South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

HYBRID ADMINISTRATIVE COMMITTEE MEETING

Committee Members
Chair Michael A. Cacciotti, Committee Chair
Vice Chair Larry McCallon, Committee Vice Chair
Senator (Ret.) Vanessa Delgado
Supervisor Curt Hagman
Supervisor V. Manuel Perez

November 13, 2026 ♦ 10:00 a.m.

TELECONFERENCE LOCATIONS

Office of Senator Vanessa Delgado
944 South Greenwood Ave.
Montebello, CA 90640

Office of Supervisor V. Manuel Perez
78015 Main Street, Ste. 205
La Quinta, CA 92253

A meeting of the South Coast Air Quality Management District Administrative Committee will be held at 10:00 a.m. on Friday, November 13, 2026 through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

http://www.aqmd.gov/home/news-events/meeting-agendas-minutes

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION AT BOTTOM OF AGENDA

Join Zoom Webinar Meeting - from PC or Laptop
https://aqmd.zoomgov.com/j/1609964650

Zoom Webinar ID: 160 996 4650 (applies to all)

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

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

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

Please note that under the California Public Records Act (Gov't. Code § 7920.000 et seq.) your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email) become part of the public record and can be released to the public on request or posted on the South Coast AQMD website.

CALL TO ORDER
- **Roll Call**

DISCUSSION ITEMS – Items 1 through 10:

1.	Board Members' Concerns **(*No Motion Required*)** *Any member of the Governing Board, on their own initiative may raise a concern to the Administrative Committee regarding any South Coast AQMD items or activities.*	Chair Michael A. Cacciotti	
2.	Chair's Report of Approved Travel **(*No Motion Required*)**	Chair Cacciotti	
3.	Report of Approved Out-of-Country Travel **(*No Motion Required)***	Wayne Nastri Executive Officer	
4.	Review December 4, 2026 Governing Board Agenda	Wayne Nastri	pgs. 6-15
5.	Approval of Compensation for Board Member Assistant(s)/ Consultant(s) (Any material, if submitted, will be distributed at the meeting.) ***(Motion Requested if Proposal Made)***	Chair Cacciotti	
6.	Update on South Coast AQMD's Internal Community Engagement Activities **(*No Motion Required*)** *Staff will provide an update on current and future efforts for our internal community engagement activities.*	Anissa Heard-Johnson, PhD Deputy Executive Officer, Community Engagement and Air Programs	pgs. 16-23
7.	Annual Audited Financial Statements for FY Ended June 30, 2026 ***(No Motion Required)*** *This item transmits the annual audited financial statements of South Coast AQMD. South Coast AQMD has received an unmodified opinion (the highest obtainable) on its financial statements.*	Sujata Jain Chief Financial Officer, Finance	pgs. 24-194
8.	South Coast AQMD's FY 2026-27 First Quarter Ended September 30, 2026 Goals & Priority Objectives and Budget vs. Actual (Unaudited) ***(No Motion Required)*** *Staff will provide goals & objectives and a comparison of budget vs.*	Sujata Jain	pgs. 195-206

actual results for the fourth quarter which ended September 30, 2026.

9. Status Report on Major Ongoing and Upcoming Projects for Information Management ***(No Motion Required)*** — Ron Moskowitz, Chief Information Officer, Information Management — pgs. 207-212
Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This action is to provide the monthly status report on major automation contracts and planned projects.

10. Receive and File Annual Report on South Coast AQMD's Deferred Compensation Plans ***(No Motion Required)*** — John Olvera, Deputy Executive Officer, Administrative & Human Resources — pgs. 213-245
South Coast AQMD sponsors IRS-approved 457(b), 401(a) and Omnibus Budget Reconciliation Act of 1990 (OBRA) Deferred Compensation Plans for its employees. The Board is responsible for monitoring the activities of the Deferred Compensation Plan Committee and for ensuring the Committee carries out its fiduciary duties under the Committee Charter. In accordance with the Board's responsibilities, this action is to receive and file the Deferred Compensation Plan Annual Report for Plan Year Ending June 2026.

ACTION ITEMS – Items 11 through 13:

11. Establish List of Prequalified Vendors for Automotive Mechanical Repair and Service and for Mailing Services, Amend Purchase Order for Lease and Maintenance of Mailing System Equipment ***(Motion Requested)*** — John Olvera — pgs. 246-250
On August 7, 2026, the Board approved release of RFQs to prequalify vendors for automotive mechanical repair and service, and for mailing services. This action is to establish prequalified lists for automotive mechanical repair and service and mailing services that can be used for three years. This action is also to add $25,600 to a previously Board-approved five-year purchase order with Pitney Bowes, Inc. to cover taxes for the lease and maintenance of mailing system equipment. Funds for these services have been included in the FY 2026-27 Budget and will be requested in successive fiscal years.

12. Execute Contract for Janitorial Services at Diamond Bar Headquarters ***(Motion Requested)*** — John Olvera — pgs. 251-254
On August 7, 2026, the Board approved release of an RFP to solicit proposals from firms interested in providing janitorial services at Diamond Bar headquarters. The current contract for these services expires on December 31, 2026. This action is to execute a 42-month contract with Santa Fe Janitorial Maintenance Services Inc. for a total amount not to exceed $2,854,212. Funding has been included in the FY 2026-27 Budget and will be requested in successive fiscal years.

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13. Recognize Revenue, Transfer and Appropriate Funds, Issue Purchase Orders and Solicitation for Community Air Monitoring Near Refineries and Related Facilities ***(Motion Requested)***
In January 2024, the Board amended Rule 1180 and adopted Rule 1180.1, which require petroleum refineries, other refineries, and related facilities to fund the installation and operation of community air monitoring systems. In October 2024, the Board recognized revenue of up to $5,227,692 and up to $2,309,469 for Rules 1180 and 1180.1, respectively, into the Rule 1180 Special Revenue Fund (78) to establish community monitoring systems. Additionally, refineries and facilities pay the annual operating and maintenance fees for the community air monitoring systems totaling $7,961,250 for FY 2026-27. These actions are to (1) recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (3) appropriate up to $372,000 from the General Fund Undesignated Fund Balance, (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (5) issue sole source purchase orders for air monitoring and supporting equipment and services to meet the needs of operating the community air monitoring systems, and (6) issue purchase orders based upon results from a solicitation for office essentials for additional Rules 1180 and 1180.1 staff.

Jason Low, PhD
Deputy Executive Officer,
Monitoring & Analysis
pgs. 255-263

WRITTEN REPORTS:

No written reports.

OTHER MATTERS:

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

Chair Cacciotti

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

16. **Next Meeting Date**: Friday, December 11, 2026 at 10:00 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disabilities and language-related accommodations can be requested to allow participation in the Administrative Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language- related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Cindy Bustillos at (909) 396-2377 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to cbustillos@aqmd.gov.

Reasonable Accommodations for Remote Participation by Members of this Brown Act Body

All public meetings held pursuant to the Brown Act must adhere to certain procedures to assist in processing requests for reasonable accommodations for remote participation by Board and Committee Members, and Members of other Brown Act bodies, consistent with the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and Government Code section 54953.8. Specifically, Board and Committee Members, or other Members of a Brown Act body, who have a disability within the meaning of the ADA, may request a reasonable accommodation to participate remotely in a public meeting in lieu of in-person attendance. Such requests must be made pursuant to the procedure set forth in South Coast AQMD Administrative Code Section 30.17 (Policy for Reasonable Accommodation and Remote Participation) and must be submitted in writing to the Chair of the Board or Committee, or Chair of the other Brown Act Body, copying the Clerk of the Boards and the Deputy Executive Officer of Administrative and Human Resources. In the event that the Chair requests an accommodation, that request must also be submitted to the Vice Chair for approval.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Cindy Bustillos at (909) 396-2377, or send the request to cbustillos@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment. Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually. After each agenda item, the Chair will announce public comment. A countdown timer will be displayed on the screen for each public comment. If interpretation is needed, more time will be allotted.

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

Directions for Video ZOOM on a DESKTOP/LAPTOP:

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

Directions for Video Zoom on a SMARTPHONE:

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

Directions for TELEPHONE line only:

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

Back to Agenda

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

11/6/26 4:30 p.m.

D R A F T A G E N D A

HYBRID GOVERNING BOARD MEETING
DECEMBER 4, 2026

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m. on Friday, December 4, 2026 through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California 91765 and/or virtual attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

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Electronic Participation Information (Instructions provided at the bottom of the agenda)	**Join Zoom Meeting - from PC, Laptop or Phone** **https://aqmd.zoomgov.com/j/1600528849** Meeting ID: **160 052 8849** (applies to all) Teleconference Dial In +1 669 254 5252, 160 052 8849 One tap mobile: +1 669 254 5252, 160 052 8849# **Spanish Language Only Audience (telephone)** Número Telefónico para la Audiencia que Habla Español Teleconference Dial In/Numero para llamar: +1 669 254 5252 Meeting ID/Identificación de la reunión: **161 104 2947** One tap mobile: +1 669 254 5252, 161 104 2947#
Public Comment Will Still Be Taken	**Audience will be allowed to provide public comment in person and through Zoom connection or telephone.** Comments are limited to three (3) minutes per person for all items on the Consent and Board Calendars and may be further limited by the Chair to ensure all can be heard. Phone controls for participants: The following commands can be used on your phone's dial pad while in meeting: *6 (Toggle mute/unmute); *9 - Raise hand
Questions About an Agenda Item	▪ The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item. ▪ In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.

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

All documents (i) constituting non-exempt public records, (ii) relating to an item on the agenda, and (iii) having been distributed to at least a majority of the Governing Board after the agenda is posted, are available prior to the meeting for public review at South Coast AQMD's Clerk of the Boards Office, 21865 Copley Drive, Diamond Bar, CA 91765 or web page at www.aqmd.gov)

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A webcast of the meeting is available for viewing at:
http://www.aqmd.gov/home/news-events/webcast

CALL TO ORDER

- Pledge of Allegiance
- Roll Call
- Opening Comments: Michael A. Cacciotti, Chair
  Other Board Members
  Wayne Nastri, Executive Officer

Staff/Phone (909) 396-

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3) The public may comment on any subject within the South Coast AQMD's authority that does not appear on the agenda, during the Public Comment Period. Each speaker addressing non-agenda items may be limited to a total of (3) minutes.

CONSENT AND BOARD CALENDAR (Items X and X)

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

13070. Approve Minutes of November 6, 2026 Board Meeting **Thomas/3268**

13055. Set Public Hearings January 8, 2027 to Consider Amendments to South Coast AQMD Rules and Regulations: **Nastri/3131**

13241. Determine That Proposed Amended Rule 401 – Visible Emissions, Is Exempt from CEQA; and Amend Rule 401 **Krause/2706**

Proposed Amended Rule 401 will exempt smoke tests required by South Coast AQMD from visible emissions requirements and establish specific requirements for smoke tests conducted at petroleum refineries and facilities with related operations to petroleum refineries. This action is to adopt the Resolution: 1) Determining that Proposed Amended Rule 401 – Visible Emissions, is exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 401. (Reviewed: Stationary Source Committee, November 20, 2026)

13237. Determine That Proposed Amendments to Regulation XXX – Title V Permits, Are Exempt from CEQA; Amend Regulation XXX; and Submit as a Program Revision to the Title V Program **Krause/2706**

Regulation XXX – Title V Permits, establishes provisions for Title V facilities including obtaining a Title V permit and complying with the conditions of the permit. To be consistent with a decision made in 2025 by the U.S. Court of Appeals for the District of Columbia Circuit to reverse U.S. EPA's 2023 Affirmative Defense Rule, Proposed Amended Regulation XXX will restore the emergency affirmative defense provisions and associated rule references. This

action is to adopt the Resolution: 1) Determining that the proposed amendments to Regulation XXX – Title V Permits, which includes Proposed Amended Rule 3002 – Requirements and Proposed Amended Rule 3004 – Permit Types and Content, are exempt from the requirements of the California Environmental Quality Act; 2) Amending Regulation XXX – Title V Permits, which includes Proposed Amended Rules 3002 and 3004; and 3) Directing staff to submit the proposed amendments to Regulation XXX – Title V Permits, which includes Proposed Amended Rules 3002 and 3004, to CARB and U.S. EPA as a program revision to the Title V program. (Reviewed: Stationary Source Committee, November 20, 2026)

Items X through XX – Budget/Fiscal Impact

13250. Execute Contract to Demonstrate Advanced Combustion Technology for Heavy-Duty Diesel Engines **Katzenstein/2219**

South Coast AQMD is partnering with the CARB and Sandia National Laboratories (Sandia) to develop and demonstrate ducted fuel injection (DFI) technology to reduce NOx and PM emissions from heavy-duty-diesel engines while improving engine efficiency. Previous Sandia research showed emission reductions using DFI in a heavy-duty on-road diesel engine. This action is to execute a contract with Sandia for up to $100,000 from the Clean Fuels Program Fund (31) to develop and demonstrate DFI technology for heavy-duty diesel engine applications.(Reviewed: Technology Committee, November 20, 2026; Recommended for Approval)

13256. Issue RFP, Execute New or Modify Existing Contracts, and Reissue Program Announcement for AB 617 Residential Air Filtration Program **Katzenstein/2219**

The AB 617 Residential Air Filtration Program currently covers East Los Angeles, Boyle Heights, West Commerce (ELABHWC), and Eastern Coachella Valley (ECV). Staff proposes expanding the program to include four other AB 617 communities, including San Bernardino, Muscoy (SBM); Southeast Los Angeles (SELA); South Los Angeles (SLA); and Wilmington, Carson, and West Long Beach (WCWLB) since these communities have shown strong interest. Up to $2 million in funding would be available for each added community. These actions are to: 1) authorize the Executive Officer to issue RFP #P2027-09 to solicit vendors and establish a list of eligible air filtration units and replacement filters, and based on the results of the RFP, execute new or modify existing contracts in an amount not to exceed $8,000,000 from the Community Air Protection AB 134 Fund (77) with vendors to provide standalone air filtration units and replacement filters to eligible AB 617 Residential Air Filtration Program applicants; and 2) Reissue a revised #PA2023-03R to solicit applications expanded to SBM, SELA, SLA, and WCWLB communities in

addition to ECV and ELABHWC for air filtration units and replacement filters under the AB 617 Residential Air Filtration Program. (Reviewed: Technology Committee, November 20, 2026; Recommended for Approval)

13229. Recognize Revenue, Transfer and Appropriate Funds, Issue Purchase Orders and Solicitation for Community Air Monitoring Near Refineries and Related Facilities **Low/2269**

In January 2024, the Board amended Rule 1180 and adopted Rule 1180.1, which requires petroleum refineries, other refineries, and related facilities to fund the installation and operation of community air monitoring systems. In October 2024, the Board recognized revenue of up to $5,227,692 and up to $2,309,469 for Rules 1180 and 1180.1, respectively, into the Rule 1180 Special Revenue Fund (78) to establish community monitoring systems. Additionally, refineries and facilities pay the annual operating and maintenance fees for the community air monitoring systems totaling $7,961,250 for FY 2026-27. These actions are to (1) recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (3) appropriate up to $372,000 from the General Fund Undesignated Fund Balance, (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (5) issue sole source purchase orders for air monitoring and supporting equipment and services to meet the needs of operating the community air monitoring systems, and (6) issue purchase orders based upon results from a solicitation for office essentials for additional Rules 1180 and 1180.1 staff. (Reviewed: Administrative Committee, November 13, 2026; Recommended for Approval)

13248. Establish List of Prequalified Vendors for Automotive Mechanical Repair and Service and for Mailing Services, Amend Purchase Order for Lease and Maintenance of Mailing System Equipment **Olvera/2309**

On August 7, 2026, the Board approved release of RFQs to prequalify vendors for automotive mechanical repair and service, and for mailing services. This action is to establish prequalified lists for automotive mechanical repair and service and mailing services that can be used for three years. This action is also to add $25,600 to a previously Board-approved five-year purchase order with Pitney Bowes, Inc. to cover taxes for the lease and maintenance of mailing system equipment. Funds for these services have been included in the FY 2026-27 Budget and will be requested in successive fiscal years. (Reviewed: Administrative Committee, November 13, 2026; Recommended for Approval)

13257. Execute Contract for Janitorial Services at Diamond Bar Headquarters — **Olvera/2309**

On August 7, 2026, the Board approved release of an RFP to solicit proposals from firms interested in providing janitorial services at Diamond Bar headquarters. The current contract for these services expires on December 31, 2026. This action is to execute a 42-month contract with Santa Fe Janitorial Maintenance Services Inc. for a total amount not to exceed $2,854,212. Funding has been included in the FY 2026-27 Budget and will be requested in successive fiscal years. (Reviewed: Administrative Committee, November 13, 2026; Recommended for Approval)

