



MISSION STATEMENT

All residents have a right to live and work in an Environment of clean air and we are committed to undertaking all necessary steps to protect public health from air pollution with sensitivity to the impacts of our actions on the community, public agencies and businesses.

South Coast
Air Quality Management District

Diamond Bar, California

Comprehensive Annual Financial Report
Year Ended June 30, 2015

Prepared by:
Finance Office
Michael B. O'Kelly, Chief Financial Officer

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Comprehensive Annual Financial Report
Year Ended June 30, 2015

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

June 30, 2015

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

DENNIS YATES
Vice Chair
County of San Bernardino
Cities Representative

MICHAEL D. ANTONOVICH
County of Los Angeles Representative

BEN BENOIT
County of Riverside
Cities Representative

JOHN J. BENOIT
County of Riverside Representative

MICHAEL A. CACCIOTTI
County of Los Angeles
Cities Representative
Eastern Region

JOE BUSCAINO
City of Los Angeles Representative

JUDY MITCHELL
County of Los Angeles
Cities Representative
Western Region

JOSEPH K. LYOU, Ph.D.
Governor's Appointee

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

SHAWN NELSON
County of Orange Representative

JANICE RUTHERFORD
County of San Bernardino Representative

MIGUEL A. PULIDO
County of Orange
Cities Representative

BARRY R. WALLERSTEIN, D.Env.
Executive Officer



South Coast Air Quality Management District

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

October 16, 2015

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, 2015.

This report consists of management's representations concerning the finances of the South Coast Air Quality Management District (SCAQMD), 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.

SCAQMD's financial statements have been audited by Simpson & Simpson, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAQMD for the fiscal year ended June 30, 2015 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 SCAQMD's financial statements for the fiscal year ended June 30, 2015 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.

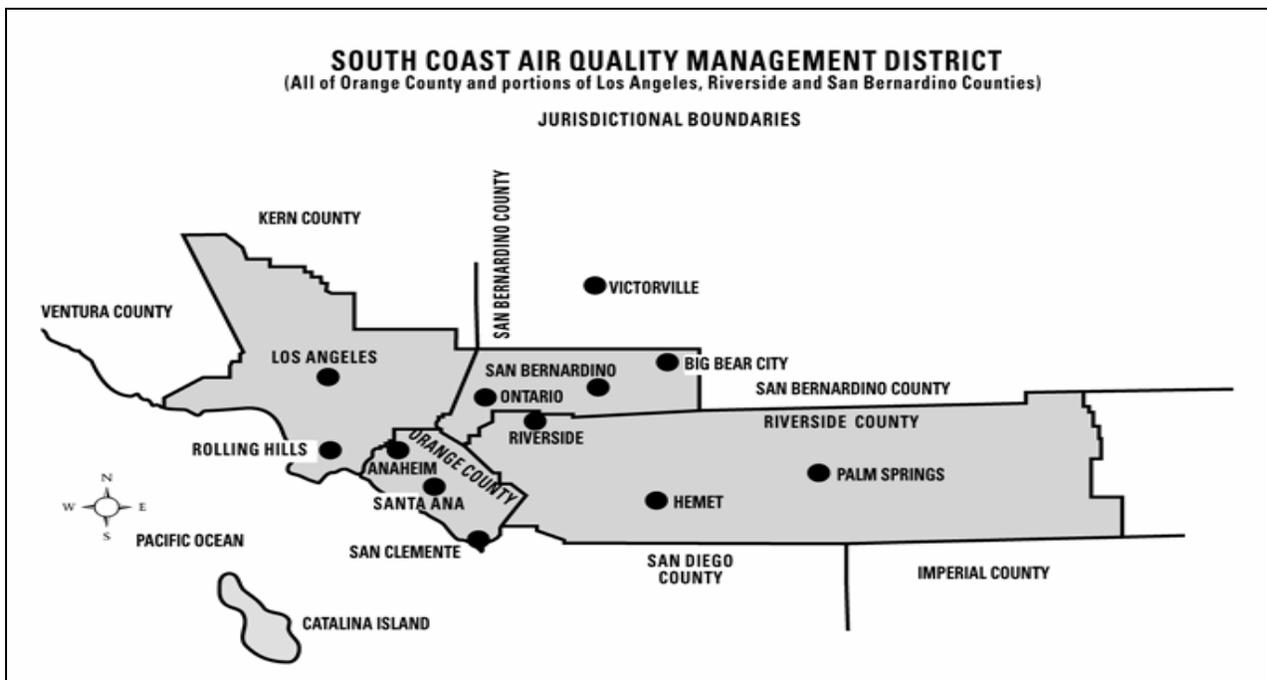
The independent audit of the financial statements of SCAQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor

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 legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in SCAQMD'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. SCAQMD encompasses all of Orange County and parts of Los Angeles, San Bernardino and Riverside Counties, representing over 16 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.



SCAQMD's Governing Board is composed of 13 members, including four members appointed by the Boards of Supervisors of the four counties in SCAQMD's jurisdiction, six members appointed by cities in SCAQMD'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. SCAQMD 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.

SCAQMD 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 SCAQMD for reporting purposes. This report includes the South Coast Air Quality Management District Building Corporation (Corporation) as a blended component unit. SCAQMD 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 SCAQMD and the Corporation. For additional information, see Note 1 to the financial statements.

The annual budget serves as the foundation for SCAQMD's financial planning and control. The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. SCAQMD'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.

SCAQMD 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. SCAQMD 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, SCAQMD continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

SCAQMD is a fee-supported agency and does not receive sales or property tax support. Approximately 74% of its General Fund revenue is derived from permit evaluation fees, annual permit renewal fees, emission fees, Hearing Board fees, penalties and settlements, interest earnings, and other revenues. The remaining 26% 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, SCAQMD continues to streamline many of its operations. Compared to the 1991-92 fiscal year, 2014-15 reflects funded staffing levels that are approximately 31% (366 FTEs) below 1991-92 levels and expenditures, when adjusted for inflation, that are approximately 25% less than the 1991-92 period.

Government-wide revenues during this fiscal year decreased by 8% as compared to the prior fiscal year, primarily due to the timing of revenues in the Proposition 1B Goods Movement Fund. General Fund revenues decreased by 6% as compared to the prior fiscal year, primarily due to a decrease in unexpected large one-time penalties and settlements paid by non-compliant entities, combined with stable permit, renewal, and emission fees. 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 through the following fiscal year due to the strengthening of the economic environment.

Government-wide expenses increased by 14% as compared to the prior fiscal year, primarily due to the timing of expenses in the Proposition 1B Goods Movement Fund. General Fund expenditures increased by less than 1% as compared to the prior fiscal year, primarily due to savings from an increased employee vacancy rate coupled with increased retirement plan contributions. 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 remain flat through the following fiscal year due to the continued cost-containment measures incorporated into the fiscal year 2015-16 General Fund budget. These measures include an 8% position vacancy rate, stable services and supplies costs, and recently ratified long-term labor agreements going through December 2017.

SCAQMD implemented the Governmental Accounting Standards Board's (GASB) new pension reporting standards during the current fiscal year, requiring reporting of the net pension liability on the Government-wide Statement of Net Position, among other changes, which significantly contributed to a decrease of the Government-wide net position by 43% as compared to the prior fiscal year. When the prior year Government-wide net position is retroactively restated to include these new pension reporting standards, the Government-wide net position has decreased by 12% as compared to the prior fiscal year, primarily due to the timing of revenues and expenses related to the Proposition 1B Goods Movement Fund.

Long-term Financial Planning

In addressing long-term program costs, SCAQMD 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 and economically defease a portion of its current debt service. As part of the annual budget process, SCAQMD 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 SCAQMD boundaries and remaining sensitive to business. During the current fiscal year and beyond, SCAQMD 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, SCAQMD'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 SCAQMD 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. In fiscal year 2014-15, the Governing Board and employees agreed to eliminate any remaining employer pick-up of employee retirement plan contributions as 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 SCAQMD as a means of curbing the cost of pensions and associated liabilities.

In fiscal year 2010-11, SCAQMD'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. In fiscal year 2013-14, the Governing Board approved an additional fee increase, phased-in over fiscal years 2014-15 and 2015-16, to more fully recover costs for certain SCAQMD activities.

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.

Major Initiatives

The mission of SCAQMD 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, SCAQMD has developed the following goals:

- I. Ensure expeditious progress toward meeting clean air standards and protecting public health.
- II. Enhance public education and ensure equitable treatment for all communities.
- III. Operate efficiently and in a manner sensitive to businesses, the public, and SCAQMD staff.

During the current and upcoming fiscal year, SCAQMD highlighted several projects which are particularly important to achieving our mission and goals, including: continued development of the 2016 AQMP, implementation of revised Health Risk Assessment Guidelines, developing enhanced emissions/ambient monitoring capabilities, demonstration projects to achieve near zero and zero tailpipe emissions, increased communication between SCAQMD and all stakeholders, and continued timely response to community complaints.

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, 2014. 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 SCAQMD who continue to push technology and improve operations to accomplish SCAQMD's mission of protecting public health from air pollution with sensitivity to the impacts of its actions on the community and businesses.

Respectfully submitted,



Barry R. Wallerstein, D.Env.
Executive Officer



Michael B. O'Kelly, CPA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

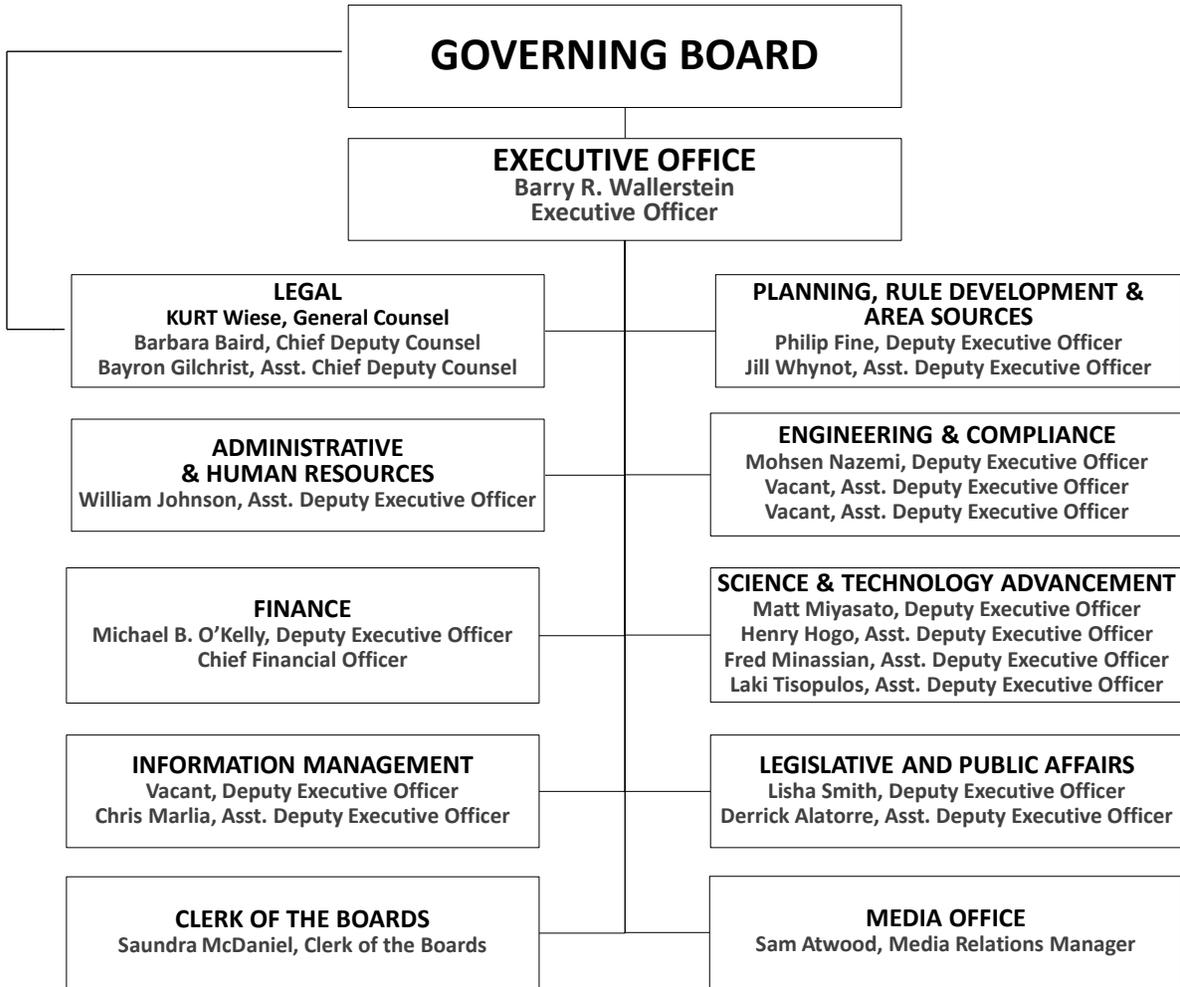
**South Coast Air Quality
Management District (AQMD)
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**South Coast Air Quality Management District, California
Organizational Chart
June 30, 2015**





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FOUNDING PARTNERS
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MELBA W. SIMPSON, CPA

INDEPENDENT AUDITOR'S REPORT

The Governing Board of
South Coast Air Quality Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the **South Coast Air Quality Management District (SCAQMD)**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the SCAQMD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the SCAQMD, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1F to the financial statements, SCAQMD adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68* for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4–21 and 72–77 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 SCAQMD's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for 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 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, on our consideration of the SCAQMD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCAQMD's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 16, 2015

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

As management of the South Coast Air Quality Management District (SCAQMD), we offer readers of SCAQMD's financial statements this narrative overview and analysis of the financial activities of SCAQMD for fiscal year ended June 30, 2015. 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 of SCAQMD exceeded its total liabilities at the close of the most recent fiscal year by \$349.5 million (net position). Of this amount, the unrestricted net position is a deficit of \$156.4 million primarily due to GASB 68 implementation in fiscal year 2014-15 which added a net pension liability of \$109.6 million for the first time to the government-wide financial statements.
- SCAQMD's restated total net position decreased from the prior year by \$47.3 million due to implementation of GASB 68. Total revenues from all sources were \$276.8 million and total expenses for all functions/programs were \$324.2 million.
- As of the close of the fiscal year, SCAQMD's governmental funds reported combined ending fund balances of \$516.7 million, a decrease of \$65.7 million in comparison to the prior year. Of the \$516.7 million combined ending fund balances, \$47.8 million represents the fund balance of the General Fund.
- Out of the general fund balance of \$47.8 million at the end of the fiscal year, \$73,463 was nonspendable, \$6.5 million was committed, \$6.8 million was assigned and \$34.4 million was unassigned, which is 26% of the general fund expenditures.
- SCAQMD's capital assets decreased by \$1.6 million from the prior year.
- SCAQMD's long term debt decreased by \$3.3 million or 7.0% of the long term debt outstanding.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SCAQMD's basic financial statements. SCAQMD'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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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

The government-wide financial statements are designed to provide readers with a broad overview of SCAQMD'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 SCAQMD 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 SCAQMD's financial position is improving or deteriorating.

The Statement of Activities presents information showing how SCAQMD'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. SCAQMD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SCAQMD can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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 SCAQMD's near-term financing requirements.

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 SCAQMD'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.

SCAQMD maintains 45 individual special revenue funds, one debt service fund, one capital projects fund, and a blended component unit in addition to the General Fund. Five 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 40 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 40 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.

SCAQMD 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 SCAQMD's

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

schedules of proportionate share of net pension liability and schedules of contributions.

The Basic Governmental Fund Statements can be found under the Fund Financial Statements section of this report.

Proprietary Funds

When SCAQMD charges for Compressed Natural Gas (CNG) fuel, whether to outside customers or within SCAQMD, the transactions are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements only in more detail. A statement of cash flows, for instance, is presented at the fund financial statement level for proprietary funds but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

SCAQMD's Proprietary Fund Financial Statements for the CNG Fueling Station are presented under the Fund Financial Statements section.

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. SCAQMD's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These statements are excluded from SCAQMD's other financial statements because the resources of fiduciary funds, by definition, cannot be used to support SCAQMD's own programs. SCAQMD 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.

SCAQMD'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 Required Supplementary Information (RSI) section concerning the General Fund's budgetary comparison schedule and budgetary reconciliation. Also included in

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RSI are SCAQMD's schedules of proportionate share of net pension liability and schedules of contributions.

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 SCAQMD's governmental and business-type activities.

The schedule below presents a condensed Statement of Net Position as of June 30, 2015 compared with the prior fiscal year.

Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		TOTAL	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Current and other assets	\$ 572,446	\$ 630,067	\$ 1,148	\$ 897	\$ 573,594	\$ 630,964
Prepaid pension assets	-	40,473	-	-	-	40,473
Capital assets	36,957	38,510	-	-	36,957	38,510
Total assets	<u>609,403</u>	<u>709,050</u>	<u>1,148</u>	<u>897</u>	<u>610,551</u>	<u>709,947</u>
Deferred outflow of resources - Pension	37,214	-	-	-	37,214	-
Total deferred outflow of resources- Pension	<u>37,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,214</u>	<u>-</u>
Long-term liabilities	156,075	49,698	-	-	156,075	49,698
Other liabilities	44,907	37,932	24	21	44,931	37,953
Total liabilities	<u>200,982</u>	<u>87,630</u>	<u>24</u>	<u>21</u>	<u>201,006</u>	<u>87,651</u>
Deferred inflow of resources-Permits	13,679	12,590	-	-	13,679	12,590
Deferred inflow of resources-Pension	83,608	-	-	-	83,608	-
Total deferred inflow of resources	<u>97,287</u>	<u>12,590</u>	<u>-</u>	<u>-</u>	<u>97,287</u>	<u>12,590</u>
Net Position:						
Net investment in capital assets	36,957	38,510	-	-	36,957	38,510
Restricted for:						
Pension assets	-	4,438	-	-	-	4,438
Restricted for long-term emission-reduction projects	468,946	536,617	-	-	468,946	536,617
Unrestricted	(157,555)	29,265	1,124	876	(156,431)	30,141
Total net position	<u>\$ 348,348</u>	<u>\$ 608,830</u>	<u>\$ 1,124</u>	<u>\$ 876</u>	<u>\$ 349,472</u>	<u>\$ 609,706</u>

As noted earlier, net position may serve over time as a useful indicator of SCAQMD's financial position. At the close of the most recent fiscal year, SCAQMD's assets exceeded liabilities by \$349.5 million.

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The largest portion of SCAQMD's net position, \$468.9 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 \$37.0 million of SCAQMD's net position reflect its investment in capital assets used by SCAQMD (e.g. land, buildings, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. SCAQMD 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 SCAQMD'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 2022 and 2024 respectively.

The remaining portion of SCAQMD's net position, a deficit of \$156.4 million, is unrestricted. The deficit is mainly due to the net pension liability. At the end of the current fiscal year, SCAQMD had a negative balance in the unrestricted categories of net position and positive fund balance in restricted and net investment in capital asset category. For the business-type activities, the net position has a positive balance in the unrestricted category.

The net position for governmental activities decreased by \$260.5 million compared with the prior fiscal year. Most of the decrease was due to the first year of GASB 68 implementation to record net pension liability, deferred outflows, deferred inflows and pension expenses.

Program revenues decreased by approximately \$13.1 million, 5% change from the prior year. These are largely due to a decrease of approximately \$20.5 million in state grants in special revenue funds. General revenue decreased by \$9.5 million, compared with the prior fiscal year, which is primarily attributed to a decrease in penalties and settlements.

Expenses increased by \$39.0 million largely due to a higher amount paid for fiscal year 2014-15 long-term emission reduction projects as compared to fiscal year 2013-14 due to higher number of contract completions in fiscal year 2014-15 as compared to fiscal year 2013-14.

A condensed Schedule of Changes in Net Position for the fiscal year ending June 30, 2015 compared with the prior fiscal year can be found on the following page.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Changes in Net Position (amounts expressed in thousands)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>TOTAL</u>	
	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>
Revenues:						
Program Revenues:						
Fees and charges – stationary sources	\$ 88,121	\$ 87,160	\$ -	\$ -	\$ 88,121	\$ 87,160
Fees and charges – mobile sources	24,526	24,308	-	-	24,526	24,308
Operating grants and subventions	149,766	9,742	-	-	8,819	9,742
Restricted long-term project grants*	-	154,312	-	-	140,947	154,312
General Revenues:						
Grants and subventions – not restricted to specific programs	2,888	2,890	-	-	2,888	2,890
Penalties and settlements	8,734	17,959	-	-	8,734	17,959
Interest	339	462	-	-	339	462
Other revenues	2,083	2,259	-	-	2,083	2,259
CNG fuel sales	-	-	417	393	417	393
Total revenues	<u>276,457</u>	<u>299,092</u>	<u>417</u>	<u>393</u>	<u>276,874</u>	<u>299,485</u>
Expenses:						
Advance clean air technology	5,540	6,212	-	-	5,540	6,212
Ensure compliance with clean air rules	43,252	48,814	-	-	43,252	48,814
Customer service	6,125	8,333	-	-	6,125	8,333
Develop programs to achieve clean air	9,728	11,147	-	-	9,728	11,147
Develop rules to achieve clean air	7,161	7,514	-	-	7,161	7,514
Monitoring air quality	13,198	14,969	-	-	13,198	14,969
Timely review of permits	24,431	27,821	-	-	24,431	27,821
Policy support	332	1,205	-	-	332	1,205
Interest on long-term debt	4,031	4,103	-	-	4,031	4,103
Long-term emission reduction projects	210,229	154,939	-	-	210,229	154,939
Other expenses	-	-	169	264	169	264
Total expenses	<u>324,027</u>	<u>285,057</u>	<u>169</u>	<u>264</u>	<u>324,196</u>	<u>285,321</u>
(Decrease)/Increase in net position, before transfers	(47,570)	14,035	248	129	(47,322)	14,164
Transfers	-	-	-	-	-	-
(Decrease)/Increase in net position	(47,570)	14,035	248	129	(47,322)	14,164
Net position beginning (restated for FY 2015)	395,918	594,795	876	747	396,794	595,542
Net position ending	<u>\$ 348,348</u>	<u>\$ 608,830</u>	<u>\$ 1,124</u>	<u>\$ 876</u>	<u>\$ 349,472</u>	<u>\$ 609,706</u>

In 2014, SCAQMD adopted GASB 68, which requires the restatement of the June 30, 2014 net position in Governmental Activities. The result in a decrease in net position at July 1, 2014 of 212.9 million. See further discussion in Note 1F.

* In FY 2014-15, restricted long-term project grants are grouped under operating grants and subventions.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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 SCAQMD's net position changed during fiscal year 2015. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

The Statement of Activities distinguishes governmental activities from business type activities. Governmental activities of SCAQMD 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 primary governmental activities of SCAQMD 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.

