonMobil Settlement Projects Special Revenue Fund	LADWP Variance Special Revenue Fund	Air Filtration Fund	SoCal Gas Settlement Special Revenue Fund	Rule 1180 Special Revenue Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	42,449	26,366	27,326	20,524	82,499
Penalties and settlements	-	-	1,761,317	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>42,449</u>	<u>26,366</u>	<u>1,788,643</u>	<u>20,524</u>	<u>82,499</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	635,003	236,568	1,491,149	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>635,003</u>	<u>236,568</u>	<u>1,491,149</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(592,554)</u>	<u>(210,202)</u>	<u>297,494</u>	<u>20,524</u>	<u>82,499</u>
Other financing sources (uses)					
Transfers in	-	-	45,000	-	-
Transfers out	-	-	(72,485)	-	(5,498,165)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(27,485)</u>	<u>-</u>	<u>(5,498,165)</u>
Net change in fund balances	<u>(592,554)</u>	<u>(210,202)</u>	<u>270,009</u>	<u>20,524</u>	<u>(5,415,666)</u>
Fund balances, July 1, 2019	<u>2,571,539</u>	<u>1,565,361</u>	<u>1,716,252</u>	<u>1,218,521</u>	<u>6,968,407</u>
Fund balances, June 30, 2020	<u>\$ 1,978,985</u>	<u>\$ 1,355,159</u>	<u>\$ 1,986,261</u>	<u>\$ 1,239,045</u>	<u>\$ 1,552,741</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Special Revenue			Capital Project		Component Unit		
	VW Mitigation Special Revenue Fund	Prop 1B Goods Movement Fund	Clean Shipping Tech Special Revenue Fund	Infrastructure Improvement Fund	Debt Service Fund	SCAQMD Building Corporation	Total	
Revenues:								
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Mobile sources/clean fuels	-	-	-	-	-	-	-	25,720,778
Air Toxics "Hot Spots"	-	-	-	-	-	-	-	27,142
Federal grant	-	-	-	-	-	-	-	5,860,796
State grant	7,643,968	815,353	-	-	-	-	-	61,592,281
Interest revenue	92,764	1,735,607	15,875	61,086	3,664	1,992	-	8,146,689
Penalties and settlements	-	-	-	-	-	-	-	1,761,317
Other revenues	-	-	-	-	-	-	-	1,513,671
Total revenues	<u>7,736,732</u>	<u>2,550,960</u>	<u>15,875</u>	<u>61,086</u>	<u>3,664</u>	<u>1,992</u>	<u>-</u>	<u>104,622,674</u>
Expenditures:								
Salaries and employee benefits	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Contract and special services	-	8,234,513	-	2,292,186	-	-	-	105,757,814
Maintenance	-	-	-	-	-	-	-	-
Travel and auto	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-	-	-	12,557
Other expenditures	-	1,266,724	-	-	-	5,410	-	2,239,614
Capital outlay	-	-	-	-	-	-	-	-
Debt Service								
Principal	-	-	-	-	1,000,000	-	-	1,000,000
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>9,501,237</u>	<u>-</u>	<u>2,292,186</u>	<u>1,000,000</u>	<u>5,410</u>	<u>-</u>	<u>109,009,985</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>7,736,732</u>	<u>(6,950,277)</u>	<u>15,875</u>	<u>(2,231,100)</u>	<u>(996,336)</u>	<u>(3,418)</u>	<u>-</u>	<u>(4,387,311)</u>
Other financing sources (uses)								
Transfers in	-	-	2,000,000	1,000,000	-	-	-	14,275,592
Transfers out	-	-	-	-	-	-	-	(13,320,522)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>955,070</u>
Net change in fund balances	<u>7,736,732</u>	<u>(6,950,277)</u>	<u>2,015,875</u>	<u>(1,231,100)</u>	<u>(996,336)</u>	<u>(3,418)</u>	<u>-</u>	<u>(3,432,241)</u>
Fund balances, July 1, 2019	<u>-</u>	<u>103,926,605</u>	<u>-</u>	<u>3,759,299</u>	<u>1,156,059</u>	<u>185,641</u>	<u>-</u>	<u>466,703,621</u>
Fund balances, June 30, 2020	\$ <u>7,736,732</u>	\$ <u>96,976,328</u>	\$ <u>2,015,875</u>	\$ <u>2,528,199</u>	\$ <u>159,723</u>	\$ <u>182,223</u>	\$ <u>-</u>	\$ <u>463,271,380</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Accounting agency fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 106,190	\$ 273,866	\$ 272,749	\$ 107,307
Total assets	<u>\$ 106,190</u>	<u>\$ 273,866</u>	<u>\$ 272,749</u>	<u>\$ 107,307</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 106,190	\$ 273,866	\$ 272,749	\$ 107,307
Total liabilities	<u>\$ 106,190</u>	<u>\$ 273,866</u>	<u>\$ 272,749</u>	<u>\$ 107,307</u>
 <u>457 Plan Admin Revenue Sharing Fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 6,756	\$ 61	\$ 6,817	\$ -
Interest receivable	75	-	75	-
Total assets	<u>\$ 6,831</u>	<u>\$ 61</u>	<u>\$ 6,892</u>	<u>\$ -</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 6,831	\$ 13	\$ 6,844	\$ -
Total liabilities	<u>\$ 6,831</u>	<u>\$ 13</u>	<u>\$ 6,844</u>	<u>\$ -</u>
 <u>Total all agency funds</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 112,946	\$ 273,927	\$ 279,566	\$ 107,307
Interest receivable	75	-	75	-
Total assets	<u>\$ 113,021</u>	<u>\$ 273,927</u>	<u>\$ 279,641</u>	<u>\$ 107,307</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 113,021	\$ 273,879	\$ 279,593	\$ 107,307
Total liabilities	<u>\$ 113,021</u>	<u>\$ 273,879</u>	<u>\$ 279,593</u>	<u>\$ 107,307</u>

STATISTICAL SECTION

This part of South Coast AQMD's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about South Coast AQMD's overall financial health.

Contents

Financial Trends

Four schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader understand the concentration of South Coast AQMD's largest emission-based fee payers.

Debt Capacity

This schedule presents information to help the reader assess the affordability of South Coast AQMD's current levels of outstanding debt. Please see footnote under Schedule 7.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which South Coast AQMD's financial activities take place.

Operating Information

These schedules contain data to help the reader understand how the information in South Coast AQMD's financial report relates to the services South Coast AQMD provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules was derived from South Coast AQMD's comprehensive annual financial reports for the relevant year.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net investment in capital assets	\$ 22,777,709	\$ 25,696,728	\$ 39,667,137	\$ 38,509,847	\$ 36,957,165	\$ 36,178,389	\$ 36,127,300	\$ 35,756,464	\$ 35,501,602	\$ 38,515,021
Restricted for pension assets	-	1,361,315	3,031,890	4,437,818	-	-	-	-	-	-
Restricted for long-term emission-reduction projects	465,789,699	527,549,463	530,540,932	536,617,440	468,946,402	498,119,549	607,438,908	676,857,257	785,722,419	850,523,778
Unrestricted	34,536,706	29,529,812	21,554,913	29,264,960	(157,555,673)	(152,854,184)	(141,541,447)	(129,700,877)	(128,938,591)	(126,463,599)
Total governmental activities net position	<u>\$ 523,104,114</u>	<u>\$ 584,137,318</u>	<u>\$ 594,794,872</u>	<u>\$ 608,830,065</u>	<u>\$ 348,347,894</u>	<u>\$ 381,443,754</u>	<u>\$ 502,024,761</u>	<u>\$ 582,912,844</u>	<u>\$ 692,285,430</u>	<u>\$ 762,575,200</u>
Business-type Activities:										
Unrestricted	\$ 370,087	\$ 525,078	\$ 746,994	\$ 875,849	\$ 1,123,954	\$ 1,235,284	\$ 1,253,178	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ 370,087</u>	<u>\$ 525,078</u>	<u>\$ 746,994</u>	<u>\$ 875,849</u>	<u>\$ 1,123,954</u>	<u>\$ 1,235,284</u>	<u>\$ 1,253,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:										
Net investment in capital assets	\$ 22,777,709	\$ 25,696,728	\$ 39,667,137	\$ 38,509,847	\$ 36,957,165	\$ 36,178,389	\$ 36,127,300	\$ 35,756,464	\$ 35,501,602	\$ 38,515,021
Restricted for pension asset	-	1,361,315	3,031,890	4,437,818	-	-	-	-	-	-
Restricted for long-term emission-reduction projects	465,789,699	527,549,463	530,540,932	536,617,440	468,946,402	498,119,549	607,438,908	676,857,257	785,722,419	850,523,778
Unrestricted	34,906,793	30,054,890	22,301,907	30,140,809	(156,431,719)	(151,618,900)	(140,288,269)	(129,700,877)	(128,938,591)	(126,463,599)
Total primary government net position	<u>\$ 523,474,201</u>	<u>\$ 584,662,396</u>	<u>\$ 595,541,866</u>	<u>\$ 609,705,914</u>	<u>\$ 349,471,848</u>	<u>\$ 382,679,038</u>	<u>\$ 503,277,939</u>	<u>\$ 582,912,844</u>	<u>\$ 692,285,430</u>	<u>\$ 762,575,200</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 2
Changes in Net Position – Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Advance clean air technology	\$ 6,398,859	\$ 6,672,977	\$ 6,857,959	\$ 6,212,087	\$ 5,539,607	\$ 7,119,417	\$ 7,825,599	\$ 9,271,026	\$ 11,520,547	\$ 12,827,393
Ensure compliance with clean air rules	46,877,017	47,026,449	47,417,956	48,813,991	43,252,162	45,622,680	49,316,129	50,528,522	52,353,479	55,167,960
Customer service and business assistance	7,578,813	7,729,015	8,169,587	8,332,770	6,124,811	8,337,319	9,260,504	9,743,294	11,637,664	13,032,003
Develop programs to achieve clean air	11,780,948	12,130,832	12,317,470	11,147,303	9,727,624	10,444,147	11,335,498	8,636,784	9,407,869	12,471,639
Develop rules to achieve clean air	8,826,846	7,286,149	7,269,414	7,514,210	7,161,179	7,566,089	7,604,041	10,013,098	14,275,590	14,131,578
Monitoring air quality	15,093,093	15,930,225	14,265,601	14,969,083	13,197,801	16,028,394	17,856,869	20,822,380	26,547,245	31,910,536
Timely review of permits	28,045,891	27,241,449	28,621,527	27,821,032	24,431,059	27,891,070	31,520,083	33,301,565	33,951,378	35,511,594
Policy support	1,792,208	1,483,613	1,306,054	1,204,588	331,652	511,705	885,773	667,046	1,028,495	1,945,852
Interest on long-term debt	3,277,933	4,691,658	4,605,963	4,102,888	4,031,178	3,884,990	3,906,955	3,731,589	3,605,251	3,463,254
Long-term emission reduction projects	161,904,680	137,800,260	155,998,253	154,939,035	210,229,182	87,079,799	101,008,426	101,304,229	163,187,839	206,806,917
Total govern't activities expenses	<u>\$ 291,576,288</u>	<u>\$ 267,992,627</u>	<u>\$ 286,829,784</u>	<u>\$ 285,056,987</u>	<u>\$ 324,026,255</u>	<u>\$ 214,485,609</u>	<u>\$ 240,519,877</u>	<u>\$ 248,019,533</u>	<u>\$ 327,515,357</u>	<u>\$ 387,268,726</u>
Business-type Activities:										
CNG fueling station	\$ 150,418	\$ 135,805	\$ 189,518	\$ 264,221	\$ 168,769	\$ 117,675	\$ 128	\$ 31	\$ -	\$ -
Total business-type activities expenses	<u>150,418</u>	<u>135,805</u>	<u>189,518</u>	<u>264,221</u>	<u>168,769</u>	<u>117,675</u>	<u>128</u>	<u>31</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 291,726,706</u>	<u>\$ 268,128,432</u>	<u>\$ 287,019,302</u>	<u>\$ 285,321,208</u>	<u>\$ 324,195,024</u>	<u>\$ 214,603,284</u>	<u>\$ 240,520,005</u>	<u>\$ 248,019,564</u>	<u>\$ 327,515,357</u>	<u>\$ 387,268,726</u>
Program Revenues										
Governmental Activities:										
Fees and Charges										
Stationary sources	\$ 81,291,028	\$ 82,624,489	\$ 85,439,616	\$ 87,160,484	\$ 88,120,829	\$ 89,264,511	\$ 94,279,518	\$ 100,354,910	\$ 101,804,325	\$ 106,450,095
Mobile sources	22,512,790	23,384,894	23,535,070	24,307,527	24,526,008	25,743,988	28,087,131	26,026,673	26,106,160	29,214,922
Operating grants and subventions	<u>216,422,579</u>	<u>213,332,401</u>	<u>173,309,732</u>	<u>164,053,936</u>	<u>149,766,034</u>	<u>122,424,397</u>	<u>222,070,040</u>	<u>185,367,622</u>	<u>295,516,665</u>	<u>303,621,322</u>
Total governmental activities prog. revenues	<u>\$ 320,226,397</u>	<u>\$ 319,341,784</u>	<u>\$ 282,284,418</u>	<u>\$ 275,521,947</u>	<u>\$ 262,412,871</u>	<u>\$ 237,432,896</u>	<u>\$ 344,436,689</u>	<u>\$ 311,749,205</u>	<u>\$ 423,427,150</u>	<u>\$ 439,286,339</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 2