13005. Approve Contract Modification as Approved by MSRC — **McCallon**

Items XX through XX – Information Only/Receive and File

12924. Legislative, Public Affairs and Media Report — **Tanaka/3327**

This report highlights the October 2026 outreach activities of the Legislative, Public Affairs and Media Office, which includes: Major Events, Community Events/Public Meetings, Environmental Justice Update, Speakers Bureau/Visitor Services, Communications Center, Public Information Center, Small Business Assistance, Media Relations, and Outreach to Community Groups and Governments. (No Committee Review)

13065. Hearing Board Report — **Ali**

This reports the actions taken by the Hearing Board during the period of October 1 through October 31, 2026. (No Committee Review)

12970. Civil Filings and Civil Penalties Report — **Gilchrist/3459**

This report summarizes monthly penalties and legal actions filed by the General Counsel's Office from October 1, 2026 through October 31, 2026. An Index of South Coast AQMD Rules is attached with the penalty report. (Reviewed: Stationary Source Committee, November 20, 2026)

13050. Intergovernmental Review of Environmental Documents and CEQA Lead Agency Projects — **Krause/2706**

This report provides a listing of environmental documents prepared by other public agencies seeking review by South Coast AQMD between October 1, 2026 and October 31, 2026, and proposed projects for which South Coast AQMD is acting as lead agency pursuant to CEQA. (Reviewed: Mobile Source Committee, November 20, 2026)

12935. Rule and Control Measure Forecast **Rees/2856**

This report highlights South Coast AQMD rulemaking activities and public hearings scheduled for 2027. (No Committee Review)

13230. Report to Legislature and CARB on South Coast AQMD's Regulatory Activities for Calendar Year 2025 **Tanaka/3327**

South Coast AQMD is required by law to submit a report to the Legislature and CARB on its regulatory activities for the preceding calendar year. The report is to include a summary of each rule and rule amendment adopted by South Coast AQMD, number of permits issued, denied or cancelled, emission offset transactions, budget and forecast, and an update on the Clean Fuels program. Also included is the Annual RECLAIM Audit Report, as required by RECLAIM Rule 2015 - Backstop Provisions. (No Committee Review)

13252. Annual Audited Financial Statements for FY Ended June 30 2026 **Jain/2804**

This item transmits the annual audited financial statements of South Coast AQMD. South Coast AQMD has received an unmodified opinion (the highest obtainable) on its financial statements. (Reviewed: Administrative Committee, November 13, 2026)

13247. Receive and File Annual Report on South Coast AQMD's Deferred Compensation Plans **Olvera/2309**

South Coast AQMD sponsors IRS-approved 457(b), 401(a) and Omnibus Budget Reconciliation Act of 1990 (OBRA) Deferred Compensation Plans for its employees. The Board is responsible for monitoring the activities of the Deferred Compensation Plan Committee and for ensuring the Committee carries out its fiduciary duties under the Committee Charter. In accordance with the Board's responsibilities, this action is to receive and file the Deferred Compensation Plan Annual Report for Plan Year Ending June 2026. (Reviewed: Administrative Committee, November 13, 2026; Recommended for Approval)

13245. Status Report on Major Ongoing and Upcoming Projects for Information Management **Moskowitz/3329**

Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This action is to provide the monthly status report on major automation contracts and planned projects. (Reviewed: Administrative Committee, November 13, 2026)

Items XX through XX – Reports for Committees, MSRC, and CARB

12958.	Administrative Committee (Receive & File)	Chair: Cacciotti	**Nastri/3131**
12994.	Legislative Committee (Receive & File)	Chair: Perez	**Tanaka/3327**

13007.	Mobile Source Committee (Receive & File)	Chair: Delgado	**Rees/2856**
13017.	Stationary Source Committee (Receive & File)	Chair: McCallon	**Aspell/2491**
13027.	Technology Committee (Receive & File)	Chair: Rodriguez	**Katzenstein/2219**
12900.	Mobile Source Air Pollution Reduction Review Committee (Receive & File)	Board Rep.: Cacciotti	**Katzenstein/2219**
13060.	California Air Resources Board Monthly Report (Receive & File)	Board Rep.: Lock Dawson	**Thomas/3268**
00000.	Items Deferred from Consent and Board Calendar		

PUBLIC HEARING

13239. Certify Final Subsequent Environmental Assessment for Proposed Amended Rule 1168 – Adhesive and Sealant Applications; Amend Rule 1168; and Submit for Inclusion Into State Implementation Plan — **Krause/2706**

Rule 1168 establishes VOC limits for adhesives and sealants. The California Office of Environmental Health Hazard Assessment has determined that para-Chlorobenzotrifluoride (pCBtF) and tert-Butyl Acetate (t-BAc), which are used in certain adhesives and sealants, have carcinogenic health effects. This amendment is the result of the technology check-in included in the 2022 Rule 1168 amendment to evaluate progress on the pCBtF and t-BAc phase out. Proposed amendments to Rule 1168 provide additional reformulation time for certain adhesive and sealant categories to phase out of pCBtF and meet future-effective lower VOC limits. The amendments also clarify and update reporting and recordkeeping requirements for manufacturers and distributors, and sunsets the existing 55 gallon exemption that allows the use of high VOC products. This action is to adopt the Resolution: 1) Certifying the Final Subsequent Environmental Assessment for Proposed Amended Rule 1168 – Adhesive and Sealant Applications; 2) Amending Rule 1168 – Adhesive and Sealant Applications; and 3) Directing staff to submit PAR 1168 – Adhesive and Sealant Applications for Inclusion into the State Implementation Plan. (Reviewed: Stationary Source Committee, October 16, 2026)

BOARD MEMBER TRAVEL – (*No Written Material*)

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

CLOSED SESSION -- (*No Written Material*) — **Gilchrist/3459**

ADJOURNMENT

*****PUBLIC COMMENTS*****

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

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

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

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

Please note that under the California Public Records Act (Gov. Code Sections 7920.000 et seq.) your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email) become part of the public record and can be released to the public on request or posted on the South Coast AQMD website.

ACRONYMS

AQ-SPEC = Air Quality Sensor Performance Evaluation Center
AQMP = Air Quality Management Plan
Cal/EPA = California Environmental Protection Agency
CARB = California Air Resources Board
CEQA = California Environmental Quality Act
CO = Carbon Monoxide
EV = Electric Vehicle
FY = Fiscal Year
GHG = Greenhouse Gas
MATES = Multiple Air Toxics Exposure Study
MOU = Memorandum of Understanding
MSRC = Mobile Source (Air Pollution Reduction) Review Committee
NOx = Oxides of Nitrogen
PM10 = Particulate Matter ≤ 10 microns
PM2.5 = Particulate Matter < 2.5 microns
RECLAIM = Regional Clean Air Incentives Market
RFP = Request for Proposals
RFQ = Request for Quotations
RFQQ = Request for Qualifications and Quotations
SCAG = Southern California Association of Governments
SIP = State Implementation Plan
SOx = Oxides of Sulfur
U.S. EPA = United States Environmental Protection Agency
VOC = Volatile Organic Compound

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee
As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

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

For language interpretation:
Click the interpretation Globe icon at the bottom of the screen
Select the language you want to hear (either English or Spanish)
Click "Mute Original Audio" if you hear both languages at the same time.

Para interpretación de idiomas:
Haga clic en el icono de interpretación el globo terráqueo en la parte inferior de la pantalla
Seleccione el idioma que desea escuchar (inglés o español)
Haga clic en "Silenciar audio original" si escucha ambos idiomas al mismo tiempo.

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

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

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

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

If interpretation is needed, more time will be allotted.

Directions to provide public comment on ZOOM from a DESKTOP/LAPTOP or SMARTPHONE:

Click on the "Raise Hand" feature at the bottom of the screen.
This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions to provide public comment via TELEPHONE:

Dial *9 on your keypad to signal that you would like to comment.

Directions for Spanish Language TELEPHONE line only:

- The call in number is the same (+1 669 254 5252)
- The meeting ID number is 161 104 2947
- If you would like to make public comment, please dial *9 on your keypad to signal that you would like to comment.

Instrucciones para la línea de TELÉFONO en español únicamente:
- El número de llamada es el mismo (+1 669 254 5252)
- El número de identificación de la reunión es 161 104 2947
- Si desea hacer un comentario público, marque *9 en su teclado para indicar que desea comentar.

Back to Agenda

Administrative Committee November 13, 2026

Walter Shen
Director
Community Engagement and Air Programs

South Coast AQMD

FABULOUS FEMALE FRIDAY

Dolores Huerta

American Labor Leader

- **Labor Rights Pioneer:** Co-founded the United Farm Workers movement in 1962 and helped secure landmark protections for agricultural workers
- **Environmental Health Champion:** Fought against dangerous pesticide exposure and advocated for safer working conditions
- **Community Leadership:** Founded the Dolores Huerta Foundation to strengthen civic participation and grassroots leadership
- **National Icon:** Coined “¡Sí, se puede!” and received the Presidential Medal of Freedom in 2012



doloreshuerta.org | How to End Racism | Seeds of Change: The Life and Legacy of Dolores Huerta

April 10, 1930 – October 28, 2026

STATEWIDE PROFESSIONALS MEETING



Tuesday, October 27, 2026

South Coast AQMD

- South Coast AQMD has begun planning for the annual gathering of community engagement staff across the state in February 2027

California Air Resources Board

- Announced upcoming public review of its draft equity lens and November 12 review tool launch; planning an Indigenous Peoples' Month speaker series.

Bay Area AQMD

- Shared progress on its strategic plan, employee resource groups, staff retention and development, and Hispanic Heritage Month resource

Sacramento Metropolitan APCD

- Highlighted CERP implementation and a healthy meal program engaging the Vietnamese community.

San Joaquin Valley APCD

- Concluded Hispanic Heritage Month celebrations with an elote bar and staff potluck.

Santa Barbara APCD

- Hosted a Clean Air Day beach cleanup, continued its Newsworthy Now series, and began 2027 strategic planning.

EMPLOYEE RESOURCE GROUP UPDATES



Joint All ERG Meetings are being held 1st Wednesday of the month

- Goal is to share knowledge between groups for the purpose of enhancing our community engagement efforts

Asian Pacific Islander+ ERG

- Planning for a Lunar New Year commemorative event

All ERG | Friday, October 30, 2026



- 45 Staff across all employee resource groups attended virtual event
- Reviewed events and content from October – January 2027 (next All ERG meeting)
- Reminded staff of newly implemented affinity groups
  - Knitting and Crocheting
  - Cultural Recipes
  - Lactation Room Support
- Provided Statewide Professionals Updates
- Facilitated professional development 2027 personal goals planning session for staff

FILIPINO AMERICAN HISTORY MONTH



106 ATTENDEES

KEYNOTE SPEAKER: JAN VICTOR ANDASAN

FEATURED MEDIA: DELANO MONONGS

"I learned so much even as a Filipino American. Thank you!"

"Overall great event. Thank you so much for providing space for us Pinoys to celebrate our culture."

"Thank you for including Filipino heritage and culture in these events."



DISPLAYS

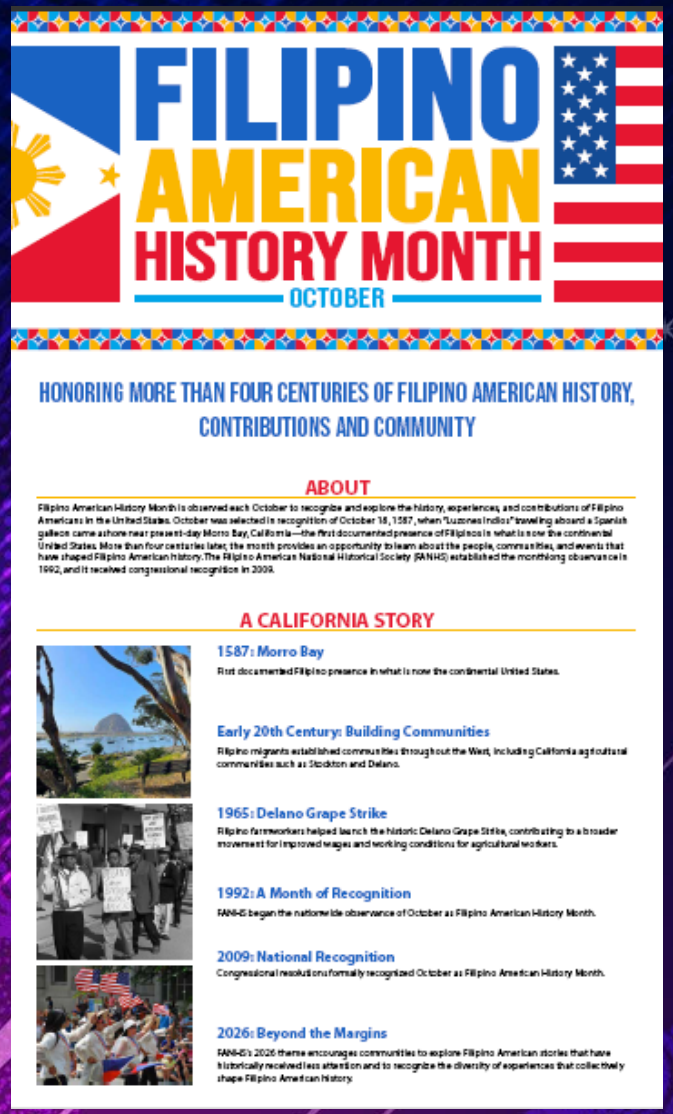


Diwali



Dia de los Muertos

INFOGRAPHICS



Click Here



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Click Here

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

REPORT: Annual Audited Financial Statements for FY Ended June 30, 2026

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

COMMITTEE: Administrative, November 13, 2026, Reviewed

RECOMMENDED ACTION:
Receive and file South Coast AQMD's Annual Comprehensive Financial Report, Single Audit Report, and Audit Communication Letter for the FY ended June 30, 2026.

Wayne Nastri
Executive Officer

SJ:gp

Background
The audit of South Coast AQMD financial statements, along with the Single Audit Report for the FY ended June 30, 2026, have been completed by Simpson & Simpson, LLP. South Coast AQMD has received an unmodified opinion on its financial statements. An unmodified opinion is the highest obtainable opinion, assuring interested parties that South Coast AQMD's financial statements fairly present the agency's financial position.

Attachments
A. The Annual Comprehensive Financial Report, which includes the Independent Auditors' Report
B. Single Audit Reports that include Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
C. Audit Communication Letter

Annual Comprehensive Financial Report 2026

Year Ended June 30, 2026



South Coast Air Quality Management District

Diamond Bar, California

MISSION STATEMENT

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

South Coast
Air Quality Management District

Diamond Bar, California

Annual Comprehensive Financial Report

Year Ended June 30, 2026

Prepared by:
Finance Office
Sujata Jain, Chief Financial Officer

Annual Comprehensive Financial Report
Year Ended June 30, 2026

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD
June 30, 2026

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

LARRY McCALLON
Vice Chair
Cities of San Bernardino County
Representative

PATRICIA LOCK DAWSON
Cities of Riverside County Representative

VANESSA DELGADO
Senate Rules Committee Representative

CURT HAGMAN
County of San Bernardino Representative

HOLLY J. MITCHELL
County of Los Angeles Representative

ADRIN NAZARIAN
City of Los Angeles Representative

JANET NGUYEN
County of Orange Representative

BRENDA OLMOS
Cities of Los Angeles County
Western Region Representative

VERONICA PADILLA-CAMPOS
Speaker of the Assembly Representative

V. MANUEL PEREZ
County of Riverside Representative

CARLOS RODRIGUEZ
Cities of Orange County Representative

CEDRIC JAMIE RUTLAND
Governor's Representative

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

November 4, 2026

Chair, Member of the 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, 2026.