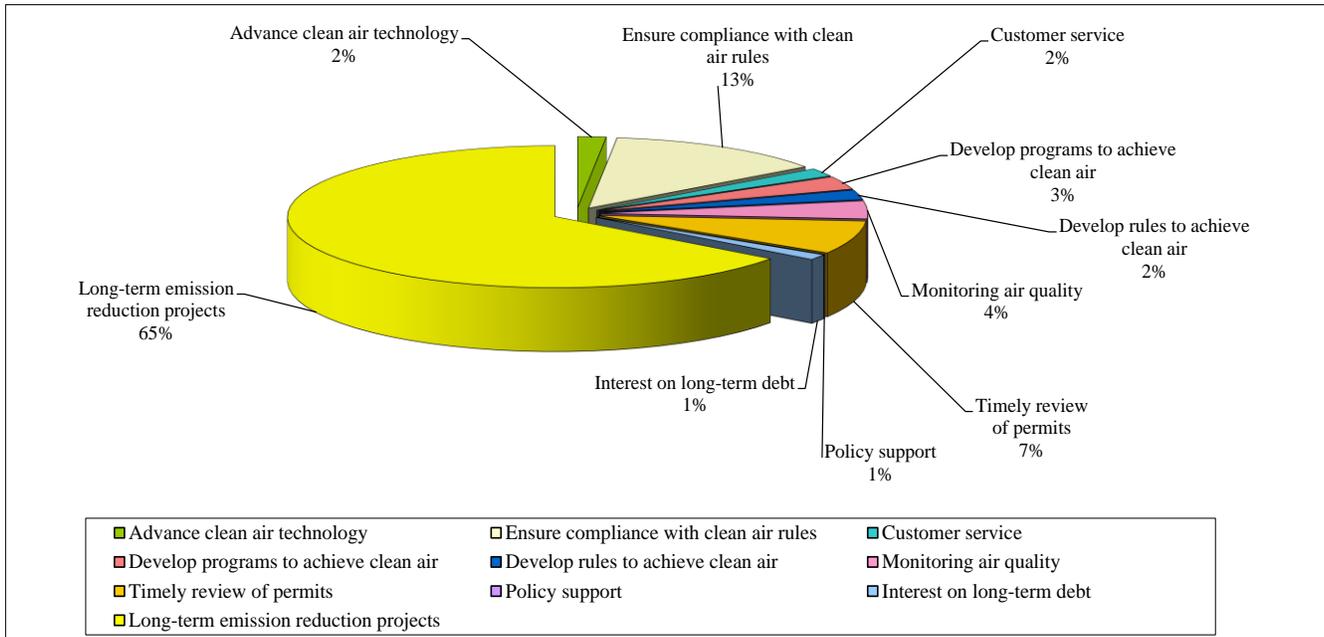
There was a decrease in program revenues in the Operating Grants and Subvention Revenues Sources (excluding long-term emission projects). The program revenues in this revenue category are made up of revenues from mostly restricted revenue derived from federal and state funds. Following is an explanation of the significant revenue variances from fiscal year 2013-14 to fiscal year 2014-15:

- **Prop 1B Goods Movement Fund** – This fund was set up in fiscal year 2007-08 to receive funds from the voter approved bond funding under Proposition 1B to implement programs that reduce emissions from the movement of freight or “goods” along California’s trade corridors. In fiscal year 2014-15, this fund received \$32.0 million in state grants, a decrease of \$18.7 million as compared to prior year.

Business-type Activities

The Business-type Activities section reports transactions relating to the CNG fueling station. The CNG fueling station expenditures are reported on an accrual basis and are offset by sales. The net position of the business-type activities increased by \$248,000 from \$876,000 to \$1,124,000. The increase is primarily due to a federal rebate for the purchase and sale of CNG fuel, and decreased cost of CNG fuel.

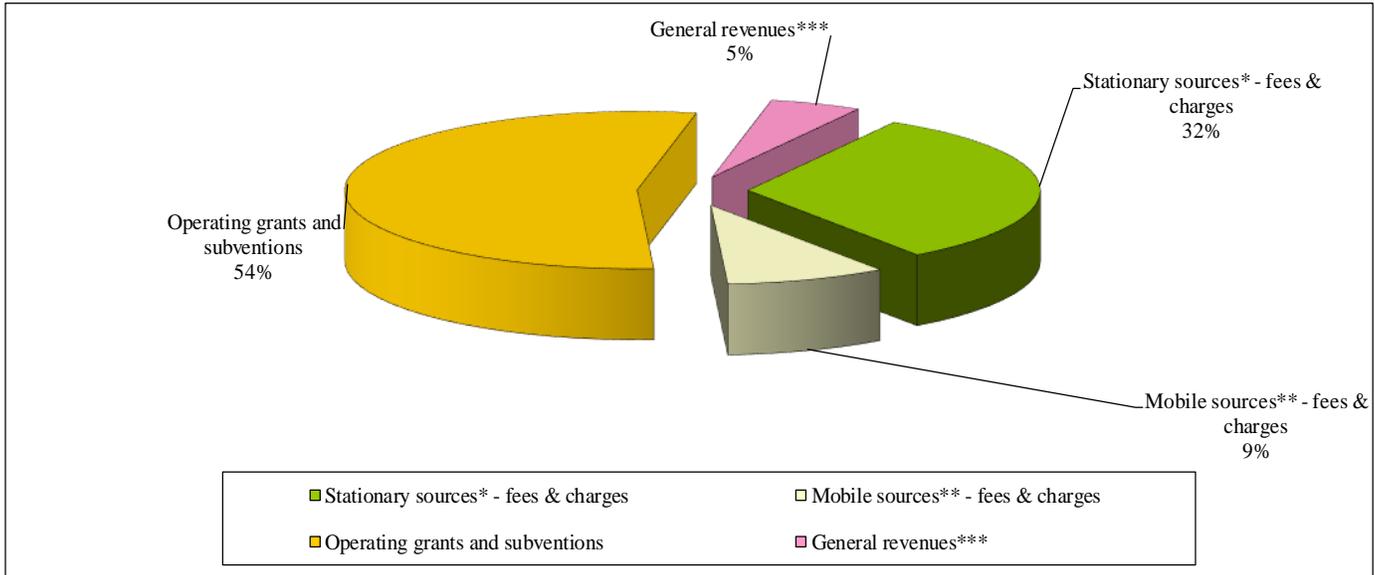
**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
EXPENSES BY ACTIVITY
Government Activities
FY 2014-15**



Activity	FY 14-15	FY 13-14	FY 12-13	FY 11-12	FY 10-11	FY 09-10
Advance clean air technology	\$ 5,539,607	\$ 6,212,087	\$ 6,857,959	\$ 6,672,977	\$ 6,398,859	\$ 6,512,144
Ensure compliance with clean air rules	43,252,162	48,813,991	47,417,956	47,026,447	46,877,017	46,154,574
Customer service	6,124,811	8,332,770	8,169,587	7,729,015	7,578,813	7,682,897
Develop programs to achieve clean air	9,727,624	11,147,303	12,317,470	12,130,832	11,780,948	10,861,040
Develop rules to achieve clean air	7,161,179	7,514,210	7,269,414	7,286,149	8,826,846	8,436,415
Monitoring air quality	13,197,801	14,969,083	14,265,601	15,930,225	15,093,093	14,239,509
Timely review of permits	24,431,059	27,821,032	28,621,527	27,241,449	28,045,891	28,530,507
Policy support	331,652	1,204,588	1,306,054	1,483,613	1,792,208	1,760,038
Interest on long-term debt	4,031,178	4,102,888	4,605,963	4,691,658	3,277,933	3,871,465
Long-term emission reduction projects	210,229,182	154,939,035	155,998,253	137,800,260	161,904,680	150,362,508
Total	\$ 324,026,255	\$ 285,056,987	\$ 286,829,784	\$ 267,992,627	\$ 291,576,288	\$ 278,411,097

Source: FY 2014-15 CAFR Statement of Activities

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 REVENUES BY MAJOR SOURCE
 Government Activities
 FY 2014-15



Source	FY 14-15	FY 13-14	FY 12-13	FY 11-12	FY 10-11	FY 09-10
Stationary sources* - fees & charges	\$ 88,120,829	\$ 87,160,484	\$ 85,439,616	\$ 82,624,489	\$ 81,291,028	\$ 81,097,647
Mobile sources** - fees & charges	24,526,008	24,307,527	23,535,070	23,384,894	22,512,790	23,728,238
Operating grants and subventions	149,766,034	9,741,945	8,754,443	8,486,563	8,867,069	8,379,757
General revenues***	14,043,695	23,570,233	15,202,920	9,684,052	12,739,158	14,929,145
Long-term special revenues	-	154,311,991	164,555,289	204,845,839	207,555,510	243,802,246
Total	\$ 276,456,566	\$ 299,092,180	\$ 297,487,338	\$ 329,025,837	\$ 332,965,555	\$ 371,937,033

* 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 2014-15 CAFR Statement of Activities

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following schedule presents the cost of each SCAQMD 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 2014-2015</u>	
	<u>Total Cost of Program Activities</u>	<u>Net Cost of Program Activities</u>
Advance clean air technology	\$ 5,540	\$ 279
Ensure compliance with clean air rule	43,252	6,566
Customer service and business assistance	6,125	811
Develop programs to achieve clean air	9,728	894
Develop rules to achieve clean air	7,161	1,183
Monitoring air quality	13,198	525
Timely review of permits	24,431	1,391
Policy support	332	51
Interest on long-term debt	4,031	(4,031)
Long-term emission reduction projects	210,229	(69,282)
Total	<u>\$ 324,027</u>	<u>\$ (61,613)</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 SCAQMD'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 SCAQMD 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 SCAQMD. 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.

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- **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 SCAQMD'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 SCAQMD.
- **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 SCAQMD's Funds

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Funds

The focus of SCAQMD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SCAQMD'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, SCAQMD's governmental funds reported combined ending fund balances of \$516.7 million, a decrease of \$65.7 million in comparison with the prior year. Approximately 90.8% of these fund balances (\$468.9 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 SCAQMD. At the end of the fiscal year, the total fund balance of the General Fund was \$47.8 million. The unassigned fund balance was \$34.4 million; assigned was \$6.8 million or 14.2% of the total fund balance. The assigned amount represents SCAQMD'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 31.2% of total General Fund expenditures, while total fund balance represents 36.2% of the total General Fund expenditures. In the General Fund, the assigned and unassigned fund balance may serve as a useful measure of SCAQMD's net resources available for spending at the end of the fiscal year.

General Fund's balance increased in fiscal year 2014-15 by \$2.0 million. This increase is primarily due to revenue from one time penalties and settlements.

Overall, General Fund's expenditures increased in fiscal year 2014-15 by \$1.0 million primarily due to higher salaries and employment benefits expenditures as compared to prior fiscal year. This is due primarily to increased retirement plan contribution.

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

- **Mobile Sources Air Pollution Reduction Fund** – The fund balance increased compared with the prior year due to revenues exceeding expenditures in fiscal year 2014-15. 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.

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- **DOE-ARRA Plug-in Hybrid Electric Vehicle Fund** – The projects in this fund have been completed and all expenditures have been incurred and the corresponding revenue has been reimbursed by Department of Energy. Therefore, there is significant change in the fund balance in fiscal year 2014-15.
- **Hydrogen Fueling Infrastructure Network Fund** – The fund balance decreased in fiscal year 2014-15 because SCAQMD had higher expenditures than revenue for long-term emission reduction projects.
- **Carl Moyer Program AB 923 Fund** – The fund balance increased due to revenues exceeding expenditures in fiscal year 2014-15. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary significantly from year to year.
- **Prop 1B Goods Movement Fund** –The decrease in fund balance in fiscal year 2014-15 is due to expenditures exceeding revenues. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary from year to year.

Proprietary Funds

As noted earlier, SCAQMD's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail. A Statement of Cash Flows is included in the Proprietary Fund Statement.

E. General Fund Budgetary Highlights

Overall, the fiscal year 2014-15 original adopted budget represented a \$3.0 million (2.34%) increase in expenditures over the fiscal year 2013-14 adopted budget. The fiscal year 2014-15 adopted budget increased due to increases in retirement, building operations, and infrastructure improvement costs. In addition, the fiscal year 2014-15 adopted budget increased the funded staffing level by one position. On a budgetary basis, actual fiscal year 2014-15 General Fund revenues exceeded expenditures by \$0.5 million.

SCAQMD adopts an annual operating budget for the General Fund. During budget preparation, SCAQMD estimates its revenues using realistic but conservative methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, SCAQMD 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.

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The fiscal year 2014-15 amended budget compared to the adopted budget reflects an increase in appropriations of \$9.0 million. The changes to the original 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 2014-15 from the following:

EPA - \$2,808,000 for the following programs: Photochemical Assessment Monitoring Stations (PAMS), PM 2.5 Monitoring, the National Air Toxics Monitoring Program, Near Road NO₂ and enhanced particulate monitoring programs.

Exide Technologies - \$1,062,000 for third party oversight and monitoring of mitigation activities being implemented at Exide Technologies.

Clean Fuels Fund - \$850,000 to support Clean Fuels Program activities such as technical assistance, expert consultations, public outreach, technical conference sponsorships, advance technology vehicle purchases and leases, and the Multiple Air Toxics Exposure Study (MATES) IV study.

Prop 1B Goods Movement Fund - \$300,000 to support administrative and technical assistance and other directly related Prop 1B-Goods Movement activities.

Carl Moyer Program AB 923 Special Revenue Fund – \$ 100,000 for support of various Carl Moyer Program activities such as public outreach, technical conference sponsorships, technical assistance and expert consultations.

BP ARCO Fund - \$1,939,000 for air toxics monitoring lab/field equipment and data management software and to establish the Air Quality Sensor Performance Evaluation Center.

Rule 1118 Mitigation Fund - \$250,000 to purchase a portable wind LIDAR system for continuous wind profile measurements.

Air Quality Investment Fund - \$8,000 to assist in implementing SCAQMD's "Mow Down Air Pollution 2015" program.

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Mobile Sources Air Pollution Reduction Fund - \$56,000 to facilitate reimbursement of administrative costs.

Penalty and Settlements Revenue - \$640,000 to replace, high mileage, high maintenance vehicles and/or to replace vehicles that have CNG tanks that will expire in fiscal year 2015-16.

Designation for Litigation and Enforcement - \$1,000,000 for outside counsel to represent and advise SCAQMD on legal matters relating to environmental law and special litigation matters.

For fiscal year 2014-15, actual revenues came under the final budget by \$2,840,639 or 2.1% and expenditure savings were \$7,809,059 or 5.5%.

Actual revenue was below the final budget primarily due to mobile source/clean fuel and federal grant revenues being lower than the amount estimated due to the timing of the projects and grants that are reimbursed; however, the overall impact was mitigated by large one-time unanticipated cash penalties/settlements.

The expenditure savings can be primarily attributed to salary savings, which was a result of filling only critical vacant positions throughout the year. Additional significant savings were achieved through prudent purchasing and contracting.

F. Capital Assets and Debt Administration

Capital Assets

SCAQMD's investment in capital assets is mostly for its governmental activities. The book value was \$37.0 million (net of accumulated depreciation of \$80.2 million) as of June 30, 2015. This investment in capital assets includes land, buildings, laboratory equipment, air monitoring stations, intangible assets (internally generated software) and SCAQMD 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, SCAQMD had total long-term debt outstanding of \$46.4 million, including the current portion of \$4.4 million. The amount of \$32.9 million represents the Pension Obligation Bonds. The 1995 series (outstanding balance of \$3.9 million) and the 2004 Series issued in June 2004 with \$29.0 million outstanding balance retired the Unfunded Actuarial Accrued Liability due to San

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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Bernardino County Employees' Retirement Association as of June 30, 2004. Other long-term debt includes general liability claims and workers' compensation claims payable of \$705,029 and compensated absences of \$12.8 million.

Additional information on SCAQMD'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 2015-16 expenditure budget decreased by 2.8% compared to the fiscal year 2014-15 amended budget. The budget reflects a decrease of \$4.0 million in expenditures from the fiscal year 2014-15 amended budget and a \$5.0 million increase from the fiscal year 2014-15 adopted budget. The increase in expenditures from the fiscal year 2014-15 adopted budget can be attributed to increases in retirement, building operations and infrastructure improvement costs. The fiscal year 2015-16 adopted budget includes the full cost increase associated with SCAQMD's labor agreements, which in the long term will continue to reduce the agency's overall retirement cost by shifting a portion of the cost of retirement to its employees and reducing retirement benefits for new employees. In addition, the fiscal year 2015-16 adopted budget increases the funded staffing level by three positions and includes an 8% vacancy factor reflecting the agency's efforts to reduce program costs.

In fiscal year 2015-16 revenues are projected to increase by approximately \$2.8 million from the fiscal year 2014-15 adopted budget. The increase in revenue can be mainly attributed to a 1.4% CPI fee increase in most stationary source fees and an additional fee adjustment of 3% was applied to Annual Operating Permit Renewal and Permit Processing fees to better align program costs with revenues. Estimated revenues for fiscal year 2015-16 are \$135.0 million. Nevertheless, in recent years, SCAQMD's revenues have not kept pace with program costs mainly due to increases in retirement rates as the result of lower than assumed return on the retirement system's investments.

Moreover, since fiscal year 1991-92, SCAQMD has reduced staffing and program costs despite increased program requirements. The fiscal year 2015-16 expenditure budget is \$137.2 million and includes 803 authorized positions. Compared to fiscal year 1991-92, this reflects a reduction of 31% in authorized positions. Program costs, however, will exceed by \$24.2 million (approximately 21%) of the fiscal year 1991-92 budget. Using inflation-adjusted dollars, however, this year's budget request is 30% less than the budget approved in fiscal year 1991-92.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

H. Requests for Information

This financial report is designed to provide a general overview of SCAQMD'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 Office of the Chief Financial Officer, 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, 2015

	Primary Government		Total
	Governmental Activities	Business- type Activities	
<u>Assets</u>			
Current Assets:			
Cash and pooled cash	\$ 461,109,088	\$ 1,144,419	\$ 462,253,507
Investments	75,194,940	-	75,194,940
Interest receivable	1,420,133	3,375	1,423,508
Due from other governmental agencies	30,949,678	-	30,949,678
Accounts receivable, net	3,698,431	-	3,698,431
Inventories	73,463	-	73,463
Total current assets	<u>572,445,733</u>	<u>1,147,794</u>	<u>573,593,527</u>
Noncurrent Assets:			
Capital assets:			
Land	8,829,792	-	8,829,792
Depreciable building and improvements, equipment, vehicles and furniture, net	28,127,372	-	28,127,372
Total capital assets	<u>36,957,164</u>	<u>-</u>	<u>36,957,164</u>
Total noncurrent assets	<u>36,957,164</u>	<u>-</u>	<u>36,957,164</u>
Total assets	<u>609,402,897</u>	<u>1,147,794</u>	<u>610,550,691</u>
Deferred outflow of resources:			
Deferred outflow of resources	37,213,958	-	37,213,958
Combined Assets and Deferred Outflow of Resources	<u>646,616,855</u>	<u>1,147,794</u>	<u>647,764,649</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	33,249,733	23,840	33,273,573
Interest payable	2,851,090	-	2,851,090
Salaries and benefits payable	8,806,356	-	8,806,356
Long term debt - due within one year	4,430,998	-	4,430,998
Total current liabilities	<u>49,338,177</u>	<u>23,840</u>	<u>49,362,017</u>
Noncurrent Liabilities:			
Long term debt - due in more than one year	41,989,132	-	41,989,132
Net pension liability	109,655,281	-	109,655,281
Total noncurrent liabilities	<u>151,644,413</u>	<u>-</u>	<u>151,644,413</u>
Total liabilities	<u>200,982,590</u>	<u>23,840</u>	<u>201,006,430</u>
Deferred Inflow of Resources:			
Deferred inflow of resources-permits	13,678,728	-	13,678,728
Deferred inflow of resources-pension	83,607,643	-	83,607,643
Total deferred inflow of resources	<u>97,286,371</u>	<u>-</u>	<u>97,286,371</u>
Combined Liabilities and Deferred Inflow of Resources	<u>298,268,961</u>	<u>23,840</u>	<u>298,292,801</u>
<u>Net Position</u>			
Net investment in capital assets	36,957,165	-	36,957,165
Restricted for:			
Long-term emission-reduction projects	468,946,402	-	468,946,402
Unrestricted	(157,555,673)	1,123,954	(156,431,719)
Total net position	<u>\$ 348,347,894</u>	<u>\$ 1,123,954</u>	<u>\$ 349,471,848</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees and Charges		Operating Grants and Subventions	Governmental Activities **	Business-Type Activities	Total
		Stationary Sources **	Mobile Sources				
Primary Government:							
Governmental Activities:							
Advance clean air technology	\$ 5,539,607	-	5,746,746	72,135	\$ 279,274	\$ -	\$ 279,274
Ensure compliance with clean air rules	43,252,162	42,828,642	4,213,027	2,776,429	6,565,936	-	6,565,936
Customer service and business assistance	6,124,811	4,785,541	2,009,189	140,861	810,780	-	810,780
Develop programs to achieve clean air	9,727,624	5,277,734	5,256,447	87,611	894,168	-	894,168
Develop rules to achieve clean air	7,161,179	6,984,275	1,189,028	171,172	1,183,296	-	1,183,296
Monitoring air quality	13,197,801	3,098,130	5,729,526	4,895,039	524,894	-	524,894
Timely review of permits	24,431,059	25,146,507	-	675,868	1,391,316	-	1,391,316
Policy support	331,652	-	382,045	-	50,393	-	50,393
Interest on long-term debt	4,031,178	-	-	-	(4,031,178)	-	(4,031,178)
Long-term emission reduction projects *	210,229,182	-	-	140,946,919	(69,282,263)	-	(69,282,263)
Total governmental activities	<u>324,026,255</u>	<u>88,120,829</u>	<u>24,526,008</u>	<u>149,766,034</u>	<u>(61,613,384)</u>	<u>-</u>	<u>(61,613,384)</u>
Business-type Activities:							
CNG fueling station	168,769	-	-	-	-	(168,769)	(168,769)
Total business-type activities	<u>168,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,769)</u>	<u>(168,769)</u>
Total primary government	\$ <u>324,195,024</u>	<u>88,120,829</u>	<u>24,526,008</u>	<u>149,766,034</u>	\$ <u>(61,613,384)</u>	\$ <u>(168,769)</u>	\$ <u>(61,782,153)</u>
General Revenues **:							
Grants and subventions - not restricted to specific stationary source programs					2,887,831	-	2,887,831
Interest					339,005	-	339,005
Penalties/ settlement					8,733,773	-	8,733,773
Subscriptions					2,136	-	2,136
Other					2,080,950	-	2,080,950
CNG fuel sales***					-	416,874	416,874
Total general revenues					<u>14,043,695</u>	<u>416,874</u>	<u>14,460,569</u>
Change in net position					(47,569,689)	248,105	(47,321,584)
Net position as restated - July 1, 2014					395,917,583	875,849	396,793,432
Net position - June 30, 2015					\$ <u>348,347,894</u>	\$ <u>1,123,954</u>	\$ <u>349,471,848</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.