Changes in Net Position – Last Ten Fiscal Years (accrual basis of accounting) (continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities:										
CNG fueling station	\$ 273,531	\$ 290,796	\$ 411,434	\$ 393,076	\$ 416,874	\$ 229,005	\$ 18,022	\$ -	\$ -	\$ -
Total business-type activities prog. revenues	<u>273,531</u>	<u>290,796</u>	<u>411,434</u>	<u>393,076</u>	<u>416,874</u>	<u>229,005</u>	<u>18,022</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government prog. revenues	<u>\$ 320,499,928</u>	<u>\$ 319,632,580</u>	<u>\$ 282,695,852</u>	<u>\$ 275,915,023</u>	<u>\$ 262,829,745</u>	<u>\$ 237,661,901</u>	<u>\$ 344,454,711</u>	<u>\$ 311,749,205</u>	<u>\$ 423,427,150</u>	<u>\$ 439,286,339</u>
Net (Expense) Revenue										
Governmental activities	\$ 28,650,109	\$ 51,349,157	\$ (4,545,366)	\$ (9,535,040)	\$ (61,613,384)	\$ 22,947,287	\$ 103,916,812	\$ 63,729,672	\$ 95,911,793	\$ 52,017,613
Business-type activities	<u>123,113</u>	<u>154,991</u>	<u>221,916</u>	<u>128,855</u>	<u>248,105</u>	<u>111,330</u>	<u>17,894</u>	<u>(31)</u>	<u>-</u>	<u>-</u>
Total primary govnt net (expenses) revenue	<u>\$ 28,773,222</u>	<u>\$ 51,504,148</u>	<u>\$ (4,323,450)</u>	<u>\$ (9,406,185)</u>	<u>\$ (61,365,279)</u>	<u>\$ 23,058,617</u>	<u>\$ 103,934,706</u>	<u>\$ 63,729,641</u>	<u>\$ 95,911,793</u>	<u>\$ 52,017,613</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and subventions not restricted										
to specific stationary source programs	\$ 2,918,779	\$ 2,890,117	\$ 2,889,099	\$ 2,889,884	\$ 2,887,831	\$ 2,885,047	\$ 2,885,535	\$ 2,879,520	\$ 2,864,992	\$ 2,879,664
Interest	832,444	529,031	343,206	461,444	339,005	435,773	644,574	1,041,333	1,976,414	1,791,178
Penalties/settlement	7,348,657	4,906,391	11,562,529	17,959,410	8,733,773	5,704,685	11,511,570	14,316,145	7,196,194	12,178,184
Subscriptions	7,760	6,095	1,630	3,498	2,136	2,842	1,097	436	970	972
Other	1,631,518	1,352,418	406,456	2,255,997	2,080,950	1,120,226	1,621,419	1,153,863	1,422,223	1,422,159
Transfers	-	-	-	-	-	-	-	1,253,147	-	-
Total governmental activities	<u>\$ 12,739,158</u>	<u>\$ 9,684,052</u>	<u>\$ 15,202,920</u>	<u>\$ 23,570,233</u>	<u>\$ 14,043,695</u>	<u>\$ 10,148,573</u>	<u>\$ 16,664,195</u>	<u>\$ 20,644,444</u>	<u>\$ 13,460,793</u>	<u>\$ 18,272,157</u>
Total primary government revenue	<u>\$ 12,739,158</u>	<u>\$ 9,684,052</u>	<u>\$ 15,202,920</u>	<u>\$ 23,570,233</u>	<u>\$ 14,043,695</u>	<u>\$ 10,148,573</u>	<u>\$ 16,664,195</u>	<u>\$ 20,644,444</u>	<u>\$ 13,460,793</u>	<u>\$ 18,272,157</u>
Change in Net Position										
Governmental activities	\$ 41,389,267	\$ 61,033,209	\$ 10,657,554	\$ 14,035,193	\$ (47,569,689)	\$ 33,095,860	\$ 120,581,007	\$ 84,374,116	\$ 109,372,586	\$ 70,289,770
Business-type activities	<u>123,113</u>	<u>154,991</u>	<u>221,916</u>	<u>128,855</u>	<u>248,105</u>	<u>111,330</u>	<u>17,894</u>	<u>(1,253,178)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 41,512,380</u>	<u>\$ 61,188,200</u>	<u>\$ 10,879,470</u>	<u>\$ 14,164,048</u>	<u>\$ (47,321,584)</u>	<u>\$ 33,207,190</u>	<u>\$ 120,598,901</u>	<u>\$ 83,120,938</u>	<u>\$ 109,372,586</u>	<u>\$ 70,289,770</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 50,315	\$ 73,043	\$ 71,968	\$ 66,703	\$ 73,463	\$ 65,731	\$ 63,688	\$ 56,684	\$ 64,226	\$ 65,321
Committed	8,928,629	6,594,167	6,552,287	5,845,485	6,533,505	6,917,075	7,382,453	11,237,530	12,295,440	12,365,231
Assigned	17,763,384	15,390,753	12,194,651	12,194,650	6,803,899	6,203,899	6,303,899	7,228,892	6,149,673	6,149,673
Unassigned	<u>25,858,045</u>	<u>24,689,814</u>	<u>19,774,006</u>	<u>27,672,310</u>	<u>34,353,647</u>	<u>31,006,208</u>	<u>38,741,459</u>	<u>47,532,700</u>	<u>52,514,979</u>	<u>65,957,001</u>
Total general fund	<u>\$ 52,600,373</u>	<u>\$ 46,747,777</u>	<u>\$ 38,592,912</u>	<u>\$ 45,779,148</u>	<u>\$ 47,764,514</u>	<u>\$ 44,192,913</u>	<u>\$ 52,491,499</u>	<u>\$ 66,055,806</u>	<u>\$ 71,024,318</u>	<u>\$ 84,537,226</u>
All Other Governmental Funds										
Restricted	\$ 26,138,656	\$ 191,730,455	\$ 331,962,118	\$ 335,633,672	\$ 283,454,187	\$ 311,026,727	\$ 412,358,550	\$ 464,158,310	\$ 532,966,299	\$ 587,283,400
Committed	174,297,108	127,200,107	29,141,240	65,757,643	59,667,932	63,076,528	54,549,958	51,447,457	67,570,416	52,652,530
Assigned	272,132,633	210,588,937	169,437,574	135,253,835	126,111,461	125,654,185	142,085,357	161,309,146	185,578,704	210,587,848
Unassigned	<u>(6,778,697)</u>	<u>(1,970,036)</u>	<u>-</u>	<u>(27,710)</u>	<u>(287,178)</u>	<u>(3,518,332)</u>	<u>(1,554,957)</u>	<u>(57,656)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 465,789,700</u>	<u>\$ 527,549,463</u>	<u>\$ 530,540,932</u>	<u>\$ 536,617,440</u>	<u>\$ 468,946,402</u>	<u>\$ 496,239,108</u>	<u>\$ 607,438,908</u>	<u>\$ 676,857,257</u>	<u>\$ 786,115,419</u>	<u>\$ 850,523,778</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 4

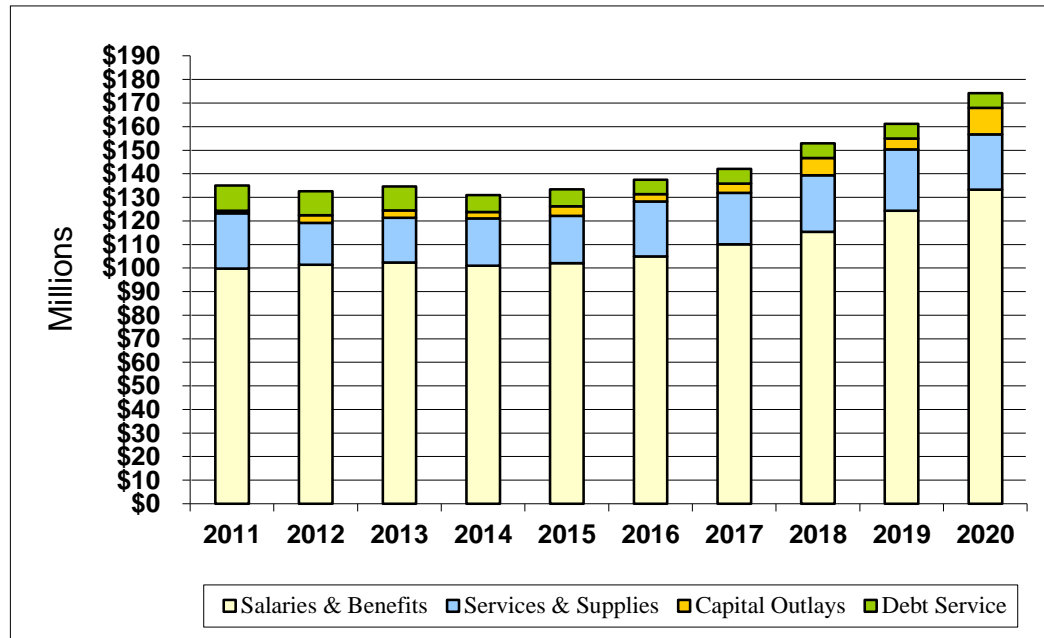
Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Emission fees	\$ 21,371,061	\$ 19,714,882	\$ 20,540,391	\$ 20,472,379	\$ 19,838,979	\$ 18,984,919	\$ 18,964,371	\$ 22,786,661	\$ 19,542,168	\$ 20,781,427
Annual renewal fees	41,342,340	42,189,557	43,056,220	44,260,635	45,759,738	47,592,793	48,930,776	52,182,769	57,028,631	60,450,564
Area Sources	2,503,791	2,808,927	2,132,263	2,819,001	2,573,959	2,226,172	2,090,207	2,293,947	2,257,755	1,859,185
Permit processing fees	16,007,058	15,658,916	17,210,640	16,945,777	16,668,485	17,239,759	20,729,207	19,538,295	20,030,307	19,666,601
Mobile sources / Clean fuels	63,704,363	69,689,913	67,441,546	69,688,940	70,953,981	73,011,225	75,104,035	74,450,510	76,071,690	76,113,061
Air Toxics "Hot Spots"	1,824,327	1,833,488	1,917,252	1,954,650	2,039,612	2,373,579	2,645,644	2,538,246	2,184,519	2,933,672
Transportation program	885,263	848,829	927,824	877,816	845,236	891,991	840,322	845,718	977,223	1,069,607
State subvention	3,978,200	3,949,672	3,948,646	3,949,439	3,947,386	3,944,602	3,945,090	3,939,075	3,924,547	3,939,219
Federal grant	15,543,549	27,508,859	19,468,654	23,713,303	32,939,310	11,521,785	15,399,372	11,887,333	11,588,113	13,491,576
State grant	87,403,616	128,099,308	101,432,241	80,762,239	60,717,715	38,050,172	125,988,646	83,101,876	176,582,411	188,315,029
Interest revenue	6,556,895	4,962,021	3,677,620	3,824,484	3,766,327	4,100,302	6,296,761	10,739,589	18,059,326	15,364,892
Lease revenue	380,431	281,284	140,739	133,916	141,878	141,195	156,204	147,660	162,879	150,164
Source test/analysis fees	636,822	759,784	790,824	697,133	746,399	683,328	734,258	663,011	574,007	427,852
Hearing Board fees	201,864	221,709	277,544	342,508	531,879	163,960	187,733	351,979	187,308	357,937
Penalties and settlements	7,348,657	6,006,391	11,642,529	17,959,410	8,733,773	8,475,935	11,511,570	15,801,455	8,266,671	13,939,501
Subscriptions	7,760	6,095	1,630	3,498	2,136	2,842	1,097	436	970	972
Other revenues	63,269,554	4,486,199	2,880,775	10,687,052	6,249,773	18,176,910	27,575,590	29,871,943	39,449,420	38,697,237
Total revenues	\$ 332,965,551	\$ 329,025,834	\$ 297,487,338	\$ 299,092,180	\$ 276,456,566	\$ 247,581,469	\$ 361,100,883	\$ 331,140,503	\$ 436,887,945	\$ 457,558,496
Expenditures:										
Salaries and employee benefits	\$ 99,773,382	\$ 101,364,885	\$ 102,289,888	\$ 101,023,768	\$ 102,127,845	\$ 104,908,690	\$ 110,040,224	\$ 115,342,430	124,376,220	133,296,239
Insurance	1,039,020	882,871	1,078,546	1,258,577	1,202,650	1,148,390	1,131,980	1,503,440	1,733,653	1,059,265
Rent	589,248	532,089	620,723	527,991	550,323	509,395	540,386	550,641	606,592	676,950
Supplies	2,600,630	2,371,901	2,894,275	2,647,163	2,588,866	2,519,673	3,035,619	3,375,314	3,779,066	4,186,926
Contract and special services	171,344,881	145,316,505	162,672,155	159,679,349	219,251,382	95,288,291	108,413,444	109,427,946	172,084,692	215,238,478
Maintenance	1,273,060	1,183,238	1,425,557	1,445,271	1,270,417	1,712,754	1,287,341	1,787,868	2,109,924	1,784,818
Travel and auto	707,050	791,042	753,860	739,784	783,720	703,392	877,137	1,107,393	1,141,882	877,886
Utilities	1,495,435	1,342,945	1,405,249	1,637,327	1,809,594	1,717,980	1,411,075	1,520,114	1,427,124	1,429,880
Communications	598,958	587,930	580,569	629,542	635,977	679,666	577,753	614,018	647,865	821,324
Uncollectible accounts	891,794	953,792	454,094	1,116,103	7,982	444,485	400,929	412,184	479,519	590,803
Other expenditures	2,767,725	2,544,090	2,179,367	4,578,992	1,665,715	3,004,689	2,023,075	1,996,218	2,110,673	3,611,532
Capital outlay	2,170,102	2,051,740	3,261,458	3,351,887	3,050,388	4,032,806	4,669,042	4,583,914	4,973,661	8,872,504
Debt service:										
Principal	10,090,000	10,250,000	18,177,007	3,099,025	3,159,384	3,235,598	3,331,010	3,432,798	3,553,110	3,686,641
Interest	3,540,602	2,945,639	4,857,985	4,094,658	4,031,995	3,954,555	3,863,482	3,756,716	3,637,290	3,503,983
Total expenditures	\$ 298,881,886	\$ 273,118,666	\$ 302,650,733	\$ 285,829,437	\$ 342,142,238	\$ 223,860,364	\$ 241,602,497	\$ 249,410,994	\$ 322,661,271	\$ 379,637,229
Excess (deficiency) of revenues over (under) expenditures	34,083,665	55,907,168	(5,163,395)	13,262,743	(65,685,672)	23,721,105	119,498,386	81,729,509	114,226,674	77,921,267
Other financing sources (uses):										
Transfer in	17,056,936	8,670,107	38,364,134	19,653,981	9,768,512	10,777,488	8,540,141	10,713,791	31,523,520	21,866,157
Transfer out	(17,056,936)	(8,670,107)	(38,364,134)	(19,653,981)	(9,768,512)	(10,777,488)	(8,540,141)	(9,460,644)	(31,523,520)	(21,866,157)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,253,147	-	-
Net change in fund balances	\$ 34,083,665	\$ 55,907,168	\$ (5,163,395)	\$ 13,262,743	\$ (65,685,672)	\$ 23,721,105	\$ 119,498,386	\$ 82,982,656	\$ 114,226,674	\$ 77,921,267
Debt service as a percentage of noncapital expenditures	4.6%	4.9%	7.7%	2.5%	2.1%	3.3%	3.0%	2.9%	2.3%	1.9%

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 5
Expenditures by Major Object
General Fund (Budgetary Basis)
Last Ten Fiscal Years



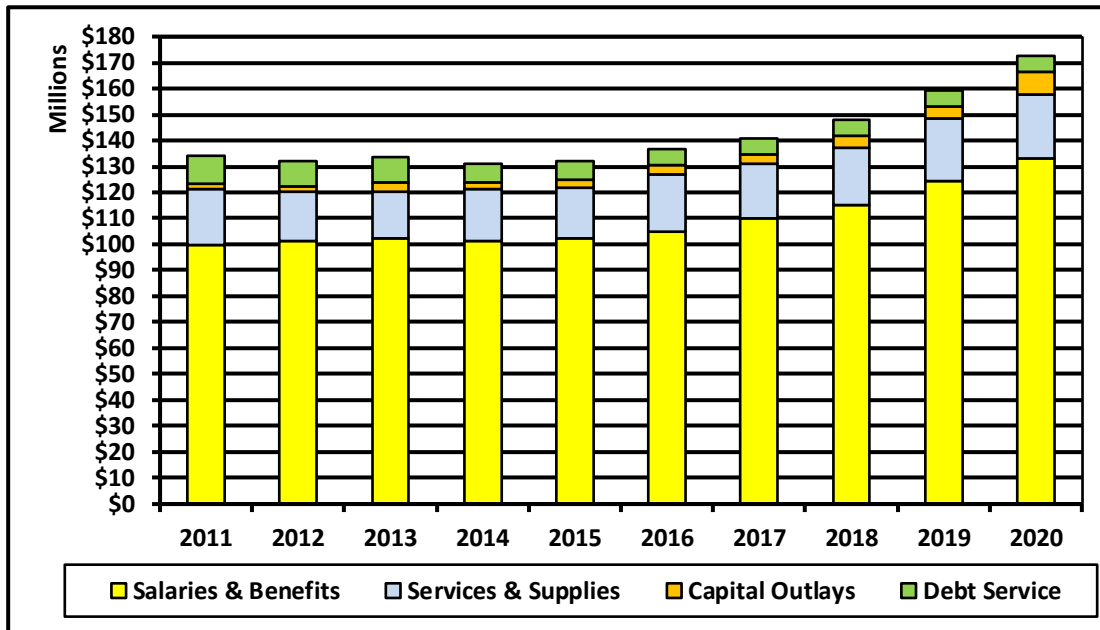
Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2011	\$ 99,773,382	\$ 23,397,710	\$ 1,198,178	\$ 10,630,602	\$ 134,999,872
2012	101,364,885	17,799,716	3,261,876	10,195,639	132,622,116
2013	102,289,888	19,052,813	3,053,754	10,219,978	134,616,433
2014	101,023,768	19,989,096	2,695,286	7,193,683	130,901,833
2015	102,127,842	20,074,713	4,031,026	7,191,379	133,424,960
2016	104,908,689	23,338,580	3,074,374	6,190,153	137,511,796
2017	110,077,989	21,757,613	4,037,890	6,194,492	142,067,984
2018	115,425,019	23,951,490	7,301,002	6,189,514	152,867,025
2019	124,376,218	25,949,611	4,669,722	6,190,400	161,185,951
2020	133,296,238	23,474,861	11,172,630	6,190,624	174,134,353

See Notes Associated with Financial Charts page 111

Source:

South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 6
Expenditures by Major Object
General Fund (GAAP Basis)
Last Ten Fiscal Years



Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2011	\$ 99,773,382	\$ 21,403,118	\$ 2,170,102	\$ 10,630,602	\$ 133,977,204
2012	101,364,885	18,706,143	2,051,740	10,195,639	132,318,407
2013	102,289,888	18,066,145	3,261,458	10,219,978	133,837,469
2014	101,023,768	20,469,780	2,203,171	7,193,683	130,890,402
2015	102,127,845	19,683,561	2,910,271	7,191,379	131,913,056
2016	104,908,690	22,007,495	3,674,227	6,190,153	136,780,565
2017	110,040,224	20,903,669	3,455,686	6,194,492	140,594,071
2018	115,342,430	21,995,126	4,579,695	6,189,514	148,106,765
2019	124,376,220	23,933,151	4,973,661	6,190,400	159,473,432
2020	133,296,239	24,470,945	8,872,504	6,190,624	172,830,312