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

South Coast AQMD's financial statements have been audited by Simpson & Simpson LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of South Coast AQMD for the fiscal year ended June 30, 2026 are free of material misstatements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that South Coast AQMD's financial statements for the fiscal year ended June 30, 2026 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

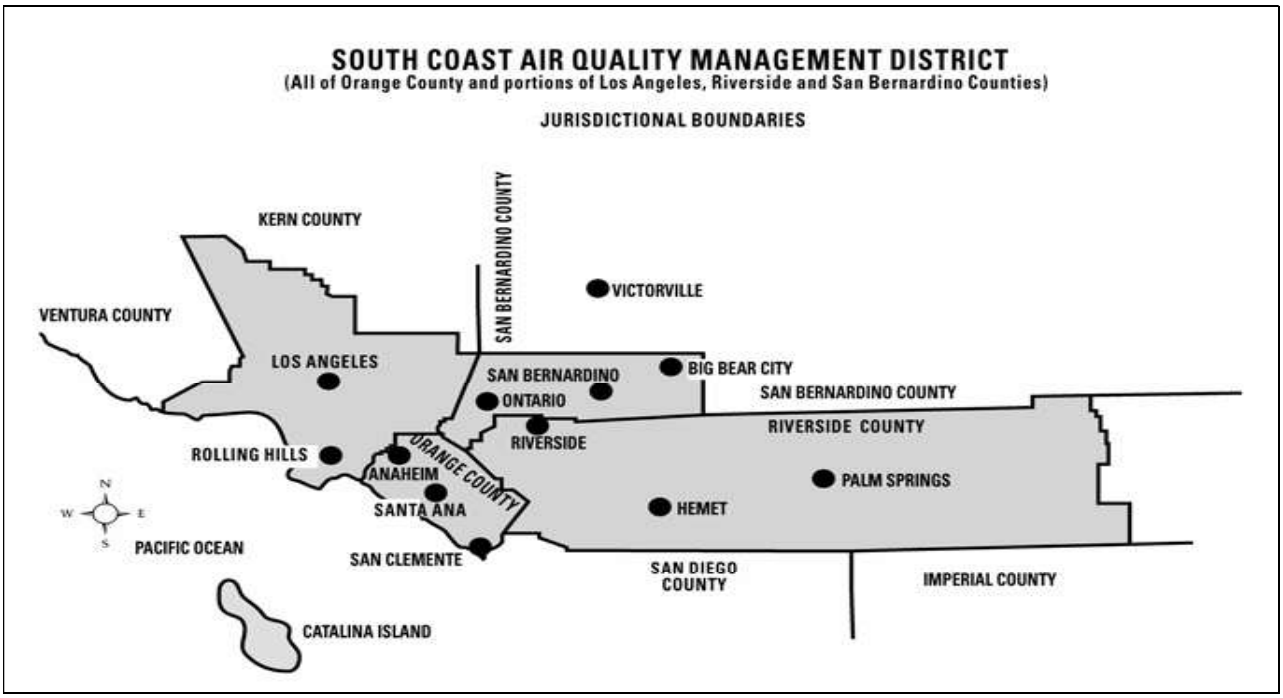
The independent audit of the financial statements of South Coast AQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal

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

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

Profile of the South Coast Air Quality Management District

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



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

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

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

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

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

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

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

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

Factors Affecting Financial Condition

South Coast AQMD is a fee-supported agency and does not receive sales or property tax support. Approximately 70% of its General Fund revenue is derived from permit evaluation fees, annual permit renewal fees, emission fees, Hearing Board fees, Source Test fees, lease revenue, Area Sources, Air Toxic Hot Spots, penalties and settlements, interest earnings, and other revenues. The remaining 30% of its General Fund revenue is derived from federal grants, state grants, California Air Resources Board (CARB) subvention funds, transportation, motor vehicle fees and transfers-in.

To meet its program commitments, despite new federal and state mandates, increased workload complexity, and ongoing cost containment efforts, South Coast AQMD continues to streamline many of its operations. Compared to the fiscal year 1991-92 General Fund budget, the fiscal year 2025-26 General Fund budget reflects funded staffing levels that are approximately 11% below the 1991-92 level.

Government-wide revenues during this fiscal year increased by 22.7% as compared to the prior fiscal year, primarily due to an increase in revenue from special funds. General Fund revenues and transfers in decreased by 1.5% as compared to the prior fiscal year, primarily due to a decrease in interest income and the end of the BioWatch federal grant. 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, potential closure of two refineries might, in the future, reduce stationary source revenue that is generated from emissions, annual renewal and permit fees. As of June 30, 2026, such closures are uncertain and are not expected to have a material adverse impact on financial sustainability, should they occur. South Coast AQMD will continue to monitor the situation and take action as needed.

Government-wide expenses decreased when compared to the prior fiscal year by 7.8% primarily due to expenditures in special funds. General Fund expenditures increased by 3.8% as compared to the prior fiscal year due to an increase in salaries and benefits, utilities, and contracts and special services and offset by lower expenditures in insurance, supplies, and other expenditures. 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 for salaries and benefits are expected to increase through the next year due to increases set forth in the four-year labor contract that was effective January 1, 2024.

Long-term Financial Planning

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

Relevant Financial Policies

In recent years, South Coast AQMD's Governing Board has made several policy decisions to meet future financial challenges and uncertainties while continuing to protect the health of the residents within the South Coast AQMD boundaries and remaining sensitive to business. These policy decisions include reducing debt and reviewing and revising fee policies. In fiscal year 2012-13, debt associated with the Headquarters building was eliminated. Starting fiscal year 2017-18 employer pick-up of employee retirement plan contributions was completely phased out, and the entire employee contribution portion of the pension cost is picked up by employees. This was eliminated at the direction of the Governing Board and was part of a three-year labor agreement. Pension obligation bond debt was paid off in fiscal year 2023-24.

In fiscal year 2010-11, South Coast AQMD's Governing Board approved a rule which provides that certain fees be automatically adjusted effective July 1 of each year by the

California Consumer Price Index for the preceding calendar year unless the Governing Board by rule decides not to implement such fee increase for a given year, either for all fees or for a specified fee or fees. In fiscal year 2025-26 budget, the Governing Board approved the fees to be increased by an amount equal to CPI of 3.0% and for annual renewal and permit fees, an additional 1.5% increase above CPI.

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.

Uncertain economic issues such as high inflation create challenges for South Coast AQMD. These challenges include global economic impacts and resulting fluctuations in the financial market which will determine the performance of South Coast AQMD's retirement investments and thus impact pension liability. Other challenges include changes in federal and state grant revenue funding levels, the need for major information technology, laboratory and building infrastructure improvement projects, and annual variations in penalties and settlement revenue. South Coast AQMD staff will monitor funding sources, the retirement plan, and actual financial results on a continuous basis and is prepared to make timely resource allocation adjustments as warranted.

Major Initiatives

South Coast AQMD's Mission is to clean the air and protect the health of all residents in the South Coast Air District through practical and innovative strategies. To carry out this mission, South Coast AQMD has developed the following goals:

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

During fiscal year 2025-26, South Coast AQMD advanced many projects which were particularly important to achieving our mission and goals, including: emissions reductions as specified in the 2022 Air Quality Management Plan; conduct air monitoring and implementation of community emission reduction plans for six designated communities; complete all Title V facilities inspections and support development of Cleaner Advanced Technology, development of enhanced emissions/ambient monitoring capabilities, increased communication between South Coast AQMD and all stakeholders, and internal business process improvement such as reducing the number of pending permit applications in the backlog.

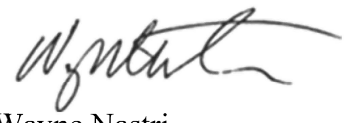
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Coast Air Quality Management District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. 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 Annual Comprehensive Financial Report, whose contents conform to program standards. The Annual Comprehensive 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 annual comprehensive financial report was made possible by the dedicated services of the accounting, financial services, and management staff of the Finance Office. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support and to all employees of South Coast AQMD who continue their work to accomplish South Coast AQMD's mission to clean the air.

Respectfully submitted,



Wayne Nastri
Executive Officer



Sujata Jain, CPA
Chief Financial Officer, Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Coast Air Quality Management District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

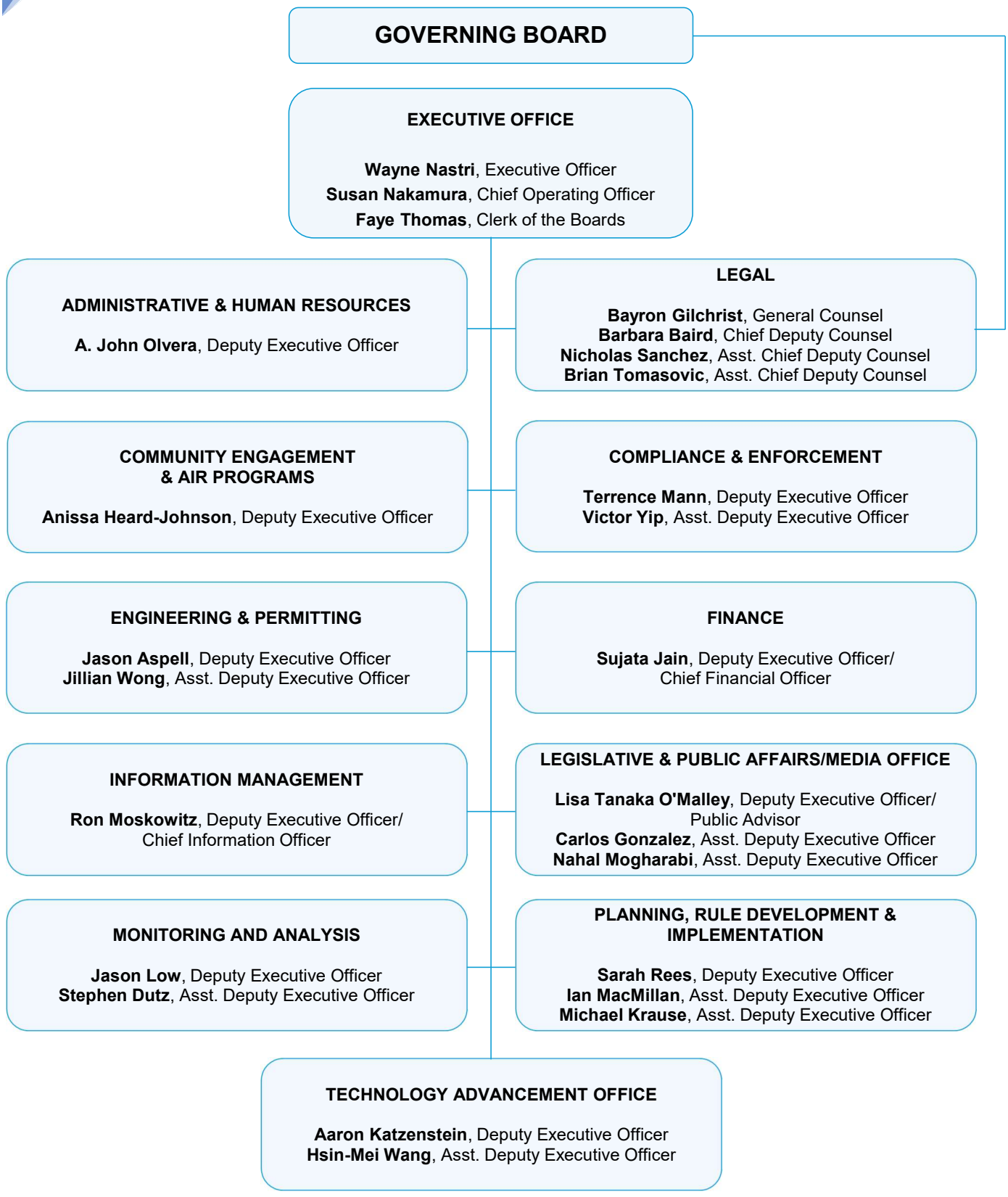
June 30, 2025

and issued to the public 158 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

South Coast Air Quality Management District, California
Organizational Chart
June 30, 2026



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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MELBA W. SIMPSON, CPA

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www.simpsonandsimpsoncpas.com

Independent Auditor's Report

The Board of Directors of
South Coast Air Quality Management District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of the **South Coast Air Quality Management District** (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of the South Coast Air Quality Management District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement of Previously Issued Financial Statements

As discussed in Note X to the basic financial statements, the 2025 financial statements have been restated to correct a misstatement. The beginning net position and fund balance as of July 1, 2025, have been restated accordingly. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 18 and the required supplementary information on pages 65 to 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information and related notes on pages 73 to 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on pages i to x and the statistical section on pages 101 to 125 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2026, on our consideration of the District'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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
November 4, 2026

As management of the South Coast Air Quality Management District (South Coast AQMD), we offer readers of South Coast AQMD's financial statements this narrative overview and analysis of the financial activities of South Coast AQMD for fiscal year ended June 30, 2026. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

A. Overview of the Financial Statements

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

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

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of South Coast AQMD. These financial statements are constructed around the concept of a primary government and its component unit.

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

South Coast AQMD maintains 49 individual special revenue funds, one debt service fund, one capital projects fund, and a blended component unit in addition to the General Fund. Three 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 46 nonmajor 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 46 nonmajor governmental funds, debt service fund, capital projects fund, and blended component unit, is reported in the Other Supplementary Information section of this report.

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

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. South Coast AQMD uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet requirements for inclusion in the financial statements.

Other Information

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

Individual fund data for each of the nonmajor 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.

B. Financial Summary

- Total assets and deferred outflows of resources of South Coast AQMD exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by $1.8 billion (net position), an increase of $290.3 million (including restatement) was the change in net position for the current year. The net position of $1.8 billion consisted of: $37.4 million net investment in capital assets; $1.8 billion restricted for long-term emission-reduction projects; and a deficit of $47.7 million unrestricted net position primarily due to a net pension liability of $176.0 million.

- As of the close of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of $1.9 billion, an increase of $255.0 million in comparison to the prior year. Of the $1.9 billion combined ending fund balances, $113.2 million represents the fund balance of the General Fund.

- Out of the general fund balance of $113.2 million at the end of the fiscal year, $72,251 was non-spendable, $14.1 million was committed, $6.1 million was assigned and $92.9 million was unassigned, which is 41.9% of the general fund expenditures.

- South Coast AQMD's capital assets increased by $2.3 million from the prior year.

- South Coast AQMD's long-term liabilities increased by $1.7 million or 5.1% of the long-term debt outstanding. This was primarily due to the increase of $1.2 million in compensated absences.

- South Coast AQMD's net pension liability and deferred inflow of resources for pension decreased by $7.5 million and $23.7 million or 4.1% and 41.4%, respectively from the prior year. The decrease was primarily due to the gain in investment income.

C. Government-wide Financial Analysis

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

The schedule below presents a condensed Statement of Net Position as of June 30, 2026 compared with the prior fiscal year.

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

	Governmental Activities	
	FY 2025-26	**FY 2024-25**
Current and other assets	$ 2,008,879	$ 1,758,005
Capital assets	44,101	41,845
Total assets	2,052,980	1,799,850
Deferred outflow of resources-pension	78,235	78,234
Deferred outflow of resources-OPEB	169	165
Total deferred outflow of resources	78,404	78,399
Other liabilities	84,523	91,706
Long-term liabilities	212,246	218,401
Total liabilities	296,769	310,107
Deferred inflow of resources-pension	33,663	57,399
Deferred inflow of resources-OPEB	48	121
Deferred inflow of resources-long-term receivable	26	25
Deferred inflow of resources-leases	221	265
Total deferred inflow of resources	33,958	57,810
Net Position:		
Net investment in capital assets	37,430	35,394
Restricted for:		
Restricted for long-term emission-reduction projects	1,810,949	1,551,160
Unrestricted	(47,722)	(76,223)
Total net position	$ 1,800,657	$ 1,510,331

As noted earlier, net position may serve over time as a useful indicator of South Coast AQMD's financial position. At the close of the most recent fiscal year, South Coast AQMD's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $1.8 billion.

The largest portion of South Coast AQMD's net position, $1.8 billion, 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 $37.4 million of South Coast AQMD's net position reflects its investment in capital assets, net of accumulated depreciation (e.g., land, buildings, equipment, and vehicles). South Coast AQMD uses these capital assets in carrying out its mission of protecting public health while being sensitive to the economic needs of local businesses.

Consequently, these assets are not available for future spending. It should be noted that the resources needed to pay the long-term debt must be provided from other sources.

The remaining portion of South Coast AQMD's net position of governmental activities, a deficit of $47.7 million, is unrestricted. The deficit is mainly due to the net pension liability. At the end of the current fiscal year, South Coast AQMD had a negative balance in the unrestricted categories of net position and positive fund balance in restricted and net investment in capital asset category.

The change in net position for governmental activities increased by $287.1 million. Most of the increase was due to program revenue for operating grants and subventions in long-term emission-reduction projects.

Program revenues increased by approximately $117.0 million, 24.4% change from the prior year. This was largely due to an increase of approximately $99.8 million in state grant revenue for long-term emission reduction projects. Larger Carl Moyer funding of $88.7 million and Community Air Protection (CAP) AB 134 funding of $86.4 million were received in current year, these increases partially offset a $93.1 million decrease in VW Mitigation funding. Overall General Revenue decreased by $3.3 million, compared with the prior fiscal year. The decrease is mainly due to a reduction in the average interest income rate, resulting in lower interest revenues.