*** Reported as gross sales with related expenses under Business-type activities.

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015**

Assets	General	Mobile Sources	DOE-ARRA Plug-in	Hydrogen Fueling	CMP	Prop 1B	Other	Total
	Fund	Air Pollution Reduction Fund	Hybrid Electric Vehicles Fund	Infrastructure Network Fund	AB 923 Fund	Goods Movement Fund	Governmental Funds	
Cash and cash equivalents	\$ 49,728,920	\$ 53,900,020	\$ 99,555	\$ 6,388,927	\$ 87,025,414	\$ 38,348,364	\$ 225,617,888	\$ 461,109,088
Investments	15,081,290	20,076,890	-	-	20,023,520	-	20,013,240	75,194,940
Interest receivable	116,811	149,590	521	18,468	274,184	176,215	684,344	1,420,133
Due from other governmental agencies	7,322,668	2,695,315	10,233,195	-	4,492,192	-	6,206,308	30,949,678
Due from other funds	798,171	-	-	-	925,000	-	14,516,192	16,239,363
Accounts receivable, net	2,472,792	-	-	-	-	-	1,225,639	3,698,431
Inventories	73,463	-	-	-	-	-	-	73,463
Total assets	<u>75,594,115</u>	<u>76,821,815</u>	<u>10,333,271</u>	<u>6,407,395</u>	<u>112,740,310</u>	<u>38,524,579</u>	<u>268,263,611</u>	<u>588,685,096</u>
<u>Deferred Outflow of Resources:</u>								
Deferred outflow of resources	-	-	-	-	-	-	-	-
Combined assets and deferred outflow of resources	<u>75,594,115</u>	<u>76,821,815</u>	<u>10,333,271</u>	<u>6,407,395</u>	<u>112,740,310</u>	<u>38,524,579</u>	<u>268,263,611</u>	<u>588,685,096</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 4,818,079	\$ 831,360	\$ 10,219,258	\$ 33,564	\$ 296,535	\$ 3,887,380	\$ 13,163,557	\$ 33,249,733
Salaries and benefits payable	8,806,356	-	-	-	-	-	-	8,806,356
Due to other funds	526,438	-	66,912	6,646,461	-	925,000	8,074,552	16,239,363
Total liabilities	<u>14,150,873</u>	<u>831,360</u>	<u>10,286,170</u>	<u>6,680,025</u>	<u>296,535</u>	<u>4,812,380</u>	<u>21,238,109</u>	<u>58,295,452</u>
<u>Deferred Inflow of Resources:</u>								
Deferred inflow of resources	<u>13,678,728</u>	-	-	-	-	-	-	<u>13,678,728</u>
Fund Balances:								
Nonspendable	73,463	-	-	-	-	-	-	73,463
Restricted	-	75,990,455	47,101	-	112,443,775	33,712,199	61,260,657	283,454,187
Committed	6,533,505	-	-	-	-	-	59,667,932	66,201,437
Assigned	6,803,899	-	-	-	-	-	126,111,461	132,915,360
Unassigned	34,353,647	-	-	(272,630)	-	-	(14,548)	34,066,469
Total fund balances	<u>47,764,514</u>	<u>75,990,455</u>	<u>47,101</u>	<u>(272,630)</u>	<u>112,443,775</u>	<u>33,712,199</u>	<u>247,025,502</u>	<u>516,710,916</u>
Combined liabilities, deferred inflow of resources and fund balances	<u>\$ 75,594,115</u>	<u>\$ 76,821,815</u>	<u>\$ 10,333,271</u>	<u>\$ 6,407,395</u>	<u>\$ 112,740,310</u>	<u>\$ 38,524,579</u>	<u>\$ 268,263,611</u>	<u>\$ 588,685,096</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances – total governmental funds \$ 516,710,916

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 SCAQMD as a whole. 36,957,164

Deferred outflows are not current financial resources and therefore are not reported in the Governmental Fund Balance Sheet. 37,213,958

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. (2,851,090)

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, both current and long-term, are reported in the Statement of Net Position.

Long-term debt	(32,876,480)
Net pension liability	(109,655,281)
Deferred inflows of resources related to pension	(83,607,643)
General liability	(188,000)
Workers' compensation	(517,029)
Compensated absences	<u>(12,838,621)</u>

Net position of governmental activities \$348,347,894

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Revenues:	General Fund	Mobile Sources Air Pollution Reduction Fund	DOE-ARRA Plug-in Hybrid Electric Vehicles Fund	Hydrogen Fueling Infrastructure Network Fund	CMP AB 923 Fund	Prop 1B Goods Movement Fund	Other Governmental Funds	Total
Emission fees	\$ 19,838,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	19,838,979
Annual renewal fees	45,759,738	-	-	-	-	-	-	45,759,738
Area Sources	2,573,959	-	-	-	-	-	-	2,573,959
Permit processing fees	16,668,485	-	-	-	-	-	-	16,668,485
Mobile sources/clean fuels	20,987,963	15,494,908	-	-	25,170,678	-	9,300,432	70,953,981
Air Toxics "Hot Spots"	2,001,389	-	-	-	-	-	38,223	2,039,612
Transportation programs	845,236	-	-	-	-	-	-	845,236
State subvention	3,947,386	-	-	-	-	-	-	3,947,386
Federal grant	7,759,558	-	23,063,177	-	-	-	2,116,575	32,939,310
State grant	2,692,809	-	-	-	-	32,015,009	26,009,897	60,717,715
Interest revenue	339,005	386,656	620	43,055	723,163	530,793	1,743,035	3,766,327
Lease revenue	141,878	-	-	-	-	-	-	141,878
Source test/analysis fees	746,399	-	-	-	-	-	-	746,399
Hearing Board fees	531,879	-	-	-	-	-	-	531,879
Penalties and settlements	8,733,773	-	-	-	-	-	-	8,733,773
Subscriptions	2,136	-	-	-	-	-	-	2,136
Other revenues	1,939,074	-	-	-	-	6,132	4,304,567	6,249,773
Total revenues	<u>135,509,646</u>	<u>15,881,564</u>	<u>23,063,797</u>	<u>43,055</u>	<u>25,893,841</u>	<u>32,551,934</u>	<u>43,512,729</u>	<u>276,456,566</u>
Expenditures:								
Current:								
Salaries and employee benefits	102,127,845	-	-	-	-	-	-	102,127,845
Insurance	1,202,650	-	-	-	-	-	-	1,202,650
Rent	556,323	-	-	-	-	-	-	556,323
Supplies	2,588,866	-	-	-	-	-	-	2,588,866
Contract and special services	9,882,370	7,901,097	23,063,176	325,714	15,547,690	99,689,786	62,841,549	219,251,382
Maintenance	1,270,417	-	-	-	-	-	-	1,270,417
Travel and auto	783,720	-	-	-	-	-	-	783,720
Utilities	1,809,594	-	-	-	-	-	-	1,809,594
Communications	635,977	-	-	-	-	-	-	635,977
Uncollectible accounts	3,049	-	-	-	-	-	4,933	7,982
Other expenditures	950,595	709,879	-	-	-	-	5,241	1,665,715
Capital outlay	2,910,271	-	-	-	-	-	140,117	3,050,388
Debt service:								
Principal	3,159,384	-	-	-	-	-	-	3,159,384
Interest	4,031,995	-	-	-	-	-	-	4,031,995
Total expenditures	<u>131,913,056</u>	<u>8,610,976</u>	<u>23,063,176</u>	<u>325,714</u>	<u>15,547,690</u>	<u>99,689,786</u>	<u>62,991,840</u>	<u>342,142,238</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>3,596,590</u>	<u>7,270,588</u>	<u>621</u>	<u>(282,659)</u>	<u>10,346,151</u>	<u>(67,137,852)</u>	<u>(19,479,111)</u>	<u>(65,685,672)</u>
Other Financing Sources (uses):								
Transfers in	2,308,158	-	-	-	-	-	7,460,354	9,768,512
Transfers out	(3,919,382)	-	-	-	-	-	(5,849,130)	(9,768,512)
Total other financing sources (uses)	<u>(1,611,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,611,224</u>	<u>-</u>
Net change in fund balance	<u>1,985,366</u>	<u>7,270,588</u>	<u>621</u>	<u>(282,659)</u>	<u>10,346,151</u>	<u>(67,137,852)</u>	<u>(17,867,887)</u>	<u>(65,685,672)</u>
Fund balances, July 1, 2014	<u>45,779,148</u>	<u>68,719,867</u>	<u>46,480</u>	<u>10,029</u>	<u>102,097,624</u>	<u>100,850,051</u>	<u>264,893,389</u>	<u>582,396,588</u>
Fund balances, June 30, 2015	<u>\$ 47,764,514</u>	<u>\$ 75,990,455</u>	<u>\$ 47,101</u>	<u>\$ (272,630)</u>	<u>\$ 112,443,775</u>	<u>\$ 33,712,199</u>	<u>\$ 247,025,502</u>	<u>\$ 516,710,916</u>

See accompanying notes to the basic financial statements.

**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, 2015**

Net change in fund balances – total governmental funds \$(65,685,672)

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. 3,050,387

Depreciation expense 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. (4,603,071)

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. (3,009,025)

Pension contribution made by employer in current fiscal year reduce the net pension liability and do not require current resources. 19,398,857

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. 3,159,384

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 following amount represents the change in accrued interest from the prior year. 818

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	445,366
General and auto liability/workers' compensation claims	<u>(326,733)</u>

Change in net position of governmental activities \$(47,569,689)

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

		Business-type Activities - Enterprise Funds <u>CNG Fueling Station Fund</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$	1,144,419
Interest receivable		3,375
Total current assets		<u>1,147,794</u>
Noncurrent Assets:		
Capital assets:		
Equipment		610,200
Less accumulated depreciation		<u>(610,200)</u>
Total capital assets, net of accumulated depreciation		<u>-</u>
Total noncurrent assets		<u>-</u>
Total assets		<u>1,147,794</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts payable and accrued liabilities		<u>23,840</u>
Total liabilities		<u>23,840</u>
<u>Net Position</u>		
Unrestricted		1,123,954
Total net assets	\$	<u>1,123,954</u>

See accompanying notes to the basic financial statements.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

		Business-type Activities - Enterprise Funds
		<u>CNG Fueling Station Fund</u>
Operating revenues:		
Merchandise sales	\$	333,681
Other operating revenues		83,193
Total operating revenues		<u>416,874</u>
Operating expenses:		
Cost of goods and services		<u>168,769</u>
Total operating expenses		<u>168,769</u>
Operating income (loss)		248,105
Total net position, July 1, 2014		<u>875,849</u>
Total net position, June 30, 2015	\$	<u><u>1,123,954</u></u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

		Business-type Activities - Enterprise Funds
		<u>CNG Fueling Station Fund</u>
<u>Cash Flows from Operating Activities:</u>		
Cash received from merchandise sales	\$	333,681
Cash payment for goods and services		(165,879)
Other operating revenues		82,551
		<u>250,353</u>
Net cash provided by operating activities		<u>250,353</u>
Beginning cash balance, July 1, 2014		<u>894,066</u>
Ending cash balance, June 30, 2015	\$	<u><u>1,144,419</u></u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating income (loss)	\$	<u>248,105</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease (increase) in interest receivable		(642)
Increase (decrease) in accounts payable and accrued liabilities		2,890
Total adjustments		<u>2,248</u>
Net cash provided by operating activities	\$	<u><u>250,353</u></u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

<u>Assets</u>	<u>Agency Funds</u>	<u>Retirement Benefit Trust Fund</u>
Cash and cash equivalents	\$ 169,252	\$ 189,068
Interest receivable	<u>84</u>	<u>1,659</u>
Total assets	<u>\$ 169,336</u>	<u>190,727</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ <u>169,336</u>	<u>21,715</u>
Total liabilities	<u>\$ 169,336</u>	<u>21,715</u>
<u>Net Assets</u>		
Net position held in trust for retirement benefit		<u>169,012</u>
Total net position		<u>\$ 169,012</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015**

	Retirement Benefit Trust Fund
<u>Additions:</u>	
Contribution	\$ 188
Interest revenue	5,407
Total additions	5,595
 <u>Deductions:</u>	
Other expenditures	246,602
Total deductions	246,602
Change in net assets	(241,007)
Net position held in trust for retirement benefits, July 1, 2014	410,019
Net position held in trust for retirement benefits, June 30, 2015	\$ 169,012

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The South Coast Air Quality Management District (SCAQMD) 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. SCAQMD encompasses all of Orange County and parts of Los Angeles, San Bernardino, and Riverside Counties. SCAQMD 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 SCAQMD'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 SCAQMD are prepared in accordance with GAAP.

The accompanying financial statements present the financial activities of SCAQMD (primary government) and its blended component unit, South Coast Air Quality Management District Building Corporation (Corporation), an entity for which SCAQMD is considered to be financially accountable. Legally separate from SCAQMD 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 SCAQMD. SCAQMD Governing Board approves the appointment of the Corporation's Board of Directors. SCAQMD has had significant transactions with the Corporation for the construction and improvement of SCAQMD's headquarters facility. It is legally separate from SCAQMD 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 SCAQMD's Finance Office located at 21865 Copley Drive, Diamond Bar, California 91765.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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

The basic financial statements of SCAQMD 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 SCAQMD 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 SCAQMD'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 AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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SCAQMD's functional activities are broken down into the following nine 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, and
- Long-term emission reduction projects

When both restricted and unrestricted resources are available for use, it is SCAQMD'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, proprietary, 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.

SCAQMD has presented all major funds that met those qualifications. These major funds are Mobile Sources Air Pollution Reduction Fund, DOE-ARRA Plug-in Hybrid Electric Vehicles Fund, Hydrogen Fueling Infrastructure Network Fund, Carl Moyer Program AB 923 Special Revenue Fund, Proposition 1B Funding-Goods Movement 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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, SCAQMD 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 SCAQMD 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.

Proprietary Fund Financial Statements

Proprietary Fund financial statements include a Statement of Fund Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows. These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total 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.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of SCAQMD’s enterprise

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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fund are sales of CNG fuel. Operating expenses include the cost of sales and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

SCAQMD reports the following major governmental funds:

General Fund – This is the primary operating fund of SCAQMD 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 SCAQMD’s major special revenue funds:

- Mobile Sources Air Pollution Reduction Fund – Used to account for 30% of the revenue received by SCAQMD 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 South Coast Air Basin. Total projects to date amount to over \$359 million and over 11,600 tons of emissions reduced. This special fund was established in fiscal year 1992.
- DOE-ARRA Plug-in Hybrid Electric Vehicles Fund – Established in fiscal year 2010 to account for the revenue and expenditures of a project to develop

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a fleet of demonstration plug-in hybrid electric vehicles funded under the American Recovery and Reinvestment Act of 2009 which is coordinated through the Department of Energy.

- 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 SCAQMD received an award for \$6.9 million from the California Energy Commission (CEC) to upgrade and refurbish existing hydrogen stations in the South Coast Air Basin.
- Carl Moyer Program AB 923 Special Revenue 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 nitrogen oxide hydrocarbon, and particulate matter pollution reductions. About \$4 million per year in AB 923 funds are used to fund projects as match requirement to the Carl Moyer Program.
- Prop 1B Funding - Goods Movement Fund - This fund was 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 SCAQMD to implement programs that reduce emissions from movement of freight or “goods” along California’s trade corridors. About 1,500 new diesel and LNG drayage trucks were funded at the Ports of Los Angeles and Long Beach for about \$75 million in Proposition 1B-Goods Movement Program funds and \$27 million in other funds that were only used for the LNG trucks. In addition, about 3,000 non-drayage trucks have been funded for about \$140 million in Proposition 1B-Goods Movement Program funds. In fiscal year 2014-15, over \$70 million was awarded for replacement of more than 1,600 goods movement trucks.

SCAQMD reports the following major proprietary fund:

- Compressed Natural Gas (CNG) Fueling Station Fund - Established during fiscal year 2002 to administer all activities, transactions, and funding relating to the public and SCAQMD’s use of CNG fueling facilities at SCAQMD’s headquarters. The fueling station helps accommodate the growing number of alternative-fuel vehicle fleets.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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SCAQMD also 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 SCAQMD 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 funds contributed by SCAQMD and interest earned on its principal for the payment of medical, dental and burial costs upon retirement of SCAQMD employees who are members of the Los Angeles County Employees Retirement Association (LACERA). It operates as a cost-sharing multi-employer defined benefit Other Post Employment Benefit plan. Note X contains more information about SCAQMD's retirement 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 SCAQMD in demand deposits with the Los Angeles County Treasurer and various financial institutions. SCAQMD (District) deposits virtually all of its cash with the Treasurer of the County of Los Angeles. The District'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 District-directed investments are to diversify SCAQMD's investments and are in compliance with SCAQMD's investment policy and Los Angeles County Treasury investment guidelines. The guidelines limit specific investments to United States Agency securities. The District securities

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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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 District 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 appraised 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 SCAQMD 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.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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

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

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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. 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 SCAQMD in excess of what can properly be classified in one of the other two categories mentioned above.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 SCAQMD 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 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. SCAQMD’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 SCAQMD’s policy to use restricted resources first and then unrestricted resources as they are needed. When using unrestricted fund balance amounts, SCAQMD’s Governing Board approved policy is to use committed amounts first, followed by assigned and then unassigned.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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The following schedule shows the details of the fund balances as of June 30, 2015:

Major Governmental Funds

	<u>General Fund</u>	<u>Mobile Sources Air Pollution Reduction Fund</u>	<u>DOE ARRA Plug-in Hybrid Electric Vehicles Fund</u>	<u>Hydrogen Fueling Infrastructure Network Fund</u>	<u>CMP AB 923 Fund</u>	<u>Prop 1B Goods Movement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance:								
Nonspendable:								
Inventory	\$ 73,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,463
Total non spendable	<u>73,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,463</u>
Restricted:								
Long term emission reduction projects	-	75,990,455	47,101	-	112,443,775	33,712,199	61,260,657	283,454,187
Total restricted	<u>-</u>	<u>75,990,455</u>	<u>47,101</u>	<u>-</u>	<u>112,443,775</u>	<u>33,712,199</u>	<u>61,260,657</u>	<u>283,454,187</u>
Committed:								
Advance clean air technology	1,123,331	-	-	-	-	-	-	1,123,331
Ensure compliance with clean air rules	1,862,055	-	-	-	-	-	-	1,862,055
Customer service and business assistance	771,924	-	-	-	-	-	-	771,924
Develop programs to achieve clean air	400,702	-	-	-	-	-	-	400,702
Develop rules to achieve clean air	298,697	-	-	-	-	-	-	298,697
Monitoring air quality	1,000,134	-	-	-	-	-	-	1,000,134
Timely review of permits	566,656	-	-	-	-	-	-	566,656
Policy support	510,006	-	-	-	-	-	-	510,006
Long term emission reduction projects	-	-	-	-	-	-	59,667,932	59,667,932
Total committed	<u>6,533,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,667,932</u>	<u>66,201,437</u>
Assigned:								
Long term emission reduction projects	-	-	-	-	-	-	126,111,461	126,111,461
For self insurance	2,000,000	-	-	-	-	-	-	2,000,000
For litigation/enforcement	600,000	-	-	-	-	-	-	600,000
For facility refurbishment	-	-	-	-	-	-	-	-
For unemployment claims	80,000	-	-	-	-	-	-	80,000
For enhanced compliance activity	883,018	-	-	-	-	-	-	883,018
For permit streamlining	288,385	-	-	-	-	-	-	288,385
For retirement actuarial increases	-	-	-	-	-	-	-	-
For OPEB obligations	2,952,496	-	-	-	-	-	-	2,952,496
Total assigned	<u>6,803,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,111,461</u>	<u>132,915,360</u>
Unassigned:								
General Purpose	34,353,647	-	-	-	-	-	-	34,353,647
Long term emission reduction projects	-	-	-	(272,630)	-	-	(14,548)	(287,178)
Total	<u>34,353,647</u>	<u>-</u>	<u>-</u>	<u>(272,630)</u>	<u>-</u>	<u>-</u>	<u>(14,548)</u>	<u>34,066,469</u>
Total fund balances	<u>\$ 47,764,514</u>	<u>\$ 75,990,455</u>	<u>\$ 47,101</u>	<u>\$ (272,630)</u>	<u>\$ 112,443,775</u>	<u>\$ 33,712,199</u>	<u>\$ 247,025,502</u>	<u>\$ 516,710,916</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.”

This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. SCAQMD changed its accounting policies with the implementation of this new statement. This statement requires recognition of a net pension liability, deferred outflows/inflows of resources and pension expense in the financial statements effective for SCAQMD fiscal year beginning July 1, 2014.

Restatement due to Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*:

Prior Period Adjustment	Governmental Activities
Beginning net position as previously reported at June 30, 2014	\$608,830,065
Prior period adjustment – implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	(156,371,863)
Deferred outflows – SCAQMD’s contributions made during fiscal year 2014	18,073,910
Deferred inflows – prior year	(34,140,846)
Prepaid pension asset	(40,473,683)
Total prior period adjustment	(212,912,482)
Net position as restated, July 1, 2014	\$395,917,583

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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The GASB has issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68.”

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The requirements of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. SCAQMD implemented this statement simultaneously with GASB 68.

The GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”

Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

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, 2015.

	Primary Government
Cash on hand	\$ 248,662
Cash in bank	348,272
Pooled cash	462,014,893
Investments	75,194,940
Cash, pooled cash, and investments	\$ 537,806,767

CASH

At June 30, 2015, the carrying amount of SCAQMD’s bank deposits was \$348,272 and the bank balance was \$346,634. The entire amount was not covered by Federal Deposit Insurance Corporation (FDIC). The amount was insured up to \$250,000 by FDIC. Management believes that SCAQMD 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, 2015.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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POOLED CASH AND INVESTMENTS

SCAQMD'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, SCAQMD Investment Policy, Los Angeles County Treasurer Investment Policy and LAIF Policies, Goals, and Objectives.

Los Angeles County Pooled Surplus Investment Fund Portfolio (PSI)

SCAQMD 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.

Los Angeles County Specific Purpose Investment Portfolio (SPI)

The Los Angeles County Specific Purpose Investment Portfolio (SPI) is managed by the Los Angeles County Treasurer and is used to purchase specific investments for SCAQMD. In accordance with California Government Code, SCAQMD adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms. On June 30, 2015, SPI are reported at fair market value.

The SCAQMD Investment Policy authorizes SCAQMD to invest in:

- U.S. Treasuries
- Federal agencies and U.S. government sponsored enterprises
- Los Angeles County Pooled Surplus Investment Portfolio
- State of California Local Agency Investment Fund
- Obligation of State of California or any other local agency within the state - Permitted obligations will include bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or local agency. Obligations of the State of California or other local agencies within the state must be rated at least A by a NRSRO.
- Shares of money market mutual funds – shall be limited to ratings of AAA by two nationally recognized statistical rating organizations (NRSRO) or managed by an investment advisor registered with the Securities Exchange Commission with not less than five years experience and with assets under management in excess of \$500 million and such investment may not represent more than 10% of the total assets in the money market fund.

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- Bankers acceptances – with maximum maturities of 180 days, must be issued by national or state-chartered branch or a state licensed branch of a foreign bank. Eligible banker’s acceptance should have the highest rankings in the highest letter and number rating as provided for by the NRSRO.
- Negotiable certificates of deposit – with maximum maturities of five (5) years must be issued by state-chartered banks, a federal or state-licensed branch of a foreign bank, savings associations and state or federal credit unions. Negotiable CDs must be rated at least A or its equivalent by at least one NRSRO.
- Commercial paper – Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph a or paragraph b; and may not represent more than 10% of the outstanding paper of the issuing corporation. Maximum maturities are 270 days.
 - a. The entity meets the following criteria:
 - i. Is organized and operating in the United States as a general corporation.
 - ii. Have total assets in excess of one billion dollars (\$1,000,000,000).
 - iii. Has debt other than commercial paper, if any, that is rated A or higher, or equivalent, by a NRSRO.
 - b. The entity meets the following criteria:
 - i. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - ii. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - iii. Has commercial paper that is rated A-1, or the equivalent, by at least two NRSROs.
- Medium term maturity corporate securities – with maximum maturities of five (5) years shall be limited to a minimum debt rating of A or better by a NRSRO.
- Mortgage securities or asset-backed securities – with maximum maturities of five (5) years shall be rated AAA or its equivalent or better by a nationally recognized rating service and issued by an issuer having AA or better rating by NRSRO for its long-term debt.
- Repurchase agreements – with maximum maturity of 30 days and must be collateralized by the U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily, entered into with broker-dealer which is a recognized primary dealer and evidenced by a broker-dealer master purchase agreement signed by County Treasurer and approved by SCAQMD.
- Reverse purchase agreements – are not allowed except as part of investments in the County of Los Angeles Pooled Surplus Investment Portfolio and the State of California Local Agency Investment Fund.
- Variable and floating rate securities – with the maximum security of five years are instruments that have a coupon or interest rate that is adjusted periodically due to

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changes in a base or benchmark rate. Investments in floating rate securities must utilize commercially available U.S. denominated indices such as U.S. Treasury bills of Federal Funds. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes. Variable and Floating Rate Securities that are priced based on a single common index are not considered derivative securities.