See Notes Associated with Financial Charts page 111

Source: South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 7

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

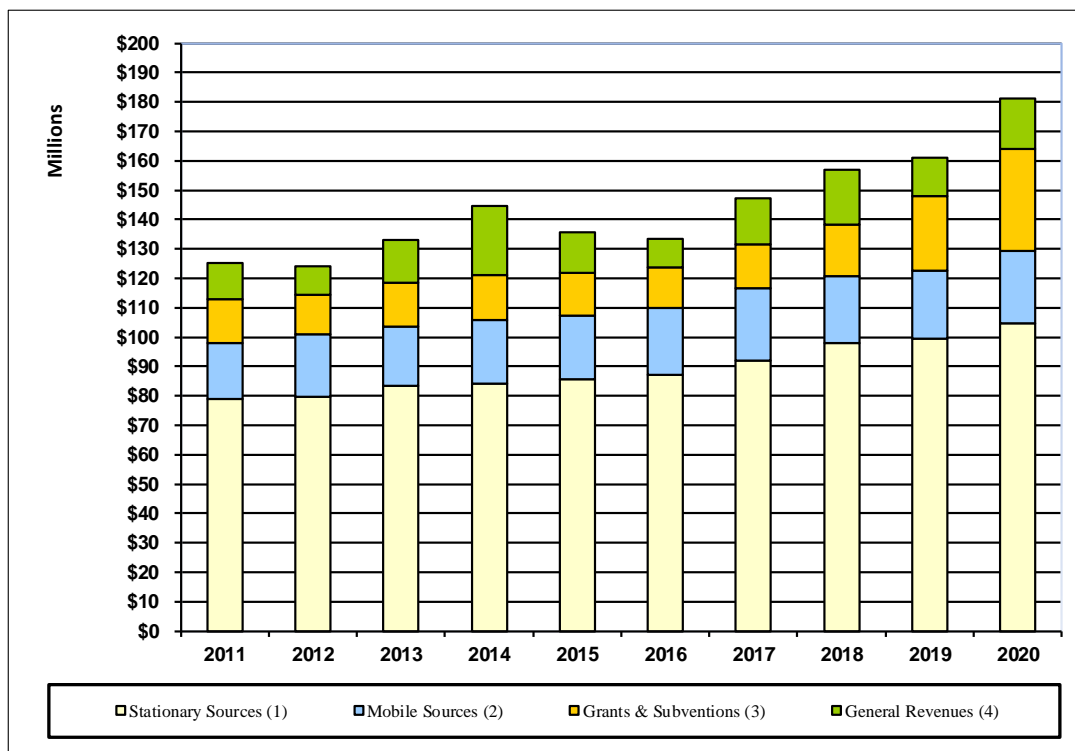
(amounts expressed in thousands)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Total Revenues (*)	Number of Customers	Per Customer
	Installment Sale Revenue Bonds	Pension Obligation Bonds				
2011	\$ 20,370	\$ 47,192	\$ 67,562	53.87%	28	2
2012	15,130	42,182	57,312	46.15%	28	2
2013	-	39,135	39,135	29.48%	28	1
2014	-	36,036	36,036	24.89%	27	1
2015	-	32,876	32,876	24.26%	27	1
2016	-	29,641	29,641	22.23%	27	1
2017	-	26,310	26,310	17.86%	26	1
2018	-	22,877	22,877	14.58%	27	1
2019	-	19,324	19,324	12.04%	27	1
2020	-	15,637	15,637	8.63%	26	1

The South Coast Air Quality Management District is a regional government and is not authorized to issue long-term debt (General Obligation Bonds). The Pension Obligation Bonds are refunding bonds of outstanding debt owed the San Bernardino County Employees' Retirement Association. The South Coast Air Quality Management District has no long-term debt limits.

(*) These percentages are calculated using Total Revenues, Schedule 8.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 8
Revenues by Major Source
General Fund
Last Ten Fiscal Years



Year	Stationary Sources (1)	Mobile Sources (2)	Grants & Subventions (3)	General Revenues (4)	Total Revenues
2011	\$ 78,787,371	\$ 19,109,043	\$ 15,189,462	\$ 12,324,164	\$ 125,410,040
2012	79,815,562	21,149,810	13,611,764	9,602,853	124,179,989
2013	83,307,359	20,324,940	14,853,666	14,446,084	132,932,049
2014	84,341,483	21,654,072	15,285,284	23,499,350	144,780,189
2015	85,546,869	21,833,199	14,399,753	13,729,825	135,509,646
2016	87,038,338	22,859,620	13,934,946	9,489,698	133,322,602
2017	92,189,311	24,574,498	14,768,699	15,810,131	147,342,639
2018	98,060,961	22,861,428	17,207,484	18,805,726	156,935,599
2019	99,546,576	23,198,491	25,350,511	12,853,554	160,949,132
2020	104,590,911	24,587,585	34,848,083	17,251,668	181,278,247

(1) Includes Emissions, Annual Operating, Permit, Air Toxics "Hot Spots," Source Test/Analysis, and Hearing Board fees

(2) Includes AB2766 Mobile Source, Clean Fuels, and Transportation Programs revenues

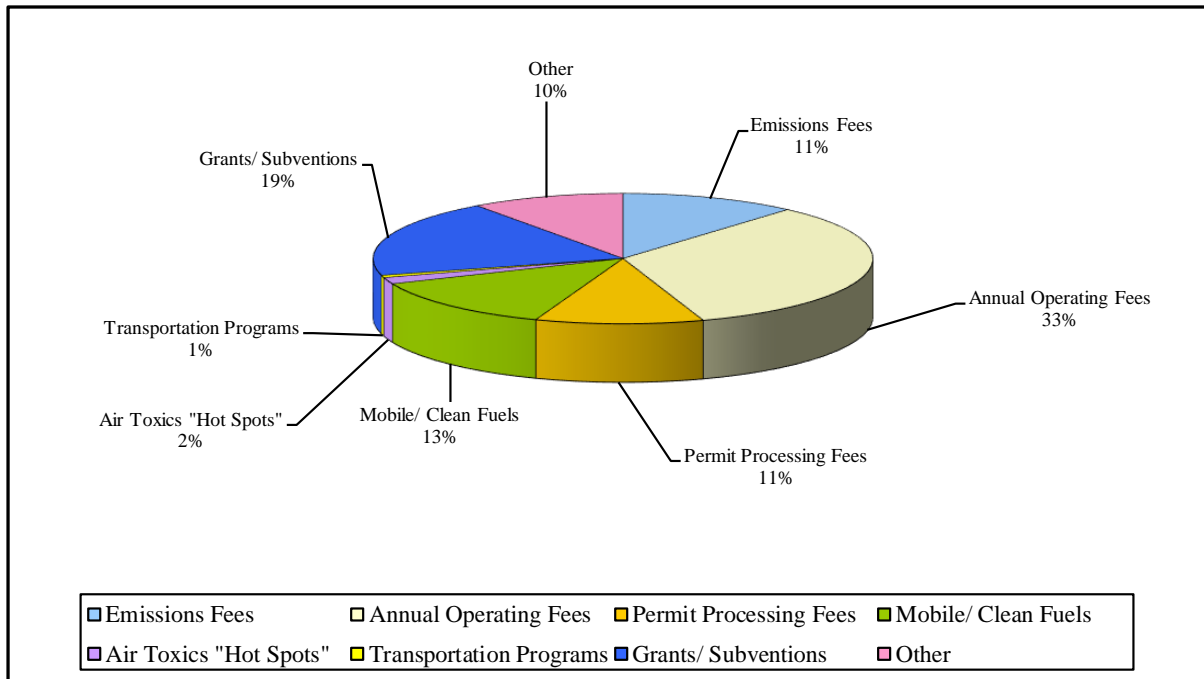
(3) Includes State Subventions, State Grants and Federal Grants

(4) Includes Area Sources, Penalties & Settlements, Interest, Lease Revenue, Other Revenue and Subscriptions

See Notes Associated with Financial Charts page 112

Source: South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 9
Revenues by Fee Source
General Fund
Last Ten Fiscal Years



Fee Source Revenue									
Year	Emissions Fees	Annual Operating Fees	Permit Processing Fees	Mobile/ Clean Fuels	Air Toxics "Hot Spots"	Transportation Programs	Grants/ Subventions	Other	Total
2011	\$ 19,246,061	\$ 41,342,340	\$ 16,007,058	\$ 18,223,780	\$ 1,353,226	\$ 885,263	\$ 15,189,462	\$ 13,162,850	\$ 125,410,040
2012	19,714,882	42,189,557	15,658,916	20,300,981	1,270,714	848,829	13,611,764	10,584,346	124,179,989
2013	20,540,391	43,056,220	17,210,640	19,397,116	1,431,740	927,824	14,853,666	15,514,452	132,932,049
2014	20,472,379	44,260,635	16,945,777	20,776,256	1,623,051	877,816	15,285,284	24,538,991	144,780,189
2015	19,838,979	45,759,738	16,668,485	20,987,963	2,001,389	845,236	14,399,753	15,008,103	135,509,646
2016	18,984,919	47,592,793	17,239,759	21,967,629	2,373,579	891,991	13,934,946	10,336,986	133,322,602
2017	18,964,371	48,930,776	20,729,207	23,734,176	2,642,966	840,322	14,768,699	16,732,122	147,342,639
2018	22,786,661	52,182,769	19,538,295	22,015,710	2,538,246	845,718	17,207,484	19,820,716	156,935,599
2019	19,542,168	57,028,631	20,030,307	22,221,268	2,184,155	977,223	25,350,511	13,614,869	160,949,132
2020	20,781,427	60,450,564	19,666,601	23,517,978	2,906,530	1,069,607	34,848,083	18,037,457	181,278,247

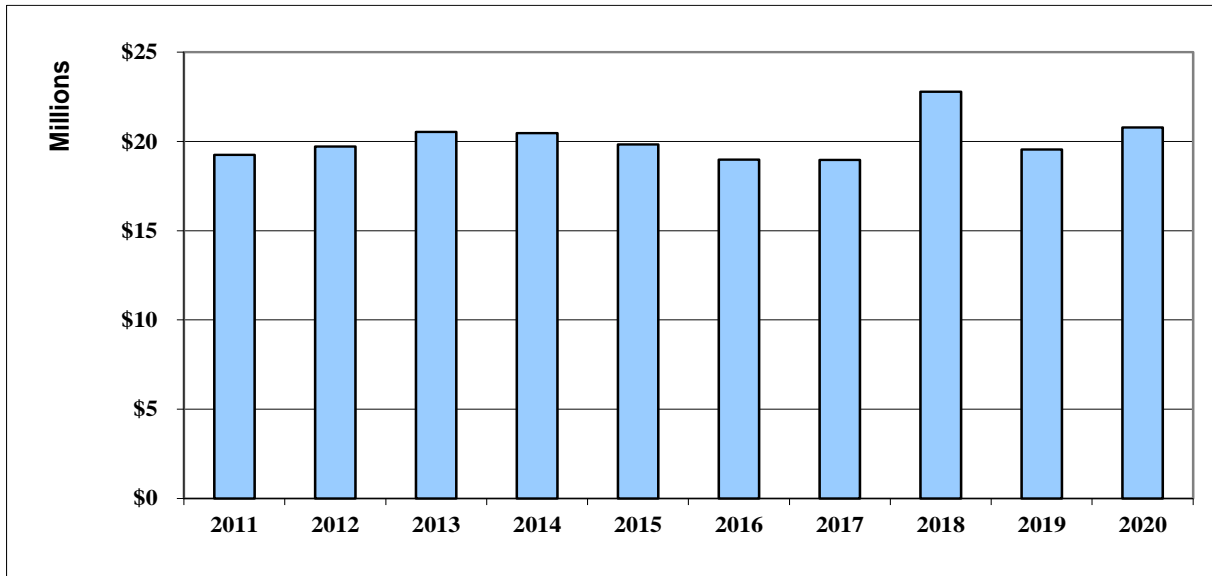
* Other includes Area Sources, Penalties and Settlements, Interest, Source Test/Analysis Fees, Lease Revenue, Hearing Board, Other Revenue and Subscriptions.

See Notes Associated with Financial Charts page 112

Source:

South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 10
Emission Fee Revenues
Last Ten Fiscal Years



Year	Emission Fees
2011	\$ 19,246,061
2012	19,714,882
2013	20,540,391
2014	20,472,379
2015	19,838,979
2016	18,984,919
2017	18,964,371
2018	22,786,661
2019	19,542,168
2020	20,781,427

See Notes Associated with Financial Charts page 113

Source: South Coast Air Quality Management District Audited Financial Statements

Notes Associated with Financial Charts

Schedule 5 - Expenditures by Major Object (General Fund Budgetary Basis)

- The increase in both Salaries and Benefits and Capital Outlays from FY 2018-19 is due to the third year of a three-year labor agreement, and the continued implementation of revenue-offset programs such as AB617, Rule 1180, and VW Mitigation Settlement.
- The increase is due to adding 47 positions for the Community Air Protection Program (CAPP) and the costs associated with the three year labor agreement that went into effect in the third quarter of FY 2017-18. There is also an increase in Retirement Expenditure based on the contribution rates provided from the San Bernardino County Retirement Association (SBCERA).
- The increase in 2018 expenditures from 2017 is mainly due to the adding positions for the AB 617 and AB 134 programs and the costs associated with the three year labor agreement and with State Disability Insurance, employer share of unemployment insurance, Social Security and Medicare.
- The increase in 2017 expenditures from 2016 is mainly due to the hiring of some grant funded positions and the contribution rates provided from the San Bernardino County Retirement Association (SBCERA).
- The increase in 2016 expenditures from 2015 includes the costs associated with the three year labor agreement. The rents and leases for equipment also increased. In addition, the professional and special services increased due to new or additional projects for outside building consultants, community outreach, and planning and rule development activities.
- In 2015 the increase in Capital Outlays of approximately \$1.3M is mainly due to large purchases of vehicles and replacements of operational systems.
- The decrease in 2014 expenditures from 2013 is mainly due to a significant reduction in debt. As of June 2013, the 2002 Series Installment Sale Bonds were legally defeased.
- The increase in 2013 expenditures from 2012 is mainly due to the rising retirement and medical insurance costs.
- The decrease in 2012 expenditures is due to a significant reduction in Services and Supplies.
- The increase in 2011 expenditures from 2010 is mainly due to the increase in expenditures for Contract and Special Services.

Schedule 6 - Expenditures by Major Object (General Fund GAAP Basis)

- The increase in both Salaries and Benefits and Capital Outlays from FY 2018-19 is due to the third year of a three-year labor agreement, and the continued implementation of revenue-offset programs such as AB617, Rule 1180, and VW Mitigation Settlement.
- The increase is due to adding 47 positions for the CAPP and the costs associated with the three year labor agreement that went into effect in the third quarter of FY 2017-18. There is also an increase in Retirement expenditure based on the contribution rates provided from the San Bernardino County Retirement Association (SBCERA).
- The increase in 2018 expenditures from 2017 is mainly due to the adding positions for the AB 617 and AB 134 programs and the costs associated with the three year labor agreement and with State Disability Insurance, employer share of unemployment insurance, Social Security and Medicare. Also, the increase in Capital Outlays reflects anticipated needs.
- The increase in 2017 expenditures from 2016 is mainly due to the hiring of some grant funded positions and the contribution rates provided from the San Bernardino County Retirement Association (SBCERA).

- The increase in 2016 expenditures from 2015 includes the costs associated with the three year labor agreement. The rents and leases for equipment also increased. In addition, the professional and special services increased due to new or additional projects for outside building consultants, community outreach, and planning and rule development activities.
- The small increase in 2015 expenditures from 2014 is mainly due to the rise in the contribution cost for retirement and purchases of vehicles.
- The decrease in 2014 expenditures from 2013 is mainly due to a significant reduction in debt. As of June 2013, the 2002 Series Installment Sale Bonds were legally defeased.
- The increase in 2013 expenditures from 2012 is mainly due to the rising retirement and medical insurance costs. In addition, Capital Outlays expenditures increased due to the large purchase of CNG vehicles and the replacement of some boilers and associated equipment.
- The decrease in 2012 expenditures is due to a significant reduction in Services and Supplies.
- The increase in 2011 expenditures from 2010 is mainly due to the increase in Contract and Special Services.