Expenses decreased by $30.9 million largely due to higher salaries and employee benefits and offset with lower contract expenditures for fiscal year 2025-26 as compared to fiscal year 2024-25. Contract expenditures for long-term emission reduction projects can vary because they are for multi-year contracts.

A condensed Schedule of Changes in Net Position for the fiscal year ending June 30, 2026 compared with the prior fiscal year can be found on the following page.

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

	Governmental Activities	
	FY 2025-26	FY 2024-25
Revenues:		
Program Revenues:		
Fees and charges – stationary sources	$ 138,870	$ 133,699
Fees and charges – mobile sources	32,553	33,655
Operating grants and subventions	424,381	311,476
General Revenues:		
Grants and subventions – not restricted to specific Stationary Source Programs	2,797	2,763
Interest	6,120	7,791
One-time non-program penalties and settlements	7,064	8,289
Other revenues	2,319	2,765
Total revenues	614,104	500,438
Expenses:		
Advance clean air technology	16,278	16,266
Ensure compliance with clean air rules	54,681	58,087
Customer service and business assistance	9,002	10,705
Develop programs to achieve clean air	14,801	15,661
Develop rules to achieve clean air	13,892	15,392
Monitoring air quality	36,576	37,409
Timely review of permits	40,184	41,686
Policy support	368	607
Interest on long-term debt	270	256
Long-term emission reduction projects	140,921	161,776
Total expenses	326,973	357,845
Increase/(Decrease) in net position	287,131	142,593
Net position beginning	1,510,331	1,367,738
Restatements	3,195	-
Net position ending (restated)	$ 1,800,657	$ 1,510,331

Governmental Activities

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

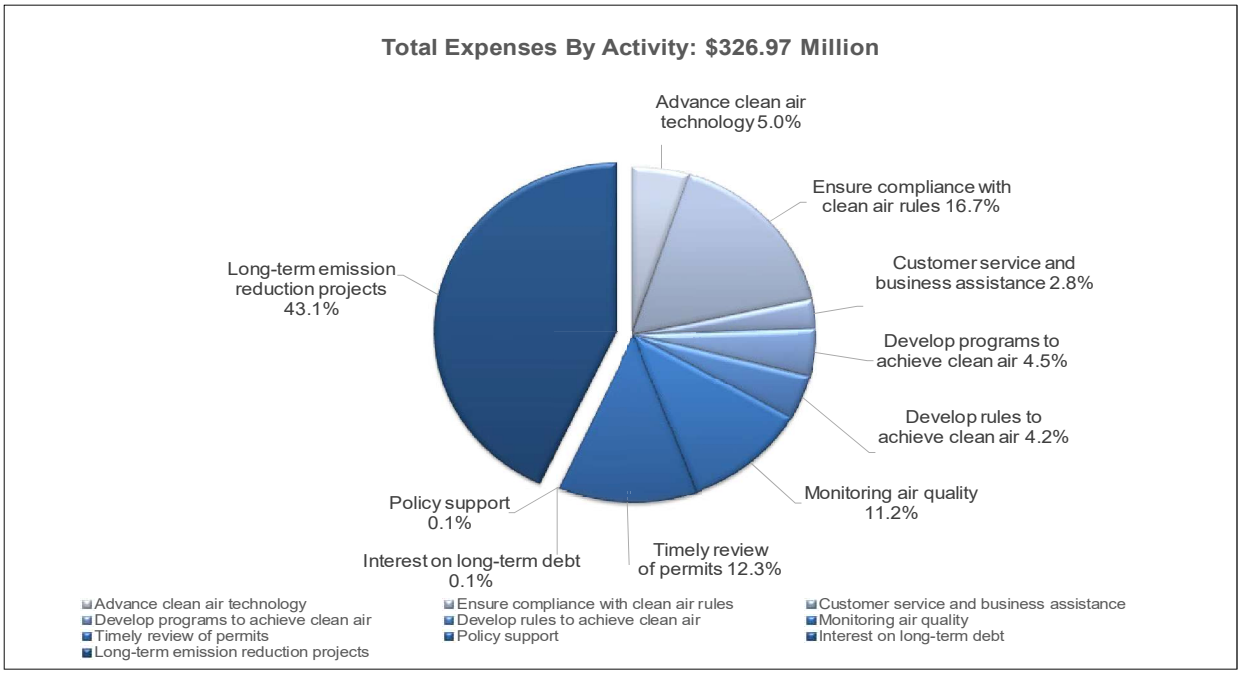
The Statement of Activities presents information showing how South Coast AQMD's net position changed during fiscal year 2026. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

The Governmental activities of South Coast AQMD are predominantly supported by fees, grants, state subvention, penalties, and settlements. The penalties and settlements are one-time revenues which are over and above the regular revenues and not directly related to the programs. The governmental activities of South Coast AQMD are: Advance Clean Air Technology, Ensure Compliance with Clean Air Rules, Customer Service and Business Assistance, Develop Programs to Achieve Clean Air, Develop Rules to Achieve Clean Air, Monitoring Air Quality, Timely Review of Permits, Policy Support, Interest on Long-Term Debt, and Long-Term Emission Reduction Projects.

There was an increase in program revenues in the long-term emission reduction projects. The program revenues in the long-term emission reduction projects category are made up of revenues from special revenue funds. Following are the explanations of the significant revenue variances from fiscal year 2024-25 to fiscal year 2025-26:

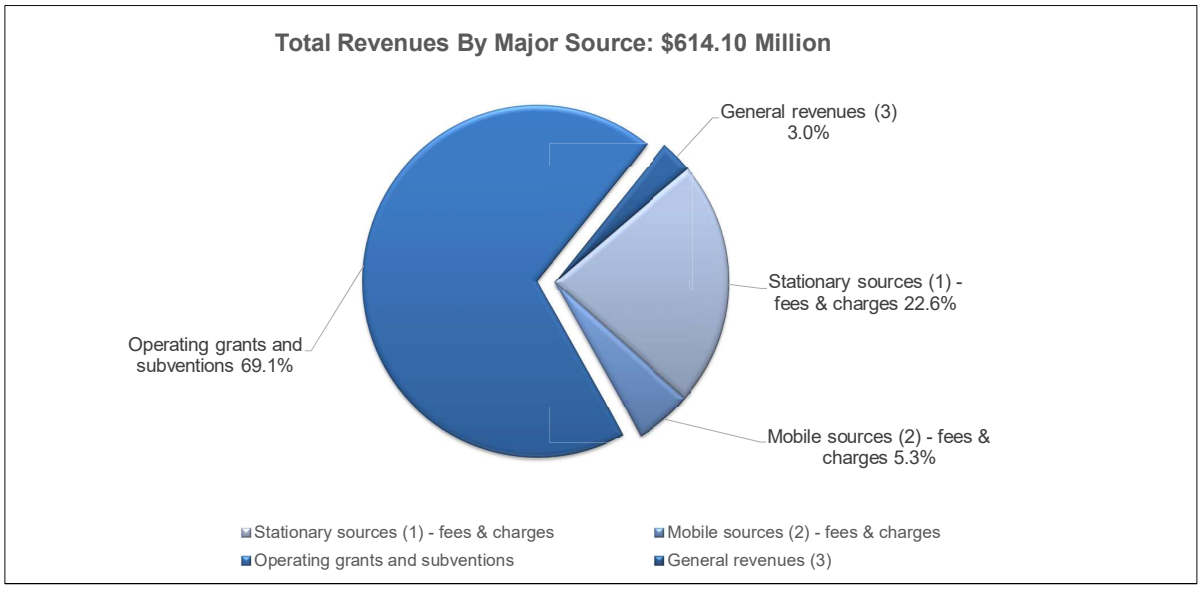
- **Carl Moyer Program Fund** – This fund accounts for activities related to the administration of state funds set aside for the replacement of diesel-powered vehicles with cleaner-technology vehicles. In fiscal year 2025-2026, the state grant increased by $88.7 million, as South Coast AQMD received more grants in the current fiscal year.
- **CAP AB 134 Fund** – This fund accounts for AB 617 CAP incentive funds. In fiscal year 2025-2026, the state grant increased by $86.4 million. No funding was received in the prior fiscal year.
- **VW Mitigation Fund** – This fund accounts for project funding received under the VW Environmental Mitigation Trust. In fiscal year 2025-26, the state grant decreased by $93.1 million, as South Coast did not receive any funding in current fiscal year.

Government Activities
FY 2025-26



Activity	FY 25-26	FY 24-25	FY 23-24	FY 22-23	FY 21-22	FY 20-21
Advance clean air technology	$ 16,278,433	$ 16,266,433	$ 15,608,973	$ 13,897,495	$ 11,484,237	$ 14,560,468
Ensure compliance with clean air rules	54,681,026	58,086,799	53,138,925	52,818,828	46,714,649	59,823,114
Customer service and business assistance	9,002,018	10,705,320	11,802,012	13,897,970	10,488,458	14,979,824
Develop programs to achieve clean air	14,800,492	15,660,797	14,694,946	13,408,190	12,387,784	15,522,501
Develop rules to achieve clean air	13,891,636	15,391,623	17,095,583	15,884,660	12,435,707	17,228,755
Monitoring air quality	36,576,457	37,408,858	32,209,013	32,963,667	29,106,009	36,114,354
Timely review of permits	40,183,674	41,685,967	39,546,541	36,208,322	31,042,335	38,832,790
Policy support	368,474	607,085	415,034	835,445	736,426	1,773,352
Interest on long-term debt	270,412	255,730	230,579	353,141	700,202	3,302,637
Long-term emission reduction projects	140,920,784	161,775,883	137,222,958	135,414,259	146,966,402	231,305,871
Total	$326,973,406	$357,844,495	$321,964,564	$315,681,977	$302,062,209	$433,443,666

Government Activities
FY 2025-26



Source	FY 25-26	FY 24-25	FY 23-24	FY 22-23	FY 21-22	FY 20-21
Stationary sources (1) - fees & charges	$ 138,869,820	$ 133,699,442	$ 123,622,856	$ 117,309,958	$ 109,776,713	$ 106,917,251
Mobile sources (2) - fees & charges	32,553,616	33,655,280	31,230,917	29,308,987	27,772,271	26,995,162
Operating grants and subventions	424,380,590	311,476,121	464,436,224	220,132,286	365,668,049	304,766,572
General revenues (3)	18,300,264	21,607,366	18,540,095	14,931,457	10,711,118	10,336,674
Total	$ 614,104,290	$ 500,438,209	$ 637,830,092	$ 381,682,688	$ 513,928,151	$ 449,015,659

(1) Stationary sources consist of refineries, power plants, manufacturing facilities and small businesses.
(2) Mobile sources are motorized vehicles that typically include automobiles, trucks, aircraft, ships, trains, and self-propelled construction equipment.
(3) General Revenues include Penalties/Settlements, Interest, and dollars that are not restricted to specific stationary source programs.

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

GOVERNMENTAL ACTIVITIES

Net (Expense) Revenue
(amounts expressed in thousands)

	FY 2025-26	
	Total Cost of Program Activities	Net Cost of Program Activities
Advance clean air technology	$ 16,278	$ (87)
Ensure compliance with clean air rule	54,681	4,098
Customer service and business assistance	9,002	503
Develop programs to achieve clean air	14,801	535
Develop rules to achieve clean air	13,892	1,040
Monitoring air quality	36,576	1,802
Timely review of permits	40,184	1,575
Policy support	368	139
Interest on long-term debt	270	(270)
Long-term emission reduction projects	140,921	259,496
Total	$ 326,973	$ 268,831

The program activities are described as follows:

- **Advance Clean Air Technology** – Identify technologies from anywhere in the world that may have application in reducing emissions from mobile and stationary sources in South Coast AQMD's jurisdiction. Promote development and assess the use of clean fuels and low-emitting technologies. Implement and administer state- and federal-funded programs for retrofitting, re-powering, or replacing diesel engines with newer and cleaner engines and projects to reduce air pollution associated with freight movement along California's trade corridors.

- **Ensure Compliance with Clean Air Rules** – Perform inspections, source tests, sample collection, the certification of Continuous Emission Monitoring Systems (CEMS), emissions audits, and respond to and resolve public complaints to ensure compliance with South Coast AQMD rules for existing major and small stationary sources of all pollutants.

- **Customer Service and Business Assistance** – Provide local government, business, and the public with access and input into the regulatory and policy processes of South Coast AQMD. Assist cities and others with AB 2766 projects. Interact with local, state and federal agencies and others to share air quality information, resolve jurisdictional questions, and implement joint programs. Implement comprehensive public information, legislative and customer service programs.

- **Develop Programs to Achieve Clean Air -** Develop a regional Air Quality Management Plan (AQMP) to achieve federal and state ambient air quality standards and to meet all other requirements of the federal and California Clean Air Acts. Analyze air quality data and provide an estimate of pollutant emissions by source category. Develop pollutant control strategies and project future air quality using computer models and statistical analysis of alternative control scenarios.

- **Develop Rules to Achieve Clean Air -** Develop emission reduction regulations for sulfur dioxide, nitrogen dioxide, organic gases, particulate matter, toxics, and other pollutants to implement the regional AQMP, Tanner Air Toxics Process (AB 1807), National Emission Standards for Hazardous Air Pollutants (NESHAPS), and Prevention of Significant Deterioration (PSD) requirements.

- **Monitoring Air Quality -** Operate and maintain within South Coast AQMD's jurisdiction a network of air quality monitoring sites for ozone, nitrogen oxides, sulfur oxides, particulate matter, carbon monoxide and other pollutants to obtain data regarding public exposure to air contaminants. Analyze, summarize, and report air quality information generated from the monitoring sites. Prepare meteorological forecasts and models.

- **Timely Review of Permits -** Ensure timely processing of permits for new sources based on compliance with New Source Review and other applicable local, state and federal air quality rules and regulations.

- **Policy Support -** Provide support staff to the Governing Board, Board committees, and various advisory and other groups as well as ad hoc committees and Rule working groups. Monitor potential changes to state and federal legislation and budgets that may affect South Coast AQMD.

- **Interest on Long-Term Debt -** Identify the interest cost for long-term debt, including leases and Subscription-Based Information Technology Arrangements (SBITA).

- **Long-term Emission Reduction Projects -** Generate funding for long-term projects that reduce emissions in the South Coast Air Basin. Funding for special funds activities are recognized when received and projects carried out may extend over multiple fiscal years.

D. Financial Analysis of South Coast AQMD's Funds

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

Governmental Funds

The focus of South Coast AQMD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing South Coast AQMD's financing requirements. In particular, unassigned fund balance

may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of $1.9 billion, an increase of $255.0 million in comparison with the prior year. Approximately 93.6% of these fund balances ($1.8 billion) constitutes the portion pertaining to special revenue funds. Expenditures under these funds are restricted for specific purposes. The long-term contractual commitments related to these special fund programs, such as replacement of diesel- fueled trucks, involve multiple-year spending.

- **The General Fund** is the operating fund of South Coast AQMD. At the end of the fiscal year, the total fund balance of the General Fund was $113.2 million. The unassigned fund balance was $92.9 million or 82.1% of the total fund balance; assigned was $6.1 million or 5.4% of the total fund balance. The assigned amount represents South Coast AQMD's intended use of the financial resources in future periods. One measure of the General Fund's liquidity is the comparison of both assigned and unassigned fund balance to total expenditures. The assigned and unassigned fund balance represent 44.6% of total General Fund expenditures, while total fund balance represents 51.0% of the total General Fund expenditures. In the General Fund, the assigned and unassigned fund balance may serve as a useful measure of South Coast AQMD's net resources available for spending at the end of the fiscal year.

  In fiscal year 2025-26, General Fund revenue decreased slightly by $0.8 million compared to the prior fiscal year. This decrease is primarily due to fee increase in annual operating fees and permit fees, and the increase is being offset by lower interest income resulting from reduced interest rates, as well as the end of the Bio-Watch federal grant.

  Overall, General Fund's expenditures increased in fiscal year 2025-26 by $8.1 million primarily due to higher salaries and employee benefit expenditures as compared to prior fiscal year. This is due primarily to increased cost associated with the labor agreement, increased cost in retirement plan contribution, and adding positions.

Fund balance changes in the governmental funds are primarily due to funds noted below:

- **Carl Moyer Program (CMP) Fund** – The fund balance increased by $57.1 million due to revenues exceeding expenditures. This fund did not receive large state grant revenue in the prior fiscal year and incurred lower contract and special services expenditures of $39.2 million. Many of the contracts executed in this special revenue fund are multi-year expenditures, and expenditures can vary significantly from year to year.