- Derivative securities – not allowed as Special Purpose Investments.

State of California Local Agency Investment Fund (LAIF)

SCAQMD 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 SCAQMD’s investment in this pool is reported in the accompanying financial statements at amounts based upon SCAQMD’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 SCAQMD’s cash, pooled cash and investments and maturities at June 30, 2015.

	Fair Value	Investment Maturities		
		<1 Year	1-2 years	2-3 years
Cash:				
On hand	\$ 248,662	\$ -	\$ -	\$ -
In bank	348,272	-	-	-
Total cash	<u>596,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pooled cash:				
Los Angeles County				
Pooled Surplus Investment (PSI)	422,926,010	232,609,305	190,316,705	-
Local Agency				
Investment Fund (LAIF)	39,088,883	39,088,883	-	-
Total pooled cash	<u>462,014,893</u>	<u>271,698,188</u>	<u>190,316,705</u>	<u>-</u>
Investment (LA County SPI) :				
U.S. Gov’t Sponsored Enterprise	75,194,940	-	20,150,820	55,044,120
Total investments	<u>75,194,940</u>	<u>-</u>	<u>20,150,820</u>	<u>55,044,120</u>
Total cash, pooled cash & investments	<u>\$ 537,806,767</u>	<u>\$ 271,698,188</u>	<u>\$ 210,467,525</u>	<u>\$ 55,044,120</u>

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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 SCAQMD Investment Policy limits its investment portfolio of Specific Purpose Investments (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 Specific Purpose Investment 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. SCAQMD mitigates its credit risk in the Specific Purpose Investment (SPI) portfolio generally by following its three primary investment objectives, in order of safety, liquidity, and yield. SCAQMD's Investment Policy further requires only permitted investments with specific credit quality requirements. The Los Angeles County Pooled Surplus Investment Portfolio (PSI) and the State of California Local Agency Investment Fund (LAIF) are both unrated as to credit quality. The investments that are represented by Specific Purpose Investments (SPI) are held by the Los Angeles County Treasurer in SCAQMD's name and consist of U.S. Government Sponsored Enterprise investments with credit ratings of AA- (Standard and Poors).

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a investments in a single issuer. SCAQMD'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. The investments that are represented by Specific Purpose Investments (SPI) consist of U.S. Government Sponsored Enterprise investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SCAQMD 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 SCAQMD will not be able to recover the value of its investment securities that are in the possession of an outside party. SCAQMD's deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC), pooled cash with the Los Angeles County Pooled Surplus Investment Portfolio (PSI) and the State of California Local Agency Investment Fund (LAIF) are not subject to custodial credit risk, and the investments that are represented by Specific Purpose Investments (SPI) are held by the Los Angeles County Treasurer in the name of SCAQMD.

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**III. DUE FROM OTHER GOVERNMENT AGENCIES AND ACCOUNTS
RECEIVABLE**

Due from other government agencies at June 30, 2015 consists of the following:

Department of Motor Vehicles AB 2766, SB 1928, AB 923	\$ 15,708,716
Environmental Protection Agency Near Road Monitoring	212,180
Section 105 Air Grant	3,248,464
Black Carbon	3,711
Section 103 PM 2.5 Grant	414,506
NATTS	209,862
DERA Bus Admin.	2,794
Department of Homeland Security Special Monitoring	535,836
Department of Energy ZECT (Zero Emission Cargo Transport)	75,321
ARRA PHE Truck Demo	10,233,195
Plug in Hybrid Electric Delivery Program	302,343
California Energy Commission-Truck Replacement Grant	<u>2,750</u>
Total	\$ <u>30,949,678</u>

Accounts Receivable consists of the following at June 30, 2015:

Air Toxics "Hot Spots", Emission Fees, Permits, Annuals and Source Testing	\$4,145,557
Clean Fuels/Stationary Sources	332,791
Miscellaneous Receivables	<u>736,737</u>
Subtotal	5,215,085
Less: Allowance for Doubtful Accounts	<u>(1,516,654)</u>
Total	<u>\$3,698,431</u>

IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 798,171	Air Toxics Fund	\$ 247,302
		AB 1318 Mitigation Fees Fund	317,265
		Air Quality Investment Fund	24,748
		Clean Fuels Program Fund	128,553
		DOE ARRA Plug-In Hybrid Electric Vehicles Fund	66,912
		Tra-Pac School Air Filtration Fund	<u>13,391</u>
	\$ <u>798,171</u>		<u>798,171</u>
Advanced Technology, Outreach & Education Fund	<u>305,000</u>	General Fund	<u>305,000</u>
Clean Fuels Program Fund	\$ 13,989,754	Hydrogen Fueling Station Fund	297,460
		Advanced Technology, Outreach & Education Fund	3,261,854
		Hydrogen Fueling Infrastructure Network Fund	6,646,461
		Advanced Technology Goods Movement Fund	<u>3,783,979</u>
	\$ <u>13,989,754</u>		<u>13,989,754</u>
Carl Moyer Program AB923 Fund	<u>925,000</u>	Prop 1B Goods Movement	<u>925,000</u>
BP ARCO Projects Fund	<u>221,438</u>	General Fund	<u>221,438</u>
Total Receivables	\$ <u>16,239,363</u>	Total Payables	\$ <u>16,239,363</u>

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

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 3,919,382	\$ 3,919,382
Other Governmental Funds	<u>2,308,158</u>	<u>3,540,972</u>	<u>5,849,130</u>
	<u>\$ 2,308,158</u>	<u>\$ 7,460,354</u>	<u>\$ 9,768,512</u>

SCAQMD's Governing Board approved the following:

- Transfer of \$1,127,500 from the General Fund to the Infrastructure Improvement Fund for building improvement projects.
- Transfer of \$2,791,882 from the General Fund to the Health Effects Research Fund for research through the Brain & Lung Tumor and Air Pollution Foundation.
- Transfer of \$50,000 from the Air Quality Investment Fund to the General Fund to assist in implementing SCAQMD's Mow Down Air Pollution 2015 Program.
- Transfer of \$25,000 from the Clean Fuels Program Fund to the Natural Gas Vehicle Partnership Fund for SCAQMD's two-year membership for FY 2014-15 and 2015-16.
- Transfer of \$1,017,064 from the Clean Fuels Program Fund to the Carl Moyer Fund for the return of unused funds due to de-obligated contracts for Truck Fleet Modernization Projects.
- Transfer of \$2,400,000 from the Clean Fuels Program Fund to the Advanced Technology Goods Movement Fund for SCAQMD's cost share to develop and demonstrate zero emission drayage trucks under the Zero Emission Cargo Transportation II Program.
- Transfer of \$98,908 from the Clean Fuels Program Fund to the Advanced Technology, Outreach and Education Fund for SCAQMD's cost share of Clean Air Technology Initiative projects to co-sponsor the development and demonstration of Advanced Warehouse rooftop solar systems with storage and chargers for electric drayage truck operations.
- Transfer of \$750,013 from the BP ARCO Settlement Projects Fund to the General Fund for funding of solicitation documents and to issue purchase orders or contracts for equipment and web development, program implementation costs, and funding of two new positions to support the Air Quality Sensor Performance Evaluation Center (AQ-SPEC).

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- Transfer of \$244,490 from the Rule 1118 Mitigation Fund to the General Fund for the purchase of a wind LIDAR system for continuous wind profile measurement.
- Transfer of \$932,999 from the BP ARCO Settlement Projects Fund to the General Fund for investment in new and updated laboratory and field equipment and data management software that would allow for rapid response and near real time monitoring, data processing and reporting of air toxics.
- Transfer of \$13,391 from the Tra Pac School Air Filtration Fund to the General Fund to reimburse for administrative costs.
- Transfer of \$317,265 from the AB1318 Mitigation Fees Fund to the General Fund to reimburse for the administrative costs.

V. CAPITAL ASSETS

In compliance with GASB Statement No. 34 reporting, SCAQMD has reported all capital assets in the Government-wide Statement of Net Position. Capital asset activities for the year ended June 30, 2015 were as follows:

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
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	76,854,843	129,796		76,984,639
Intangibles (software)	3,623,795	822,090	-	4,445,885
Equipment, vehicles and furniture	25,672,272	2,098,501	(916,987)	26,853,787
Total capital assets being depreciated	<u>106,150,910</u>	<u>3,050,387</u>	<u>(916,987)</u>	<u>108,284,311</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Buildings and improvements	(55,339,050)	(2,580,235)	-	(57,919,285)
Intangibles (software)	(473,638)	(349,823)	-	(823,461)
Equipment, vehicles and furniture	(20,658,167)	(1,673,013)	916,987	(21,414,193)
Total accumulated depreciation	<u>(76,470,855)</u>	<u>(4,603,071)</u>	<u>916,987</u>	<u>(80,156,939)</u>
Net capital assets being depreciated	29,680,055	(1,552,683)	-	28,127,372
Net capital assets, governmental activities	<u>\$ 38,509,847</u>	<u>\$ (1,552,683)</u>	<u>\$ -</u>	<u>\$ 36,957,164</u>
Business-type Activities:				
Compressed natural gas				
Fueling station	\$ 610,200	\$ -	\$ -	\$ 610,200
Total capital assets being depreciated	<u>610,200</u>	<u>-</u>	<u>-</u>	<u>610,200</u>
Less accumulated depreciation	(610,200)	-	-	(610,200)
Net capital assets, business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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For the year ended June 30, 2015, the depreciation expense of \$4,603,071 was charged to SCAQMD's functions/programs in the governmental activities as follows:

Advance clean air technology	\$ 174,994
Ensure compliance with clean air rules	1,810,614
Customer service and business assistance	351,131
Develop programs to achieve clean air	287,317
Develop rules to achieve clean air	169,013
Monitoring air quality	1,082,559
Timely review of permits	654,910
Policy support	<u>72,533</u>
Total depreciation expense	<u>\$4,603,071</u>

VI. DEFERRED OUTFLOWS/DEFERRED INFLOWS, NET PENSION LIABILITY AND PENSION EXPENSE

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Deferred outflows – Pension (SBCERA) (see note IX for details)	\$ 37,188,958	\$ -
Deferred outflows – Pension (LACERA) (see note IX for details)	25,000	-
Deferred inflows - Pension (SBCERA) (see note IX for details)	-	83,607,643
Deferred inflows due to revenue received in current period but not yet considered to be available to liquidate liabilities	-	13,678,728
Total	<u>\$ 37,213,958</u>	<u>\$ 97,286,371</u>

The following is a summary of net pension liability, pension expense and contributions:

	<u>SBCERA</u>	<u>LACERA</u>	<u>Total</u>
Net Pension liability	\$ 109,655,281	\$ -	\$ 109,655,281
Pension expense	\$ 3,007,025	\$ 2,000	\$ 3,009,025
Pension contributions made in fiscal year 2014-15	\$ 19,384,858	\$ 14,000	\$ 19,398,858

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VII. LONG-TERM DEBT

The following is a summary of long-term obligation transactions of SCAQMD for the year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts Due</u> <u>in More Than</u> <u>One Year</u>
Governmental Activities:						
Claims payable:						
General liability	\$ 25,500	\$ 186,500	\$ 24,000	\$ 188,000	\$ 65,500	\$ 122,500
Workers' compensation	352,796	253,215	88,982	517,029	232,000	285,029
Compensated absences	13,283,987	985,121	1,430,487	12,838,621	897,900	11,940,721
Pension Obligation Bonds	<u>36,035,864</u>	<u>-</u>	<u>3,159,384</u>	<u>32,876,480</u>	<u>3,235,598</u>	<u>29,640,882</u>
Total	\$ <u>49,698,147</u>	\$ <u>1,424,836</u>	\$ <u>4,702,853</u>	\$ <u>46,420,130</u>	\$ <u>4,430,998</u>	\$ <u>41,989,132</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, SCAQMD, 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). SCAQMD 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 7.70% with maturity date of August 1, 2021. The purpose of this refunding was to lower the cost to SCAQMD 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, 2015, \$759,384 in principal and \$2,305,616 in interest were paid on the bonds. The principal balance outstanding at June 30, 2015 amounted to \$3,926,480.

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

Year Ending				
<u>June 30</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2016	\$ 700,598	\$	2,364,402	\$ 3,065,000
2017	646,010		2,418,990	3,065,000
2018	597,798		2,467,202	3,065,000
2019	553,110		2,511,890	3,065,000
2020	511,640		2,553,360	3,065,000
2021-2022	917,324		5,212,676	6,130,000
Total	\$ <u>3,926,480</u>	\$	<u>17,528,520</u>	\$ <u>21,455,000</u>

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Series 2004 Pension Obligation Bonds

On June 29, 2004, SCAQMD 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. SCAQMD 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 SCAQMD arising pursuant to the Retirement Law. The interest rates range from 5.27% to 5.93% with maturity date of August 1, 2023. During the fiscal year ended June 30, 2015, \$2,400,000 in principal and \$1,726,378 in interest were paid on the bonds. The principal balance outstanding at June 30, 2015 amounted to \$28,950,000.

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>
2016	\$	2,535,000	\$	1,590,152
2017		2,685,000		1,444,492
2018		2,835,000		1,289,514
2019		3,000,000		1,125,400
2020		3,175,000		950,622
2021-2024		<u>14,720,000</u>		<u>1,794,424</u>
Total	\$	<u>28,950,000</u>	\$	<u>8,194,604</u>
			\$	<u>37,144,604</u>

Allocation of Interest Expenses

Total interest expenses on long-term debt for the year ended June 30, 2015 amounted to \$4,031,178. 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

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

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SCAQMD carries \$200 million of All Risk property insurance including business income, boiler and machinery (with \$25 million of earthquake and flood coverage), \$10 million for Public Officials and Errors and Omissions liability (including employment practices liability) with the following self-insured retentions: \$50,000 for errors and omissions, \$100,000 for employment liability and \$250,000 for bodily injury, property/personal or combination thereof, \$3 million for employee dishonesty and theft, \$10 million for excess general and \$1 million employer's liability losses in excess of self-insured/retained amount of \$250,000 and \$25 million excess workers' compensation for losses over \$750,000. In addition, SCAQMD maintains \$1 million automobile liability/physical damage coverage for hybrid and alternate fuel vehicles under its possession.

As of June 30, 2015, \$188,000 and \$517,029, respectively, had been accrued for general liability claims and workers' compensation.

An appropriate amount has been recorded in the General Fund's financial statements to the extent that SCAQMD anticipates that these amounts will be paid from current resources. While the ultimate amount of losses incurred through June 30, 2015 is dependent on future development based upon information from the independent claims' administrator and others involved with the administration of the programs, SCAQMD 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 SCAQMD's general liability and workers' compensation for the years ended June 30, 2014 and 2015:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Totals</u>
Claims payable, July 1, 2013	\$ 244,185	\$ 647,802	\$ 891,987
Current year claims and changes in estimates	20,500	138,554	159,054
Claims payments	(239,185)	(433,560)	(672,745)
Claims payable, June 30, 2014	<u>\$ 25,500</u>	<u>\$ 352,796</u>	<u>\$ 378,296</u>
Claims payable, July 1, 2014	\$ 25,500	\$ 352,796	\$ 378,296
Current year claims and changes in estimates	186,500	253,215	439,715
Claims payments	(24,000)	(88,982)	(112,982)
Claims payable, June 30, 2015	<u>\$ 188,000</u>	<u>\$ 517,029</u>	<u>\$ 705,029</u>

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IX. DEFINED BENEFIT PENSION PLANS

San Bernardino County Employees' Retirement Association

Plan description

SCAQMD 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. SCAQMD 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 SCAQMD, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the SCAQMD's comprehensive annual financial report excludes the SBCERA pension plan as of June 30, 2015. 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.

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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	2% per year of final average compensation for every year of service credit	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 requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable, and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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allocated during the year, with an additional amount to finance any unfunded accrued liability. 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, 2015 ranged between 7.78% and 13.52% 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 7.83%.

Employer contribution rates for the year ended June 30, 2015 are as follows:

	Employer Contribution Rates		Paid by Employer for Employee	
	Tier 1 Members	Tier 2 Members	Tier 1 Members	Tier 2 Members
Actuarially Determined Required Contribution Percentages	Total	Total	Total	Total
SCAQMD members	27.76%	25.36%	0.00%-6.46%	0.00%

The required employer contributions and the amount paid to SBCERA by the SCAQMD for the year ended June 30, 2015 were \$19,384,858. The SCAQMD's employer contributions were equal to the required employer contributions for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, SCAQMD reported a net pension liability of \$109,655,281 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

The SCAQMD's proportion of the net pension liability was based on the SCAQMD's contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2013 through June 30, 2014, relative to the total employer contributions received from all of SBCERA's participating employers. At June 30, 2014, the SCAQMD's proportion was 6.451%, which was a decrease of 1.43% from its proportion measured as of June 30, 2013.

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Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, the SCAQMD recognized pension expense of \$3,007,025 for its proportionate share of SBCERA's pension expense. At June 30, 2015, the SCAQMD 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 SCAQMD contributions and proportionate share of contributions	\$ -	\$ 29,130,704
Changes in actuarial assumptions	17,804,100	-
Net difference between projected and actual earnings on pension plan investments	-	33,585,178
Differences between expected and actual experience	-	20,891,761
SCAQMD contributions paid to SBCERA subsequent to the measurement date	19,384,858	-
Total	\$ 37,188,958	\$ 83,607,643

The \$19,384,858 reported as deferred outflows of resources related to pensions resulting from SCAQMD's contributions to SBCERA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

<u>Year ended June 30:</u>	
2016	\$(16,131,641)
2017	(16,131,641)
2018	(16,131,641)
2019	(10,543,011)
2020	(5,650,990)
2021-2025	(1,214,618)

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, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Investment rate of return	7.50%
Inflation	3.25%
Projected Salary increases	General: 4.60% to 13.75%
Administrative Expenses	0.60% of payroll

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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For General employees, post-retirement mortality is based on the RP-2000 Combined Healthy Mortality Tables projected with Scale BB to 2020.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2010 – June 30, 2013.

The June 30, 2014 actuarial valuation reflected new assumptions compared to the June 30, 2013 actuarial valuation, based on the June 30, 2014 experience study. The June 30, 2013 actuarial valuation reflected 7.75% for the investment rate of return, 3.50% for inflation, 4.75% to 14.00% for projected salary increases, 4.00% for wage inflation and there was no offset to investment return for administrative expenses.

The long-term expected rate of return on pension plan investments is 7.50%. 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, by 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

Asset Class	As of June 30, 2014 Valuation Date	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Equity	N/A	N/A
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Eq	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.03%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	16.00%	9.64%
Total	<u>100.00%</u>	

(1) N/A=Asset Class not considered in the calculation.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 active and inactive 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 SCAQMD's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the SCAQMD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of June 30, 2015**

	1.00% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1.00% Increase <u>(8.50%)</u>
SCAQMD's proportionate share of the net pension liability	\$193,786,304	\$109,655,280	\$39,980,589

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, 2015 for the legally required contribution is \$3,752,086.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Los Angeles County Employees' Retirement Association

Plan Description

SCAQMD participates in the Los Angeles County Employees Retirement Association Pension Plan (the plan). (LACERA operates as a cost-sharing multiple-employer defined benefit plan.) Currently, SCAQMD has only one active member in this plan. For SCAQMD, LACERA is a closed plan which means no new members will be added to the plan. This active member was hired prior to January 1, 2013 and therefore not subject to PEPRRA. 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 unisex 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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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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.

Pension Liability

At June 30, 2015 and June 30, 2014, the proportionate share of SCAQMD's Net Pension Liability was 0%. Updated procedures were used to roll forward the total pension liability to the measurement dates of June 30, 2014 and June 30, 2013, respectively.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, SCAQMD recognized pension expense of \$2,000 for its proportionate share of LACERA's pension expense. At June 30, 2015, SCAQMD 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 SCAQMD contributions and proportionate share of contributions	\$ 11,000	\$ -
SCAQMD contributions paid to LACERA subsequent to the measurement date	14,000	-
Total	\$ 25,000	\$ -

The \$14,000 reported as deferred outflows of resources related to pensions resulting from SCAQMD's contributions to LACERA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LACERA pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(2,000)
2017	(2,000)
2018	(2,000)
2019	(2,000)
2020	(2,000)
2021-2025	(1,000)

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Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2013 actuarial valuation were based on the results of the actuarial experience study for the period July 1, 2010 to June 30, 2013. LACERA's actuary performs an experience study every three years.

<u>Description</u>	<u>Method</u>
Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	
Level Percent or level dollar	Level percent
Closed, Open, or layered periods	Layered
Amortization Period for each layer	30 years
Amortization Growth Rate	3.50%
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Investment Rate of Return	7.63%
Cost of Living Adjustments	As noted in the June 3, 2013 actuarial valuation, with one modification: STAR COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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The allocation of investment assets within the LACERA Defined Benefit Pension Plan (Plan) investment portfolio is approved by the Board of Investments, as outlined in the LACERA Investment Policy statement. The following table displays the Board of Investments approved asset allocation targets for the fiscal year ended June 30, 2014.

**LACERA's Target Allocation and Long-Term Expected Rate of Return
For the Year Ended June 30, 2014**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Rate of Return (Geometric)</u>	<u>Expected Alpha</u>
Global Equity	49.00%	7.50%	0.10%
Fixed Income	23.00%	3.50%	0.20%
Real Estate	10.00%	6.05%	0.00%
Private Equity	11.00%	9.85%	4.00%
Commodities	3.00%	4.35%	0.75%
Hedge Funds	2.00%	5.50%	0.00%
Cash	2.00%	1.75%	0.25%
Total	100.00%	6.85%	0.30%

Total Fund Long-Term Expected Return Including Alpha 7.15%

Discount Rate

The investment rate of return assumption used for actuarial funding was 7.50 percent for the fiscal year ended June 30, 2014.

GASB 67 requires determination that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments. The discount rate used to measure the total pension liability was 7.63 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that SCAQMD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

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Sensitivity Analysis

The following presents the net pension liability, calculated using the discount rate of 7.63 percent, as well as SCAQMD's proportionate share of what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.63 percent) or 1 percentage point higher (8.63 percent) than the current rate (7.63 percent):

**Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of June 30, 2015**

	1.00% Decrease <u>(6.63%)</u>	Current Discount Rate <u>(7.63%)</u>	1.00% Increase <u>(8.63%)</u>
SCAQMD's proportionate share of the net pension liability	\$0	\$0	\$0

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.

Payables to the Pension Plan

The amount payable to LACERA at June 30, 2015 for the legally required contribution is \$3,281.

X. OTHER POST EMPLOYMENT BENEFITS (OPEB)

SBCERA does not provide any post employment benefits to SCAQMD retirees. LACERA, however, in addition to providing pension benefits, essentially provides a comprehensive health care benefits program to its retirees that include several medical and dental/vision care plans. LACERA administers a cost-sharing multiple employer defined benefit Other Post-Employment Benefit (OPEB) on behalf of Los Angeles County and its participating agencies. SCAQMD is one of the participating agencies.

Starting July 2007, SCAQMD has reimbursed LACERA for the employer portion of health care costs provided to SCAQMD retirees who retired from LACERA. The cost of the LACERA OPEB is recognized in the Retirement Trust Fund when SCAQMD makes its monthly payment to LACERA based on subsidy allocation as calculated by LACERA. For fiscal year ended June 30, 2015, total payments amounted to \$246,602.

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At June 30, 2015, SCAQMD's Retirement Benefit Trust Fund has a balance of \$169,012 to cover the OPEB costs of 68 SCAQMD retirees who retired from LACERA. As of June 30, 2015, there is only one active member.