Schedule 8 - Revenues by Major Source (General Fund)

- The increase in 2020 revenue reflects annual renewal fee increases under Stationary Sources and state grant increases under Grants & Subventions. South Coast AQMD received new funding from the operation portion of CAPP.
- The increase in 2019 revenue is mainly due to the increase in State Grants related to the new funding for the implementation portion of CAPP.
- The increase in 2018 revenue reflects emission fees increase under the stationary sources and large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations under the General Revenue category.
- The large increase in 2017 revenue reflects large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.
- The decrease in 2016 revenue from 2015 is mainly due to the decrease in Penalties & Settlements in the General Revenues category.
- The large decrease in 2015 revenues is mainly due to the decrease in Penalties & Settlements for violations of permit conditions, South Coast AQMD Rules, or state law.
- Revenues increased significantly in 2014 because the South Coast AQMD received several large penalties/settlements from facilities that were found to be not in compliance with South Coast AQMD rules and regulations.
- Revenues increased significantly in 2013 because the South Coast AQMD received several large penalties/settlements from facilities that were found to be not in compliance with South Coast AQMD rules and regulations.
- The decrease in 2012 revenue is due to the decrease in Penalties & Settlements in General Revenues, and the reduction in Grants & Subventions.
- In 2011 the decrease in the Stationary Sources and Mobile Sources revenues are mainly due to the decrease in all the fee source revenues.

Schedule 9 - Revenues by Fee Source (General Fund)

- The increase in 2020 revenue is mainly due to the 3.5% CPI increase. Also included was 10.66% increase for Title V permits.

- The increase in 2019 revenue is mainly due to the 3.4% CPI increase. Also included was 4% increase on non-Title V annual operating permit renewal fees and 10.66% increase for Title V permits.
- The increase in 2018 revenue from 2017 is mainly due to the increase of emission fees. Other revenues increased because the South Coast AQMD received large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.
- Other revenues increased significantly in 2017 because the South Coast AQMD received large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.
- The decrease in 2016 revenue from 2015 is mainly due to the decrease in Penalties & Settlements in the Other Revenues category.
- The large decrease in 2015 revenues is mainly due to the decrease in Penalties & Settlements for violations of permit conditions, South Coast AQMD Rules, or state law.
- Revenues increased significantly in 2014 because the South Coast AQMD received several large penalties/settlements from facilities that were found to be not in compliance with South Coast AQMD rules and regulations.
- Other revenues increased significantly in 2013 because the South Coast AQMD received several large penalties/settlements from facilities that were found to be not in compliance with South Coast AQMD rules and regulations.
- The decrease in 2012 revenue is due to the decrease in Penalties & Settlements in General Revenues, and the reduction in Grants & Subventions.
- The decrease in 2011 revenue from 2010 is mainly due to the decreases in Mobile Source revenue and Penalties and Settlements revenue.

Schedule 10 – Emission Fee Revenues

- The increase in 2020 emission fee revenue is mainly due to the 3.5% CPI increase.
- 2019 emission fees revenue was lower than 2018 because of an emissions audit conducted and additional emission fees were collected in 2018.
- There was an increase in emission fees revenue in 2018 related to fee increase.
- There was a small decrease in emission fees revenue in 2017 due to gradually decreasing emissions.
- There was a small decrease in emission fees revenue in 2016 due to gradually decreasing emissions.
- There was a small decrease in emission fees revenue in 2015. Emission fees vary with the non-RECLAIM and RECLAIM emissions, and the flat emission fees of active facilities.
- The small increase in 2013 is due to a fee increase that was effective July 1, 2012.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 11

Revenue Capacity

Largest Payers of Emission-Based Fees at a Single Location

Current Year and Ten Years Ago

	Payment	Rank	% of Total Emission Fee	Payment	Rank	% of Total Emission Fee
Torrance Refinery Co LLC (Formerly Exxon Mobil Corporation)	\$2,648,031	1	12.7%	\$1,866,541	2	9.5%
Tesoro Refining and Marketing *	2,204,231	2	10.6%	-	-	-
Chevron Products	1,971,933	3	9.5%	1,610,197	3	8.2%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	985,918	4	4.7%	942,165	5	4.8%
Tesoro Refining and Marketing (Formerly Equilon)	972,079	5	4.7%	1,187,569	4	6.0%
Ultramar Incorporated	785,829	6	3.8%	528,072	7	2.7%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	638,623	7	3.1%	598,361	6	3.0%
Tesoro Refining and Marketing (formerly BP ARCO West Coast Products)*	440,754	8	2.1%	1,868,039	1	9.5%
City of Long Beach, SERRF Project	372,232	9	1.8%	247,408	10	1.3%
U.S. Govt. Dept of Navy	225,797	10	1.1%	-	-	-
Cal Portland Cement Company	204,323	11	1.0%	360,913	8	1.8%
Desert View Power	197,492	12	1.0%	-	-	-
Beta Off Shore	171,320	13	0.8%	-	-	-
Dart Container Corp of California	168,990	14	0.8%	-	-	-
Metal Container Corp	136,881	15	0.7%	-	-	-
Equilon Enterprises, LLC, Shell Oil Products US (formerly Texaco Refining)	125,700	16	0.6%	113,458	19	-
New Indy Ontario LLC	123,675	17	0.6%	-	-	-
Sunshine Canyon Landfill Republic Service Inc	121,596	18	0.6%	-	-	-
Tamco	115,504	19	0.6%	-	-	-
Southern California Edison	115,200	20	0.6%	-	-	-
Anheuser-Busch Incorporated	-	-	-	217,695	11	1.1%
Paramount Petroleum Company	-	-	-	179,798	14	0.9%
Rhodia Incorporated	-	-	-	200,629	13	1.0%
Mountainview Generating Station	-	-	-	204,979	12	1.0%
BP West Coast Products LLC	-	-	-	275,117	9	1.4%
Southern California Gas Company	-	-	-	171,548	15	0.9%
City of Los Angeles DWP	-	-	-	123,330	18	0.6%
Colmac Energy	-	-	-	151,908	16	0.8%
LA County Sanitation District	-	-	-	145,922	17	0.7%
Baxter Healthcare Corp., Highland Division	-	-	-	111,237	20	0.6%
Total Paid by Largest Payers at a Single Location	<u>\$ 12,726,108</u>		61.4%	<u>\$ 11,104,886</u>		55.8%
Total Emissions Based Fees Paid by All Emitters	<u>\$ 20,781,427</u>			<u>\$ 19,663,171</u>		

*Located at separate sites.

KEY AIR QUALITY AND DEMOGRAPHIC INFORMATION REGARDING THE REGION INCLUDED IN THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

The South Coast Air Quality Management District includes all of Orange County and parts of Los Angeles, Riverside and San Bernardino Counties. The section below provides a brief description of each county.

Measuring 4,084 square miles, ***Los Angeles County*** is one of the nation's largest counties. It is the most populated county in the state of California and contains the most populated city in the state, the City of Los Angeles. Before World War II, Los Angeles County was one of the nation's foremost agricultural producers. As agricultural production declined, the economy has evolved into diverse areas that include trade, transportation, and utilities, government, educational and health services, professional and business services, and manufacturing. Tourism and entertainment as well as international trade also play a vital role in the county's economy. The county is home to the twin seaports of Los Angeles and Long Beach, together the nation's largest, as well as the single largest fixed source of air pollution in the region. The two ports are responsible for more smog-forming nitrogen oxide emissions than 7 million cars.

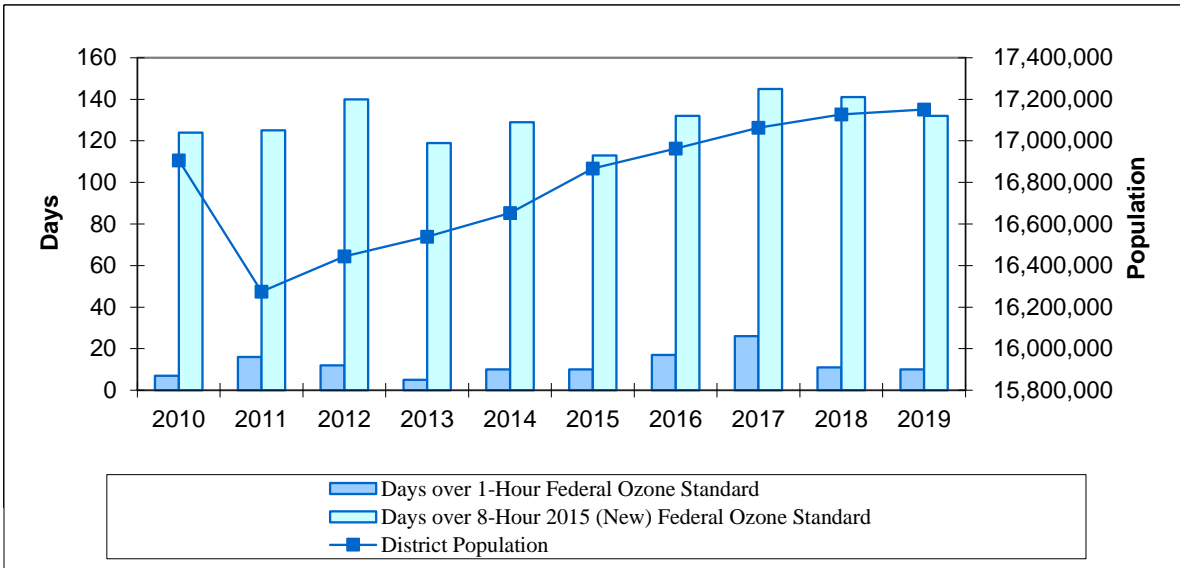
Orange County is the third most populated county in the state and lies south of Los Angeles County. When created in 1889, Orange County was named for its abundance of orange groves and thriving agricultural industry. Today, the largest industry employers are trade, transportation, and utilities, professional and business services, and manufacturing.

The varied topography of ***Riverside County*** is characterized by fertile river valleys to rolling plains and foothills to deserts below sea level and mountain peaks above 10,000 feet. Recent years have brought dramatic population growth to Riverside County. The population is expected to increase by 1.3 percent in 2016. Annual growth in the 2016 - 2021 period is expected to average 1.5 percent. The county's early years were linked to the agriculture industry, but commerce, construction, manufacturing, transportation, and tourism have contributed to the county's substantial growth. The County is also a major distribution center for Southern California and the Pacific Rim.

Roughly 90 percent of ***San Bernardino County*** is desert and the remaining portion consists of the San Bernardino Valley and San Bernardino Mountains. San Bernardino County and Riverside County are collectively known as the Inland Empire. San Bernardino ranks as the fifth-highest populated county in California from 2016 to 2021, population growth is expected to average 1.0 percent per year. The economy is led by services, government, retail trade, and manufacturing industries. Additionally, the county consistently ranks in the top fifteen agricultural-producing counties in the state.

All four counties within the South Coast Air Quality Management District's jurisdiction have experienced significant population growth in the last few years. The following charts illustrate air pollution, demographic, employment, and motor vehicle information relating to the South Coast Air Quality Management District region.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 12
South Coast Air Basin Smog Trend
Last Ten Calendar Years



Year	Days over 1-Hour Federal Ozone Standard	Days over 8-Hour 2015 (New) Federal Ozone Standard	District Population
2010	7	124	16,906,456
2011	16	125	16,274,797
2012	12	140	16,444,162
2013	5	119	16,538,490
2014	10	129	16,652,810
2015	10	113	16,866,350
2016	17	132	16,962,478
2017	26	145	17,063,249
2018	11	141	17,127,040
2019	10	132	17,150,993

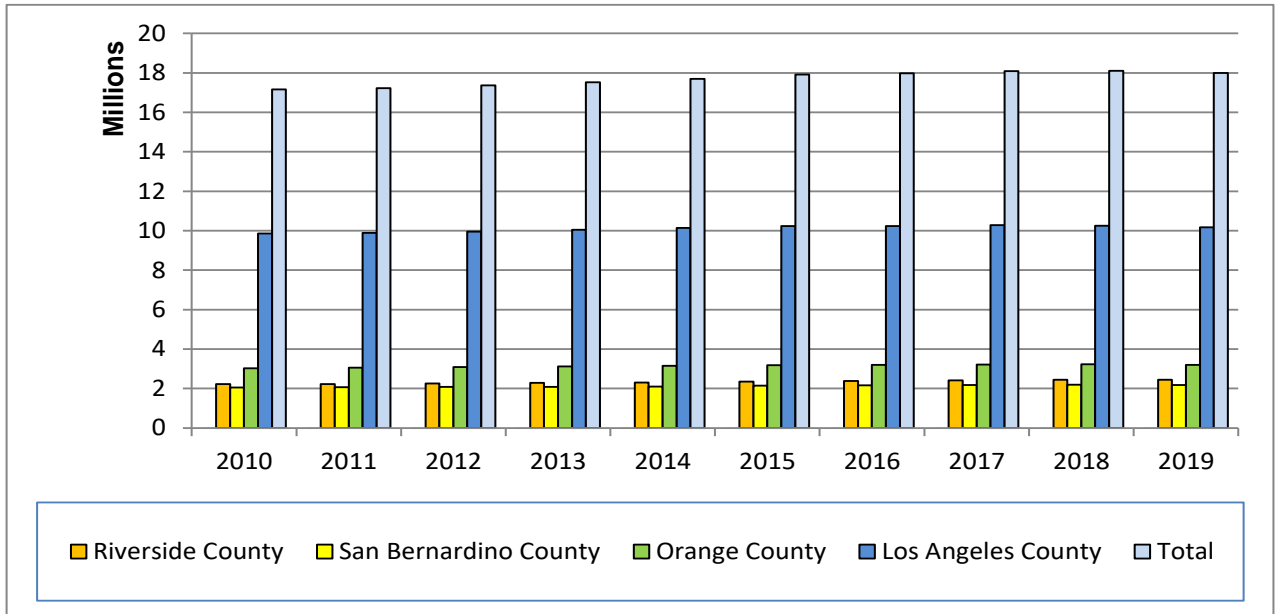
Notes:

- The average number of days exceeding the federal ozone standard in the Basin decreased by 54% between the three-year period of 1976-78 and 2011-13.
- Favorable weather conditions and continued implementation of the air pollution control strategy contributed to the significant decrease in Days over the 1-Hour Ozone Standard in the recent decades.
- In 1997, the federal government implemented the 8-hour ozone National Ambient Air Quality Standard. The standard was revised in 2015 from 75 ppb to 70 ppb.

Source:

South Coast Air Quality Management District (www.aqmd.gov); State Subvention Guidance.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 13
Four-County Area Population
Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	% Increase
2010	2,217,778	2,052,397	3,029,859	9,858,989	17,159,023	-3.71%
2011	2,227,577	2,063,919	3,055,792	9,884,632	17,231,920	0.42%
2012	2,255,059	2,076,274	3,081,804	9,958,091	17,371,228	0.81%
2013	2,279,967	2,085,669	3,113,991	10,041,797	17,521,424	1.68%
2014	2,308,441	2,104,291	3,147,655	10,136,559	17,696,946	1.00%
2015	2,347,828	2,139,570	3,183,011	10,241,335	17,911,744	1.21%
2016	2,384,783	2,160,256	3,194,024	10,241,278	17,980,341	0.38%
2017	2,415,955	2,174,938	3,221,103	10,283,729	18,095,725	0.64%
2018	2,440,124	2,192,203	3,222,498	10,253,716	18,108,541	0.07%
2019	2,442,304	2,180,537	3,194,332	10,172,951	17,990,124	-0.65%

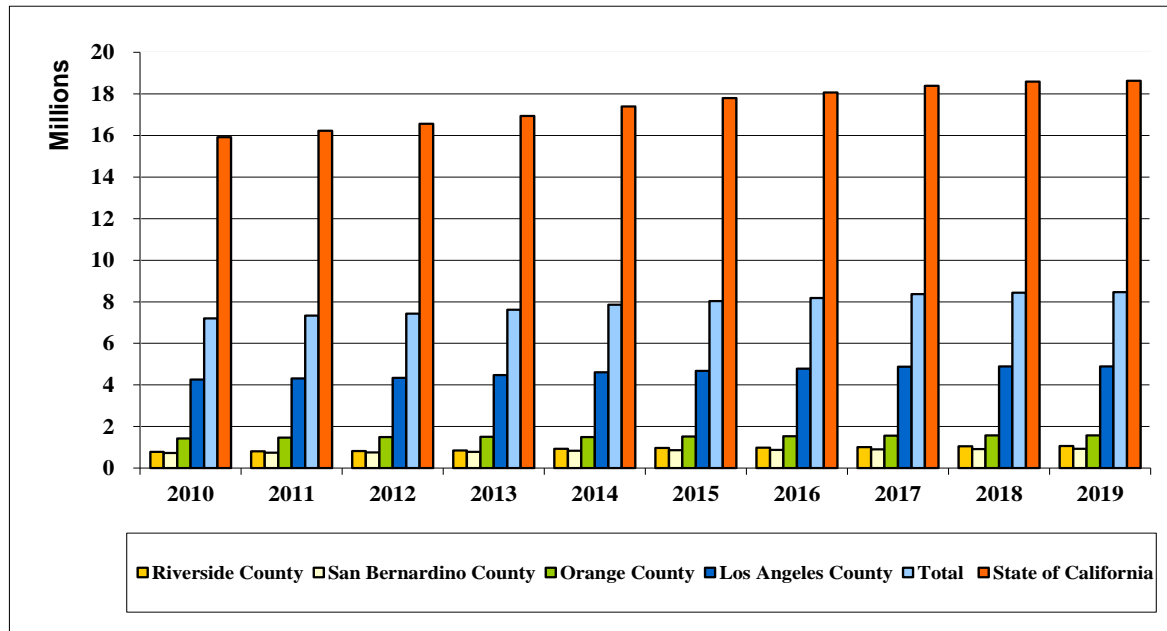
South Coast AQMD encompasses all of Orange County and parts of the Los Angeles, Riverside, and San Bernardino Counties, representing over 18 million residents.