- **CAP AB 134 Fund** – The fund balance increased by $91.5 million due to revenues exceeding expenditures. This fund did not receive any state grant revenue in the prior

fiscal year and incurred lower contract and special service expenditures of $4.6 million in current fiscal year. Many of the contracts executed in this special revenue fund are multi-year expenditures, and expenditures can vary significantly from year to year.

- **VW Mitigation Special Revenue Fund** – The fund balance decreased by $19.4 million due to expenditures exceeding revenues. This fund received large state grant revenues in the prior fiscal year but did not receive any state grant revenue in the current fiscal year. Grant funding varies from year to year. Many of the contracts executed in this special revenue fund are multi-year expenditures, and expenditures can vary significantly from year to year.

- **At-Berth Regulation Remediation Fund** – The fund balance increased by $43.4 million due to revenues exceeding expenditures in fiscal year 2025-26. This fund recognized $42.3 million in remediation program. As a newer special revenue fund, higher remediation fees were collected in the current fiscal year.

E. Significant Capital Assets and Long-Term Liabilities

Capital Assets

South Coast AQMD's investment in capital assets is for its governmental activities. The book value was $44.1 million (net of accumulated depreciation of $129.4 million) as of June 30, 2026. This investment in capital assets includes land, buildings, laboratory equipment, air monitoring stations, intangible assets (internally generated software), South Coast AQMD fleet vehicles, leased buildings, leased equipment, and subscriptions. Depreciation and amortization on capital assets is recognized in the Government-wide financial statements. The total increase in capital assets for the current fiscal year was 5.4%, primarily due to new SBITA agreements executed that resulted into an additional $3.1 million in subscription assets, offset by $1.6 million due to the expiration of subscription assets.

Long-Term Liabilities

At the end of the current fiscal year, South Coast AQMD had total long-term debt outstanding of $34.5 million, including the current portion of $5.0 million. Out of the $34.5 million long-term liabilities, $29.3 million represents compensated absences, general liability claims and workers' compensation claims payable, and leases and SBITA liabilities of $5.2 million.

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

F. Currently Known Facts, Decisions, or Conditions

The Executive Officer's Proposed Goals and Priority Objectives, and Proposed Budget for fiscal year 2026-27 have been developed and adopted by the Governing Board. In the upcoming year, South Coast AQMD will continue to face fiscal challenges and uncertainties, including

the global economies impacts and financial market fluctuations. South Coast AQMD staff will closely monitor the financial impacts and, if significant changes occur in the economic landscape, will make adjustments to the fiscal year 2026-27 budget.

The fiscal year 2026-27 Adopted Budget reflects a $5.6 million increase in expenditures compared to the fiscal year 2025-26 Adopted Budget. This increase is primarily driven by higher salary and employee benefits resulting from labor agreements approved in fiscal year 2024-25, savings in capital outlays were offset by increased spending on professional and special services.

Fee Increase

In fiscal year 2026-27 revenues are projected to increase by approximately $8.5 million compared to the fiscal year 2025-26 Adopted Budget. The increase is primarily attributed to a 3.2% Consumer Price Index (CPI) fee increase in most stationary sources fees. Despite this growth, South Coast AQMD's revenues in recent years have not kept pace with rising program costs largely due to increased labor cost.

Labor Agreement

The current Memorandum of Understanding (MOU) with the three labor unions is set to expire in December 2027. The new contract negotiations have not begun and therefore the potential impact of the future contract is not known yet.

Operate Efficiently

Since fiscal year 1991-92, the South Coast AQMD has reduced staffing levels and program costs despite increased program requirements. The fiscal year 2026-27 expenditure budget totals $225.2 million and includes 1,030 authorized positions, reflecting a reduction of 11.4% in authorized positions compared to fiscal year 1991-92. Program costs have exceeded the fiscal year 1991-92 budget by $112.2 million, or approximately 99.3%.

Fund Balance

The fiscal year 2026-27 Adopted Budget for the general fund includes expenditures of $225.2 million against revenues of $223.9 million, which results in a projected negative impact on fund balance of $1.3 million.

G. Requests for Information

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2026

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 1,763,869,099
Investments	207,102,846
Interest receivable	13,259,985
Due from other governmental agencies	17,778,875
Accounts receivable, net	6,549,125
Lease receivable	246,491
Inventories	72,251
Total current assets	2,008,878,672
Noncurrent Assets:	
Capital assets not being depreciated:	
Land	8,829,792
Capital assets, net of accumulated depreciation/amortization:	
Buildings and improvements	5,486,403
Intangibles (software)	10,261,310
Equipment, vehicles and furniture	13,822,860
Leased buildings	280,344
Leased equipment and vehicles	1,726,473
Subscription assets	3,693,831
Total noncurrent assets	44,101,013
TOTAL ASSETS	2,052,979,685
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources-pension	78,235,166
Deferred outflow of resources-OPEB	169,358
TOTAL DEFERRED OUTFLOWS OF RESOURCES	78,404,524
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	22,959,181
Interest payable	82,386
Salaries and benefits payable	14,401,578
Unearned revenue	47,079,654
Long term liabilities - due within one year	2,583,312
Lease and subscription liability - due within one year	2,410,404
Total current liabilities	89,516,515
Noncurrent liabilities - due in more than one year:	
Long term liabilities	26,723,294
Net pension liability	175,970,160
Total OPEB liability	1,796,000
Lease and subscription liability	2,763,287
Total noncurrent liabilities	207,252,741
TOTAL LIABILITIES	296,769,256
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources-pension	33,662,857
Deferred inflow of resources-OPEB	48,000
Deferred inflow of resources-long-term receivable	25,757
Deferred inflow of resources-leases	220,971
TOTAL DEFERRED INFLOWS OF RESOURCES	33,957,585
NET POSITION	
Net investment in capital assets	37,430,699
Restricted for:	
Long-term emission-reduction projects	1,810,948,990
Unrestricted	(47,722,321)
TOTAL NET POSITION	$ 1,800,657,368

See accompanying notes to the basic financial statements.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2026

Functions/ Programs	Expenses	Program Revenues: Fees and Charges: Stationary Sources **	Program Revenues: Fees and Charges: Mobile Sources	Program Revenues: Operating Grants and Subventions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities **
Governmental Activities:					
Advance clean air technology	$ 16,278,433	$ -	15,170,353	1,021,536	$ (86,544)
Ensure compliance with clean air rules	54,681,026	53,908,441	1,726,092	3,144,505	4,098,012
Customer service and business assistance	9,002,018	5,688,007	2,246,780	1,569,939	502,708
Develop programs to achieve clean air	14,800,492	6,056,967	3,454,762	5,824,080	535,317
Develop rules to achieve clean air	13,891,636	11,765,056	2,569,872	596,510	1,039,802
Monitoring air quality	36,576,457	20,394,686	6,878,239	11,106,023	1,802,491
Timely review of permits	40,183,674	41,056,663	-	701,672	1,574,661
Policy support	368,474	-	507,518	-	139,044
Interest on long-term debt	270,412	-	-	-	(270,412)
Long-term emission reduction projects *	140,920,784	-	-	400,416,325	259,495,541
Total governmental activities	$ 326,973,406	$ 138,869,820	$ 32,553,616	$ 424,380,590	$ 268,830,620

General Revenues **	
Grants and subventions - not restricted to specific stationary source programs	2,796,859
Interest	6,120,371
One time non-program penalties and settlements***	7,064,388
Other	2,318,646
Total general revenues	18,300,264
Change in net position	287,130,884
Net position - July 1, 2025, as previously presented	1,510,331,472
Restatements	3,195,012
Net position - July 1, 2025, as restated	1,513,526,484
Net position - June 30, 2026	$ 1,800,657,368

* 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.

*** Penalties and settlement are one-time revenues which are over and above the regular revenues and not directly related to the programs.

See accompanying notes to the basic financial statements.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2026

Assets	General Fund	Carl Moyer Program Fund	CAP AB 134 Fund	CMP AB 923 Fund	Other Governmental Funds	Total
Cash and cash equivalents	$ 137,580,204	$ 265,773,586	$ 379,359,442	$ 153,450,487	$ 827,705,380	$ 1,763,869,099
Investments	29,934,214	-	-	59,118,689	118,049,943	207,102,846
Interest receivable	1,271,377	1,644,349	2,526,019	1,213,042	6,604,690	13,259,477
Due from other governmental agencies	3,445,348	-	-	4,719,613	9,613,914	17,778,875
Due from other funds	7,584,338	-	-	-	1,597,574	9,181,912
Accounts receivable, net	2,919,993	-	-	-	3,629,132	6,549,125
Lease receivable	246,491	-	-	-	-	246,491
Inventories	72,251	-	-	-	-	72,251
Total assets	$ 183,054,216	$ 267,417,935	$ 381,885,461	$ 218,501,831	$ 967,200,633	$ 2,018,060,076
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 7,696,321	$ 925,152	$ 383,466	$ 1,026,195	$ 12,928,047	$ 22,959,181
Salaries and benefits payable	14,401,578	-	-	-	-	14,401,578
Due to other funds	413,656	613,983	305,432	409,206	7,439,635	9,181,912
Unearned revenue	47,079,654	-	-	-	-	47,079,654
Total liabilities	69,591,209	1,539,135	688,898	1,435,401	20,367,682	93,622,325
Deferred Inflow of Resources						
Long-term receivables	-	-	-	-	25,757	25,757
Leases	220,970	-	-	-	-	220,970
	220,970	-	-	-	25,757	246,727
Fund Balances:						
Nonspendable	72,251	-	-	-	-	72,251
Restricted	-	265,878,800	381,196,563	217,066,430	500,492,440	1,364,634,233
Committed	14,100,604	-	-	-	36,562,536	50,663,140
Assigned	6,149,673	-	-	-	409,752,218	415,901,891
Unassigned	92,919,509	-	-	-	-	92,919,509
Total fund balances	113,242,037	265,878,800	381,196,563	217,066,430	946,807,194	1,924,191,024
Combined liabilities, deferred inflow of resources and fund balances	$ 183,054,216	$ 267,417,935	$ 381,885,461	$ 218,501,831	$ 967,200,633	$ 2,018,060,076

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, 2026

Total fund balances – total governmental funds	$ 1,924,191,024
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. These capital assets net of accumulated depreciation are reported in the Statement of Net Position as capital assets of South Coast AQMD as a whole.	44,101,013
Deferred outflows of resources are not current financial resources and therefore are not reported in the Governmental Fund Balance Sheet.	78,404,524
Interest payable on long-term debt, lease, and SBITA do not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(82,386)
Interest receivable on lease does not require current financial resources. Therefore, interest receivable is not reported as a receivable in Government Fund Balance Sheet.	507
Long-term liabilities and deferred inflows are not due and payable in the current period and accordingly are not reported as fund liabilities and deferred inflows. All liabilities and deferred inflows of resources, both current and long-term, are reported in the Statement of Net Position.	
Net pension liability	(175,970,160)
Net OPEB liability	(1,796,000)
General liability	(352,507)
Workers' compensation	(1,218,671)
Compensated absences	(27,735,428)
Lease and subscription liabilities	(5,173,691)
Deferred inflows of resources related to pension and OPEB	(33,710,857)
Net position of governmental activities	$ 1,800,657,368

See accompanying notes to the basic financial statements.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	General Fund	Carl Moyer Program Fund	CAP AB 134 Fund	(Formerly Major) VW Mitigation Sp Rev Fund	CMP AB 923 Fund	Other Governmental Funds	Total
Revenues:							
Emission fees	$ 22,162,138	$ -	$ -	$ -	$ -	$ -	$ 22,162,138
Annual renewal fees	86,771,467	-	-	-	-	-	86,771,467
Area Sources	2,346,456	-	-	-	-	-	2,346,456
Permit processing fees	23,131,424	-	-	-	-	-	23,131,424
Mobile sources/clean fuels	31,557,647	-	-	-	27,158,347	26,402,440	85,118,434
Air Toxics "Hot Spots"	3,443,847	-	-	-	-	-	3,443,847
Transportation programs	995,969	-	-	-	-	-	995,969
Mitigation Fees	-	-	-	-	-	26,404,506	26,404,506
Remediation Program	-	-	-	-	-	42,290,553	42,290,553
State subvention	3,856,414	-	-	-	-	-	3,856,414
Federal grant	7,119,329	-	-	-	-	5,281,932	12,401,261
State grant	15,785,380	89,645,767	86,383,053	-	-	31,602,790	223,416,990
Interest revenue	6,120,371	6,688,512	9,664,081	-	6,713,566	30,094,409	59,280,939
Lease revenue	80,433	-	-	-	-	-	80,433
Source test/analysis fees	797,716	-	-	-	-	-	797,716
Hearing Board fees	216,771	-	-	-	-	-	216,771
Penalties and settlements	7,064,388	-	-	-	-	2,040,577	9,104,965
Other revenues	2,238,214	-	-	-	-	10,045,790	12,284,004
Total revenues	213,687,964	96,334,279	96,047,134	-	33,871,913	174,162,997	614,104,287
Expenditures:							
Current:							
Salaries and employee benefits	180,624,616	-	-	-	-	-	180,624,616
Insurance	2,588,228	-	-	-	-	-	2,588,228
Rent	441,758	-	-	-	-	-	441,758
Supplies	4,850,819	-	-	-	-	-	4,850,819
Contract and special services	11,025,774	39,245,065	4,590,661	-	6,557,998	86,246,158	147,665,656
Maintenance	2,364,066	-	-	-	-	-	2,364,066
Travel and auto	855,856	-	-	-	-	-	855,856
Utilities	1,936,630	-	-	-	-	-	1,936,630
Communications	788,712	-	-	-	-	-	788,712
Uncollectible accounts	869,011	-	-	-	-	1,140,881	2,009,892
Other expenditures	1,283,163	-	-	-	-	3,140,022	4,423,185
Capital outlay	7,290,586	-	-	-	-	-	7,290,586
Capital outlay - lease and SBITA	3,781,621	-	-	-	-	-	3,781,621
Debt service:							
Lease and SBITA Principal	3,087,416	-	-	-	-	-	3,087,416
Lease and SBITA Interest	220,979	-	-	-	-	-	220,979
Total expenditures	222,009,235	39,245,065	4,590,661	-	6,557,998	90,527,061	362,930,020
Excess (deficiency) of revenues over (under) expenditures before transfers	(8,321,271)	57,089,214	91,456,473	-	27,313,915	83,635,936	251,174,267
Other Financing Sources (uses):							
Transfers in	4,901,817	-	-	-	-	2,002,000	6,903,817
Transfers out	(2,000,000)	-	-	-	-	(4,903,817)	(6,903,817)
Leases and SBITA	3,781,621	-	-	-	-	-	3,781,621
Total other financing sources (uses)	6,683,438	-	-	-	-	(2,901,817)	3,781,621
Net change in fund balance	(1,637,833)	57,089,214	91,456,473	-	27,313,915	80,734,119	254,955,888
Fund balances, July 1, 2025	114,879,870	208,789,586	289,740,090	128,614,179	189,752,515	734,263,884	1,666,040,124
Change from Major to Nonmajor Fund	-	-	-	(128,614,179)	-	128,614,179	-
Error Correction	-	-	-	-	-	3,195,012	3,195,012
Fund balances, July 1, 2025, as adjusted	114,879,870	208,789,586	289,740,090	-	189,752,515	866,073,075	1,669,235,136
Fund balances, June 30, 2026	$ 113,242,037	$ 265,878,800	$ 381,196,563	$ -	$ 217,066,430	$ 946,807,194	$ 1,924,191,024

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, 2026

Net change in fund balances – total governmental funds	$ 254,955,888
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 or amortization expense. This is the amount of capital outlays recorded in the current period.	7,290,586
Depreciation, amortization, and other expenses on capital assets 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, depreciation or amortization expenses are not reported as expenditures in governmental funds.	(8,787,353)
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.	(8,500,704)
Pension contribution made by employer in current fiscal year reduce the net pension liability and do not require current resources.	39,746,190
OPEB revenue (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.	237,726
OPEB contribution made by employer in current fiscal year reduce the net OPEB liability and do not require current resources.	169,358
Accrued interest expense on long-term debt, lease, and SBITA are reported in the Government-wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds. The amount represents the change in accrued interest from the prior year.	(49,431)
The issuance of long-term debt related to lease and SBITA provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease and SBITA principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	3,106,957
Interest receivable on lease is reported in the Government-wide Statement of Activities and Changes in Net Position, but do not require current resources.	(89)
Long-term compensated absences and general liability/workers' compensation claims are reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds. The following amounts represent the change from the prior year:	
Compensated absences	(1,246,388)
General and auto liability/workers' compensation claims	208,144
Change in net position of governmental activities	$ 287,130,884

See accompanying notes to the basic financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fund financial statements for the primary government's governmental 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 nonmajor funds aggregated. The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

South Coast AQMD has presented all major funds that met those qualifications. These major funds are Carl Moyer Program (CMP) Fund, CAP AB 134 Fund, and CMP AB 923 Special Revenue Fund in addition to the General Fund.