The OPEB Actuarial Valuation Report in effect as of July 1, 2014 covering the retiree medical, dental/vision and life insurance benefits was issued in conjunction with LACERA actuarial valuation to establish SCAQMD's actuarial liability. The actuarial assumptions used in OPEB actuarial valuations are intended to estimate the future experience of the eligible members for benefit payments and the projected benefit flow and anticipated investment earnings.

The following is a summary of the actuarial assumptions and methods:

Activated Cost Method	Projected Unit Credit Actuarial Cost Method
Amortization Method	Rolling 30-year amortization
Actuarial Assumptions	
Investment Rate of Return	3.75%
Projected Salary Increases	3.50%
Implied Inflation Rate	3.00%
Records and Data	Medical, Dental, and Vision Premiums, Financial Information, and the Age, Service and Income Records for Active and Inactive Members and their Survivors
Growth in Membership	No growth in the Active Membership of LACERA

SCAQMD's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan for fiscal years 2015, 2014 and 2013 were as follows:

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Annual OPEB Cost</u> <u>Required Contribution</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>
2015	\$ 246,602	100%
2014	233,992	100%
2013	270,567	100%

The Schedule of Funding Progress below shows the information from the Actuarial Valuation Report as of July 1, 2014. SCAQMD has its Actuarial Valuation through LACERA every two years.

Actuarial Valuation Date	Accrued Liabilities (a)	Value of Assets (b)	Unfunded Liabilities (UL) (a-b)	Funded Ratio (b/a)	Annual Covered Payroll (c)	UL As a % of Payroll ([a-b]/c)
July 1, 2014	\$4,652,471	\$169,012	\$4,483,460	3.6%	\$59,193	7574%

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

XI. DEFERRED COMPENSATION PLAN

SCAQMD 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. SCAQMD'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, SCAQMD no longer reports the plan assets and liabilities in its financial statements. As of June 30, 2015, investments with a fair value of \$141,831,397 are held in a trust.

XII. HEALTH REIMBURSEMENT ARRANGEMENT PLAN

On December 4, 2009, SCAQMD's Governing Board approved the establishment of a Health Reimbursement Arrangement (HRA) plan for SCAQMD employees. This allows active employees to save on a tax-free basis for their future post-retirement health care costs. The Hartford serves as SCAQMD's HRA service provider. Currently, both SCAQMD 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, 2015, Executive Officer, General Counsel and Designated Deputies were the eligible employee classifications that were set up and approved by SCAQMD. 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 SCAQMD to allocate a portion of the funds it

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015**

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 SCAQMD 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, SCAQMD entered into an agreement with the California Pollution Control Financing Authority (CPCFA) to be an “independent contributor” to the California Capital Access Program (CalCAP). SCAQMD 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. AQAF’s fund balance amounted to \$1,565,463 at fiscal year ended June 30, 2015.

Operating Leases

Rental expense for non-cancelable operating leases was \$171,732 for the year ended June 30, 2015. Future minimum lease payments under non-cancelable operating leases of SCAQMD total as follows:

Year Ending June 30:	<u>Amount</u>
2016	\$211,272
2017	98,862
2018	33,725
2019	33,725
2020	33,725
2021 thereafter	<u>5,620</u>
Total	<u>\$416,929</u>

The lease for the office equipment expires in August 2020 while the lease of the South Bay satellite office expires in September 2016.

XIV. PENDING LITIGATION

A number of other lawsuits and claims are pending against SCAQMD for alleged damages to persons and property and for other alleged liabilities arising out of its normal operations. SCAQMD’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, 2015.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GENERAL FUND - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) SCHEDULE
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Emission fees	\$ 19,907,239	\$ 19,907,239	\$ 19,838,979	\$ (68,261)
Annual renewal fees	46,703,330	46,703,330	45,759,738	(943,592)
Area Sources	2,133,600	2,133,600	2,573,959	440,359
Permit processing fees	18,340,435	18,340,435	16,668,485	(1,671,950)
Mobile sources / clean fuels	19,251,965	20,157,965	20,987,963	829,998
Air toxics "Hot Spots"	2,291,515	2,291,515	2,001,389	(290,126)
Transportation programs	894,080	894,080	845,236	(48,844)
State subvention	3,900,000	3,900,000	3,947,386	47,386
Federal grant	6,529,152	9,498,994	7,759,558	(1,739,436)
State grant	3,200,646	3,600,646	2,692,809	(907,837)
Interest revenue	529,000	529,000	339,005	(189,995)
Lease revenue	140,895	140,895	141,878	983
Source test/analysis fees	741,680	741,680	746,399	4,719
Hearing Board fees	279,400	279,400	531,879	252,479
Penalties/settlements	5,000,000	6,767,500	8,733,773	1,966,273
Other revenue	1,401,518	2,464,005	1,941,210	(522,796)
Total revenues	<u>\$ 131,244,456</u>	<u>\$ 138,350,285</u>	<u>\$ 135,509,646</u>	<u>\$ (2,840,639)</u>
Expenditures:				
Current:				
Salaries and employee benefits	\$ 106,539,331	\$ 106,881,846	\$ 102,127,842	\$ 4,754,004
Insurance	1,317,400	1,208,836	1,182,393	26,443
Rent	431,234	545,307	495,322	49,985
Supplies	2,449,483	3,126,866	2,587,423	539,443
Contract and special services	7,116,845	11,190,487	10,365,545	824,942
Maintenance	1,977,611	1,871,485	1,205,109	666,376
Travel and auto	693,502	958,714	783,720	174,994
Utilities	1,766,989	1,738,989	1,825,536	(86,547)
Communications	626,226	679,838	638,002	41,836
Uncollectible accounts	-	-	3,049	(3,049)
Other expenditures	1,002,575	1,206,822	988,614	218,208
Capital outlays	1,062,500	4,633,450	4,031,026	602,424
Debt service:				
Principal	3,159,384	3,159,384	3,159,384	-
Interest	4,076,994	4,031,995	4,031,995	-
Total expenditures	<u>\$ 132,220,074</u>	<u>\$ 141,234,019</u>	<u>\$ 133,424,960</u>	<u>\$ 7,809,059</u>
Excess of revenues over expenditures	<u>\$ (975,618)</u>	<u>\$ (2,883,733)</u>	<u>\$ 2,084,686</u>	<u>\$ 4,968,420</u>
Other Financing Sources (Uses)				
Transfers in	\$ 975,618	\$ 3,180,068	\$ 2,308,158	\$ (872,410)
Transfers out	-	(3,919,382)	(3,919,382)	-
Total other financing sources/uses	<u>\$ 975,618</u>	<u>\$ (739,314)</u>	<u>\$ (1,611,224)</u>	<u>\$ (872,410)</u>
Net change in budgetary fund balances	<u>\$ -</u>	<u>\$ (3,623,048)</u>	<u>\$ 473,462</u>	<u>\$ 4,096,010</u>

See accompanying notes to required supplementary information and independent auditor's report.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of SCAQMD's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*

	Measurement Date**	
	June 30, 2014	June 30, 2013
<u>SBCERA Pension Plan</u>		
SCAQMD's proportion of the net pension liability	6.45%	7.88%
SCAQMD's proportionate share of the net pension liability	\$ 109,655,281	\$ 156,371,863
SCAQMD's covered-employee payroll***	\$ 100,942,180	\$ 102,209,942
SCAQMD's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.6%	153.0%
SBCERA's fiduciary net position as a percentage of the total pension liability	83.74%	76.28%

	Measurement Date**	
	June 30, 2014	June 30, 2013
<u>LACERA Pension Plan</u>		
SCAQMD's proportion of the net pension liability	0%	0%
SCAQMD's proportionate share of the net pension liability	\$ 0	\$ 0
SCAQMD's covered-employee payroll***	\$ 81,588	\$ 79,946
SCAQMD's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%
LACERA's fiduciary net position as a percentage of the total pension liability	86.80%	79.31%

* Data for FY's ended June 30, 2005 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.

*** GASB Statement No. 68 requires this information to be presented as total payroll, which includes all salaries and benefits.

See accompanying notes to required supplementary information and independent auditor's report.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of SCAQMD's Contributions Last 10 Fiscal Years*

	Reporting Date**	
	June 30, 2015	June 30, 2014
<u>SBCERA Pension Plan</u>		
Contractually required contribution	\$ 19,384,858	\$ 18,060,910
Contributions in relation to the contractually required contributions	19,384,858	18,060,910
Contributions deficiency (excess)	\$ -	\$ -
SCAQMD's covered-employee payroll***	\$ 102,042,713	\$ 100,942,180
Contributions as a percentage of covered-employee payroll	18.99%	17.89%

	Reporting Date**	
	June 30, 2015	June 30, 2014
<u>LACERA Pension Plan</u>		
Contractually required contribution	\$ 14,000	\$ 14,000
Contributions in relation to the contractually required contributions	14,000	14,000
Contributions deficiency (excess)	\$ -	\$ -
SCAQMD's covered-employee payroll***	\$ 85,132	\$ 81,588
Contributions as a percentage of covered-employee payroll	16.44%	17.16%

* Data for FY's ended June 30, 2006 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.

*** GASB Statement No. 68 requires this information to be presented as total payroll, which includes all salaries and benefits.

See accompanying notes to required supplementary information and independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

SCAQMD 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 SCAQMD'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 workshop, a Governing Board workshop and two public hearings.

Following input from the public, Budget Advisory Committee, and Governing Board, the draft budget for fiscal year 2014-15 was prepared and subsequently adopted at the May 2015 meeting of the Governing Board. The fiscal year 2014-15 Adopted Budget and the final fee schedules became effective on July 1, 2014.

SCAQMD'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 detailed semi-annual reports regarding contract activity, budget transfers, and Board appropriations.

SCAQMD 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 \$9,013,945 and revenue adjustments of \$7,105,830 were approved by the Governing Board in fiscal year 2014-15.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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, 2015:

Expenditures and encumbrances (budgetary basis) June 30, 2015	\$133,424,960
Add: payments on encumbrances open at July 1, 2014	3,194,677
Less: encumbrances open at June 30, 2015	<u>(4,706,581)</u>
Expenditures (GAAP basis), June 30, 2015	<u>\$131,913,056</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 2014-15 budget was adopted the Governing Board approved a balanced budget that did not require the use of prior-year revenue from Unassigned Fund Balance. Mid-year adjustments appropriated \$1,000,000 from Assigned Fund Balance and a net of \$2,623,048 from Unassigned Fund Balance which resulted in a negative net change in budgetary fund balance of \$3,623,048.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

**NOTE 4 – FACTORS AFFECTING PENSION TRENDS SCAQMD’S
PROPORTION**

As of the June 30, 2014 measurement date, SCAQMD’s proportionate share of SBCERA’s total net pension liability decreased to 6.45% from 7.88%. The decrease is primarily due to a reduction in SCAQMD’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 a reduced proportionate share of net pension liability.

SBCERA’s contractually required annual contributions as of the June 30, 2015 reporting date increased as compared to the required annual contributions as of the June 30, 2014 reporting date. The increase is primarily due to SBCERA reducing the actuarially assumed investment rate of return to 7.50% from 7.75%, resulting in increased required annual contribution rates.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015**

Non-major Governmental Funds

Special Revenue Funds:

- Air Quality Studies Fund - Used to account for contributions made by outside organizations to fund various air quality studies. An independent Planning Review Panel recommends the types of studies to be undertaken and the Executive Officer approves all studies prior to funding. The purpose of the studies is to quantify the cost effectiveness of air pollution control measures.
- 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 SCAQMD rules. Contributed amounts must be used to pay costs associated with SCAQMD-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 SCAQMD 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.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

- Clean Fuels Conference Fund - Used to account for monies received to fund all Clean Fuels related conferences. These conferences are held to facilitate the development of hydrogen-powered technologies, including motor vehicles, refueling infrastructure, and stationary applications.
- 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, \$47.4 million in projects have been awarded to purchase over 33,970 tons of emission reductions.
 - RECLAIM AQIP - Established in fiscal year 2001 to separately account for the generation of NO_x (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 (NO_x) 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 NO_x emission.
- 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 1,223 projects totaling \$193.5 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 9,500 vehicles and about 30 infrastructure/charging stations, totaling \$380 million. It provides incentive funds for the replacement of diesel-fueled on- and off-road vehicles such as refuse haulers, heavy duty trucks, transit and school buses, construction equipment, and marine vessels.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

- 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. Between fiscal years 2000 and 2008, \$85 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 500 old buses were replaced by brand new, primarily CNG school buses, and nearly 2,700 newer diesel school buses were retrofitted with PM traps. In addition, Lower Emissions School Bus Program provided funds to help school districts to install retrofit trap devices on 11 stationary back-up generators on or near school property.
- 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 SCAQMD'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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015**

- 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.
- Asthma and Brain Cancer Research Fund - Established in fiscal year 2003 to assist in funding research projects relating to asthma and outdoor air quality and the potential link between air pollution and brain cancer.
- 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 PM₁₀ (Particulate Matter \leq 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.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

- 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 SCAQMD'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.
- (DOE ARRA) LNG Corridor Expansion Fund - Established in fiscal year 2010 to account for the revenue and expenditure of a project funded under the American Recovery and Reinvestment Act of 2009 and coordinated through the Department of Energy to provide additional LNG refueling capacity for heavy-duty truck fleets operating along the Ontario-Las Vegas corridor and to support the deployment of additional LNG heavy-duty vehicles along the corridor.
- 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.
- Hydrogen Fueling Station Special Revenue Fund - Established in fiscal year 2011 to recognize co-funding from the Department of Energy-National Renewable Energy Laboratory, CARB and CEC, for the maintenance and operation of the City of Burbank hydrogen fueling station and for maintenance and data management services for the hydrogen fueling station at SCAQMD headquarters.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

- HEROS II Special Revenue Fund - Established in fiscal year 2011, this fund is used to track funds received and expenditures for SCAQMD's vehicle scrap and replacement program. This voluntary program reduces emissions from high-emitting light and medium-duty vehicles in SCAQMD.
- 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 Fund (VIP) - 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.
- DOE PEV Infrastructure Planning Special Revenue Fund - Established in fiscal year 2012 to account for U.S. Department of Energy (DOE) grant for Plug-In Electric Vehicle (PEV) Infrastructure planning under the DOE Clean Cities Program and for development and dissemination of a PEV readiness toolkit.
- 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.
- 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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2015**

- Prop 1B Funding – Lower Emission School Bus – Established in fiscal year 2010 to account for the cost of replacing and retrofitting all the public school buses of the districts. CARB approved the allocation of \$71.2 million to SCAQMD. This fund has been used to purchase 467 Level 3 PM traps (Prop 1B funds only), and replace 470 pre-1987 school buses (Prop 1B and AB923 funds) with primarily new CNG school buses.

- BP/SCAQMD 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/SCAQMD Public Benefits Oversight Committee.

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 SCAQMD's debt service on Pension Obligation Bonds.

Component Unit - SCAQMD Building Corporation – Established in fiscal year 1978 for the acquisition and improvement of SCAQMD headquarters. The SCAQMD 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, 2015**

<u>Assets</u>	<u>Special Revenue</u>				
	<u>Air Quality Studies Fund</u>	<u>Air Toxics Fund</u>	<u>Advanced Technology Outreach & Education Fund</u>	<u>Air Quality Assistance Fund</u>	<u>Air Quality Improvement Fund</u>
Cash and cash equivalents	\$ 16,122	\$ 4,306,058	\$ 3,267,777	\$ 1,562,643	\$ 1,850,731
Investments	-	-	-	-	-
Interest receivable	47	13,000	8,903	2,820	5,743
Due from other governmental agencies	-	-	-	-	3,593,754
Due from other funds	-	-	305,000	-	-
Accounts receivable, net	-	378,728	-	-	-
Total assets	\$ 16,169	\$ 4,697,786	\$ 3,581,680	\$ 1,565,463	\$ 5,450,228
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 368,057	\$ -	\$ -	\$ 5,464,776
Due to other funds	-	247,303	3,261,854	-	-
Total liabilities	-	615,360	3,261,854	-	5,464,776
 Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	319,826	-	-
Committed	-	-	-	-	-
Assigned	16,169	4,082,426	-	1,565,463	-
Unassigned	-	-	-	-	(14,548)
Total fund balances	16,169	4,082,426	319,826	1,565,463	(14,548)
Total liabilities and fund balances	\$ 16,169	\$ 4,697,786	\$ 3,581,680	\$ 1,565,463	\$ 5,450,228

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue				
	Clean Fuels Conference Fund	Air Quality Investment Fund	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund
Cash and cash equivalents	\$ 103,777	\$ 23,833,353	\$ 28,608,375	\$ 37,702,385	\$ 9,023,875
Investments	-	-	10,001,480	-	-
Interest receivable	-	69,540	60,751	131,581	26,185
Due from other governmental agencies	-	-	2,234,890	-	-
Due from other funds	-	-	13,989,754	-	-
Accounts receivable, net	-	1,620	832,791	-	-
Total assets	\$ 103,777	\$ 23,904,513	\$ 55,728,041	\$ 37,833,966	\$ 9,050,060
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 35,645	\$ 953,531	\$ 2,403,956	\$ -
Due to other funds	-	24,748	128,553	-	-
Total liabilities	-	60,393	1,082,084	2,403,956	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	35,430,010	9,050,060
Committed	-	2,321,333	10,560,616	-	-
Assigned	103,777	21,522,787	44,085,341	-	-
Unassigned	-	-	-	-	-
Total fund balances	103,777	23,844,120	54,645,957	35,430,010	9,050,060
Total liabilities and fund balances	\$ 103,777	\$ 23,904,513	\$ 55,728,041	\$ 37,833,966	\$ 9,050,060

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue				
	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund
	Fund	Fund	Fund	Fund	Fund
Cash and cash equivalents	\$ 655,753	\$ 1,399,879	\$ 10,174,445	\$ 584,174	\$ 389,291
Investments	-	-	-	-	-
Interest receivable	1,896	4,053	31,529	1,689	1,126
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 657,649	\$ 1,403,932	\$ 10,205,974	\$ 585,863	\$ 390,417
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 101,884	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	101,884	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	657,649	-	-	-	-
Committed	-	1,230	2,095,947	-	-
Assigned	-	1,300,818	8,110,027	585,863	390,417
Unassigned	-	-	-	-	-
Total fund balances	657,649	1,302,048	10,205,974	585,863	390,417
Total liabilities and fund balances	\$ 657,649	\$ 1,403,932	\$ 10,205,974	\$ 585,863	\$ 390,417

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue				
	State-Emissions Mitigation Fund	Natural Gas Vehicle Partner Fund	State BUG Program Fund	Asthma & Brain Cancer Research Fund	Dry Cleaners Financial Incentives Grant Program Fund
Cash and cash equivalents	\$ 4,375,864	\$ 494,099	\$ 347,472	\$ 98,447	\$ 645,355
Investments	-	-	-	-	-
Interest receivable	12,650	1,358	1,005	285	1,876
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	12,500	-	-	-
Total assets	\$ 4,388,514	\$ 507,957	\$ 348,477	\$ 98,732	\$ 647,231
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 52,500	\$ -	\$ -	-
Due to other funds	-	-	-	-	-
Total liabilities	-	52,500	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	4,388,514	-	348,477	-	-
Committed	-	70,140	-	-	-
Assigned	-	385,317	-	98,732	647,231
Unassigned	-	-	-	-	-
Total fund balances	4,388,514	455,457	348,477	98,732	647,231
Total liabilities and fund balances	\$ 4,388,514	\$ 507,957	\$ 348,477	\$ 98,732	\$ 647,231

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	<u>Special Revenue</u>				
	<u>Rule 1173 Mitigation Fee Fund</u>	<u>CBE / OCE Settlement Agreement Fund</u>	<u>BP ARCO Settlements Project Fund</u>	<u>Health Effects Research Fund</u>	<u>CEQA Green House Gas Mitigation Fund</u>
Cash and cash equivalents	\$ 3,049,727	\$ 223,320	\$ 11,601,930	\$ 635,993	\$ 238,905
Investments	-	-	5,005,880	-	-
Interest receivable	8,658	-	37,275	7,077	792
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	221,438	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 3,058,385	\$ 223,320	\$ 16,866,523	\$ 643,070	\$ 239,697
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
 Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	67,300	120,316
Assigned	3,058,385	223,320	16,866,523	575,770	119,381
Unassigned	-	-	-	-	-
Total fund balances	3,058,385	223,320	16,866,523	643,070	239,697
Total liabilities and fund balances	\$ 3,058,385	\$ 223,320	\$ 16,866,523	\$ 643,070	\$ 239,697

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue				
	DOE-ARRA LNG Corridor Expansion Fund	TraPac School Air Filtration Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	Hydrogen Fueling Station Fund
Cash and cash equivalents	\$ 928	\$ 2,255,311	\$ 191,270	\$ 10,706,452	\$ 384,025
Investments	-	-	-	-	-
Interest receivable	3	9,205	611	30,215	718
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 931	\$ 2,264,516	\$ 191,881	\$ 10,736,667	\$ 384,743
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 48,470	\$ -	\$ 78,710
Due to other funds	-	13,391	-	-	297,460
Total liabilities	-	13,391	48,470	-	376,170
 Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	931	2,251,125	-	-	8,573
Committed	-	-	7,500	-	-
Assigned	-	-	135,911	10,736,667	-
Unassigned	-	-	-	-	-
Total fund balances	931	2,251,125	143,411	10,736,667	8,573
Total liabilities and fund balances	\$ 931	\$ 2,264,516	\$ 191,881	\$ 10,736,667	\$ 384,743

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue				
	HEROS II Fund	El Monte Park Project Settlement Fund	AB 1318 Mitigation Fees Fund	Voucher Incentive Program VIP Fund	DOE PEV Infrastructure Fund
Cash and cash equivalents	\$ 2,523,697	\$ 940,033	\$ 31,889,066	\$ 954,870	\$ 61
Investments	-	-	5,005,880	-	-
Interest receivable	7,388	2,761	112,142	3,639	3
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 2,531,085	\$ 942,794	\$ 37,007,088	\$ 958,509	\$ 64
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 63,948	\$ -	\$ 1,067,533	\$ 20,000	\$ -
Due to other funds	-	-	317,265	-	-
Total liabilities	63,948	-	1,384,798	20,000	-
 Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,467,137	-	-	938,509	64
Committed	-	916,000	33,377,907	-	-
Assigned	-	26,794	2,244,383	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,467,137	942,794	35,622,290	938,509	64
Total liabilities and fund balances	\$ 2,531,085	\$ 942,794	\$ 37,007,088	\$ 958,509	\$ 64

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	Special Revenue			
	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Rule 1420.1 Special Revenue Fund	BP/SCAQMD Public Benefits Oversight Fund
Cash and cash equivalents	\$ 18,732,214	\$ 2,541,105	\$ 204,606	\$ 172,837
Investments	-	-	-	-
Interest receivable	56,991	7,345	923	266
Due from other governmental agencies	377,664	-	-	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	\$ 19,166,869	\$ 2,548,450	\$ 205,529	\$ 173,103
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,416,102	\$ 76,869	\$ 11,576	\$ -
Due to other funds	3,783,978	-	-	-
Total liabilities	6,200,080	76,869	11,576	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	193,953	173,103
Committed	10,129,108	-	-	-
Assigned	2,837,681	2,471,581	-	-
Unassigned	-	-	-	-
Total fund balances	12,966,789	2,471,581	193,953	173,103
Total liabilities and fund balances	\$ 19,166,869	\$ 2,548,450	\$ 205,529	\$ 173,103

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

<u>Assets</u>	<u>Special Revenue</u>		<u>Capital Project</u>		Component Unit SCAQMD Building Corporation	<u>Total</u>
	Prop 1B Lower Emission School Bus Fund	Infrastructure Improvement Fund	Debt Service Fund			
Cash and cash equivalents	\$ 141	\$ 3,714,047	\$ 5,018,592	\$ 198,883	\$ 225,617,888	
Investments	-	-	-	-	20,013,240	
Interest receivable	89	8,302	13,904	-	684,344	
Due from other governmental agencies	-	-	-	-	6,206,308	
Due from other funds	-	-	-	-	14,516,192	
Accounts receivable, net	-	-	-	-	1,225,639	
Total assets	\$ 230	\$ 3,722,349	\$ 5,032,496	\$ 198,883	\$ 268,263,611	
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 13,163,557	
Due to other funds	-	-	-	-	8,074,552	
Total liabilities	-	-	-	-	21,238,109	
 Fund Balances:						
Nonspendable	-	-	-	-	-	
Restricted	230	-	5,032,496	-	61,260,657	
Committed	-	535	-	-	59,667,932	
Assigned	-	3,721,814	-	198,883	126,111,461	
Unassigned	-	-	-	-	(14,548)	
Total fund balances	230	3,722,349	5,032,496	198,883	247,025,502	
Total liabilities and fund balances	\$ 230	\$ 3,722,349	\$ 5,032,496	\$ 198,883	\$ 268,263,611	

See independent auditor's report.