Source:

California Department of Finance - Demographic Research Unit

www.dof.ca.gov/budgeting/documents

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 14
Los Angeles, Orange, Riverside, San Bernardino
Counties, and State of California Civilian Employment
Last Ten Calendar Years



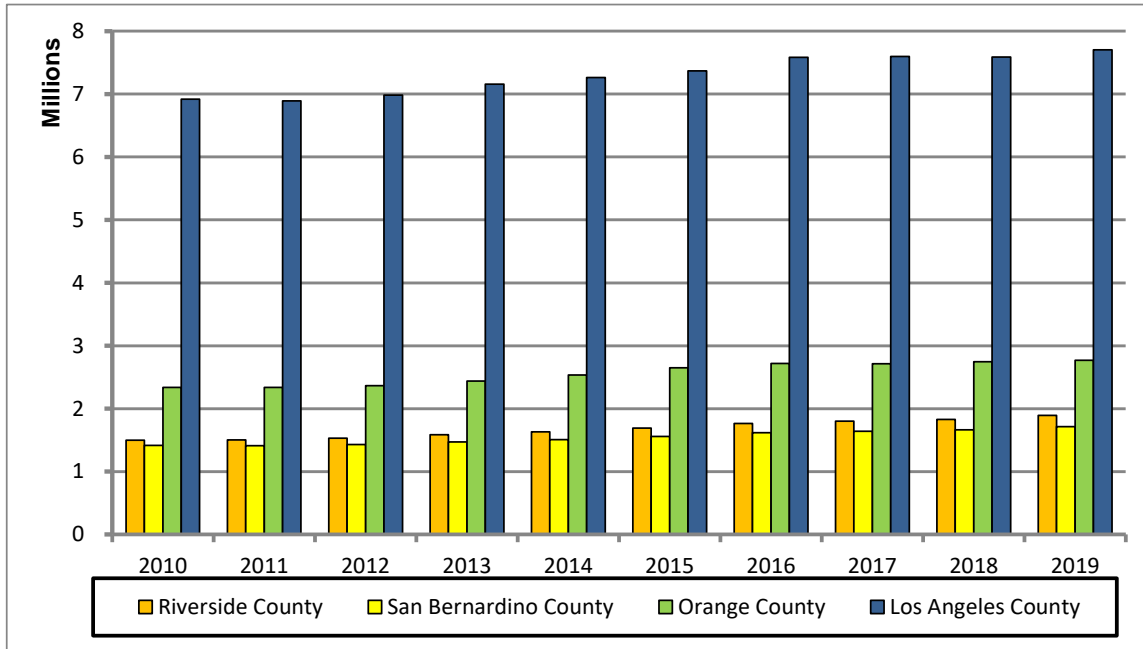
Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	State of California
2010	779,500	733,800	1,429,700	4,262,300	7,205,300	15,916,300
2011	810,600	747,100	1,464,400	4,318,900	7,341,000	16,226,600
2012	828,800	758,000	1,496,000	4,345,700	7,428,500	16,560,300
2013	855,300	778,100	1,510,600	4,470,700	7,614,700	16,933,300
2014	927,300	836,000	1,489,200	4,610,800	7,863,300	17,397,100
2015	965,500	866,800	1,525,600	4,674,800	8,032,700	17,798,600
2016	988,000	882,200	1,538,000	4,778,800	8,187,000	18,065,000
2017	1,016,200	904,200	1,562,600	4,883,600	8,366,600	18,393,100
2018	1,044,600	922,300	1,577,900	4,896,500	8,441,300	18,582,800
2019	1,057,900	930,700	1,578,300	4,894,300	8,461,200	18,627,400

Source:

State of California: Employment Development Department

www.labormarketinfo.edd.ca.gov/cgi/dataanalysis

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 15
Vehicle Registrations (Automobiles & Trucks)
For Four County Area
Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total District
2010	1,497,595	1,417,354	2,337,837	6,920,671	12,173,457
2011	1,502,571	1,412,652	2,336,315	6,892,687	12,144,225
2012	1,532,040	1,428,725	2,367,745	6,984,730	12,313,240
2013	1,587,494	1,470,974	2,440,330	7,159,182	12,657,980
2014	1,630,405	1,507,903	2,536,833	7,263,982	12,939,123
2015	1,689,523	1,557,196	2,649,420	7,368,979	13,265,118
2016	1,765,545	1,618,573	2,716,672	7,585,269	13,686,059
2017	1,799,962	1,642,888	2,713,892	7,599,579	13,756,321
2018	1,831,189	1,666,102	2,744,304	7,586,587	13,828,182
2019	1,891,381	1,713,142	2,770,175	7,704,244	14,078,942

South Coast AQMD encompasses all of Orange County, and parts of Los Angeles, Riverside, and San Bernardino counties.

Source:

California Department of Motor Vehicles - Estimated Vehicles Registered by County

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 16
Full-time Equivalent South Coast AQMD Employees by Function/Program
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
FUNCTION:										
Executive Office	10	10	9	10	8	9	6	5	5	5
Clerk of the Boards	6	6	6	6	6	6	6	5	6	5
Legal *	-	-	-	-	-	-	27	28	29	25
District Counsel	12	11	11	12	12	10	-	-	-	-
District Prosecutor	20	21	18	19	20	19	-	-	-	-
Finance	43	42	41	44	41	40	42	44	43	40
Administrative & Human Resources	34	32	32	31	32	30	33	36	34	34
Information Management	49	48	47	47	46	47	45	47	48	52
Planning, Rule Development & Area										
Area Sources	103	96	88	85	85	85	94	111	117	125
Legislative, Public Affairs & Media	40	39	40	38	38	41	44	41	43	48
Science & Technology Advancement	146	143	144	144	150	148	145	159	160	188
Engineering & Compliance **	300	286	273	261	259	-	-	-	-	-
Engineering & Permitting	-	-	-	-	-	136	133	133	122	132
Compliance & Enforcement	-	-	-	-	-	110	127	119	129	129
Total	763	734	709	697	697	681	702	728	736	783

* In fiscal year 2013, District Counsel and District Prosecutor merged to become the Legal department.

** In fiscal year 2016, Engineering & Compliance split into two divisions: Engineering & Permitting and Compliance & Enforcement.

Source: Administrative and Human Resources (vacancy and item control reports).

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 17
Operating Indicators by Function
Last Ten Fiscal Years

<u>Program Category</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Advance Clean Air Technology										
Contracts awarded	526	556	938	523	1,047	421	403	357	564	349
Total Funding awarded	\$ 131,399,287	\$ 82,536,619	\$ 207,181,573	\$ 216,085,526	\$ 123,181,473	\$ 153,900,867	\$ 137,406,323	\$ 170,391,084	\$213,005,034	\$127,879,802
Ensure Compliance with Clean Air Rules										
Inspections	33,560	34,191	32,535	29,501	22,871	24,037	21,419	24,692	24,289	27,595
Notices of Violations	1,254	1,211	965	956	811	499	632	1,626	2,724	2,076
Hearing Board Orders for Abatement	47	93	51	46	41	23	27	24	29	26
Hearing Board Appeals	2	7	3	7	-	3	3	1	2	3
Customer Service										
Public Information Requests	3,410	3,543	3,460	4,505	4,012	4,958	5,282	4,676	4,830	3,416
Community/Public Meetings attended	190	274	294	264	217	239	210	156	193	144
Small Business Assistance Contacts	2,497	2,574	2,266	1,850	1,711	1,865	2,834	4,073	3,043	3,357
Develop Programs to Achieve Clean Air										
Transportation Plans processed	1,385	1,392	1,371	1,333	1,329	1,337	1,348	1,356	1,357	1,335
Emission Inventory Updates	521	530	408	460	336	356	244	343	294	269
Develop Rules to Achieve Clean Air										
Rules Developed	40	8	20	24	24	16	15	28	44	14
Monitoring Air Quality										
Samples Analyzed by the Laboratory	28,915	29,520	32,520	29,340	30,824	32,400	38,541	36,342	33,258	30,225
Source Testing Analyses/Evaluations/Reviews	1,030	952	1,035	968	996	936	952	714	632	562
Timely Review of Permits										
Applications Processed	13,044	12,225	14,153	13,217	9,495	9,482	11,780	10,913	9,463	8,345
Applications Received-Small Business	798	732	615	514	629	594	535	605	541	485
Applications Received-All Others	10,769	11,682	11,709	11,156	9,961	9,894	8,376	9,172	8,131	8,070
Policy Support										
News Releases	64	57	61	62	76	89	86	120	99	126
Media Calls	252	520	1,131	774	532	1,450	1,201	-	-	-
Media Inquiries Completed	252	520	1,131	774	532	1,450	1,201	-	-	-
News Media Interactions*	-	-	-	-	-	-	-	1,235	633	672

*Tracking of News Media Interactions began in 2018. This will replace the tracking of media calls and media inquiries completed.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 18
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Function/Program</u>										
Ensure Compliance with Clean Air Rules										
Number of vehicles assigned to field inspection	127	121	121	112	108	100	98	100	97	105
Monitoring Air Quality										
Number of air monitoring stations	43	42	40	42	42	42	43	41	41	43
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	283	249	292	260	208	223	222	224	224	260

Source: South Coast AQMD Human Resources and Science and Technology Advancement's records

South Coast Air Quality Management District

Demographic and Miscellaneous Statistics

<u>Established:</u>	February 1, 1977
<u>Area Covered:</u>	10,743 Square Miles
<u>Counties Included in District:</u>	All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties
<u>Population:</u>	17,150,993 (In 2019)
<u>Average Unemployment Rate:</u>	Los Angeles County (4.4%), Orange (2.8%), Riverside (4.2%), and San Bernardino (3.8%) counties (In 2019)
<u>Transportation:</u>	<p>Two transcontinental railroads – Burlington Northern Santa Fe and the Union Pacific Six Commercial Airports – Los Angeles International, Burbank, Long Beach, Ontario International, Orange County, and Palm Springs</p> <p>Freeways – Three major interstate freeways including four bypass routes, U.S. 101, and nine State freeway routes</p> <p>Two major adjoining ports – Port of Long Beach and Port of Los Angeles</p>
<u>Visitor Destinations:</u>	Disneyland, Knott's Berry Farm, Magic Mountain, Motion Picture and Television Studios and the Rose Bowl
<u>Number of Registered Vehicles Within South Coast AQMD Jurisdiction:</u>	14,078,942 (In 2019)
<u>Average Daily Miles Traveled Per Vehicle:</u>	28 (CY 2019 data)
<u>Examples of Stationary Sources of Air Pollution Regulated:</u>	Oil Refineries, power plants, paint spray booths, incinerators, manufacturing facilities, dry cleaners, and service stations.
<u>Number of Sources:</u>	25,984 operating locations with 67,971 permits.
<u>Number of Air Monitoring Stations:</u>	43
<u>Full-time Authorized Positions:</u>	946
<u>Adopted FY 2020-21 Budget:</u>	\$172,988,981
<u>Key Federal, State, and Local Air Agencies:</u>	EPA Region IX (Environmental Protection Agency), CARB (California Air Resources Board), CAPCOA (California Air Pollution Control Officer's Association), NACAA (National Association of Clean Air Agencies), ALAPCO (Association of Local Air Pollution Control Officials). There are 35 local air pollution control districts in California.

Air Quality Historical Timeline



Photo courtesy of
Los Angeles Times Collection,
Department of Special Collections,
UCLA Library

First recognized episodes of smog
occur in Los Angeles in
summer 1943

1943

1950

Orange County
APCD established



1966



California adopts first automobile
tailpipe emission standards in the
nation

1970

Federal Clean Air Act
enacted, establishing the
basic U.S. program for
controlling air pollution



1975

Catalytic converters
required for most
gasoline-powered
vehicles

1978

Vapor recovery
"boots" required
on gas station
nozzles



1947

Los Angeles County
Air Pollution Control
District (APCD)
established—the first of its
kind in the nation



1957

San Bernardino
and Riverside County APCDs formed



1968

California Air Resources
Board (CARB) holds its
first meeting with Dr.
Arie J. Haagen-Smit as
its first chairman

1971

U.S. EPA adopts
first national air
quality standards



1977

California legislature
merges air pollution
control districts of LA,
Orange, Riverside and
San Bernardino counties
forming the South Coast
Air Quality Management
District

1986

South Coast AQMD
launches first Multiple Air
Toxics Exposure Study
(MATES) to understand
air toxics health impacts.
Additional MATES studies
conducted in 1999, 2006,
2013 and 2018

MATES

1989

South Coast AQMD adopts first
Air Quality Management Plan
to show attainment of clean air
standards



1998

Carl Moyer Program
established to reduce
mobile source emissions



2011

Federal agencies and
the State of California
establish single time frame
for corporate average
fuel economy (CAFE) and
greenhouse gas standards
for the next generation of
cars and light-duty trucks

2017

AB 617 enacted to
develop community plans
and implement new
technologies addressing
the disproportionate
impacts of air pollution
sources in Environmental
Justice communities

Created a program to assess and
reduce health risks from air toxic
emissions under the Air Toxics
"Hot Spots" Information and
Assessment Act (AB 2588)

1987



Federal Clean Air Act
Amendments of 1990
enacted establishing
new programs to
reduce ozone, toxic
emissions and vehicle
emissions

1990



2006

California Global
Warming Solutions
Act of 2006 (AB 32)
enacted to reduce
greenhouse gases



2013

Attained the 1997
24 hour and annual
National Ambient Air
Quality Standards for
fine particulate matter
two years ahead of
schedule



South Coast
Air Quality Management District

21865 Copley Drive
Diamond Bar, CA 91765-4178

www.aqmd.gov

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

SINGLE AUDIT

JUNE 30, 2020
(With Independent Auditor's Reports Thereon)



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**INDEPENDENT AUDITOR'S 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***

To the Governing Board of
South Coast Air Quality Management District
Diamond Bar, California

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 governmental activities, the blended component unit, each major fund, and the aggregate remaining fund information of the South Coast Air Quality Management District (South Coast AQMD) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise South Coast AQMD's basic financials statements, and have issued our report thereon dated October 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Coast AQMD'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 South Coast AQMD's internal control. Accordingly, we do not express an opinion on the effectiveness of South Coast AQMD'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 entity'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.

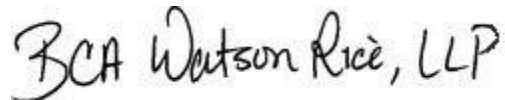
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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 South Coast AQMD's financial statements are free from material misstatement, we performed tests of its 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Coast AQMD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
October 16, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Governing Board of
South Coast Air Quality Management District
Diamond Bar, California

Report on Compliance for Each Major Federal Program

We have audited the South Coast Air Quality Management District's (South Coast AQMD) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of South Coast AQMD's major federal programs for the year ended June 30, 2020. South Coast AQMD's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal award applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Coast AQMD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Coast AQMD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on South Coast AQMD's compliance.