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

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included in the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents

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

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

C. Fund Types and Major Funds

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

South Coast AQMD reports the following major governmental funds:

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

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

- 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 totaling over $754 million. The Carl Moyer Program provides incentive

funds for the replacement of diesel-fueled on-road vehicles such as refuse haulers, heavy duty trucks, transit and school buses, off-road vehicles such as agricultural and construction equipment, marine vessels and supporting charging infrastructure.

- CAP AB 134 Fund - Established in fiscal year 2018 to recognize the first allocation of AB 617 CAP incentive funds (AB 134 revenue) from California Air Resources Board (CARB). This fund will also be used to recognize additional CAP incentive funds awarded and received by CARB. These funds are intended to implement projects that are identified in approved AB 617 Community Emissions Reduction Plans and in other communities that are disproportionately impacted by air pollution. Requirements for expenditure of these funds will be specified in the grant agreements provided by CARB.

- CMP AB 923 Fund - Established in fiscal year 2008 to provide additional funding for the Carl Moyer Program using revenue received from new tire and DMV motor vehicle registration fees. AB 923 expanded the Carl Moyer incentive program to include agricultural sources of air pollution as well as cars and light-duty trucks. The program is intended to fund Moyer-eligible projects that will reduce nitrogen oxide, hydrocarbon, and particulate matter emissions. About $7 million per year in AB 923 funds are used to fund projects as match requirement to the Carl Moyer Program.

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

1. Cash, Pooled Cash, and Investments

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

All South Coast AQMD directed investments are to diversify South Coast AQMD's investments and are in compliance with South Coast AQMD's investment policy and Los Angeles County Treasury investment guidelines. The guidelines limit specific investments to United States Agency securities. The South Coast AQMD securities portfolio is held by the Los Angeles County Treasurer. Interest earned

on investments is recorded as revenue of the fund from which the investment was made. All South Coast AQMD investments are stated at fair value based on quoted market prices.

2. Capital Assets and Depreciation/Amortization

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/amortization 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 (except for lease and subscription assets, the measurement of which is discussed in Note I Section D.10). Donated capital assets are recorded at the acquisition value at the date of receipt. Capital asset purchases with values of at least $5,000 and with an expected useful life of three years or more are capitalized.

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

Depreciation/amortization is charged as an expense against operations, and accumulated depreciation/amortization is reported on the respective balance sheet. The tangible and intangible property, plant, equipment, vehicles, furniture, leased equipment and buildings, and subscription assets of South Coast AQMD are depreciated/amortized using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	15-30
Equipment, vehicles and furniture	5-7
Software and systems	3-10
Leased equipment	5-7
Leased buildings	15-30
Subscription Assets	3-5

3. Inventories

Inventories as determined by annual physical counts are valued at cost using the first-in/first-out (FIFO) method. They consist principally of office, computer,

cleaning and laboratory supplies. The cost is recorded as an expense as inventory items are consumed.

4. **Compensated Absences**
   Regular full-time employees accumulate earned but unused vacation time, sick leave, compensatory time, and other leave time. Certain restrictions apply to the accumulation of leave time and its payment upon termination. All accumulated vacation, sick leave, compensatory time, and other earned leave time that is more likely than not to be used at year-end is recorded in the government-wide financial statements. In the governmental funds, a liability for compensated absences is recorded when the leave has been used but not yet paid at year-end.

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

6. **Long-term Obligations**
   In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

8. **Pensions**
   For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pensions, information about the fiduciary net position of the San Bernardino County Employees' Retirement Association (SBCERA) and Los Angeles County Employees' Retirement Association (LACERA) and additions to/deductions from SBCERA's fiduciary net position have been determined on the same basis as they are reported by SBCERA and LACERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and

become measurable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

9. Other Post-Employment Benefits (OPEB)

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

10. Leases and Subscription-Based Information Technology Arrangements (SBITA)

Lessee

South Coast AQMD is a lessee for noncancellable leases of building, air monitoring space, and equipment. South Coast AQMD recognizes lease liability and intangible lease asset in the government-wide financial statements. South Coast AQMD recognizes lease liabilities for leases with an initial value or $5,000 or more.

South Coast AQMD initially measures the lease liability at the present value of payments expected to be made during the lease term and subsequently reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payment made at or before the lease commencement date. The lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are expected to significantly impact the lease liability. South Coast AQMD uses incremental borrowing rate as the discount rate for leases that do not have implicit interest rate.

Lessor

South Coast AQMD is a lessor for noncancellable leases of building. South Coast AQMD recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements.

South Coast AQMD initially measures the lease receivable at the present value of payments expected to be received during the lease term and is subsequently reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable,

adjusted for lease payments received at or before the lease commencement date. Deferred inflow of resources is recognized as revenue over the life of the lease term. Remeasurement of lease receivable and deferred inflows of resources occurs when there are modifications that are expected to significantly impact the lease receivable.

South Coast AQMD uses the incremental borrowing rate as the discount rate for leases.

Subscription-Based Information Technology Arrangements (SBITA)

South Coast AQMD recognizes subscription liabilities and intangible subscription assets with related accumulated amortization in the government-wide financial statements. South Coast AQMD recognizes subscription liabilities with an initial, individual value of $50,000 or more with a subscription term greater than one year.

South Coast AQMD initially measures the subscription liability at the present value of payments expected to be made during the subscription term, and subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payment made at or before the subscription commencement date, less any incentives received. Subscription asset is amortized on a straight-line basis over the shorter of the subscription term or its useful life. Remeasurement of a subscription liability occurs when there is a change in the term and/or other changes that are expected to significantly impact the subscription liability.

South Coast AQMD uses incremental borrowing rate as the discount rate for SBITA that do not have implicit interest rate.

11. Net Position and Fund Balance Classifications

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Fund Balance Classifications

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

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

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

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

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

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

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

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

The following schedule shows the details of the fund balances as of June 30, 2026:

	Major Governmental Funds					
	General Fund	Carl Moyer Program Fund	CAP AB 134 Fund	CMP AB923 Fund	Other Governmental Funds	Total
Fund Balance						
Nonspendable:						
Inventory	$ 72,251	$ -	$ -	$ -	$ -	$ 72,251
Total nonspendable	72,251	-	-	-	-	72,251
Restricted:						
Long term emission reduction	-	265,878,800	381,196,563	217,066,430	500,492,440	1,364,634,233
Total restricted	-	265,878,800	381,196,563	217,066,430	500,492,440	1,364,634,233
Committed:						
Advance clean air technology	674,412	-	-	-	-	674,412
Ensure compliance with clean air	2,884,686	-	-	-	-	2,884,686
Customer service and business	787,176	-	-	-	-	787,176
Develop programs to achieve clean	1,221,470	-	-	-	-	1,221,470
Develop rules to achieve clean air	611,122	-	-	-	-	611,122
Monitoring air quality	5,745,515	-	-	-	-	5,745,515
Timely review of permits	1,298,215	-	-	-	-	1,298,215
Policy support	878,008	-	-	-	-	878,008
Long term emission reduction	-	-	-	-	36,562,536	36,562,536
Total committed	14,100,604	-	-	-	36,562,536	50,663,140
Assigned:						
Long term emission reduction	-	-	-	-	409,752,218	409,752,218
For self insurance	2,000,000	-	-	-	-	2,000,000
For unemployment claims	80,000	-	-	-	-	80,000
For permit streamnlining	234,159	-	-	-	-	234,159
For enhanced compliance activity	883,018	-	-	-	-	883,018
For OPEB obligations	2,952,496	-	-	-	-	2,952,496
Total assigned	6,149,673	-	-	-	409,752,218	415,901,891
Unassigned:						
General Purpose	92,919,509	-	-	-	-	92,919,509
Total unassigned	92,919,509	-	-	-	-	92,919,509
Total fund balances	**$ 113,242,037**	**$ 265,878,800**	**$ 381,196,563**	**$ 217,066,430**	**$ 946,807,194**	**$ 1,924,191,024**

E. Use of Estimates

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

F. Adoption of New GASB Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*
This Statement was issued in April 2024 to improve key components of the financial reporting model and enhance its effectiveness in providing information essential for decision-making and for assessing a government's accountability. The scope of the changes included the following areas:

- Management's Discussion and Analysis
- Unusual or Infrequent items
- Presentation of Proprietary Fund Statements
- Major Component Unit Information
- Budgetary Comparison Information

This Statement is effective for reporting periods beginning after June 15, 2025. South Coast AQMD implemented the Statement in fiscal year 2025-26.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*
This Statement establishes disclosure requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. These include GASB 87 lease assets, GASB 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs), and GASB 96 subscription assets. This Statement also establishes requirements and additional disclosures for capital assets held for sale. This Statement is effective for reporting periods beginning after June 15, 2025. South Coast AQMD implemented the Statement in fiscal year 2025-26.

II. CASH, POOLED CASH AND INVESTMENT

The following is a summary of the cash, pooled cash, and investments for the primary government at June 30, 2026:

Cash on hand	$	720,133
Cash in bank		337,722
Pooled cash		1,762,811,244
Investments		207,102,846
Cash, pooled cash, and investments	$	1,970,971,945

CASH

At June 30, 2026, the carrying amount of South Coast AQMD's bank deposits was $337,722 and the bank balance was $358,956. The amount covered and insured by Federal Deposit Insurance Corporation (FDIC) was up to $250,000. The bank deposits and the bank balance exceed FDIC by $87,722 and $108,956, respectively. Management believes that South Coast AQMD is not exposed to any significant credit risk related to cash in bank. Cash on hand consists of cash and checks not deposited as of June 30, 2026.

POOLED CASH

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

Los Angeles County Pooled Surplus Investment Fund Portfolio (PSI)

South Coast AQMD is a voluntary participant in the 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 SPI is managed by the Los Angeles County Treasurer and is used to purchase specific investments for South Coast AQMD. In accordance with California Government Code, South Coast AQMD adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms. On June 30, 2026, SPI are reported at fair value.

The South Coast AQMD Investment Policy authorizes South Coast AQMD 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 in a rating category of "A" or its equivalent, or higher by a Nationally Recognized Statistical Rating Organizations (NRSRO).
- Shares of money market mutual funds – shall be limited to ratings of "AAA" by two (2) NRSROs 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.
- Bankers' acceptances – with maximum maturities of 180 days and must be issued by national or state-chartered banks or a state-licensed branch of a foreign bank. Eligible banker's acceptance should have the highest rankings or the highest letter and number rating as provided for by at least two (2) NRSROs.
- Negotiable certificates of deposit – with maximum maturities of three (3) years and must be issued by national or 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 in a rating category of "A-1" or "A" or its equivalent by at least two (2) NRSROs.
- 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 $500 million dollars ($500,000,000).
     iii. Has debt other than commercial paper, if any, that is rated in a rating category of "A", or its equivalent, or higher, 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 in a rating category of "A-1", or the equivalent or higher, by a NRSRO.

- 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 South Coast AQMD.
- Reverse purchase agreements – are not allowed except as part of investments in the PSI and LAIF.
- Supranational Institutions – permitted obligations will include U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in California Government Code Section 53601(q), which are eligible for purchase and sale within the U.S. Supranational investments must be rated in a rating category of "AA" or its equivalent, or higher by a NRSRO.

State of California Local Agency Investment Fund (LAIF)

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

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

The fair value of South Coast AQMD's investment in this pool is reported in the accompanying financial statements at amounts based upon South Coast AQMD's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records of LAIF, which are recorded on an amortized cost basis.

The following table summarizes South Coast AQMD's cash and pooled cash and maturities at June 30, 2026:

		Investment Maturities	
	Fair Value	<1 Year	1-2 Years
Cash:			
On hand	$ 720,133	$ -	$ -
In bank	337,722	-	-
Total cash	1,057,855	-	-
Pooled cash:			
Los Angeles County			
Pooled Surplus Investment (PSI)	1,721,507,056	1,377,205,644	344,301,412
Local Agency			
Investment Fund (LAIF)	41,304,188	41,304,188	-
Total pooled cash	1,762,811,244	1,418,509,832	344,301,412
Total cash and pooled cash investments	$ 1,763,869,099	$ 1,418,509,832	$ 344,301,412

INVESTMENTS

South Coast AQMD's investments are comprised of the following as of June 30, 2026:

	Level 1	Level 2	Level 3
U.S. Treasury Notes/Federal Agency	$ 207,102,846	$ -	$ -
Total investments	$ 207,102,846	$ -	$ -

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

South Coast AQMD has investments in the SPI for U.S. Treasury Notes which are classified as Level 1 as fair market value is determined by observables, unadjusted quoted market price in active or highly liquid and transparent market.

Interest Rate Risk

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

Credit Risk

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

The PSI and LAIF are both unrated as to credit quality. The investments that are represented by SPI are held by the Los Angeles County Treasurer on South Coast AQMD's name consist of U.S. Treasury Notes with credit rating of AA+ (S&P).

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. South Coast AQMD's Investment Policy mitigates concentration of credit risk through diversification requirements so that no one type of issuer or issue will have a disproportionate impact on the portfolio. The investments that are represented by SPI consist of U.S. Treasury Note and securities issued by Federal agencies.

Custodial Credit Risk

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

III. DUE FROM OTHER GOVERNMENT AGENCIES AND ACCOUNTS RECEIVABLE

Due from other government agencies at June 30, 2026 consists of the following:

California Energy Commission (CEC)	$	25,757
Department of Energy (DOE)		760
Department of Motor Vehicles		
AB 2766, SB 1928, AB 923		16,512,974
Environmental Protection Agency (EPA)		
Diesel Emissions Reduction Act (DERA)		5,899
Initiation Reduction Act (IRA)		699,363
National Air Toxics Trend Station (NATTS)		31,728
Section 103 PM 2.5 Grant		289,337
Section 105 Air Grant		188,204
Targeted Air Shed Grant Administration		22,078
Title V Modernization		2,775
Total	$	17,778,875

Accounts Receivable consists of the following at June 30, 2026:

Air Toxics “Hot Spots”, Emission Fees, Permits, Annuals and Source Testing	$	7,079,649
Rule 2305 Mitigation Fees and Penalties		3,425,381
Ocean Going Vessels at Bert Remediation		6,004
STAR - UCLA		2,767
Miscellaneous Receivables		815,499
Subtotal		11,329,300
Less: Allowance for Doubtful Accounts		(4,780,175)
Net Accounts Receivable	$	6,549,125

IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	$ 7,584,338	Air Toxics Fund	$ 3,685,315
		Advanced Technology, Outreach and Education Fund	75,061
		Mobile Sources Air Pollution Reduction Fund	262,351
		Clean Fuels Program Fund	1,216,970
		Carl Moyer Fund	613,983
		HEROS II Special Revenue Fund	128,669
		GHG Reduction Projects Special Revenue Fund	53,033
		Air Filtration Fund	12,068
		Community Air Protection AB 134 Fund	305,432
		VW Mitigation Special Revenue Fund	291,690
		Carl Moyer Program AB 923 Special Revenue Fund	409,206
		Clean Shipping Technology Demonstration Fund	128,182
		Aliso Fund Porter Ranch SEP Special Revenue Fund	14,068
		CARB SEP Special Revenue Fund	4,537
		At-Berth Regulation Remediation Special Revenue Fund	25,606
		US EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund	358,167
	7,584,338		7,584,338
Clean Fuels Program Fund	1,597,574	General Fund	413,656
		Advanced Technology Goods Movement Fund	157,500
		GHG Reduction Projects Special Revenue Fund	1,026,418
	1,597,574		1,597,574
Total Receivables	$ 9,181,912		$ 9,181,912

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

Fund Transferred From	Fund Transferred to: General Fund	Fund Transferred to: Other Governmental Funds	Total
General Fund	$ -	$ 2,000,000	$ 2,000,000
Other Governmental Funds	4,901,817	2,000	4,903,817
	$ 4,901,817	$ 2,002,000	$ 6,903,817

South Coast AQMD's Governing Board approved the following:

- Transfer $2,000,000 from the General Fund to the Debt Service Fund.
- Transfer and appropriate $1,665,446 from the Clean Fuels Program Fund into the General Fund to support the MATES VI program.
- Transfer and appropriate $1,325,518 from Rule 1180 Special Revenue Fund into General Fund for air monitoring equipment, vehicles, shelters and services.
- Transfer $2,000 from BP ARCO Settlement Project fund to the HEROS II Special Revenue Fund to reimburse the RYR program funds and EFMP Recycling Fund.