**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, 2015**

	Special Revenue				
	Air Quality Studies Fund	Air Toxics Fund	Advanced Technology Outreach & Education Fund	Air Quality Assistance Fund	Air Quality Improvement Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	38,223	-	-	-
Federal grant	-	-	510,969	-	-
State grant	-	-	-	-	-
Interest revenue	107	31,833	20,660	7,217	13,162
Penalties and settlements	-	-	-	-	-
Other revenues	-	3,244	234,411	-	-
	<u>-</u>	<u>3,244</u>	<u>234,411</u>	<u>-</u>	<u>-</u>
Total revenues	<u>107</u>	<u>73,300</u>	<u>766,040</u>	<u>7,217</u>	<u>13,162</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	8,155	754,099	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	4,933	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>13,088</u>	<u>754,099</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>107</u>	<u>60,212</u>	<u>11,941</u>	<u>7,217</u>	<u>13,162</u>
Other financing sources (uses)					
Transfers in	-	-	98,908	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>98,908</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>107</u>	<u>60,212</u>	<u>110,849</u>	<u>7,217</u>	<u>13,162</u>
Fund balances, July 1, 2014	<u>16,062</u>	<u>4,022,214</u>	<u>208,977</u>	<u>1,558,246</u>	<u>(27,710)</u>
Fund balances, June 30, 2015	<u>\$ 16,169</u>	<u>\$ 4,082,426</u>	<u>\$ 319,826</u>	<u>\$ 1,565,463</u>	<u>\$ (14,548)</u>

Continued

See independent auditor's report.

**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, 2015**

	Special Revenue				
	Clean Fuels Conference Fund	Air Quality Investment Fund	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	9,300,432	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	145,710	-	240,211
State grant	-	-	2,901,703	23,108,194	-
Interest revenue	-	161,407	241,739	289,031	60,399
Penalties and settlements	-	-	-	-	-
Other revenues	-	470,205	768,069	-	-
Total revenues	-	631,612	13,357,653	23,397,225	300,610
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	1,117,125	7,287,144	24,970,633	314,211
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	91,881	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	1,117,125	7,379,025	24,970,633	314,211
Excess (deficiency) of revenues over (under) expenditures before transfers	-	(485,513)	5,978,628	(1,573,408)	(13,601)
Other financing sources (uses)					
Transfers in	-	-	-	1,017,064	-
Transfers out	-	(50,000)	(3,540,972)	-	-
Total other financing sources (uses)	-	(50,000)	(3,540,972)	1,017,064	-
Net change in fund balances	-	(535,513)	2,437,656	(556,344)	(13,601)
Fund balances, July 1, 2014	103,777	24,379,633	52,208,301	35,986,354	9,063,661
Fund balances, June 30, 2015	<u>\$ 103,777</u>	<u>\$ 23,844,120</u>	<u>\$ 54,645,957</u>	<u>\$ 35,430,010</u>	<u>\$ 9,050,060</u>

See independent auditor's report.

**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, 2015**

	Special Revenue				
	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	4,366	9,319	74,323	3,889	2,592
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	4,366	9,319	74,323	3,889	2,592
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	101,884	1,377,211	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	101,884	1,377,211	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	4,366	(92,565)	(1,302,888)	3,889	2,592
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	4,366	(92,565)	(1,302,888)	3,889	2,592
Fund balances, July 1, 2014	653,283	1,394,613	11,508,862	581,974	387,825
Fund balances, June 30, 2015	\$ 657,649	\$ 1,302,048	\$ 10,205,974	\$ 585,863	\$ 390,417

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See independent auditor's report.

**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, 2015**

	Special Revenue				
	State-Emissions Mitigation Fund	Natural Gas Vehicle Partner Fund	State BUG Program Fund	Asthma & Brain Cancer Research Fund	Dry Cleaners Financial Incentives Grant Program Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	29,131	3,016	2,313	655	4,340
Penalties and settlements	-	-	-	-	-
Other revenues	-	55,000	-	-	-
Total revenues	29,131	58,016	2,313	655	4,340
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	60,000	-	-	10,000
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	396	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	60,396	-	-	10,000
Excess (deficiency) of revenues over (under) expenditures before transfers	29,131	(2,380)	2,313	655	(5,660)
Other financing sources (uses)					
Transfers in	-	25,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	25,000	-	-	-
Net change in fund balances	29,131	22,620	2,313	655	(5,660)
Fund balances, July 1, 2014	4,359,383	432,837	346,164	98,077	652,891
Fund balances, June 30, 2015	\$ 4,388,514	\$ 455,457	\$ 348,477	\$ 98,732	\$ 647,231

See independent auditor's report.

**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, 2015**

	Special Revenue				
	Rule 1173 Mitigation Fee Fund	CBE/OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund	Health Effects Research Fund	CEQA Green House Gas Mitigation Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	18,735	-	132,691	11,514	2,010
Penalties and settlements	-	-	-	-	-
Other revenues	700,000	-	-	-	-
Total revenues	718,735	-	132,691	11,514	2,010
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	300,000	-	-	2,582,700	113,000
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	300,000	-	-	2,582,700	113,000
Excess (deficiency) of revenues over (under) expenditures before transfers	418,735	-	132,691	(2,571,186)	(110,990)
Other financing sources (uses)					
Transfers in	-	-	-	2,791,882	-
Transfers out	-	-	(1,683,012)	-	-
Total other financing sources (uses)	-	-	(1,683,012)	2,791,882	-
Net change in fund balances	418,735	-	(1,550,321)	220,696	(110,990)
Fund balances, July 1, 2014	2,639,650	223,320	18,416,844	422,374	350,687
Fund balances, June 30, 2015	\$ 3,058,385	\$ 223,320	\$ 16,866,523	\$ 643,070	\$ 239,697

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See independent auditor's report.

**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, 2015**

	Special Revenue				
	DOE-ARRA LNG Corridor Expansion Fund	TraPac School Air Filtration Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	Hydrogen Fueling Station Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	5	23,520	1,506	71,065	1,148
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	109,356	-
Total revenues	5	23,520	1,506	180,421	1,148
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	1,693,192	105,970	-	78,710
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	1,693,192	105,970	-	78,710
Excess (deficiency) of revenues over (under) expenditures before transfers	5	(1,669,672)	(104,464)	180,421	(77,562)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(13,391)	-	(244,490)	-
Total other financing sources (uses)	-	(13,391)	-	(244,490)	-
Net change in fund balances	5	(1,683,063)	(104,464)	(64,069)	(77,562)
Fund balances, July 1, 2014	926	3,934,188	247,875	10,800,736	86,135
Fund balances, June 30, 2015	\$ 931	\$ 2,251,125	\$ 143,411	\$ 10,736,667	\$ 8,573

See independent auditor's report.

**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, 2015**

	Special Revenue				
	HEROS II Fund	El Monte Park Project Settlement Fund	AB 1318 Mitigation Fees Fund	Voucher Incentive Program VIP Fund	DOE PEV Infrastructure Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	17,073	6,480	290,805	9,177	4
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>17,073</u>	<u>6,480</u>	<u>290,805</u>	<u>9,177</u>	<u>4</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	114,189	39,635	10,659,107	647,750	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>114,189</u>	<u>39,635</u>	<u>10,659,107</u>	<u>647,750</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(97,116)</u>	<u>(33,155)</u>	<u>(10,368,302)</u>	<u>(638,573)</u>	<u>4</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(317,265)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(317,265)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(97,116)</u>	<u>(33,155)</u>	<u>(10,685,567)</u>	<u>(638,573)</u>	<u>4</u>
Fund balances, July 1, 2014	<u>2,564,253</u>	<u>975,949</u>	<u>46,307,857</u>	<u>1,577,082</u>	<u>60</u>
Fund balances, June 30, 2015	<u>\$ 2,467,137</u>	<u>\$ 942,794</u>	<u>\$ 35,622,290</u>	<u>\$ 938,509</u>	<u>\$ 64</u>

Continued

See independent auditor's report.

**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, 2015**

	Special Revenue			
	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Rule 1420.1 Special Revenue Fund	BP/SCAQMD Public Benefits Oversight Fund
	Fund	Fund	Fund	Fund
Revenues:				
Emission fees	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-
Federal grant	1,219,685	-	-	-
State grant	-	-	-	-
Interest revenue	124,972	16,917	2,022	301
Penalties and settlements	-	-	-	-
Other revenues	1,500,000	-	286,480	177,802
Total revenues	2,844,657	16,917	288,502	178,103
Expenditures:				
Salaries and employee benefits	-	-	-	-
Insurance	-	-	-	-
Rent	-	-	-	-
Supplies	-	-	-	-
Contract and special services	8,646,446	76,869	221,730	5,000
Maintenance	-	-	-	-
Travel and auto	-	-	-	-
Utilities	-	-	-	-
Communications	-	-	-	-
Uncollectible accounts	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,646,446	76,869	221,730	5,000
Excess (deficiency) of revenues over (under) expenditures before transfers	(5,801,789)	(59,952)	66,772	173,103
Other financing sources (uses)				
Transfers in	2,400,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	2,400,000	-	-	-
Net change in fund balances	(3,401,789)	(59,952)	66,772	173,103
Fund balances, July 1, 2014	16,368,578	2,531,533	127,181	-
Fund balances, June 30, 2015	\$ <u>12,966,789</u>	\$ <u>2,471,581</u>	\$ <u>193,953</u>	\$ <u>173,103</u>

See independent auditor's report.

**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, 2015**

	<u>Special Revenue</u>	<u>Capital Project</u>		<u>Component Unit</u>	
	Prop 1B Lower Emission School Bus Fund	Infrastructure Improvement Fund	Debt Service Fund	SCAQMD Building Corporation	Total
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	-
Mobile sources/clean fuels	-	-	-	-	9,300,432
Air Toxics "Hot Spots"	-	-	-	-	38,223
Federal grant	-	-	-	-	2,116,575
State grant	-	-	-	-	26,009,897
Interest revenue	32	21,063	32,496	-	1,743,035
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	4,304,567
	<u>32</u>	<u>21,063</u>	<u>32,496</u>	<u>-</u>	<u>43,512,729</u>
Total revenues					
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	1,776	1,555,013	-	-	62,841,549
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	4,933
Other expenditures	-	-	-	4,845	5,241
Capital outlay	-	48,236	-	-	140,117
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>1,776</u>	<u>1,603,249</u>	<u>-</u>	<u>4,845</u>	<u>62,991,840</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(1,744)</u>	<u>(1,582,186)</u>	<u>32,496</u>	<u>(4,845)</u>	<u>(19,479,111)</u>
Other financing sources (uses)					
Transfers in	-	1,127,500	-	-	7,460,354
Transfers out	-	-	-	-	(5,849,130)
	<u>-</u>	<u>1,127,500</u>	<u>-</u>	<u>-</u>	<u>1,611,224</u>
Total other financing sources (uses)					
Net change in fund balances	<u>(1,744)</u>	<u>(454,686)</u>	<u>32,496</u>	<u>(4,845)</u>	<u>(17,867,887)</u>
Fund balances, July 1, 2014	<u>1,974</u>	<u>4,177,035</u>	<u>5,000,000</u>	<u>203,728</u>	<u>264,893,389</u>
Fund balances, June 30, 2015	<u>\$ 230</u>	<u>\$ 3,722,349</u>	<u>\$ 5,032,496</u>	<u>\$ 198,883</u>	<u>\$ 247,025,502</u>

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Accounting agency fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 107,033	\$ 340,065	\$ 292,867	\$ 154,231
Total assets	<u>\$ 107,033</u>	<u>\$ 340,065</u>	<u>\$ 292,867</u>	<u>\$ 154,231</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 107,033	\$ 340,065	\$ 292,867	\$ 154,231
Total liabilities	<u>\$ 107,033</u>	<u>\$ 340,065</u>	<u>\$ 292,867</u>	<u>\$ 154,231</u>
 <u>457 Plan Admin Revenue Sharing Fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 15,030	\$ 66,832	\$ 66,841	\$ 15,021
Interest receivable	133	84	133	84
Total assets	<u>\$ 15,163</u>	<u>\$ 66,916</u>	<u>\$ 66,974</u>	<u>\$ 15,105</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	15,163	\$ 96,783	\$ 96,841	\$ 15,105
Total liabilities	<u>\$ 15,163</u>	<u>\$ 96,783</u>	<u>\$ 96,841</u>	<u>\$ 15,105</u>
 <u>Total all agency funds</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 122,063	\$ 406,897	\$ 359,708	\$ 169,252
Interest receivable	133	84	133	84
Total assets	<u>\$ 122,196</u>	<u>\$ 406,981</u>	<u>\$ 359,841</u>	<u>\$ 169,336</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 122,196	\$ 436,848	\$ 389,708	\$ 169,336
Total liabilities	<u>\$ 122,196</u>	<u>\$ 436,848</u>	<u>\$ 389,708</u>	<u>\$ 169,336</u>

See independent auditor's report.

STATISTICAL SECTION

This part of SCAQMD'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 SCAQMD'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 SCAQMD's largest emission-based fee payers.

Debt Capacity

This schedule presents information to help the reader assess the affordability of SCAQMD'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 SCAQMD's financial activities take place.

Operating Information

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

Source: Unless otherwise noted, the information in these schedules was derived from SCAQMD'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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net investment in capital assets	\$ 7,712,415	\$ 10,938,387	\$ 12,744,539	\$ 16,757,042	\$ 19,695,092	\$ 22,777,709	\$ 25,696,728	\$ 39,667,137	\$ 38,509,847	\$ 36,957,165
Restricted for pension assets	736,200	1,926,145	3,089,145	(10,334,764)	-	-	1,361,315	3,031,890	4,437,818	-
Restricted for debt service	-	19,541,377	17,381,723	-	-	-	-	-	-	-
Restricted for long-term emission-reduction projects	253,867,453	280,754,862	291,676,023	334,362,120	411,358,339	465,789,699	527,549,463	530,540,932	536,617,440	468,946,402
Unrestricted	24,019,696	8,392,205	20,042,724	47,061,292	50,318,195	34,536,706	29,529,812	21,554,913	29,264,960	(157,555,673)
Total governmental activities net position	\$ 286,335,764	\$ 321,552,976	\$ 344,934,154	\$ 387,845,690	\$ 481,371,626	\$ 523,104,114	\$ 584,137,318	\$ 594,794,872	\$ 608,830,065	\$ 348,347,894
Business-type Activities:										
Net investment in capital assets	\$ 313,177	\$ 226,006	\$ 138,835	\$ 51,664	\$ 4,052	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	72,947	77,947	144,388	191,356	242,921	370,087	525,078	746,994	875,849	1,123,954
Total business-type activities net position	\$ 386,124	\$ 303,953	\$ 283,223	\$ 243,020	\$ 246,973	\$ 370,087	\$ 525,078	\$ 746,994	\$ 875,849	\$ 1,123,954
Primary Government:										
Net investment in capital assets	\$ 8,025,592	\$ 11,164,393	\$ 12,883,374	\$ 16,808,706	\$ 19,699,144	\$ 22,777,709	\$ 25,696,728	\$ 39,667,137	\$ 38,509,847	\$ 36,957,165
Restricted for pension asset	736,200	1,926,145	3,089,145	(10,334,764)	-	-	1,361,315	3,031,890	4,437,818	-
Restricted for debt service	-	19,541,377	17,381,723	-	-	-	-	-	-	-
Restricted for long-term emission-reduction projects	253,867,453	280,754,862	291,676,023	334,362,120	411,358,339	465,789,699	527,549,463	530,540,932	536,617,440	468,946,402
Unrestricted	24,092,643	8,470,152	20,187,112	47,252,648	50,561,116	34,906,793	30,054,890	22,301,907	30,140,809	(156,431,719)
Total primary government net position	\$ 286,721,888	\$ 321,856,929	\$ 345,217,377	\$ 388,088,710	\$ 481,618,599	\$ 523,474,201	\$ 584,662,396	\$ 595,541,866	\$ 609,705,914	\$ 349,471,848

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
Advance clean air technology	\$ 5,808,530	\$ 7,067,528	\$ 7,113,642	\$ 7,111,931	\$ 6,512,144	\$ 6,398,859	\$ 6,672,977	\$ 6,857,959	\$ 6,212,087	\$ 5,539,607
Ensure compliance with clean air rules	36,727,226	42,699,519	39,463,040	43,823,112	46,154,574	46,877,017	47,026,449	47,417,956	48,813,991	43,252,162
Customer service	11,592,984	8,687,842	6,696,664	7,441,806	7,682,897	7,578,813	7,729,015	8,169,587	8,332,770	6,124,811
Develop programs to achieve clean air	7,811,791	8,721,816	7,969,413	10,216,378	10,861,040	11,780,948	12,130,832	12,317,470	11,147,303	9,727,624
Develop rules to achieve clean air	8,046,177	7,350,795	8,390,762	8,433,410	8,436,415	8,826,846	7,286,149	7,269,414	7,514,210	7,161,179
Monitoring air quality	11,794,227	12,229,451	12,866,270	14,067,041	14,239,509	15,093,093	15,930,225	14,265,601	14,969,083	13,197,801
Timely review of permits	23,191,423	24,508,757	24,580,945	26,205,282	28,530,507	28,045,891	27,241,449	28,621,527	27,821,032	24,431,059
Policy support	2,948,274	3,442,207	3,630,367	4,782,531	1,760,038	1,792,208	1,483,613	1,306,054	1,204,588	331,652
Interest on long-term debt	-	-	4,614,842	4,325,460	3,871,465	3,277,933	4,691,658	4,605,963	4,102,888	4,031,178
Long-term emission reduction projects	64,308,902	62,831,313	93,109,973	104,277,915	150,362,508	161,904,680	137,800,260	155,998,253	154,939,035	210,229,182
Total govern't activities expenses	<u>\$ 172,229,535</u>	<u>\$ 177,539,228</u>	<u>\$ 208,435,918</u>	<u>\$ 230,684,866</u>	<u>\$ 278,411,097</u>	<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>
Business-type Activities:										
Clean Air Store	\$ 3,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CNG fueling station	198,788	225,604	218,048	210,120	165,557	150,418	135,805	189,518	264,221	168,769
Total business-type activities expenses	<u>202,441</u>	<u>225,604</u>	<u>218,048</u>	<u>210,120</u>	<u>165,557</u>	<u>150,418</u>	<u>135,805</u>	<u>189,518</u>	<u>264,221</u>	<u>168,769</u>
Total primary government expenses	<u>\$ 172,431,976</u>	<u>\$ 177,764,832</u>	<u>\$ 208,653,966</u>	<u>\$ 230,894,986</u>	<u>\$ 278,576,654</u>	<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>
Program Revenues										
Governmental Activities:										
Fees and Charges										
Stationary sources	\$ 68,792,294	\$ 75,200,254	\$ 82,825,774	\$ 92,703,725	\$ 81,097,647	\$ 81,291,028	\$ 82,624,489	\$ 85,439,616	\$ 87,160,484	\$ 88,120,829
Mobile sources	20,991,833	23,966,240	22,170,323	24,128,436	23,728,238	22,512,790	23,384,894	23,535,070	24,307,527	24,526,008
Operating grants and subventions	8,035,387	8,946,832	8,858,458	8,782,322	8,379,757	8,867,069	8,486,563	8,754,443	9,741,945	149,766,034
Long-term emission reduction projects	94,223,386	92,925,386	105,383,068	133,185,494	243,802,246	207,555,510	204,845,838	164,555,289	154,311,991	-
Total governmental activities prog. revenues	<u>\$ 192,042,900</u>	<u>\$ 201,038,712</u>	<u>\$ 219,237,623</u>	<u>\$ 258,799,977</u>	<u>\$ 357,007,888</u>	<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>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activities:										
Clean Air Store/CNG fueling station	\$ 123,625	\$ 143,433	\$ 197,318	\$ 169,917	\$ 169,510	\$ 273,531	\$ 290,796	\$ 411,434	\$ 393,076	\$ 416,874
Total business-type activities prog. revenues	<u>123,625</u>	<u>143,433</u>	<u>197,318</u>	<u>169,917</u>	<u>169,510</u>	<u>273,531</u>	<u>290,796</u>	<u>411,434</u>	<u>393,076</u>	<u>416,874</u>
Total primary government prog. revenues	<u>\$ 192,166,525</u>	<u>\$ 201,182,145</u>	<u>\$ 219,434,941</u>	<u>\$ 258,969,894</u>	<u>\$ 357,177,398</u>	<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>
Net (Expense) Revenue										
Governmental activities	\$ 19,813,365	\$ 23,499,484	\$ 10,801,705	\$ 28,115,112	\$ 78,596,791	\$ 28,650,109	\$ 51,349,157	\$ (4,545,366)	\$ (9,535,040)	\$ (61,613,384)
Business-type activities	<u>(78,816)</u>	<u>(82,171)</u>	<u>(20,730)</u>	<u>(40,203)</u>	<u>3,953</u>	<u>123,113</u>	<u>154,991</u>	<u>221,916</u>	<u>128,855</u>	<u>248,105</u>
Total primary govnt net (expenses) revenue	<u>\$ 19,734,549</u>	<u>\$ 23,417,313</u>	<u>\$ 10,780,975</u>	<u>\$ 28,074,909</u>	<u>\$ 78,600,744</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and subventions - restricted to non-spec. stationary source prog.	\$ 2,962,539	\$ 2,962,418	\$ 2,943,638	\$ 2,934,513	\$ 2,926,440	\$ 2,918,779	\$ 2,890,117	\$ 2,889,099	\$ 2,889,884	\$ 2,887,831
Mobile sources - restricted to non-spec. mobile source prog.	-	-	-	-	-	-	-	-	-	-
Interest	2,887,395	4,012,295	3,950,198	1,962,431	976,434	832,444	529,031	343,206	461,444	339,005
Lease revenue	364,326	365,559	366,924	379,440	371,104	-	-	-	-	-
Penalties/settlement	16,074,370	13,211,151	5,190,492	9,469,694	10,346,122	7,348,657	4,906,391	11,562,529	17,959,410	8,733,773
Subscriptions	19,214	22,315	11,378	15,519	10,363	7,760	6,095	1,630	3,498	2,136
Other	545,430	847,899	116,842	34,828	298,683	1,631,518	1,352,418	406,456	2,255,997	2,080,950
Transfers	<u>16,595</u>	<u>(9,703,906)</u>	<u>-</u>							
Total governmental activities	<u>\$ 22,869,869</u>	<u>\$ 11,717,731</u>	<u>\$ 12,579,472</u>	<u>\$ 14,796,424</u>	<u>\$ 14,929,145</u>	<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>
Business-type Activities										
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	<u>(16,595)</u>	<u>-</u>								
Total business-type activities	<u>(16,595)</u>	<u>-</u>								
Total primary government revenue	<u>\$ 22,853,274</u>	<u>\$ (7,823,649)</u>	<u>\$ 12,579,472</u>	<u>\$ 14,796,424</u>	<u>\$ 14,929,145</u>	<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>
Change in Net Position										
Governmental activities	\$ 42,683,233	\$ 35,217,215	\$ 23,381,177	\$ 42,911,536	\$ 93,525,936	\$ 41,389,267	\$ 61,033,209	\$ 10,657,554	\$ 14,035,193	\$ (47,569,689)
Business-type activities	<u>(95,411)</u>	<u>(82,171)</u>	<u>(20,730)</u>	<u>(40,203)</u>	<u>3,953</u>	<u>123,113</u>	<u>154,991</u>	<u>221,916</u>	<u>128,855</u>	<u>248,105</u>
Total primary government	<u>\$ 42,587,822</u>	<u>\$ 35,135,044</u>	<u>\$ 23,360,447</u>	<u>\$ 42,871,333</u>	<u>\$ 93,529,889</u>	<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>