Opinion on Each Major Federal Program

In our opinion, South Coast AQMD's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of South Coast AQMD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Coast AQMD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Coast AQMD's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the blended component unit, each major fund, the aggregate remaining fund information of South Coast AQMD as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise South Coast AQMD's basic financial statements. We issued our report thereon dated October 16, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BCA Watson Rice, LLP

Torrance, CA
October 16, 2020

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Expenditures
<u>U.S. Environmental Protection Agency</u>				
<i>Air Pollution Control Program Support:</i>				
EPA Section 105 Air Grant	66.001*	A00909420-0	\$ 500,000	\$ 3,195,267
EPA Section 105 Air Grant	66.001*	A00909416-5	22,834	22,834
EPA Section 105 Air Grant	66.001*	A00909418-6	-	1,576,149
			<u>522,834</u>	<u>4,794,250</u>
<i>Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:</i>				
PM 2.5 Monitoring	66.034	PM-00T86701-9	-	478,309
PM 2.5 Monitoring	66.034	PM-98T04001-0	-	312,523
National Air Toxics Trend Stations	66.034	XA-99T27601-6	-	180,137
Community Scale Air Toxics Monitoring	66.034	XA-99T33501-2	-	73,629
			<u>-</u>	<u>1,044,598</u>
<i>National Clean Diesel Emissions Reduction Program:</i>				
DERA-Locomotive Replacement Project (FY 16)	66.039	DE-99T45901-3	-	21,641
DERA-Replace HDDTs-Interstate (FY 17)	66.039	DE-99T69701-1	20,000	710,554
DERA-Drayage Truck Replacement (FY 18)	66.039	DE-99T82401-1	-	1,535,983
DERA-HD Truck Replacement (FY 19)	66.039	DE-99T89501-0	-	5,016
			<u>20,000</u>	<u>2,273,194</u>
<i>Congressionally Mandated Projects:</i>				
Targeted Air Shed - Lawn/Garden Equipment Exchange	66.202	EM-99T48301-0	-	722,112
Targeted Air Shed - Yard Tractor Replacement	66.202	EM-99T48501-0	-	8,526
Targeted Air Shed - School Bus Replacement	66.202	EM-99T71401-1	-	748,637
Targeted Air Shed - Shuttle Bus Replacement	66.202	EM-99T71501-0	1,187,240	1,205,992
Targeted Air Shed - Volvo BE Excavator/Wheel Loader Program	66.202	TA-99T92501-0	-	13,533
Targeted Air Shed - Daimler ZE Electric Delivery Truck	66.202	TA-99T92401-0	-	8,426
			<u>1,187,240</u>	<u>2,707,226</u>
<i>Science To Achieve Results (STAR) Research Program:</i>				
STAR Engage, Educate, and Empower	66.509	RD-83618401-4	13,815	134,109
Total U.S. Environmental Protection Agency			<u>1,743,889</u>	<u>10,953,377</u>
<u>U.S. Department of Energy</u>				
<i>Conservation Research and Development:</i>				
Zero Emission Cargo Transport Demo	81.086	DE-EE0005961-9	98,307	98,307
San Pedro Bay Ports FCEV and HEV Demo	81.086	DE-EE0006874-9	361,306	361,306
Passed through Newport Partners				
Devel Test Standard-Indoor AQ Sensors	81.086	N/A	-	12,383
Total Department of Energy			<u>459,613</u>	<u>471,996</u>
<u>U.S. Department of Homeland Security</u>				
<i>Homeland Security Biowatch Program:</i>				
Biowatch Program	97.091*	06OHBIO00011-14-01	-	1,644,532
Biowatch Program	97.091*	06OHBIO00011-15-01	-	299,619
Total Department of Homeland Security			<u>-</u>	<u>1,944,151</u>
<u>National Aeronautics and Space Administration</u>				
Passed through RTI International				
<i>Science:</i>				
2016 Citizen Science for Earth Systems Prog II	43.001	1-340-0216485-65403L	-	122,052
Total Federal Expenditures			<u>\$ 2,203,502</u>	<u>\$13,491,576</u>

* Major Programs

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the South Coast Air Quality Management District (South Coast AQMD) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Coast AQMD, it is not intended to and does not present the financial position, changes in net position or cash flows of the South Coast AQMD.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3– INDIRECT COST RATE

The South Coast AQMD has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The South Coast AQMD has federal awards with subrecipients for the year ended June 30, 2020. The subrecipient expenditures from these federal awards were as follows:

<u>Subrecipients</u>	<u>CFDA No.</u>	<u>Amount</u>
Daimler Trucks North America, LLC	66.001	\$ 500,000
Rail Propulsion Systems	66.001	22,834
Puget Sound (Northwest Seaport Alliance)	66.039	20,000
Phoenix Motorcars	66.202	1,187,240
University of California Los Angeles	66.509	8,866
Special Services for Groups	66.509	4,949
Transportation Power	81.086	33,718
U.S. Hybrid	81.086	59,589
National Renewable Energy Laboratory	81.086	5,000
Center for Transportation and the Environment	81.086	289,706
Gas Technology Institute	81.086	71,600
Total		<u>\$ 2,203,502</u>

NOTE 5– RELATIONSHIP TO COMPREHENIVE ANNUAL FINANCIAL REPORT

Amounts reported in the accompanying Schedule agree to amounts reported within the South Coast AQMD's Comprehensive Annual Financial Report.

NOTE 6– CONTINGENCIES

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

SECTION I – SUMMARY OF AUDITOR’S RESULTS

A - Financial Statements

- | | |
|---|---------------|
| 1) Type of auditor’s report issued: | Unmodified |
| 2) Internal control over financial reporting: | |
| a) Material weakness(es) identified? | No |
| b) Significant deficiency(ies) identified not considered to be material weaknesses? | None reported |
| 3) Noncompliance material to financial statements noted? | No |

B - Federal Awards

- | | |
|---|---------------|
| 1) Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2) Internal control over major programs: | |
| a) Material weakness(es) identified? | No |
| b) Significant deficiency(ies) identified not considered material weakness(es)? | None reported |
| 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4) Identification of major programs: | |

<u>CFDA No.</u>	<u>Name of Federal Program</u>
66.001	Air Pollution Control Program Support
97.091	Homeland Security Biowatch Program

- | | |
|---|-----------|
| 5) Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6) Auditee qualified as low-risk auditee? | Yes |

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None reported.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT



FINAL COMMUNICATION WITH THE
ADMINISTRATIVE COMMITTEE

AUDIT OF FISCAL YEAR 2020
FINANCIAL STATEMENTS & SINGLE AUDITS

November 13, 2020



2355 Crenshaw Blvd, Suite 150
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1

Final Communication Agenda



- Opening Remarks and Introductions
- Financial Statements and Single Audit Results
- Financial Highlights
- Auditor's Required Communications
- Management Letter Comments
- Open Discussions and Questions



2

Financial Statement Audit Results



- Unmodified ("Clean") Opinion on the Financial Statements
 - Governmental activities
 - Blended component unit
 - Each major fund
 - Aggregate remaining fund
- Report on Internal Controls over Financial Reporting and Compliance in Accordance with *Government Auditing Standards*
 - Material weaknesses – none noted
 - Significant deficiencies – none noted



3

Single Audit Results



- Compliance with Each Major Federal Program
 - Unmodified ("Clean") Opinion – complied with OMB Compliance Supplement on each major federal program.
- Report on Internal Control over Compliance
 - Material weakness – none identified
 - Significant deficiencies – none identified
- Report on Schedule of Expenditures of Federal Awards
 - Unmodified ("Clean") Opinion – fairly stated in all material respects in relation to the basic financial statements.



4

Financial Highlights



- Total assets of South Coast AQMD exceeded its total liabilities at the end of FY 2019/2020 by \$762.6 million (net position).
- South Coast AQMD's total net position increased from prior year by \$70.2 million. Most of the increase was due to increased revenues in long-term emission-reduction projects.
- South Coast AQMD's governmental funds reported combined ending fund balances of \$935.1 million, an increase of \$77.9 million in comparison to prior year.



5

Financial Highlights (Continued)



- Actual revenues were higher than the final budget by \$7.6 million or 4.3% due to higher than anticipated penalty and settlement revenue. State grant revenue was also higher than expected due to receipt of reimbursement of AB 617 expenditures that was expected to be received in FY 2020-21.
- Expenditure savings were \$15.9 million or 8.4% of final budget. The savings were attributed to various fiscal measures implemented in the 2nd half of the fiscal year due to COVID-19 uncertainty such as; hiring freeze and spending reductions in services and supplies and capital outlays.



6

Required Communications



MATTERS TO COMMUNICATE

RESPONSES

BCA Watson Rice's Responsibility Under Generally Accepted Auditing Standards

Conduct our audit 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* which provide reasonable – not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud. To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.

Whether material illegal acts were identified during the audit

There were no illegal acts identified during the audit.



7

Required Communications (Continued)



MATTERS TO COMMUNICATE

RESPONSES

Adoption of, or change in, accounting policies

GASB Statement No. 95 has postponed for one year the various new GASB pronouncements due for implementation for fiscal year 2019-2020 due to the COVID-19 pandemic. See note 1F.

Other significant accounting policies are described in note 1B of the financial statements.

Significant and unusual transactions

None identified

Alternative treatment discussed with management

We did not discuss with management any alternative treatments with generally accepted accounting principles for accounting policies and practices related to material items during the audit period.

Significant Issues Discussed with Management

None



8

Required Communications (Continued)



MATTERS TO COMMUNICATE	RESPONSES
Major Issues Discussed with Management Prior to Retention	None
Disagreements with Management on Financial Accounting and Reporting Matters	None
Difficulties Encountered with Management in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Consultations with Other Accountants	None that we are aware of relating to audit matters.
Written Communications Between Management and Our Firm	We requested certain representations from management which have been included in the management representation letter.
Independence	We are independent with respect to South Coast AQMD.



9

Required Communications (Continued)



MATTERS TO COMMUNICATE	RESPONSES
Management Judgments and Accounting Estimates	We evaluated the key factors and assumptions used by management in making accounting estimates and judgments significant to the financial statements, and concluded that all estimates and judgments appeared reasonable.
2020 Significant Adjustments and Transactions	No significant adjustments and transactions.



10

Management Letter Comments



- There are no management letter comments.

Open Discussions and Questions

**FY 2020-21
1st Quarter
Budget vs. Actual
(Unaudited)**

***Administrative Committee
November 13, 2020***

1

General Fund Overview

- FY 2020-21 1st Quarter Budget vs. Actual (Unaudited)
- Revenues
- Expenditures
- Updated General Fund Five Year Projection

2

Budget vs. Actual

FY 2020-21 1st Quarter (unaudited)

(\$ in millions)	Adopted Budget	Amended Budget	FY 2020-21 Q1 Actual
Revenues/Transfers In	\$173.0	\$175.1	\$50.8
Expenditures/Transfers Out	\$173.0	\$175.4	\$45.7

3

Revenues

*FY 2020-21 1st Quarter Budget vs. Actual
& FY 2019-20 1st Quarter Comparison*

Revenue Type (\$ in millions)	Fiscal Year 2020-21 Q1			Fiscal Year 2019-20 Q1	
	Amended Budget	Actuals	Actual % of Budget	Actuals	Actual % of Budget
Emissions Fees	\$ 20.3	\$9.4	46%	\$9.0	43%
Annual Operating Fees	60.9	30.0	49%	26.4	45%
Permit Fees	19.7	3.7	19%	4.2	20%
Mobile Sources/Transportation	29.4	1.7	6%	0.4	1%
Other*	39.1	6.0	15%	8.5	21%
Area Sources	2.0	0.0	0%	0.3	13%
Transfers In	<u>3.7</u>	<u>0.0</u>	0%	<u>2.4</u>	20%
Total	<u>\$175.1</u>	<u>\$50.8</u>	29%	<u>\$51.2</u>	28%

* Includes revenues from Federal & State Grants, State Subvention, Penalties/Settlements, "Hot Spots", Interest, PERP, Hearing Board, Source Test/Lab Analysis, Leases, Subscriptions, and Misc.

4

Expenditures

*FY 2020-21 1st Quarter Budget vs. Actual
& FY 2019-20 1st Quarter Comparison*

Major Object (\$ in millions)	Fiscal Year 2020-21 Q1			Fiscal Year 2019-20 Q1	
	Amended Budget	Actuals	Actual % of Budget	Actuals	Actual % of Budget
Salaries & Benefits	\$140.8	\$29.6	21%	\$29.8	21%
Services & Supplies	25.0	7.0	32%	8.0	31%
Capital Equipment	1.6	0.2	13%	3.2	29%
Debt Service	7.2	7.2	100%	6.2	100%
Transfers Out	.8	.8	100%	.8	100%
Total	<u>\$175.4</u>	<u>\$45.7</u>	26%	<u>\$48.0</u>	26%

5

Board Approved Use of Fund Balance FY 2020-21 1st Quarter

Board Letter Approval	Funding Source	Use	Amount
4/3/2020, #11	Undesignated Fund Balance	Specialized Legal Counsel	\$260,000

6

Updated General Fund Five Year Projection

(\$ in millions)	FY 19-20 Actuals (unaudited)	FY 20-21 Projected	FY 21-22 Projected	FY 22-23 Projected	FY 23-24 Projected	FY 24-25 Projected
Staffing/ Vacancy Rate		945 13%	945 10%	945 8%	945 8%	945 8%
Revenues *	\$ 188.9	\$ 166.6	\$ 171.4	\$ 177.7	\$ 179.0	\$ 183.5
Program Costs **	\$ 176.6	\$ 173.0	\$ 183.9	\$ 188.4	\$ 188.6	\$ 185.5
Change in Fund Balance	\$ 12.3	\$ (6.4)	\$ (12.5)	\$ (10.7)	\$ (9.6)	\$ (2.0)
UNRESERVED FUND BALANCE (at Year-End)	\$ 72.1	\$ 65.7	\$ 53.2	\$ 42.5	\$ 32.9	\$ 30.9
% of REVENUE	38%	39%	31%	24%	18%	17%
<p>* REVENUES: Projecting a 20% decrease in Permit and Emission fee revenues in FYs 20/21 and 21/22. CPI from FY 20/21 was restored at 2.8% in FY 21/22. CPI fees increases are projected as follows: FY 21/22 - 3.2%, FY 22/23 through FY 24/25 - 3.1%.</p> <p>** PROGRAM COSTS: FY 20-21 includes an increase in Salary Savings to 13% (\$4.6M) and reductions to non-grant funded Capital Outlays (\$800K) and Emergency Response (\$1M). FY 21-22 through FY 24-25 includes: 1) projected retirement increases; & 2) 1995 POB payoff in FY 22-23 (\$3M) and 2004 POB payoff in FY24-25 (\$4.1M).</p>						

7

Questions?

8

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

PROPOSAL: Execute Contract(s) for Legislative Representation in Sacramento, California

SYNOPSIS: At the September 4, 2020 meeting, the Board approved release of a RFP to solicit proposals for legislative representation in Sacramento, California. Four separate proposals were received from California Advisors, LLC, Campbell Strategy & Advocacy, Joe A. Gonsalves & Son and Resolute. On November 13, 2020, the Administrative Committee recommended approval of the execution of contract(s) with _____ for \$_____ for legislative representation in Sacramento.

COMMITTEE: Administrative, November 13, 2020, Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chair to execute contract(s) with _____ in an amount not to exceed \$_____ for legislative representation in Sacramento, California for one year, beginning in January 1, 2021. The contract includes options for up to two one-year renewals, contingent on satisfactory performance and approval of subsequent budgets, upon approval of the Governing Board.

Wayne Natri
Executive Officer

DJA:PC:RAR:EH

Background

The current contracts for legislative representation in Sacramento, California expire on December 31, 2020. As a leading air quality agency in California and an innovative leader in developing emission reduction programs, South Coast AQMD is an important contributor to the policy discussions in Sacramento. It is important to ensure that South Coast AQMD's input continues to be conveyed in a timely and

meaningful manner, and that South Coast AQMD is involved in the day-to-day policy discussions in Sacramento that promote cleaner air, both through policy development and adequate funding. A legislative presence in Sacramento is critical to advancing Board policies and priorities, including the 2016 Air Quality Management Plan (AQMP) and subsequent AQMPs, South Coast AQMD legislative goals and objectives, and to protect South Coast AQMD's authority. Therefore, it is appropriate to continue direct legislative representation in Sacramento.

These efforts in Sacramento include providing technical information, assistance and otherwise serving as a resource to legislators and the Governor's Office regarding air quality matters; acting as a liaison between South Coast AQMD and legislators and the Governor's Office regarding the Board's policy and funding priorities; seeking funding and program support for technology advancement and emission reduction projects and incentive programs; and advocating for South Coast AQMD's positions on air quality-related legislation. These efforts also include fostering state support for South Coast AQMD's federal initiatives which have synergy at the state level.