V. CAPITAL ASSETS

In compliance with GASB Statement No. 34 reporting, South Coast AQMD has reported all capital assets in the Government-wide Statement of Net Position. Capital asset activities for the year ended June 30, 2026 were as follows:

	Balance June 30, 2025	Increase	Decrease	Balance June 30, 2026
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 8,829,792	$ -	$ -	$ 8,829,792
Total capital assets not being depreciated	8,829,792	-	-	8,829,792
Capital assets being depreciated/amortized:				
Buildings and improvements	80,888,873	923,035	(15,539)	81,796,369
Intangibles (software)	19,929,921	1,536,161	-	21,466,082
Equipment, vehicles and furniture	46,124,406	4,831,390	(1,398,611)	49,557,185
Leased buildings	1,979,768	-	-	1,979,768
Leased equipment and vehicles	3,145,467	659,953	(199,762)	3,605,658
Subscription	4,735,011	3,138,888	(1,600,692)	6,273,207
Total capital assets being depreciated	156,803,446	11,089,427	(3,214,604)	164,678,269
Less accumulated depreciation/amortization for:				
Buildings and improvements	(76,005,148)	(320,357)	15,539	(76,309,966)
Intangibles (software)	(9,508,034)	(1,696,738)	-	(11,204,772)
Equipment vehicles and furniture	(33,349,918)	(3,783,018)	1,398,611	(35,734,325)
Leased buildings	(1,359,941)	(339,483)	-	(1,699,424)
Leased equipment and vehicles	(1,361,358)	(684,476)	166,649	(1,879,185)
Subscription	(2,203,449)	(1,963,281)	1,587,354	(2,579,376)
Total accumulated depreciation and amortization	(123,787,848)	(8,787,353)	3,168,153	(129,407,048)
Net capital assets being depreciated	33,015,598	2,302,074	(46,451)	35,271,221
Net capital assets, governmental activities	$ 41,845,390	$ 2,302,074	$ (46,451)	$ 44,101,013

For the year ended June 30, 2026, the depreciation/amortization expense of $8,787,353 was charged to South Coast AQMD's functions/programs in the governmental activities as follows:

Advance clean air technology	$ 382,844
Ensure compliance with clean air rules	2,316,226
Customer service and business assistance	527,463
Develop programs to achieve clean air	363,908
Develop rules to achieve clean air	298,550
Monitoring air quality	3,621,756
Timely review of permits	1,183,320
Policy support	93,286
Total depreciation and amortization expense	$ 8,787,353

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred outflows of resources – Pension (SBCERA) (see note XI for details)	$ 78,235,166	$ -
Deferred inflows of resources – Pension (SBCERA) (see note XI for details)	-	33,662,857
Deferred outflows of resources – OPEB (LACERA) (see note XII for details)	169,358	-
Deferred inflows of resources – OPEB (LACERA) (see note XII for details)	-	48,000
Total	$ 78,404,524	$ 33,710,857

The following is a summary of pension and OPEB Balances:

	SBCERA	LACERA	Total
Pension:			
Net Pension liability	$ 175,970,160	$ -	$ 175,970,160
Pension expense	8,500,704	-	8,500,704
Pension contributions made in fiscal year 2025-26	39,746,190	-	39,746,190
OPEB:			
Net OPEB liability	-	1,796,000	1,796,000
OPEB expense (revenue)	-	(237,726)	(237,726)
OPEB contributions made in fiscal year 2025-26	-	169,358	169,358

VII. LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions of the South Coast AQMD for the year ended June 30, 2026:

Governmental Activities:	Balance July 1, 2025	Addition	Reduction	Balance June 30, 2026	Due Within One Year	Due in More Than One Year
Claims payable:						
General liability*	$ 760,565	$ 2,507	$ 410,565	$ 352,507	$ 352,507	$ -
Workers' compensation*	1,018,757	645,592	445,678	1,218,671	289,944	928,727
Compensated absences	26,489,040	1,246,388	-	27,735,428	1,940,861	25,794,567
Total	$ 28,268,362	$ 1,894,487	$ 856,243	$ 29,306,606	$ 2,583,312	$ 26,723,294

*See Note VIII for details

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

VIII. RISK MANAGEMENT

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

South Coast AQMD carries $225 million of all-risk property insurance, with limits of $100 million on business interruption and $25 million on earthquake and flood coverage. The limits of liability for general claims are $10 million. This coverage is supplemented by excess liability policies for boilers & machinery to a limit of $100 million, and bodily injury/property damage/public officials' errors and emissions/employment practices liability/personal injury to $10 million. Self-insured retention levels for excess liability are $350,000. South Coast AQMD maintains $750 million excess workers' compensation insurance for losses over $750,000. South Coast AQMD also maintains policies to protect against some criminal conduct and cyber-attacks.

As of June 30, 2026, $352,507 and $1,218,671, respectively, had been reserved for general liability claims and workers' compensation.

An appropriate amount has been recorded in the General Fund's financial statements to the extent that South Coast AQMD anticipates that these amounts will be paid from current resources. While the ultimate amount of losses incurred through June 30, 2026, is dependent on future development based upon information from the independent claims' administrator and others involved with the administration of the programs, South Coast AQMD management believes that the aggregate accrual is adequate to cover such losses.

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

The following represents changes in the aggregate liabilities for claims of South Coast AQMD's general liability and workers' compensation for the years ended June 30, 2025 and 2026:

	General Liability	Workers' Compensation	Totals
Claims payable, July 1, 2024	$ 9,790	$ 1,464,038	$ 1,473,828
Current year claims and changes in estimates	753,975	3,144,224	3,898,199
Claims payments	(3,200)	(3,589,505)	(3,592,705)
Claims payable, June 30, 2025	$ 760,565	$ 1,018,757	$ 1,779,322
Claims payable, July 1, 2025	$ 760,565	$ 1,018,757	$ 1,779,322
Current year claims and changes in estimates	2,507	645,592	648,099
Claims payments	(410,565)	(445,678)	(856,243)
Claims payable, June 30, 2026	$ 352,507	$ 1,218,671	$ 1,571,178

IX. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The following is a summary of lease and subscription liabilities for the year ended June 30, 2026:

	Balance July 1, 2025	Addition	Reduction	Balance June 30, 2026	Due Within One Year	Due in More Than One Year
Lease Liability	$ 2,587,284	$ 659,953	$ 1,076,010	$ 2,171,227	$ 967,377	$ 1,203,850
Subscription Liability	1,940,978	3,138,888	2,077,402	3,002,464	1,443,027	1,559,437
Total	$ 4,528,262	$ 3,798,841	$ 3,153,412	$ 5,173,691	$ 2,410,404	$ 2,763,287

A. Leases

South Coast AQMD as Lessee

South Coast AQMD, as a lessee, has entered into lease agreements involving building spaces, air monitoring spaces, postage equipment, printing equipment, and vehicles. As of June 30, 2026, the total value of the lease liability was $2,171,227.

As of June 30, 2026, the total value of the lease asset was recorded at a cost of $5,585,426 with accumulated amortization of $3,578,609.

The future lease payments under lease agreements are as follow:

Year Ending June 30	Principal	Interest	Total
2027	$ 967,377	$ 117,975	$ 1,085,352
2028	655,195	65,476	720,671
2029	357,586	24,210	381,796
2030	122,003	8,483	130,486
2031	69,066	1,990	71,056
	$ 2,171,227	$ 218,134	$ 2,389,361

South Coast AQMD as Lessor

South Coast AQMD, as a lessor, has entered into lease agreements involving building spaces. As of June 30, 2026, the value of the lease receivable is $246,491. South Coast AQMD recognized $42,782 in lease revenue during the fiscal year 2025-2026. Also, South Coast AQMD has a deferred inflow of resources associated with leases that will be recognized over the lease term. As of June 30, 2026, the balance of the deferred inflow of resources was $220,970.

The future lease incomes under lease agreements are as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 44,856	$ 5,605	$ 50,461
2028	47,002	4,469	51,471
2029	49,222	3,278	52,500
2030	51,518	2,031	53,549
2031	53,893	727	54,620
	$ 246,491	$ 16,110	$ 262,601

B. Subscription-Based Information Technology Arrangements (SBITA)

South Coast AQMD has entered into SBITA with outside vendors for cloud computing arrangements, such as software as a service, platform as a service and infrastructure as a service. SBITA subscription asset is presented as subscription in the Note V - Capital Assets. As of June 30, 2026, the total value of the subscription liability was $3,002,464. As of June 30, 2026, the total value of the subscription asset was recorded at a cost of $6,273,206 with accumulated amortization of $2,579,375.

The future subscription payments under SBITA are as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 1,443,027	$ 140,326	$ 1,583,353
2028	762,378	70,937	833,315
2029	797,059	36,257	833,316
	$ 3,002,464	$ 247,520	$ 3,249,984

X. FUND BALANCES ADJUSTMENT/RESTATEMENT

During fiscal year 2025-2026, the beginning net position or fund balances were adjusted for error correction and changes to or within the financial reporting entity.

Error Correction

GHG Reduction Projects Special Revenue Fund incorrectly over-accrued an invoice in previous fiscal year, resulting in an overstatement of expenditures and liabilities. Net position and fund balance at June 30, 2025, as restated, are shown in the table below.

Changes to or within the Financial Reporting Entity

VW Mitigation Special Revenue Fund was reported as a major fund in the previous fiscal year. In the current fiscal year, the fund no longer meets the criteria to be reported as a major fund and is changed to non-major fund. Fund balance at June 30, 2025, as restated, is shown in the following table.

	June 30, 2025 As Previously Reported	Error Correction	Changes to or within the Financial Reporting Entity	June 30, 2025 As Restated/ Adjusted
Government-Wide				
Governmental Activities	$ 1,510,331,472	$ 3,195,012	$ -	$ 1,513,526,484
	1,510,331,472	3,195,012	-	1,513,526,484
Governmental Funds				
Major Funds:				
General Fund	$ 114,879,870	$ -	$ -	$ 114,879,870
Carl Moyer Fund	208,789,586	-	-	208,789,586
CAP 134 Fund	289,740,090	-	-	289,740,090
VW Mitigation Sp Rev Fund	128,614,179	-	(128,614,179)	-
CMP AB 923 Fund	189,752,515	-	-	189,752,515
Nonmajor Funds	734,263,884	3,195,012	128,614,179	866,073,075
Total Governmental Funds	$ 1,666,040,124	$ 3,195,012	$ -	$ 1,669,235,136

XI. DEFINED BENEFIT PENSION PLANS

San Bernardino County Employees' Retirement Association (SBCERA)

Plan description

South Coast AQMD participates in the SBCERA pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. South Coast AQMD only has general membership. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA on the first day of employment 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 SBCERA's Board of Retirement (Board). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

SBCERA is a legally separate entity from South Coast AQMD, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the South Coast AQMD's annual comprehensive financial report excludes the SBCERA pension plan as of June 30, 2026. SBCERA publishes its own annual comprehensive financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

Benefits Provided

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

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

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

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for participating employers, and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy.

The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that considers mortality, service (including age at entry into the Plan, if applicable, and tier), and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active members' contributions and active members may pay a portion of the participating employer contributions, through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2026 ranged between 8.77% and 14.96% for Tier 1 General members, 30 year General members are not required to pay any employee contribution. For Tier 2 General members, the contribution is 7.80%.

Employer contribution rates for the year ended June 30, 2026 are as follows:

	Employer Contribution Rates	
	Tier 1 Members	Tier 2 Members
Actuarially Determined Required Contribution Percentages	**Total**	**Total**
South Coast AQMD members	39.49%	35.17%

The required employer contributions and the amount paid to SBCERA by the South Coast AQMD for the year ended June 30, 2026 were $39,746,190. The South Coast AQMD's employer contributions were equal to the required employer contributions for the year ended June 30, 2026.

Pension Liability

On June 30, 2026, South Coast AQMD reported a net pension liability of $175,970,160 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

The South Coast AQMD's proportion of the net pension liability was based on the South Coast AQMD's contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of SBCERA's participating employers. At June 30, 2026, the South Coast AQMD's proportion was 9.441%, which was an increase of 0.792% from its proportion measured as of June 30, 2024.

Pension Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2026, the South Coast AQMD recognized pension expense of $8,500,704 for its proportionate share of SBCERA's pension expense. At June 30, 2026, the South Coast AQMD reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Changes in proportion and differences between South Coast AQMD contributions and proportionate share of contributions	$ 3,435,878	$ 27,411,049
Changes in actuarial assumptions	-	4,767,129
Net difference between projected and actual earnings on pension plan investments	8,720,468	-
Differences between expected and actual experience	26,332,630	1,484,679
South Coast AQMD contributions paid to SBCERA subsequent to the measurement date	39,746,190	-
Total	$ 78,235,166	$ 33,662,857

*See note VI for summary

The $39,746,190 reported as deferred outflows of resources related to South Coast AQMD's contributions made to SBCERA subsequent to the measurement date but before the reporting period ended June 30, 2026: the contribution amount of $39,746,190 will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SBCERA pensions will be recognized in pension expense as follows:

Year ended June 30:	
2027	$ 15,440,294
2028	(6,217,986)
2029	(3,691,684)
2030	(745,782)
2031	41,277
Thereafter	-

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, 2025
Actuarial experience study	3-year period ending June 30, 2022
Actuarial cost method	Entry age actuarial cost method
Actuarial assumptions:	
Investment rate of return[(1)]	7.25%
Inflation	2.50%
Projected Salary increases[(2)]	General: 4.30% to 9.5%
Cost of living adjustments	Consumer price index increase of 2.00% per year
Administrative Expenses	0.90% of payroll

[(1)] Net of pension investment expense, including inflation.
[(2)] Includes inflation at 2.5% plus real across-the-board salary increase of 0.50% and merit and promotional increases.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the three-year period of July 1, 2019 – June 30, 2022. Same assumptions are used in the June 30, 2025 funding valuation.

For General employees, mortality rates are based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2021 projection scale.

Long-term Expected Rate of Return

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

SBCERA's Long-Term Expected Real Rate of Return

Asset Class	Investment Classification	As of June 30, 2025 Valuation Date: Target Allocation (1)	As of June 30, 2025 Valuation Date: Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	14.5%	6.00%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.5%	6.65%
Developed International Equity	Foreign Common and Preferred Stock	7.00%	7.01%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.80%
U.S. Core Fixed Income	U.S. Government and Municipals/Domestic Bonds	2.00%	1.97%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	6.48%
Emerging Market Debt	Emerging Market Debt	6.00%	4.76%
Real Estate Core	Real Estate	2.50%	3.86%
Real Estate Non-Core	Real Estate	2.50%	5.40%
International Credit	Foreign Alternatives	11.00%	7.10%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	7.10%
Real Assets	Domestic Alternatives/Foreign Alternatives	6.00%	10.10%
Private Equity	Domestic Alternatives/Foreign Alternative	18.00%	9.84%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	0.63%
	Total	**100.00%**	

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

Discount Rate

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

Sensitivity Analysis

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate
As of June 30, 2025

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
South Coast AQMD's proportionate share of the net pension liability	$331,565,865	$175,970,160	$48,999,940

Pension Plan Fiduciary Net Position
Detailed information about the SBCERA's fiduciary net position is available in a separately issued SBCERA annual comprehensive 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, 2026 for the legally required contribution is $3,864,854.

Los Angeles County Employees' Retirement Association (LACERA)

Plan Description
South Coast AQMD participates in the LACERA Pension Plan (the plan) (LACERA operates as a cost-sharing multiple-employer defined benefit plan.) As of June 30, 2026, South Coast AQMD had no active members in this plan. For South Coast AQMD, LACERA is a closed plan which means no new members will be added to the plan. LACERA was established on January 1, 1938. It is governed by the California Constitution; CERL of 1937; 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.

South Coast AQMD has no balances for the proportionate share of net pension liability, pension expense, or related deferred outflows and inflows of resources.

XII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

agent plan structure. The first South Coast AQMD agent report was for fiscal year ending June 30, 2020.

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

LACERA is a closed plan to employees who were hired after December 31, 1979. Currently, there are 25 retirees covered by the benefit terms under the OPEB.

LACERA is a legally separate entity from South Coast AQMD, not a component unit, and there is no financial interdependency with Los Angeles County. For these reasons, the South Coast AQMD's annual comprehensive financial report excludes the LACERA OPEB as of June 30, 2026. LACERA publishes its own annual comprehensive financial report that includes its financial statements and required supplementary information, which can be obtained by writing LACERA at 300 N. Lake, Pasadena, CA 91101 or visiting the website at: www.LACERA.com.