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

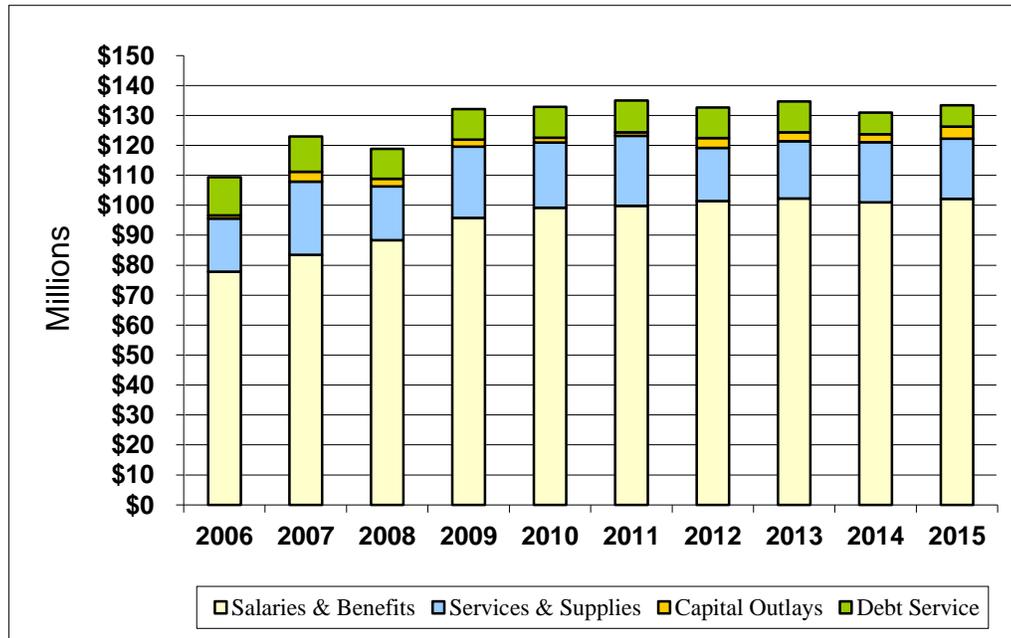
	2006	2007	2008	2009	2010	2011*	2012	2013	2014	2015
General Fund										
Reserved	\$ 4,841,814	\$ 6,892,073	\$ 7,369,361	\$ 7,318,433	\$ 7,575,462	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	56,475,321	37,287,900	46,073,449	56,309,536	52,814,783	-	-	-	-	-
Nonspendable	-	-	-	-	-	50,315	73,043	71,968	66,703	73,463
Committed	-	-	-	-	-	8,928,629	6,594,167	6,552,287	5,845,485	6,533,505
Assigned	-	-	-	-	-	17,763,384	15,390,753	12,194,651	12,194,650	6,803,899
Unassigned	-	-	-	-	-	25,858,045	24,689,814	19,774,006	27,672,310	34,353,647
Total general fund	<u>\$ 61,317,135</u>	<u>\$ 44,179,973</u>	<u>\$ 53,442,810</u>	<u>\$ 63,627,969</u>	<u>\$ 60,390,245</u>	<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>
All Other Governmental Funds										
Reserved for encumbrances	\$ 91,723,747	\$ 129,812,105	\$ 131,473,169	\$ 130,688,267	\$ 186,009,142	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for debt service	-	19,541,377	17,381,723	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	162,143,706	150,942,757	160,202,854	203,673,852	237,563,798	-	-	-	-	-
Restricted	-	-	-	-	-	26,138,656	191,730,455	331,962,118	335,633,672	283,454,187
Committed	-	-	-	-	-	174,297,108	127,200,107	29,141,240	65,757,643	59,667,932
Assigned	-	-	-	-	-	272,132,633	210,588,937	169,437,574	135,253,835	126,111,461
Unassigned	-	-	-	-	-	(6,778,697)	(1,970,036)	-	(27,710)	(287,178)
Total all other governmental fund	<u>\$ 253,867,453</u>	<u>\$ 300,296,239</u>	<u>\$ 309,057,746</u>	<u>\$ 334,362,119</u>	<u>\$ 423,572,940</u>	<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>

*Effective fiscal year 2010-11, fund balances are presented to conform with GASB No. 54.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Emission fees	\$ 33,582,422	\$ 21,771,497	\$ 23,100,073	\$ 24,826,356	\$ 19,663,671	\$ 21,371,061	\$ 19,714,882	\$ 20,540,391	\$ 20,472,379	\$ 19,838,979
Annual renewal fees	30,991,226	34,610,682	38,970,949	43,285,892	41,191,933	41,342,340	42,189,557	43,056,220	44,260,635	45,759,738
Area Sources	-	-	-	1,226,651	1,445,715	2,503,791	2,808,927	2,132,263	2,819,001	2,573,959
Permit processing fees	14,765,144	16,120,262	18,105,901	20,396,188	16,316,076	16,007,058	15,658,916	17,210,640	16,945,777	16,668,485
Mobile sources / Clean fuels	82,389,525	67,582,066	69,028,689	66,087,019	65,843,960	63,704,363	69,689,913	67,441,546	69,688,940	70,953,981
Air Toxics "Hot Spots"	1,186,492	1,897,395	1,981,259	2,026,249	1,977,074	1,824,327	1,833,488	1,917,252	1,954,650	2,039,612
Transportation program	895,194	1,145,806	914,870	894,440	836,557	885,263	848,829	927,824	877,816	845,236
State subvention	4,022,094	4,021,970	4,003,263	3,994,067	3,986,029	3,978,200	3,949,672	3,948,646	3,949,439	3,947,386
Federal grant	5,876,040	8,067,682	7,828,903	12,544,767	13,620,752	15,543,549	27,508,859	19,468,654	23,713,303	32,939,310
State grant	6,514,346	25,340,534	39,677,362	74,017,124	165,001,635	87,403,616	128,099,308	101,432,241	80,762,239	60,717,715
Interest revenue	12,087,846	17,485,429	16,899,125	10,448,326	6,224,115	6,556,895	4,962,021	3,677,620	3,824,484	3,766,327
Lease revenue	364,326	365,559	366,924	379,440	371,104	380,431	281,284	140,739	133,916	141,878
Source test/analysis fees	401,487	528,653	491,080	579,607	486,075	636,822	759,784	790,824	697,133	746,399
Hearing Board fees	655,553	469,041	411,537	436,385	327,344	201,864	221,709	277,544	342,508	531,879
Penalties and settlements	16,074,370	13,281,151	5,190,492	9,469,694	11,346,122	7,348,657	6,006,391	11,642,529	17,959,410	8,733,773
Subscriptions	19,214	22,315	11,378	15,519	10,363	7,760	6,095	1,630	3,498	2,136
RECLAIM & executive order mitigation	842,214	4,919,852	-	-	-	-	-	-	-	-
Other revenues	4,228,680	4,830,452	4,835,290	2,968,677	23,288,416	63,269,554	4,486,199	2,880,775	10,687,052	6,249,773
Total revenues	\$ 214,896,173	\$ 222,460,346	\$ 231,817,095	\$ 273,596,401	\$ 371,936,941	\$ 332,965,551	\$ 329,025,834	\$ 297,487,338	\$ 299,092,180	\$ 276,456,566
Expenditures:										
Salaries and employee benefits	\$ 77,858,212	\$ 83,488,915	\$ 88,320,801	\$ 95,793,414	\$ 99,192,010	\$ 99,773,382	\$ 101,364,885	\$ 102,289,888	\$ 101,023,768	\$ 102,127,845
Insurance	1,193,345	1,265,932	1,255,842	1,228,273	1,024,939	1,039,020	882,871	1,078,546	1,258,577	1,157,709
Rent	776,438	472,023	486,487	524,712	535,733	589,248	532,089	620,723	527,991	556,323
Supplies	2,274,844	2,890,495	3,365,065	3,035,346	2,997,815	2,600,630	2,371,901	2,894,275	2,647,163	2,588,866
Contract and special services	72,936,559	75,431,666	99,753,587	114,897,344	160,153,501	171,344,881	145,316,505	162,672,155	159,679,349	219,296,323
Maintenance	1,120,620	1,101,589	1,814,293	1,423,541	1,152,411	1,273,060	1,183,238	1,425,557	1,445,271	1,270,417
Travel and auto	478,091	606,658	622,446	746,705	694,696	707,050	791,042	753,860	739,784	783,720
Utilities	1,680,754	1,685,742	1,599,055	1,713,817	1,483,855	1,495,435	1,342,945	1,405,249	1,637,327	1,809,594
Communications	463,665	489,779	493,285	560,274	598,674	598,958	587,930	580,569	629,542	635,977
Uncollectible accounts	(38,037)	4,788	649,425	683,945	753,072	891,794	953,792	454,094	1,116,103	7,982
Other expenditures	933,008	1,441,100	1,063,386	691,833	1,303,225	2,767,725	2,544,090	2,179,367	4,578,992	1,665,715
Capital outlay	1,130,264	2,749,059	1,388,559	3,670,377	2,835,795	2,170,102	2,051,740	3,261,458	3,351,887	3,050,388
Debt service:										
Principal	7,510,000	7,870,000	8,270,000	8,695,000	9,165,000	10,090,000	10,250,000	18,177,007	3,099,025	3,159,384
Interest	5,165,067	3,967,067	4,710,521	4,442,290	4,073,116	3,540,602	2,945,639	4,857,985	4,094,658	4,031,995
Total expenditures	\$ 173,482,830	\$ 183,464,813	\$ 213,792,752	\$ 238,106,871	\$ 285,963,843	\$ 298,881,886	\$ 273,118,666	\$ 302,650,733	\$ 285,829,437	\$ 342,142,238
Excess (deficiency) of revenues over (under) expenditures	41,413,343	38,995,533	18,024,343	35,489,530	85,973,097	34,083,665	55,907,168	(5,163,395)	13,262,743	(65,685,672)
Other financing sources (uses):										
Transfer in	105,095	4,387,758	23,973,905	25,907,899	4,362,357	17,056,936	8,670,107	38,364,134	19,653,981	9,768,512
Transfer out	(88,500)	(4,091,664)	(23,973,905)	(25,907,899)	(4,362,357)	(17,056,936)	(8,670,107)	(38,364,134)	(19,653,981)	(9,768,512)
Special and extraordinary	-	(10,000,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	16,595	(9,703,906)	-							
Net change in fund balances	\$ 41,429,938	\$ 29,291,627	\$ 18,024,343	\$ 35,489,530	\$ 85,973,097	\$ 34,083,665	\$ 55,907,168	\$ (5,163,395)	\$ 13,262,743	\$ (65,685,672)
Debt service as a percentage of noncapital expenditures	7.4%	6.6%	6.1%	5.6%	4.7%	4.6%	4.9%	7.7%	2.5%	2.1%

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



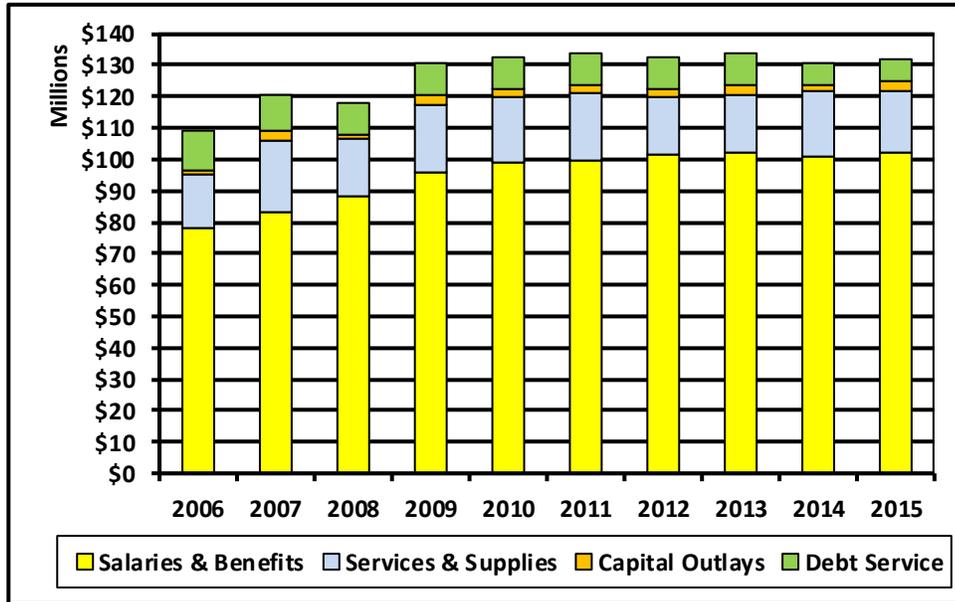
Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2006	77,858,212	17,719,906	1,100,222	12,675,067	109,353,407
2007	83,488,915	24,400,215	3,273,369	11,837,067	122,999,566
2008	88,320,801	17,937,120	2,579,407	9,980,521	118,817,849
2009	95,793,414	23,732,428	2,409,605	10,137,290	132,072,737
2010	99,192,009	21,806,505	1,592,415	10,238,116	132,829,044
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

See Notes Associated with Financial Charts page 115.

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
2006	77,858,212	17,564,242	1,076,407	12,675,067	109,173,928
2007	83,488,915	22,558,459	2,749,059	11,837,067	120,633,500
2008	88,320,801	17,992,898	1,388,559	9,980,521	117,682,779
2009	95,793,414	21,227,874	3,670,377	10,137,290	130,828,955
2010	99,192,009	20,335,515	2,835,795	10,238,116	132,601,435
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

See Notes Associated with Financial Charts page 115.

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

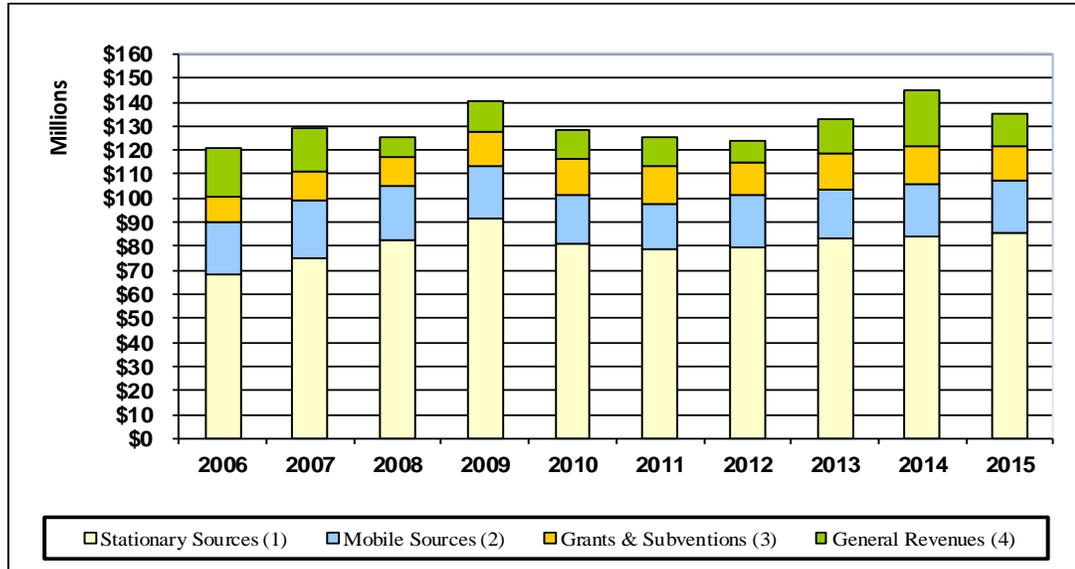
(amounts expressed in thousands)

Fiscal Year	<u>Governmental Activities</u>		Total Primary Government	Percentage of Total Revenues (*)	Number of Customers	Per Customer
	Installment Sale Revenue Bonds	Pension Obligation Bonds				
2006	44,195	67,457	111,652	92.52%	27	4
2007	39,630	64,152	103,782	80.39%	29	4
2008	35,035	60,477	95,512	76.05%	28	3
2009	30,410	56,407	86,817	61.83%	28	3
2010	25,745	51,907	77,652	60.60%	28	3
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

The South Coast Air Quality Management District is a regional government and is not authorized to issue long-term debt (General Obligation Bonds). The Installment Sale Revenue Bonds were issued by the South Coast Air Quality Management District Building Corporation (a component unit), secured by annual lease payments from the South Coast Air Quality Management District. 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
2006	68,483,189	21,256,610	10,680,461	20,252,527	120,672,787
2007	75,200,253	23,966,240	11,909,248	18,017,839	129,093,580
2008	82,800,004	22,170,322	11,802,166	8,821,192	125,593,684
2009	91,472,243	22,166,119	13,679,151	13,093,394	140,410,907
2010	81,097,647	19,994,596	15,039,879	12,002,573	128,134,695
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

(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

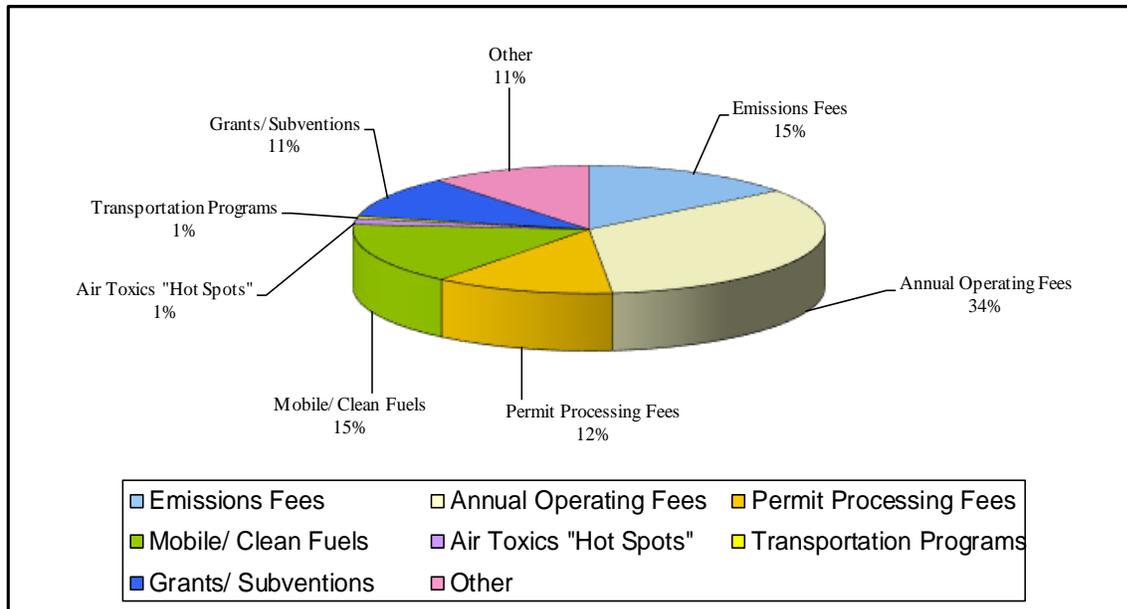
(4) Includes Area Sources, Penalties & Settlements, Interest, Lease Revenue, Other Revenue and Subscriptions

See Notes Associated with Financial Charts page 116.

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
2006	20,229,322	30,991,226	14,765,144	20,361,416	1,440,457	895,194	10,680,461	21,309,567	120,672,787
2007	21,771,497	34,610,682	16,120,262	22,820,434	1,700,118	1,145,806	11,909,248	19,015,533	129,093,580
2008	23,100,073	38,970,949	18,105,901	21,255,452	1,720,464	914,870	11,802,166	9,723,809	125,593,684
2009	24,826,356	43,285,892	20,396,188	21,271,679	1,947,813	894,440	13,679,151	14,109,387	140,410,906
2010	19,663,671	41,191,933	16,316,076	19,158,039	1,666,699	836,557	15,039,879	14,261,841	128,134,695
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

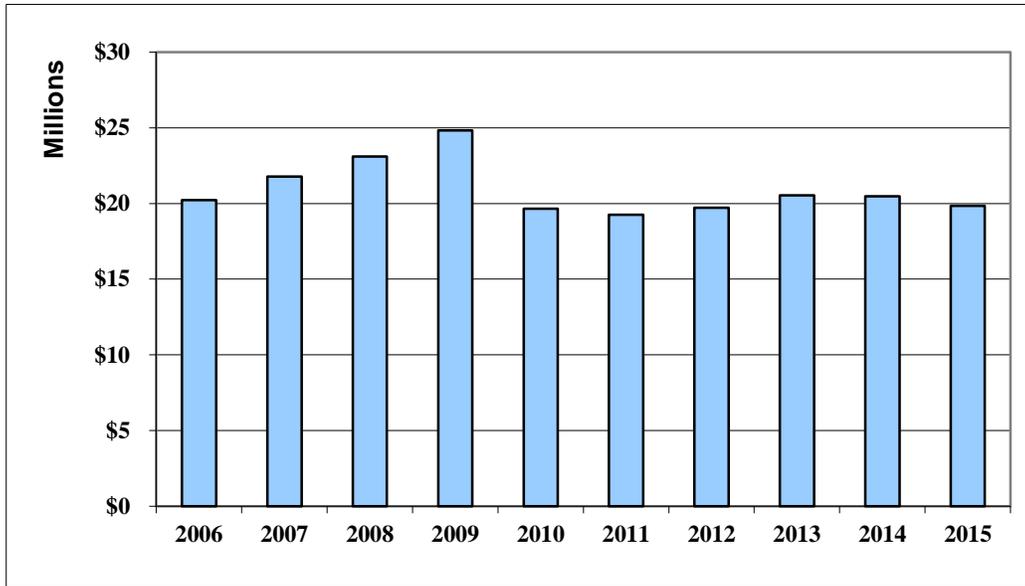
* Other includes Area Sources, Penalties and Settlements, Interest, Source Test/Analysis Fees, Lease Revenue, Hearing Board, Other Revenue and Subscriptions.

See Notes Associated with Financial Charts page 116.

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
2006	20,229,322
2007	21,771,497
2008	23,100,073
2009	24,826,356
2010	19,663,671
2011	19,246,061
2012	19,714,882
2013	20,540,391
2014	20,472,379
2015	19,838,979

See Notes Associated with Financial Charts page 117.