The 2016 AQMP puts a priority on maximizing emission reductions utilizing zero emission technologies wherever cost-effective and feasible, and near-zero emission technologies in all other applications. Incentives are critically important to achieve near-term attainment goals and serve to accelerate the transition to zero and near-zero emission technologies. Incentives totaling an estimated \$11 billion to \$14 billion, or about \$1 billion per year over the next 15 years, are needed in order to achieve clean air goals. Should the region fail to meet federally mandated clean air goals, U.S. EPA could impose sanctions that are far more onerous and costly to the Basin's residents and businesses than the 2016 AQMP.

The development of South Coast AQMD's 2021 State Legislative Goals and Objectives will be contingent on the outcomes of the 2020 legislative session. However, many of the prior year's priorities are expected to continue and be built upon for the coming legislative year in Sacramento. South Coast AQMD's legislative priorities for 2021 will be presented to the Legislative Committee for review and approval, and then will move to the Board for final approval.

At the September 4, 2020 meeting, the Board approved release of a RFP to solicit proposals for legislative representation in Sacramento, California. Four separate proposals were received from California Advisors, LLC, Campbell Strategy & Advocacy, Joe A. Gonsalves & Son and Resolute. Subsequently, on November 13, 2020, the Administrative Committee recommended approval of the execution of contracts with the firms _____ for \$_____ each, for a total amount not to exceed \$_____.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, Riverside County's Press Enterprise, and the Sacramento Bee newspapers, to leverage the most cost-effective method of outreach to the entire South Coast Basin and beyond.

Additionally, thirty RFP notification letters were mailed to lobbying and public affairs firms in Sacramento and San Rafael, California. Notice of the RFP was also e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on the South Coast AQMD's website (<http://www.aqmd.gov>).

Bid Evaluation

Four proposals were received in response to the RFP. The proposals were evaluated by a three-member panel, including two South Coast AQMD managers, one female and one male, both Hispanic, and one outside municipal official, who was male and Hispanic. All proposals were deemed technically qualified and all proponents were interviewed by the South Coast AQMD Administrative Committee. Attachment A provides the final scores for the four firms.

Proposal

Staff proposes to execute contract(s) with _____ in an amount not to exceed \$_____ for legislative representation in Sacramento, California, for one-year, beginning in January 1, 2021. The contract(s) includes options for up to two one-year renewals, contingent on satisfactory performance and approval of subsequent budgets, upon approval of the Governing Board.

Resource Impacts

Funding for these contracts is available in the Legislative, Public Affairs & Media FY 2020-21 Budget. Funding for the two optional one-year extensions in all XXX contracts is contingent upon Governing Board approval of the Budget for the respective fiscal years.

Attachment A

RFP # P2021-02 SCORES AND COSTS MATRIX FOR QUALIFYING FIRMS

Firm Name	Technical Score	Additional Points	Cost Points	Total Points	Total Cost
California Advisors, LLC	70.0	12.0	24.5	106.5	\$142,080
Campbell Strategy & Advocacy	63.3	10.0	30.0	103.3	\$120,000
Joe A. Gonsalves & Son	68.7	0	24.3	93.0	\$143,000
Resolute	68.7	10.0	15.0	93.7	\$180,000

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

PROPOSAL: Amend Contracts for Legislative Representation in Washington, D.C.

SYNOPSIS: The current contracts for legislative and regulatory representation in Washington D.C. with Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group Inc., expire on January 14, 2021. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2021 with Kadesh & Associates, LLC for \$226,400; Cassidy & Associates for \$216,000; and Carmen Group Inc. for \$222,090 as South Coast AQMD's legislative and regulatory representatives in Washington D.C., to further the agency's policy positions at the federal level. Sufficient funding is available in the Legislative, Public Affairs & Media FY 2020-21 Budget.

COMMITTEE: Administrative, October 9, 2020; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Chairman to approve Contract modifications for legislative consulting services in Washington, D.C. to extend the term of the Contracts for a one-year period beginning on January 15, 2021, in the amounts of \$226,400, \$216,000, and \$222,090, with Kadesh & Associates, Cassidy & Associates, Inc., and Carmen Group, Inc., respectively.

Wayne Nastri
Executive Officer

DJA:RAR:LTO:ar

Background

After a competitive request for proposals process in 2018, the Board selected Kadesh & Associates, LLC, Cassidy & Associates and the Carmen Group Inc., for legislative and regulatory representation in Washington, D.C. for one year beginning on January 15, 2019, with an option for up to two one-year renewals, upon satisfactory performance, at the Board's discretion. Each of the three one-year consultant contracts will expire on

January 14; however, each agreement includes an option for two one-year extensions. This is the second and final one-year extension for each consultant contract.

The firms have been effective in working with the Board and staff to maintain a continued and noticeable presence to advance the Board's agenda for federal legislative and regulatory issues. They have effectively organized meetings with the Administration, Congressional Members and staff, industry, environmental and health organizations and other stakeholders. These meetings have strengthened South Coast AQMD's ability to provide information to policymakers in Washington, D.C. The consultants planned and helped facilitate an Executive Council and staff trip to Washington, D.C. in February 2020. South Coast AQMD met with the Administration, key Congressional Members and staff, industry and health organizations on the Cleaner Trucks Initiative, rollback of Corporate Average Fuel Economy Standards and the revocation of the California Waiver, as well as appropriations for the Diesel Emission Reduction Act program (DERA), Targeted Airshed Grants (TAG), Section 103/105 and other funding programs. The federal consultants also assisted in educating the South Coast AQMD Congressional Delegation and key Members of Congress on attainment issues related to the federal government doing its fair share to reduce emissions from mobile sources to improve public health for the residents of the South Coast region. This relationship building has developed stronger relationships between Members of Congress and South Coast AQMD based on air quality issues in their districts, South Coast region and the nation. Several Members of Congress have championed air quality issues and are working with South Coast AQMD in partnership.

As a result of our consultants' efforts to increase funding for TAG, South Coast AQMD was awarded \$37 million by the U.S. EPA in 2019 and 2020. South Coast AQMD also received over \$2.2 million from the DERA National Grants program. There are several legislative initiatives that South Coast AQMD consultants worked on which are pending in the 116th Congress, including:

- Inclusion of H.R. 2616, the "Clean Corridors Act of 2019" (DeSaulnier) with South Coast and Bay Area AQMD amendments in the larger, transportation and infrastructure bill known as H.R., the "Moving Forward Framework" which was approved by the full House of Representatives. Similar provisions were included in the Senate surface transportation bill. Congress is likely to extend the existing surface transportation policy which expires on September 30, 2020, for one-year, allowing the 117th Congress to act on the next major surface transportation and infrastructure bill which is highly likely to include the Clean Corridors provisions as amended.
- Work on H.R. 7073, "Special Districts Provide Critical Services Act" (Garamendi) to provide federal assistance for COVID-19 related unplanned expenses and revenue losses for special districts such as South Coast AQMD. South Coast AQMD consultants also worked to support efforts for S. 4308 (Sinema, Cornyn, Harris) which also provides federal assistance to special districts through the CARES Act

State and Local government program. South Coast AQMD continues to assist in garnering bi-partisan support for S. 4308 including Committee leadership and staff.

- Request for increased appropriations and reauthorization of DERA. The Fiscal Year 2021 House Appropriations bill for Interior included \$90 million plus an additional \$450 million under “Infrastructure Improvements.” The reauthorization of DERA is pending in multiple legislative vehicles in both the House and Senate.
- Working with several Congressional offices on legislative proposals including,
 - H.R. 7024, “Climate Smart Ports” (Barragan) included in H.R. 2, “Moving Forward Framework.” This bill may be carried forward into the 117th Congress as part of the larger surface transportation and infrastructure package.
 - H.R. 7822, the “Public Health Air Quality Act” which seeks to implement fence line monitoring, improve the national air monitoring network, increase monitoring of air toxics, and other provisions. This bill and a companion Senate bill, S. 4369 (Duckworth) are being revised and will be reintroduced in the 117th Congress.
 - H.R. 4924, the “Smoke Planning and Research Act” (Eshoo) / S. included in the larger energy package, H.R. 4447, the “Clean Economy Jobs and Innovation Act” which is expected to be heard before the end of the 116th Congress.
 - S. 1750 (Harris) and the companion bill, H.R. 3973 (Hayes), the “Clean School Bus Act” would establish a grant program for zero-emission school buses, including infrastructure and other provisions. This bill was included in H.R. 2, “Moving Forward Framework.” It is a good candidate to come back as part of the 117th Congress’ larger surface transportation and infrastructure legislation.
- Supporting the promulgation of the U.S. EPA Cleaner Trucks Initiative (CTI) rulemaking initially gained momentum which was slowed by Administration and eventually impacted by COVID-19. Other rulemaking efforts include, “Safer Affordable Fuel-Efficient Vehicles,” “Science Transparency,” “Review of NAAQS for Ozone,” and “Review of NAAQS Primary and Secondary for PM2.5 and PM10.”

The consultants have represented South Coast AQMD well and continued representation in Washington, D.C. is necessary to further the agency’s policy and funding objectives in the future. South Coast AQMD has several significant legislative and administrative issues that likely will be dealt with in the 117th Congress. Staff is strategizing with the consultants on how to best move forward policy and funding opportunities to address attainment issues and air toxics. Key legislation that may move in the 117th Congress include climate, surface transportation and infrastructure, public health and environmental justice, and additional COVID-19 recovery and relief and economic stimulus.

It is critical that South Coast AQMD be involved in policy development relating to federal air quality legislation, federal Clean Air Act implementation, subvention funding, and special grants, and that all these issues and any other related matters are closely monitored. Therefore, staff recommends continued direct representation and advocacy of South Coast AQMD's policy positions on environmental issues in Washington, D.C.

Proposal

Staff recommends retaining Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group Inc., for Calendar Year 2021, given their successful efforts in 2020 and the ability to build upon those efforts in the coming year. Continuity of representation will help build on past relationships and policy initiatives to increase the successful outcomes of South Coast AQMD policy objectives going forward.

Pursuant to the original contract, the Board has discretion to exercise options for two one-year extensions. This proposal is to approve the final one-year extension for all three consulting contracts.

Resource Impacts

The Legislative, Public Affairs, and Media Budget for FY 2021-2022 has sufficient funds for legislative advocacy in Washington D.C.

Item 13

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

PROPOSAL: Recognize Revenue and Appropriate and Transfer Funds, Issue Solicitations and Purchase Orders and Amend Contract for Air Monitoring

SYNOPSIS: South Coast AQMD is expected to receive supplemental grant funds up to \$350,000 from the U.S. Government for the Enhanced Particulate Monitoring Program and up to \$794,261 from U.S. EPA for the FY 2021 (29th Year) PAMS Program. These actions are to recognize revenue and appropriate funds when they become available in Science & Technology Advancement's FY 2020-21 and FY 2021-22 budgets for the Enhanced Particulate Monitoring Program and the PAMS Program, transfer up to \$350,000 between Major Objects in Science and Technology Advancement's FY 2020-21 Budget to realign expenditures as needed for the Enhanced Monitoring Program, issue solicitations, execute purchase orders and amend contract for equipment and services for air monitoring.

COMMITTEE: Administrative, November 13, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, and appropriate supplemental funds in the amount of up to \$350,000 for the U.S. Government Enhanced Particulate Monitoring Program into Science & Technology Advancement's (STA) (Org 47) FY 2020-21 Budget, Services and Supplies as set forth in Attachment 1;
2. Recognize revenue, upon receipt, and appropriate funds in the amount of \$404,261 (\$390,000 was previously included in Salaries & Employee Benefits within the FY 2020-21 Budget) for the U.S. EPA Section 105 Grant for the 29th Year PAMS Program into STA (Org 47) FYs 2020-21 and/or 2021-22 Budgets, Services and Supplies and Capital Outlays Major Objects, as set forth in Attachment 2;
3. Transfer up to \$350,000 between the Services and Supplies Major Object (Org 47), and Salaries and Employee Benefits Major Object (Org 44) in Science and Technology Advancement's FY 2020-21 Budget to realign expenditures, as needed, for the Enhanced Particulate Monitoring Program;

4. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue "Prior Bid, Last Price" purchase orders, or a solicitation(s), as needed, followed by a purchase order, for the equipment and services listed in Table 1, as follows:
 - a. Up to two gas dilution systems in an amount not to exceed \$55,000;
 - b. Up to two replacement air conditioning units in an amount not to exceed \$25,000;
 - c. One portable gas dilution system in an amount not to exceed \$27,500;
 - d. One ozone monitor in an amount not to exceed \$15,000;
 - e. One ozone primary standard in an amount not to exceed \$19,000; and
5. Authorize the Executive Officer, to amend the existing contract with Sonoma Technology, Inc. in an amount not to exceed \$41,000 to provide additional meteorological audit technical support within the scope of the contract as described in this letter.

Wayne Natri
Executive Officer

MMM:JCL:RMB:AK:KD:ld

Background

Enhanced Particulate Monitoring Program

South Coast AQMD has been providing enhanced particulate monitoring support as part of a national monitoring program since 2003. Sample collection began in February 2003 and will continue for the foreseeable future. South Coast AQMD is expected to receive supplemental funds up to \$350,000 to extend the grant period through April 30, 2021. Since the onset of the Enhanced Particulate Monitoring Program, the U.S. Government has annually allocated funds to fully support the program.

PAMS Program

In February 1993, U.S. EPA promulgated the PAMS regulations for areas classified as serious, severe or extreme nonattainment. These regulations require South Coast AQMD to conduct monitoring for ozone precursors with enhanced monitoring equipment at multiple sites. The PAMS Program also funds upper air and surface-based meteorological measurements at several locations. Since the onset of the PAMS Program, U.S. EPA has annually allocated Section 105 Grant funds in support of this requirement.

Proposal

Enhanced Particulate Monitoring Program (FY 2020-21)

The South Coast AQMD is expected to receive supplemental funding from the U.S. Government for the ongoing Enhanced Particulate Monitoring Program through April 30, 2021, in an amount up to \$350,000. These actions are to recognize revenue up to \$350,000 and appropriate up to \$350,000 into STA's FY 2020-21 Budget, Services & Supplies and Salaries & Employee Benefits Major Objects, as set forth in Attachment 1 and to transfer up to \$350,000 between the Services and Supplies Major Object (Org 47), and Salaries and Employee Benefits Major Object (Org 44) in Science and Technology Advancement's FY 2020-21 Budget to realign expenditures as needed.

PAMS Program

The estimated U.S. EPA Section 105 Grant for the 29th Year PAMS Program funding is \$794,261 based on the 28th Year PAMS Program funding levels. This action is to recognize revenue, upon receipt, and appropriate a portion of the estimated funds in the amount of \$404,261 (with the remainder of \$390,000 already included in Salaries and Employee Benefits within the FY 2020-21 Budget) into the Services and Supplies and Capital Outlays Major Objects in STA's FYs 2020-21 and/or 2021-22 Budgets, as set forth in Attachment 2. The U.S. EPA concurs with staff's proposed allocation.

Proposed Purchases through an RFQ Process, "Prior Bid, Last Price" or Informal Bid *Gas Dilution Systems*

U.S. EPA requires the measurement of criteria pollutants at multiple sites. Periodic calibration of the air monitors is required to meet U.S. EPA quality control criteria. Gas dilution systems are necessary to provide a known concentration of gas standard required for the calibration of air monitoring equipment. The current gas dilution systems are greater than ten years old and are in need of replacement. The approximate cost for up to two gas dilution systems is \$55,000 (see Table 1). The purchase will be made by "Prior Bid, Last Price" or through a solicitation process, as needed, followed by issuance of a purchase order.

Replacement Air Conditioning Units

U.S. EPA requires a temperature-controlled environment at air monitoring sites. Temperature must be between 20 - 30°C with a standard deviation of 2°C over a 24 hour period. Replacement of the current air conditioning units are required to meet these criteria. The current air conditioning units at the Rubidoux sites are greater than fifteen years old, run continuously and no longer meet this standard. The approximate cost for up to two replacement air conditioning units is \$25,000 (see Table 1). The purchase will be made by "Prior Bid, Last Price" or through a solicitation process, as needed, followed by issuance of a purchase order.

Portable Gas Dilution System

U.S. EPA's PAMS Program requires the measurement of ozone precursors with enhanced monitoring equipment at multiple sites. Periodic audits of air monitors are required to meet U.S. EPA quality assurance criteria. Gas dilution systems are necessary to provide a known concentration of gas standard required for auditing air monitoring equipment. The current gas dilution systems are greater than ten years old and are in need of replacement. The approximate cost for a portable gas dilution system is \$27,500 (see Table 1). The purchase will be made by "Prior Bid, Last Price" or through a solicitation process, as needed, followed by issuance of a purchase order.

Ozone Monitor

U.S. EPA requires the measurement of ozone for non-attainment areas. South Coast AQMD operates a network of 28 ozone monitors to obtain data regarding public exposure to air contaminants. Periodic audits of ozone monitors are required to meet U.S. EPA quality assurance criteria. This monitor is necessary to provide a secondary standard concentration of ozone required for auditing the ambient ozone network. The approximate cost for an ozone monitor is \$15,000 (see Table 1). The purchase will be made by "Prior Bid, Last Price" or through a solicitation process, as needed, followed by issuance of a purchase order.

Ozone Primary Standard

U.S. EPA requires the measurement of ozone for non-attainment areas. South Coast AQMD operates a network of 28 ozone monitors to obtain data regarding public exposure to air contaminants. Periodic audits and calibration of ozone monitors are required to meet U.S. EPA quality assurance criteria. This ozone primary standard is necessary to continue to provide a certified concentration of ozone required for audits and calibrations of the ambient ozone network. The company that produced the current ozone primary standard is no longer in business. The primary standard is more than eight years old, parts and service are no longer available. The approximate cost for an ozone primary standard is \$19,000 (see Table 1). The purchase will be made through a solicitation process, as needed, followed by issuance of a purchase order.

Proposed Contract Amendment

Technical Support for Upper Air and Monitoring Site Meteorological Network

On October 5, 2018 the Board authorized the solicitation of bids and execution of a contract for technical support for surface and upper air meteorological measurements. A multi-year Contract was awarded to Sonoma Technology, Inc. with a provision for annual amendments to extend the term and add funds up to \$100,000, based on contractor performance and availability of funds. The second-year contract amendment was executed for \$100,000, (under the Executive Officer's authority) beginning September 1, 2020, with funds allocated in the August 7, 2020 Board Letter in an amount not to exceed \$141,000 as appropriated from U.S. EPA Section 105 27th Year PAMS Program funding. This action authorizes a new amendment for the remaining

\$41,000 in support of additional meteorological audits under the scope of the current contract.

Resource Impacts

U.S. Government Grant funding will fully support the Enhanced Particulate Monitoring Program.

The U.S. EPA Section 105 Grant funding will support the operation of the PAMS Program to meet necessary objectives of the Program.

Table 1
Proposed PAMS Capital Outlay Expenditures for FYs 2020-21 and/or FY 2021-22

Description	Qty	Funding Source	Estimated Amount	Contracting Method
Gas Dilution Systems	Up to 2	PAMS 29th Year	\$55,000	‘Prior Bid, Last Price’ or Solicitation
Replacement Air Conditioning Units	Up to 2	PAMS 29th Year	\$25,000	‘Prior Bid, Last Price’ or Solicitation
Portable Gas Dilution System	1	PAMS 29th Year	\$27,500	‘Prior Bid, Last Price’ or Solicitation
Ozone Monitor	1	PAMS 29th Year	\$15,000	‘Prior Bid, Last Price’ or Solicitation
Ozone Primary Standard	1	PAMS 29th Year	\$19,000	Solicitation
Total			\$141,500	

Attachments

1. Proposed Federal Revenues and Expenditures for FY 2020-21
2. Proposed 29th Year PAMS Expenditures for FYs 2020-21 and/or 2021-22

Attachment 1
Proposed Supplemental Enhanced Particulate Monitoring Expenditures for FY
2020-21

Account Description	Account Number	Program Code	Estimated Expenditures
Salaries & Employee Benefits Major Object:			
Overtime	52000	44505	\$50,000
Total Salaries & Employee Benefits Major Object:			\$50,000
Services & Supplies Major Object:			
Temporary Agency Services	67460	47505	\$300,000
Total Services & Supplies:			\$350,000
Total Appropriations:			\$350,000

Attachment 2
Proposed 29th Year PAMS Expenditures for FYs 2020-21 and/or FY 2021-22

Account Description	Account Number	Program Code	Estimated Expenditure
Services & Supplies Major Object:			
Rents & Leases Equipment	67300	47530	\$500
Rents & Leases Structure	67350	47530	8,000
Professional and Special Services: Data Management and Analysis	67450	47530	18,100
Temp Agency Services	67460	47530	5,000
Demurrage Expenses	67550	47530	10,000
Maintenance of Equipment	67600	47530	105,000
Building Maintenance	67650	47530	9,000
Travel	67800	47530	5,000
Communications	67900	47530	2,000
Laboratory Supplies	68050	47530	69,161
Office Expense	68100	47530	5,000
Small Tools, Instruments, Equipment	68300	47530	20,000
Training	69500	47530	6,000
Total Services & Supplies Major Object:			\$262,761
Capital Outlay Major Object:			
Gas Dilution Systems (Up to 2)	77000	47530	\$55,000
Replacement Air Conditioning Units (Up to 2)	77000	47530	25,000
Portable Gas Dilution System	77000	47530	27,500
Ozone Monitor	77000	47530	15,000
Ozone Primary Standard	77000	47530	19,000
Total Capital Outlay Major Object:			\$141,500
FY Appropriations			\$404,261

Note: \$390,000 was previously recognized in Salaries & Employee Benefits within the FY 2020-21 Budget.

DRAFT

BOARD MEETING DATE: December 4, 2020

AGENDA NO.

PROPOSAL: Establish List of Prequalified Vendors for Mailing Services

SYNOPSIS: On September 4, 2020, the Board approved release of an RFQ to establish a prequalified list for outside mailing services, including folding, inserting, sealing, removing duplicate addresses, labeling, tabbing and metering, as well as pick-up and delivery of mailing materials. This action is to establish a prequalified vendor list that will be used for mailing services for a three-year period, from January 1, 2021 to December 31, 2023, and vendors on the list will be given an opportunity to bid competitively on mailing jobs, as the need arises.

COMMITTEE: Administrative, November 13, 2020; Recommended for Approval

RECOMMENDED ACTION:

Approve the vendors listed in Attachment A as prequalified vendors to provide mailing services, as needed, from January 1, 2021 to December 31, 2023.

Wayne Nastri
Executive Officer

AJO:VR

Background

On September 4, 2020, the Board approved release of RFQ #Q2021-02 to establish a list of prequalified vendors for mailing services for the next three-year period of January 1, 2021 to December 31, 2023. South Coast AQMD conducts various types of mailings and the Subscription Services unit coordinates many of these mailings, including South Coast AQMD's subscription publications. Other mailings include, but are not limited to, scheduled mailings for public workshops, rule notification, and permit fee billings. The RFQ included services such as folding, inserting, sealing, removing duplicate addresses, labeling, tabbing and metering, as well as pick-up and delivery of mailing materials.

When mailing services are needed, competitive bids are solicited from all prequalified providers listed for the respective job category. Final selection of a vendor is based on vendor ability to provide the service, as specified, and lowest cost. If a service cannot be met by any of the prequalified vendors, another vendor may be selected to provide such mailing services.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFQ and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin. Additionally, potential bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFQ was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on South Coast AQMD's website (<http://www.aqmd.gov>).

Bid Evaluation

For RFQ 2021-02 to prequalify vendors to provide mailing services to South Coast AQMD, 85 copies of the RFQ were mailed out. Three proposals were received by the close of bidding at 2:00 p.m. on October 7, 2020. The three proposals evaluated received a qualifying score and Table 1 summarizes the results of the evaluation process.

The evaluation panel consisted of three South Coast AQMD employees: a Mail/Subscriptions Services Supervisor, a Print Shop Supervisor, and a Mail/Subscription Services Clerk. Of these three panel members, two are African American, one is Caucasian; all are male.

This action seeks approval of the vendors listed in Attachment A as prequalified vendors to provide mailing services, as needed, from January 1, 2021 to December 31, 2023.

Of the three proposed prequalified vendors, all were self-certified as a Small Business, one was self-certified as a Local Business, and one was self-certified as a Woman-Owned Business.

Resource Impacts

Sufficient funds have been appropriated for these services in the FY 2020-21 Budget and will be requested in subsequent fiscal year budgets.

Attachment

Table 1 - Prequalified Vendors for Mailing Services

ATTACHMENT

Table 1
PREQUALIFIED VENDOR LIST
MAILING SERVICES
RFQ #2021-02

Name	Qualifying Score	Additional Points	Total Points
Direct Connection Mailing	85	4	89
McPrint Direct	79	2	81
SoCal Mailing Services Inc.	82	4	86



South Coast Air Quality Management District

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Item 15

LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, SEPTEMBER 11, 2020 MEETING MINUTES

MEMBERS PRESENT:

Council Member Ben Benoit, LGSBA Chairman (Board Member)
Supervisor Janice Rutherford (Board Member)
Mayor Pro Tempore Rachele Arizmendi, City of Sierra Madre
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California
Todd Campbell, Clean Energy
LaVaughn Daniel, DancoEN
Bill LaMarr, California Small Business Alliance
Rita Loof, RadTech International
Eddie Marquez, Roofing Contractors Association
David Rothbart, Los Angeles County Sanitation District

MEMBERS ABSENT:

Supervisor V. Manuel Perez (Board Member)
Felipe Aguirre
John DeWitt, JE DeWitt, Inc.

OTHERS PRESENT:

Mark Abramowitz
Tom Gross, Board Member Consultant (*Benoit*)
Dan McGivney, SoCal Gas
Andrew Silva, Board Member Consultant (*Rutherford*)

SOUTH COAST AQMD STAFF:

Jill Whynot, Chief Operating Officer
Derrick Alatorre, Deputy Executive Officer
Sujata Jain, Chief Financial Officer
Julie Prussack, Hearing Board Chair
Faye Thomas, Clerk of the Board
Jason Aspell, Assistant Deputy Executive Officer
Fabian Wesson, Assistant Deputy Executive Officer
Victor Yip, Assistant Deputy Executive Officer
Mark Henninger, Information Technology Manager
Michael Morris, Planning & Rules Manager
Lisa Tanaka O'Malley, Senior Public Affairs Manager

Uyen-Uyen Vo, Program Supervisor
Anthony Tang, Information Technology Supervisor
Van Doan, Air Quality Specialist
Elaine-Joy Hills, Air Quality Specialist
Paul Wright, Senior Information Technology Specialist

Agenda Item #1 - Call to Order/Opening Remarks

Supervisor Janice Rutherford called the meeting to order at 11:31 a.m.

Ms. Lisa Tanaka O'Malley provided guidelines and general instructions for participation in the remote meeting for the Local Government & Small Business Assistance Advisory Group (LGSBA) meeting via Zoom webinar and teleconference.

Agenda Item #2 – Approval of June Meeting Minutes/Review of Follow-Up/Action Items

Chair Ben Benoit called for approval of the August 14, 2020 meeting minutes. The minutes were approved unanimously.

Agenda Item #3 – Review of Follow Up/Action Items

Mr. Derrick Alatorre provided responses to the action items from the previous meeting and indicated that staff provided links to the advisory group members via email regarding past cost-effectiveness analyses and the 6th Environmental Justice Conference registration information.

Agenda Item #4 – Budget and Economic Outlook Update

Ms. Jill Whynot provided an update on economic information, revenue, expenditures, permitting activity, and fee review requests.

Mr. Bill LaMarr asked who the members of the Fee Review Committee (FRC) are. Ms. Whynot replied that the FRC is comprised of representatives from various departments, including Finance, Engineering & Permitting, Legal, Legislative, Public Affairs & Media, and Compliance & Enforcement; additional representatives are invited as needed. Mr. LaMarr asked if the FRC offers options other than payment plans. Ms. Whynot indicated that she served on the FRC in the past and most cases were related to billing errors, payment plan requests, or permit errors; therefore, there are cases in addition to payment plans. Mr. LaMarr indicated that there is a fee for reinstatement of expired permits and asked if the FRC has the authority to waive it or offer a forbearance program considering the current economic situation resulting from the coronavirus disease 2019 (COVID-19) pandemic. Ms. Whynot replied that the FRC does not have the authority to waive fees as specified in Rule 301. The annual renewal fees for small businesses such as dry cleaners, gas stations, and auto body shops are \$200-400 per year. Approximately 10% of potentially expired permits belong to small businesses and the FRC can waive the fees if there are errors caused or contributed by the South Coast Air Quality Management District (South Coast AQMD). Businesses are notified multiple times before the permits expire, including 1-2 phone calls and signature-required postal delivery, which is used to prove notification. Businesses also have the option to make fee payments using credit cards. Mr. LaMarr commended staff for assisting businesses with fee review requests.

Mr. Todd Campbell referenced slides #3-4 and commented that the port twenty-foot equivalent unit (TEU) throughput for the Ports of Los Angeles and Long Beach for July 2020 were notably high despite

the effects of COVID-19 pandemic on the economy and stated that staff should consider that aspect during indirect source rule development.

Agenda Item #5 – Getting to Know the Hearing Board

Chair Julie Prussack provided an overview of the South Coast AQMD’s Hearing Board.

Chair Benoit indicated that the presentation was very informative and recommended it to new Governing Board (GB) members.

Mr. LaMarr referenced slide #17 and asked for clarification on the definitions of “taking of a business” and “practical closing of a business.” Chair Prussack replied that there are two definitions specified in the California Health & Safety Code (H&SC). First, it is defined as the unreasonable taking of property, including lost profits, potential penalties for failure to conduct emissions testing, or time needed for equipment repair. Second, it is defined as the essential closing of a lawful business, which is the closing of the business resulting from variance denial. Mr. LaMarr asked if the definitions are in any written South Coast AQMD documents. Chair Prussack replied that the definitions are written in the H&SC and recited it.

Mr. David Rothbart stated hypothetically, if many wastewater treatment plants need to operate generators during power shutoff in exceedance of the maximum 200 allowable operating hours and asked if a group variance or group stipulated order for abatement are recommended. Chair Prussack replied that a group variance could be an option, which is one variance application for multiple entities; however, all entities must have in common all relevant facts needed for the six findings. In this case, the use of an individual generator is very specific; therefore, a group variance may not be the best option and an emergency or regular variance would be more appropriate. Mr. Rothbart asked if a stipulated order for abatement is a better option. Chair Prussack replied that orders for abatement are punitive and have ramifications beyond the Hearing Board and recommended seeking a variance if the violation is beyond the reasonable control of the entity. Mr. Alatorre stated that some back-up generator bills were introduced, but they did not make it out of the houses of origin; however, there were discussions regarding these bills with the water companies, California Municipal Utilities Association (CMUA), and hospitals. Mr. Alatorre suggested that staff contacts Mr. Rothbart to further discuss details of these bills, to which Mr. Rothbart agreed.

Action item: Contact Mr. Rothbart to discuss back-up generator bills.

Mr. Campbell commended and thanked Chair Prussack for her leadership of the Hearing Board.

Agenda Item #6 – Overview of Amended Rule 1407: Control of Emissions of Arsenic, Cadmium, and Nickel from Non-Chromium Metal Melting Operations

Ms. Uyen-Uyen Vo provided an overview of the amended Rule 1407 revision of emissions standards, which applies to non-chromium metal melting operations.

Ms. Rita Loof asked how many facilities are impacted by this rule. Ms. Vo replied that approximately 60 facilities are impacted by this rule; however, a majority would qualify for one of the exemptions, including housekeeping, recordkeeping, and building enclosures. Ms. Loof asked what products are manufactured by these facilities. Ms. Vo replied the products include pure ingots, art and sculptures, and parts for different industries, including oil and well and aerospace industries.

Agenda Item #7 – Written Report

No comments.

Agenda Item #8 - Other Business

Mr. LaMarr requested a presentation on the California Air Pollution Control Officers Association (CAPCOA) and its involvement in the South Coast AQMD rulemaking process. Mr. Alatorre stated that CAPCOA is an association for all air pollution control officers in California and staff will seek guidance on the presentation request from Mr. Wayne Nastri.

Action item: Agendize a presentation on CAPCOA.

Ms. Loof expressed support for the presentation request.

Agenda Item #9- Public Comment

None.

Agenda Item #10 – Next Meeting Date

The next regular Local Government & Small Business Assistance Advisory Group meeting is scheduled for Friday, October 9, 2020 at 11:30 a.m.

Adjournment

The meeting adjourned at 12:39 p.m.