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)

- 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.
- The increase in 2010 Salaries & Benefits expenditures from 2009 is mainly due to the hiring of vacant FTEs and rising retirement costs.
- The increase in 2009 expenditures from 2008 is mainly due to the hiring of vacant FTEs and rising retirement costs.
- The decrease in 2008 expenditures from the 2007 level is primarily due to a significant reduction in litigation costs.
- In 2007 the increase in Contract and Special Services of approximately \$5M is primarily due to expenditures related to railroad litigation.
- In 2007 the increase in Capital Outlays of approximately \$2M is due mainly due to large purchases of air monitoring equipment.
- 2006 was the first year that both principal and interest expenditures were paid for 2004 Pension Obligation Bonds (POBs) issued late in FY 2003-04. (No principal was due for 2004 POBs in 2005).

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

- 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 equipments.
- 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.
- The increase in 2010 expenditures from 2009 is mainly due to the hiring of vacant FTEs and rising retirement costs. In addition, Capital Outlays expenditures decreased due to asset retirements.
- The increase in 2009 expenditures from 2008 is mainly due to the hiring of vacant FTEs and rising retirement costs. In addition, Capital Outlays expenditures increased due to payments on prior year encumbrances.
- The decrease in 2008 expenditures from the 2007 level is primarily due to a significant reduction in litigation costs.
- In 2007 the increase in Contract and Special Services of approximately \$4.5M is primarily due to expenditures related to railroad litigation.
- In 2007 the increase in Capital Outlay of approximately \$1.7M is due mainly due to large purchases of air monitoring equipment.
- 2006 was the first year that both principal and interest expenditures were paid for 2004 Pension Obligation Bonds (POBs) issued late in FY 2003-04. (No principal was due for 2004 POBs in 2005).

Schedule 8 - Revenues by Major Source (General Fund)

- The large decrease in 2015 revenues is mainly due to the decrease in Penalties & Settlements for violations of permit conditions, SCAQMD Rules, or state law.
- Revenues increased significantly in 2014 because the SCAQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- Revenues increased significantly in 2013 because the SCAQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD 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.
- The decrease in 2010 revenue is attributable to the economic downturn and declining emissions; however, the overall decline is mitigated by several large, unanticipated one time penalties/settlements.
- The increase in 2009 General Revenue reflects the fact that the number and magnitude of penalties and settlements can vary from year to year.
- The decrease in 2008 revenue from 2007 is mainly due to declining Penalties and Settlements revenues offset by a 10% increase in Emissions Fees, Annual Operating Fees, and Permit Processing Fees.
- The increase in the Stationary Sources type revenue is primarily due to a 10% increase in annual operating permit renewal fee in 2007. In addition, RECLAIM device-based annual renewal fees were billed in 2007 for the first time.
- Although SCAQMD collected approximately \$13 million in Penalties and Settlements in 2007 this was less compared to approximately \$16 million collected in 2006 hence the decrease in General Revenue in 2007.
- The increase in Stationary Sources Revenue in 2006 relates to the fee increase for Annual Operating Fees that took effect on July 1, 2005.

Schedule 9 - Revenues by Fee Source (General Fund)

- The large decrease in 2015 revenues is mainly due to the decrease in Penalties & Settlements for violations of permit conditions, SCAQMD Rules, or state law.
- Revenues increased significantly in 2014 because the SCAQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- Other revenues increased significantly in 2013 because the SCAQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD 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.
- In 2010, all fee source revenues declined. The increase in Grants/Subventions revenue is attributable to a full year of administrative cost reimbursement for Prop 1B.
- In 2009, Annual Operating Fees and Permit Fees increased by 10% in 2009.
- The decrease in 2008 revenue from 2007 is mainly due to declining Penalties and Settlements revenues offset by a 10% increase in Emissions Fees, Annual Operating Fees, and Permit Processing Fees.
- The increase in Annual Operating Fees is primarily due to a 10% increase in the annual operating permit renewal fee in 2007. In addition, RECLAIM device-based annual renewal fees were billed in 2007 for the first time.

- Other revenues increased in 2006 because the South Coast SCAQMD received several one-time large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.

Schedule 10 – Emission Fee Revenues

- 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.
- In 2010, Emission Fees decreased as a result of reduced emissions at major refineries and large facilities.
- The 2009 Emission Fees increased due to a 10% fee increase; offset by continued declining emissions.
- There was an increase in Emission Fees revenue in 2008 related to a 10% fee increase. However, the impact on the revenue is lower than the 10% due to a general decline in emissions.
- The trend shows a continued reduction in emission fee revenues due to lower emissions as a result of additional emission controls placed on the Basin's emitters.
- There was an increase in Emission Fees in 2007 due to a 10% increase in rate. However, the impact on the revenue is less due to a general decrease in emissions.
- The small increase in 2006 is due to a fee increase that was effective July 1, 2005.

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

Payer	FY 2014-2015			FY 2004-2005		
	Payment	Rank	% of Total Emission Fee	Payment	Rank	% of Total Emission Fee
Exxon Mobil Corporation (Formerly Mobil Oil Corporation)	\$2,192,735	1	11.1%	\$1,516,081	3	7.8%
BP West Coast Products (now Tesoro)*	1,728,582	2	8.7%	1,582,455	2	8.1%
Chevron Products	1,673,979	3	8.4%	2,652,288	1	13.6%
Tesoro Refining and Marketing (Formerly Equilon)	1,285,914	4	6.5%			
Conoco Phillips Company/Colton Terminal (Formerly Tosco Refining Co)*	886,177	5	4.5%	367,265	8	1.9%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	673,833	6	3.4%	970,396	4	5.0%
Ultramar Incorporated	526,272	7	2.7%	541,107	7	2.8%
BP West Coast Products (formerly ARCO CQC Kiln and now Tesoro)*	441,626	8	2.2%	246,297	9	1.3%
City of Long Beach, SERRF Project	254,202	9	1.3%	145,144	14	0.7%
Southern California Edison (formerly Mountainview Generating Station)	232,974	10	1.2%			
Southern California Gas Company	211,641	11	1.1%	140,581	15	0.7%
Anheuser-Busch Incorporated	198,674	12	1.0%	134,381	18	0.7%
LA County Sanitation District	193,642	13	1.0%			
Desert View Power	162,037	14	0.8%			
Tamco	157,602	15	0.8%			
Dart Container Corp of California	151,132	16	0.8%	150,732	13	0.8%
LA City, DWP Scattergood Generating Station	145,385	17	0.7%			
Beta Offshore	144,995	18	0.7%			
California Steel Industries	124,751	19	0.6%	138,868	16	0.7%
Owens-Brockway Glass Container Inc.	104,350	20	0.5%			
Rhodia Incorporated				184,962	11	1.0%
LA City, DWP Hayes Generating Station				129,934	19	0.7%
Equilon Enterprises, LLC, Shell Oil Products US				715,923	5	3.7%
Cal Portland Cement Company				595,143	6	3.1%
Southern California Edison Company				135,010	17	0.7%
TABC, Inc.				159,816	12	0.8%
Lasco Bathware, Inc.				220,558	10	1.1%
AERA Energy, LLC				110,373	20	0.6%
Total Paid by Largest Payers at a Single Location	<u>\$ 11,490,503</u>		57.9%	<u>\$ 10,837,314</u>		55.8%
Total Emissions Based Fees Paid by All Emitters	<u>\$ 19,838,979</u>			<u>\$ 19,434,549</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 6 million cars.

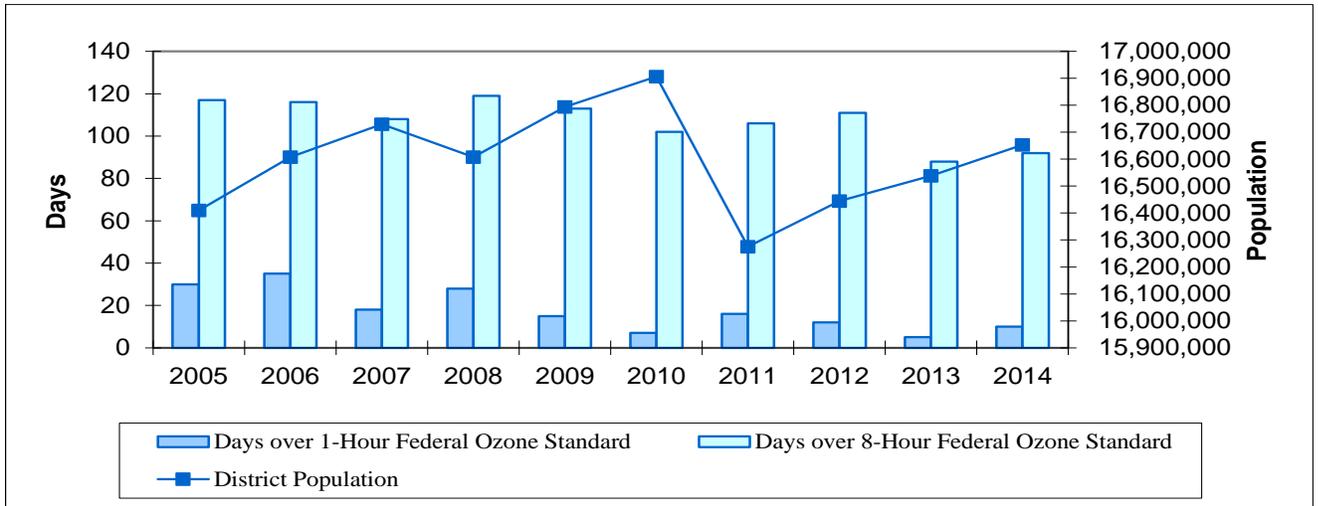
Orange County is the second most populated county in the state and lies south of Los Angeles County. When created in 1889, Orange County was named for its abundance of orange groves and thriving agricultural industry. Today, the largest industry employers are trade, transportation, and utilities, professional 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 of Riverside County did not see a significant increase in population from fiscal year 2011 to fiscal year 2012. 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 fourth-highest populated county in California and is projected to be home to more than 2.5 million residents by 2020, an increase of 18% over current figures. 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 Federal Ozone Standard	District Population
2005	30	117	16,409,969
2006	35	116	16,607,472
2007	18	108	16,730,092
2008	28	119	16,607,472
2009	15	113	16,793,784
2010	7	102	16,906,456
2011	16	106	16,274,797
2012	12	111	16,444,162
2013	5	88	16,538,490
2014	10	92	16,652,810

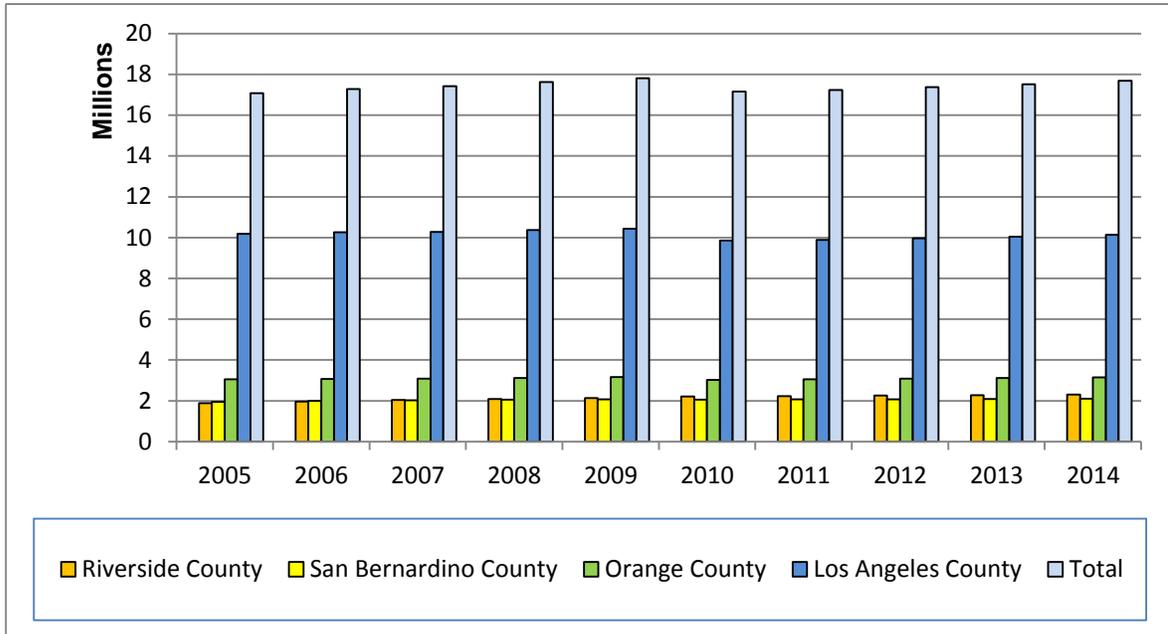
Notes:

- 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 2008 from 0.08 ppm to 0.075 ppm.

Source:

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

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



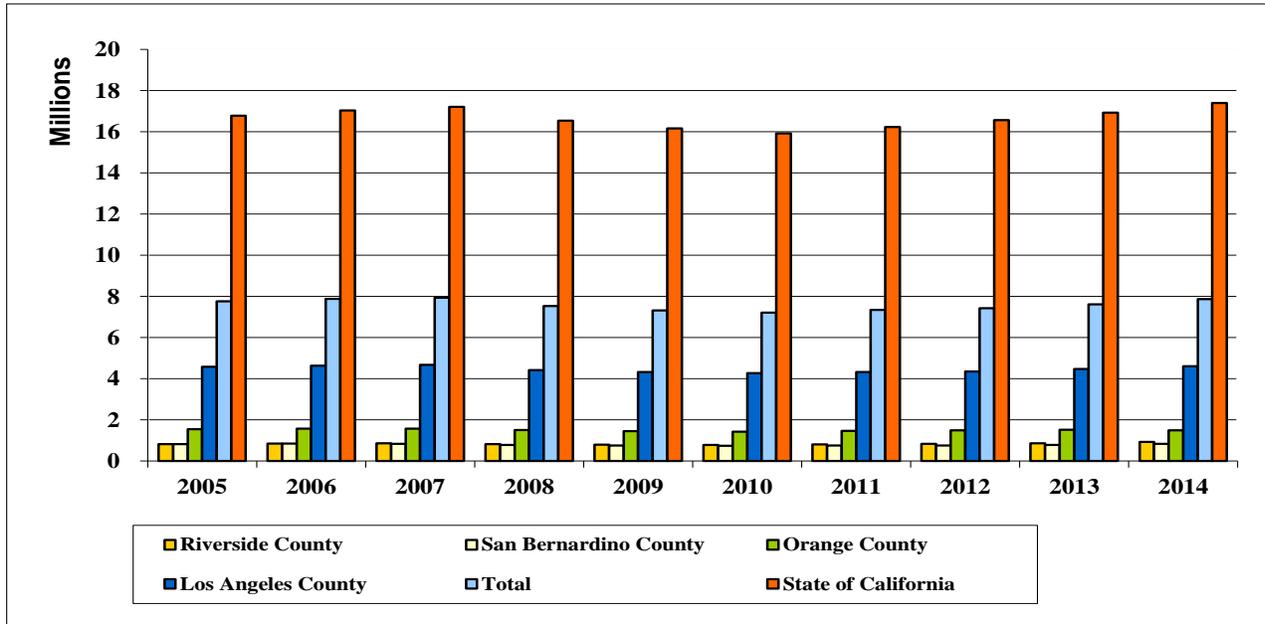
Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	% Increase
2005	1,885,600	1,948,500	3,050,400	10,191,100	17,075,600	1.49%
2006	1,966,600	1,994,000	3,071,900	10,258,000	17,290,500	1.26%
2007	2,034,840	2,026,325	3,089,707	10,275,914	17,426,786	0.79%
2008	2,088,322	2,055,766	3,121,251	10,363,850	17,629,189	1.16%
2009	2,139,535	2,073,149	3,166,461	10,441,080	17,820,225	1.08%
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	0.86%
2014	2,308,441	2,104,291	3,147,655	10,136,559	17,696,946	1.00%

SCAQMD encompasses all of Orange County and parts of the Los Angeles, Riverside, and San Bernardino Counties, representing over 17.6 million residents.

Source:

California Department of Finance - Demographic Research Unit

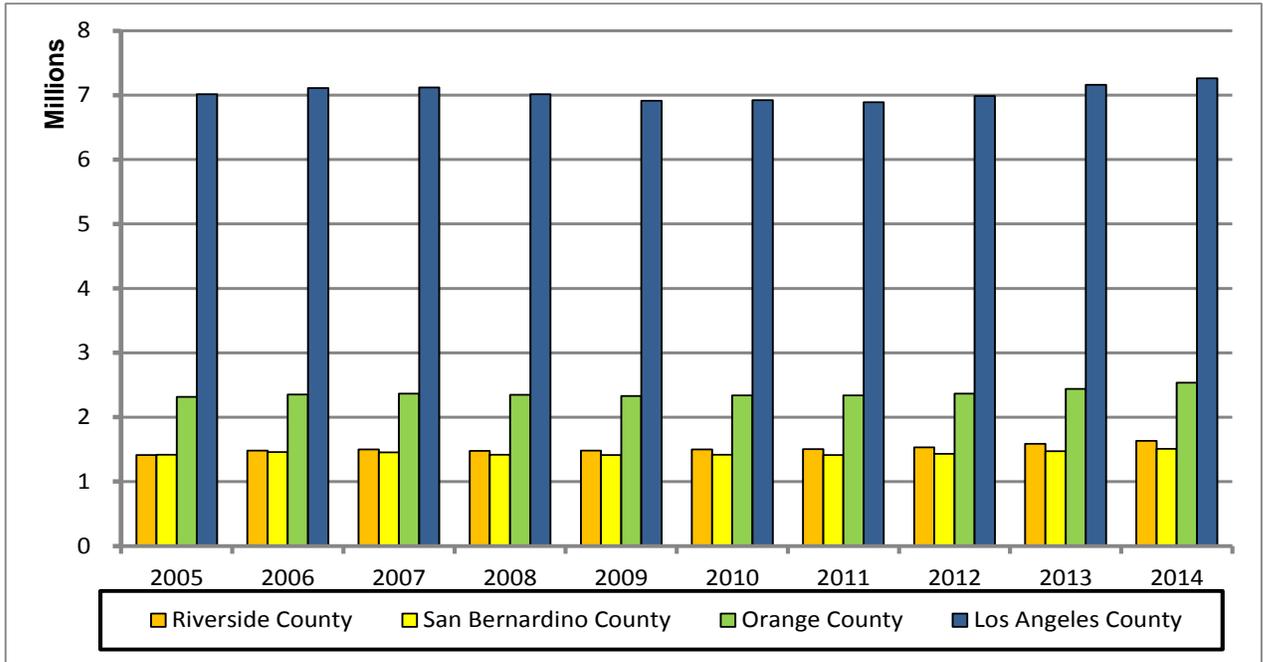
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 14
 Los Angeles, Orange, Riverside, San Bernardino
 Counties, and State of California Civilian Employment
 Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	State of California
2005	816,500	816,800	1,544,800	4,581,100	7,759,200	16,782,300
2006	842,000	842,300	1,568,300	4,631,600	7,884,200	17,029,300
2007	853,800	835,100	1,568,800	4,675,300	7,933,000	17,208,900
2008	813,800	781,400	1,507,300	4,422,900	7,525,400	16,531,700
2009	790,000	751,600	1,451,000	4,328,600	7,321,200	16,163,900
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

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
2005	1,411,893	1,417,323	2,317,229	7,014,718	12,161,163
2006	1,482,716	1,458,344	2,352,832	7,111,211	12,405,103
2007	1,498,957	1,453,252	2,367,673	7,121,385	12,441,267
2008	1,476,725	1,418,934	2,345,325	7,012,263	12,253,247
2009	1,480,616	1,410,411	2,327,428	6,913,586	12,132,041
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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
FUNCTION:										
Executive Office	11	10	10	9	10	10	10	9	10	8
Clerk of the Boards	6	6	6	5	6	6	6	6	6	6
District Counsel	10	10	11	13	13	12	11	11	12	12
District Prosecutor	21	20	19	19	19	20	21	18	19	20
Finance	43	43	44	44	45	43	42	41	44	41
Administrative & Human Resources	34	35	36	37	36	34	32	32	31	32
Information Management	45	48	50	49	48	49	48	47	47	46
Planning, Rule Development & Area Sources	108	109	102	108	105	103	96	88	85	85
Legislative and Public Affairs	36	35	37	42	42	40	39	40	38	38
Science & Technology	136	145	151	160	156	146	143	144	144	150
Engineering & Compliance	293	289	304	310	299	300	286	273	261	259
Total	<u>743</u>	<u>750</u>	<u>770</u>	<u>796</u>	<u>779</u>	<u>763</u>	<u>734</u>	<u>709</u>	<u>697</u>	<u>697</u>

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

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

<u>Program Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Advance Clean Air Technology									
Contracts awarded	304	295	292	530	526	556	938	523	1,047
Total Funding awarded	\$ 133,603,750	\$ 91,309,725	\$ 89,421,125	\$ 180,669,515	\$ 131,399,287	\$ 82,536,619	\$ 207,181,573	216,085,526	123,181,473
Ensure Compliance with Clean Air Rules									
Inspections	35,039	33,742	40,558	33,735	33,560	34,191	32,535	29,501	22,871
Notices of Violations	1,407	1,321	1,908	1,530	1,254	1,211	965	956	811
Hearing Board Orders for Abatement	49	30	36	35	47	93	51	46	41
Hearing Board Appeals	12	22	19	20	2	7	3	7	-
Customer Service									
Public Information Requests	4,651	3,528	4,962	3,821	3,410	3,543	3,460	4,505	4,012
Community/Public Meetings attended	182	145	198	202	190	274	294	264	217
Small Business Assistance Contacts	2,289	2,680	2,662	2,578	2,497	2,574	2,266	1,850	1,711
Develop Programs to Achieve Clean Air									
Transportation Plans processed	1,502	1,534	1,412	1,372	1,385	1,392	1,371	1,333	1,329
Emission Inventory Updates	284	439	586	703	521	530	408	460	336
Develop Rules to Achieve Clean Air									
Rules Developed	24	29	32	15	40	8	20	24	24
Monitoring Air Quality									
Samples Analyzed by the Laboratory	14,683	31,530	25,400	29,685	28,915	29,520	32,520	29,340	30,824
Source Testing Analyses/Evaluations/Reviews	830	794	718	740	1,030	952	1,035	968	996
Timely Review of Permits									
Applications Processed	9,481	9,599	11,564	9,627	13,044	12,225	14,153	13,217	9,495
Applications Received-Small Business	-	-	627	694	798	732	615	514	629
Applications Received-All Others	8,261	9,297	10,954	10,941	10,769	11,682	11,709	11,156	9,961
Policy Support									
News releases	44	51	76	69	64	57	61	62	76
Media Calls	643	684	334	313	252	520	1,131	774	532
Media Inquiries Completed	604	684	334	313	252	520	1,131	774	532

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>					
Ensure Compliance with Clean Air Rules					
Number of vehicles assigned to field inspection	127	121	121	112	108
Monitoring Air Quality					
Number of air monitoring stations	43	42	40	42	42
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	283	249	292	260	208

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>	16,652,810 (In 2014)
<u>Average Unemployment Rate:</u>	Los Angeles County (8.3%), Orange (5.5%), Riverside (8.2%), and San Bernardino (8.1%) counties (In 2014)
<u>Transportation:</u>	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 Freeways – Three major interstate freeways including four bypass routes, U.S. 101, and nine State freeway routes Two major adjoining ports – Port of Long Beach and Port of Los Angeles
<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 SCAQMD Jurisdiction:</u>	12,939,123 (In 2014)
<u>Average Daily Miles Traveled Per Vehicle:</u>	30 (CY 2014 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>	27,303 operating locations with 74,357 permits.
<u>Number of Air Monitoring Stations:</u>	42
<u>Full-time Authorized Positions:</u>	800
<u>Adopted FY 2015-16 Budget:</u>	\$137,217,800
<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.



**South Coast
Air Quality Management District**

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