Benefits Provided

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

Contributions

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

to a maximum of 100% for a member with 25 years of service credit with the County. LACERA, at its own discretion, may increase the premium to cover additional expenses.

Total OPEB Liability

The total OPEB liability was measured at $1,796,000 as of June 30, 2026. South Coast AQMD's total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was projected forward to the measurement date. The total OPEB liability is the same as the net OPEB liability since the fiduciary net position is zero.

OPEB Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2026, the South Coast AQMD recognized OPEB revenue (expense) of $237,726. As of June 30, 2026, South Coast AQMD's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Differences between expected and actual economic experience	$ -	$ 18,000
Changes of assumptions	-	30,000
South Coast AQMD contributions paid to LACERA subsequent to the measurement date	169,358	-
Total	$ 169,358	$ 48,000

* See note VI for summary

The $169,358 reported as deferred outflows of resources related to South Coast AQMD's contributions made to LACERA subsequent to the measurement date but before the reporting period ended June 30, 2026. This contribution amount of $169,358 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended June 30:	
2027	$ (48,000)
2028	-
2029	-
2030	-
2031	-
Thereafter	-

Actuarial Assumptions and Methods

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

Actuarial Valuation Date	July 1, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry age normal, level percent of pay
Inflation	2.75%
Salary Increases	3.25%
Investment Rate of Return	5.20%

Mortality rates were based on the PubG-2010 Healthy and Disabled mortality tables and including projection for expected future mortality improvement using the MP-2021 Ultimate Projection Scale.

Healthcare Cost Trend Rates:

	FY 2025 to FY 2026
LACERA Medical Under 65	6.80%
LACERA Medical Over 65	6.00%
Part B Premiums	11.70%
Dental Under and Over 65	3.70%

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of a 2022 actuarial retirement experience study and a 2023 OPEB actuarial experience study.

Discount Rate

The discount rate used to measure the net OPEB liability under the agent structure was 5.20%. The discount rate was determined from the 20-year tax-exempt municipal bond yield.

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

The following presents the South Coast AQMD's net OPEB liability as well as what the South Coast AQMD's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB liability	$1,941,000	$1,796,000	$1,669,000

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

The following presents the South Coast AQMD's net OPEB liability, calculated using the healthcare cost trend rates as reported on the July 1, 2023 OPEB Actuarial Valuation Health Cost Trend Assumptions, as well as what the net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$1,664,000	$1,796,000	$1,944,000

OPEB Plan Fiduciary Net Position

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

Payable to the OPEB Plan

At June 30, 2026, the amount payable to LACERA for the legally required contribution is $20,567.

XIII. DEFERRED COMPENSATION PLAN

South Coast AQMD offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Starting in January 2023, South Coast AQMD provides employer matching in Internal Revenue Code Section 401(a) for non-represented employees. The plan permits them to defer a portion of their salary until future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

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

Effective January 1, 1999, federal legislation requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. South Coast AQMD's deferred compensation administrator, Empower Retirement LLC. qualifies as the plan trustee to meet the federal requirements. In accordance with GASB Statement No. 32, South Coast AQMD no longer reports the plan assets and liabilities in its financial statements. As of June 30, 2026, investments with a fair value of $300,525,944 are held in a trust.

XIV. HEALTH REIMBURSEMENT ARRANGEMENT PLAN

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

Initially, the program was made available to non-represented employees with the understanding that it could be expanded to cover represented employees, based on their approval. In compliance with the rules establishing the HRA, each defined group covered by the plan is required to establish its own criteria on what earnings would be contributed. As of June 30, 2026, the Executive Officer, General Counsel, Assistant Designated Deputies (excludes Deputy Executive Officer) and professional bargaining unit members (excludes Assistant Air Quality Engineer, Air Quality Engineer, Air Quality Engineer II) were the eligible employee classifications that were set up and approved by South Coast AQMD. Under the professional bargaining unit, contributions are 100% holiday and sick leave payouts at termination and/or compensation payout at separation

of service. For the Executive Officer, General Counsel, and Assistant Designated Deputies, contributions of eligible sick leave payout at separation of employment.

XV. COMMITMENTS

Guaranteed Loans

The Air Quality Assistance Fund (AQAF) was originally established to comply with state legislation which required South Coast AQMD to allocate a portion of the funds it receives as penalties and settlements from violators of air pollution regulations and to provide financing assistance to small businesses that require financing in order to comply with South Coast AQMD requirements. This legislation was repealed on January 1, 1999. In June 2000, the Governing Board authorized staff to continue to use the funds to assist small businesses with an improved program for greater participation. Financing assistance includes guaranteeing or otherwise reducing the financial risks of lenders in providing financial assistance to small businesses. The funds are not used for direct loans to small businesses.

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

In October 2007, the Governing Board authorized the transfer of $1 million to the Dry Cleaners Financial Incentives Grant Program to supplement the existing incentive grant programs. This incentive program assists dry cleaners in making early transitions from perchloroethylene (perc) to alternative cleaning technologies. AQAF's fund balance amounted to $1,949,893 at fiscal year ended June 30, 2026.

XVI. PENDING LITIGATION

A number of other lawsuits and claims are pending against South Coast AQMD for alleged damages to persons and property and for other alleged liabilities arising out of its normal operations. South Coast AQMD's management believes that any liability that may arise from the ultimate resolution of such legal actions will not have a material adverse impact on the financial position as of June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance Original vs. Final Positive (Negative)	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:	Original	Final			
Emission fees	$ 22,039,380	$ 22,039,380	$ -	$ 22,162,138	$ 122,758
Annual renewal fees	87,911,470	88,504,621	593,151	86,771,467	(1,733,154)
Area Sources	2,235,100	2,235,100	-	2,346,456	111,356
Permit processing fees	21,008,620	21,008,620	-	23,131,424	2,122,804
Mobile sources/clean fuels	34,489,170	34,489,170	-	31,557,647	(2,931,523)
Air toxics "Hot Spots"	3,000,000	3,000,000	-	3,443,847	443,847
Transportation programs	932,050	932,050	-	995,969	63,919
State subvention	3,822,530	3,822,530	-	3,856,414	33,884
Federal grant	8,612,680	9,905,373	1,292,693	7,119,329	(2,786,044)
State grant	18,506,930	21,087,535	2,580,605	15,785,380	(5,302,155)
Interest revenue	2,731,020	2,731,020	-	6,120,371	3,389,351
Lease revenue	82,950	82,950	-	80,433	(2,517)
Source test/analysis fees	633,660	633,660	-	797,716	164,056
Hearing Board fees	600,660	600,660	-	216,771	(383,889)
Penalties and settlements	4,600,000	4,600,000	-	7,064,388	2,464,388
Other revenues	1,192,350	1,192,350	-	2,238,214	1,045,864
Total revenues	212,398,570	216,865,019	4,466,449	213,687,964	(3,177,055)
Expenditures:					
Current:					
Salaries and employee benefits	183,377,267	183,752,267	(375,000)	180,624,616	3,127,651
Insurance	3,147,080	3,002,080	145,000	2,600,481	401,599
Rent	1,488,039	1,726,711	(238,672)	493,915	1,232,796
Supplies	4,278,406	8,082,256	(3,803,850)	4,923,396	3,158,860
Contract and special services	15,971,766	15,288,061	683,705	12,512,379	2,775,682
Maintenance	1,958,189	2,255,545	(297,356)	1,973,682	281,863
Travel and auto	958,342	1,210,329	(251,987)	877,882	332,447
Utilities	1,965,620	1,949,395	16,225	2,104,117	(154,722)
Communications	1,213,040	1,110,739	102,301	798,550	312,189
Uncollectible accounts	-	-	-	869,011	(869,011)
Other expenditures	1,720,496	1,836,689	(116,193)	1,294,746	541,943
Capital outlay	1,550,000	5,519,654	(3,969,654)	5,261,434	258,220
Capital outlay - Lease and SBITA	-	-	-	3,781,621	(3,781,621)
Debt service:					
Lease and SBITA Principal	-	-	-	3,087,416	(3,087,416)
Lease and SBITA Interest	-	-	-	220,979	(220,979)
Total expenditures	217,628,245	225,733,726	(8,105,481)	221,424,225	4,309,501
Excess (deficiency) of revenues over (under) expenditures	(5,229,675)	(8,868,707)	(3,639,032)	(7,736,261)	1,132,446
Other Financing Sources (Uses)					
Transfers in	3,042,770	5,262,861	2,220,091	4,901,817	(361,044)
Transfers out	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Leases and SBITA	-	-	-	3,781,621	3,781,621
Total other financing sources	1,042,770	3,262,861	2,220,091	6,683,438	3,420,577
Net change in budgetary fund balances	$ (4,186,905)	$ (5,605,846)	$ (1,418,941)	$ (1,052,823)	$ 4,553,023

See accompanying notes to required supplementary information.

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

	Measurement Date**									
SBCERA Pension Plan	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**
South Coast AQMD's proportion of the net pension liability	9.441%	8.649%	8.525%	9.032%	10.54%	8.368%	8.625%	8.613%	8.123%	8.09%
South Coast AQMD's proportionate share of the net pension liability	$ 175,970,160	$ 183,478,592	$ 202,290,111	$ 209,969,044	$ 138,924,385	$ 335,429,877	$ 233,891,403	$ 218,228,092	$ 214,076,570	$ 199,589,723
South Coast AQMD's covered payroll	$ 97,193,143	$ 86,801,728	$ 81,596,762	$ 81,922,566	$ 84,187,926	$ 80,454,708	$ 77,342,109	$ 73,329,109	$ 71,657,793	$ 71,247,083
South Coast AQMD's proportionate share of the net pension liability as a percentage of its covered payroll	181.05%	211.38%	247.91%	256.30%	165.02%	416.92%	302.41%	297.60%	298.75%	280.14%
SBCERA's fiduciary net position as a percentage of the total pension liability	84.96%	83.64%	81.37%	80.21%	86.48%	66.99%	75.24%	75.85%	74.94%	74.10%

	Measurement Date**									
LACERA Pension Plan	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**
South Coast AQMD's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
South Coast AQMD's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Coast AQMD's covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,839	$ 60,610	$ 59,557
South Coast AQMD's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
LACERA's fiduciary net position as a percentage of the total pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

** 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.

See accompanying notes to required supplementary information.

Required Supplementary Information
Schedule of South Coast AQMD's Contributions - Pensions
Last 10 Fiscal Years

	Reporting Date**									
SBCERA Pension Plan	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Contractually required contribution	$ 39,746,190	$ 40,346,624	$ 37,949,174	$ 36,497,985	$ 37,811,240	$ 33,603,205	$ 33,202,615	$ 30,295,487	$ 25,332,734	$ 23,319,256
Contributions in relation to the contractually required contributions	39,746,190	40,346,624	37,949,174	36,497,985	37,811,240	33,603,205	33,202,615	30,295,487	25,332,734	23,319,256
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Coast AQMD's covered payroll*	$ 108,542,265	$ 97,193,143	$ 86,801,728	$ 81,596,762	$ 81,922,566	$ 84,187,926	$ 80,454,708	$ 77,342,109	$ 73,329,109	$ 71,657,793
Contributions as a percentage of covered payroll	36.62%	41.51%	43.72%	44.73%	46.15%	39.91%	41.27%	39.17%	34.55%	32.54%

	Reporting Date**									
LACERA Pension Plan	**June 30, 2026**	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Contractually required contribution	$ -	$	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,300	$ 11,000
Contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	8,300	11,000
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Coast AQMD's covered payroll*	$ -	$	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,839	$ 60,610
Contributions as a percentage of covered payroll	0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.99%	18.15%

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

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

See accompanying notes to required supplementary information.

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

	Measurement Date**						
LACERA OPEB Plan* **	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**
Total OPEB Liability:							
Interest	$ 80,000	$ 83,000	$ 84,000	$ 62,000	$ 73,000	$ 123,000	$ 135,000
Effects of assumptions, changes or inputs	(97,000)	(29,000)	(47,000)	(370,000)	(185,000)	292,000	136,000
Effects of economic/demographic (gains) or losses	(120,000)	(111,000)	64,000	20,000	(62,000)	(386,000)	-
Benefit payments	(193,000)	(192,000)	(208,000)	(231,000)	(239,000)	(242,000)	(267,000)
Net change in total OPEB liability	(330,000)	(249,000)	(107,000)	(519,000)	(413,000)	(213,000)	4,000
Total OPEB liability, beginning	2,126,000	2,375,000	2,482,000	3,001,000	3,414,000	3,627,000	3,623,000
Total OPEB liability, ending (a)	$ 1,796,000	$ 2,126,000	$ 2,375,000	$ 2,482,000	$ 3,001,000	$ 3,414,000	$ 3,627,000
South Coast AQMD's covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total OPEB liability as (a) % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

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

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

LACERA OPEB Plan	Reporting Date **									
	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30,2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution	$ 169,358	$ 165,275	$ 193,644	$ 210,466	$ 221,162	$ 237,584	$ 240,984	$ 232,780	$ 232,715	$ 234,967
Contributions in relation to the contractually required contributions	(169,358)	(165,275)	(193,644)	(210,466)	(221,162)	(237,584)	(240,984)	(232,780)	(232,715)	(234,967)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Coast AQMD's covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,839	$ 60,610
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	476.49%	387.67%

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

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

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

Following input from the public, the Budget Advisory Committee, and Governing Board, the draft budget for fiscal year 2025-26 was prepared and subsequently adopted at the May 2025 meeting of the Governing Board. The fiscal year 2025-26 Adopted Budget and the final fee schedules became effective on July 1, 2025.

South Coast AQMD's annual budget is adopted for the General Fund at the Major Object levels of Salaries and Employee Benefits, Services and Supplies, Capital Outlays, and Building Remodeling. The Governing Board has delegated expenditure authority to the Executive Officer for all budgeted expenditures of $100,000 or less within a major object. All appropriations to the budget and transfers between major objects must be approved by the Governing Board. Transfers within a major object are delegated to the Executive Officer. Monthly expenditure reports are issued to each Office. The Governing Board receives a General Fund Budget status report on a quarterly basis.

South Coast AQMD presents a comparison of the original adopted budget to final budget, and the final budget to actual amounts for the General Fund. The budgeted expenditure represents the adopted budget adjusted for Governing Board approved supplemental appropriations. The budgeted revenue represents the adopted budget modified for Governing Board approved adjustments which were based upon new or additional revenue sources. Supplemental expenditure appropriations of $8,105,481 and revenue adjustments of $6,686,540 were approved by the Governing Board in fiscal year 2025-26.

South Coast AQMD does not adopt annual budgets for its Special Revenue Funds. Special Revenue Funds are used to record transactions applicable to specific revenue sources that are legally restricted for specific purposes. Special Revenue Fund appropriations are approved by the Governing Board on an as-needed basis at a monthly Board meeting in the format of a board letter which documents the need for the request and the source of funding for the expenditure.

NOTE 2 – GENERAL FUND BUDGETARY HIGHLIGHTS

Significant Differences Between Original and Final Budgets

Increases in budgeted revenues were primarily attributable to additional Board approved appropriations for federal and state grants for air monitoring programs and related activities. These included approximately $2.58 million in AB 617 funding to develop an air monitoring plan and identify priority locations for community air monitoring systems, and $1.29 million in U.S. Environmental Protection Agency (EPA) funding to support various air quality monitoring and research initiatives, including particulate matter and air toxics monitoring, low-cost air sensors, and the development of an air monitoring equipment testing and education center.

Increases in budgeted expenditures were primarily attributable to mid-year budget amendments approved by the Board for supplies and capital outlays supporting Rule 1180 and AB 617 programs, as well as other air monitoring initiatives. Major budget amendments included funding for an Optical Remote Sensing Mobile Laboratory, equipment for Photochemical Assessment Monitoring Stations, various air monitoring instruments and systems under Rule 1180 and Rule 1180.1 programs, and office data cable infrastructure improvements.

Significant Differences Between Final Budget and Actual Amounts

Actual annual renewal fees were less than anticipated due to a decrease in the number of operating facilities from the prior year. Actual permit processing fees revenues exceeded the final budget primarily due to increased operational efficiency in processing permits. The Federal Grants revenue is less than anticipated due to the end of the BioWatch grant. The variance for Mobile sources and state grant is attributed to less than anticipated activity in the programs. In addition, interest income was higher than budgeted and revenues from penalties and settlements vary from year to year.

The expenditure savings can be primarily attributed to prudent purchase decisions and postponing contract work and services. The variance in rent expenditure is due to year-end adjustments for GASB 87. The variance in salaries and employee benefits is due to cost savings from vacancies. South Coast AQMD does not budget Capital Outlay – Lease and SBITA or Debt Service accounts.

NOTE 3 – 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, 2026:

Expenditures and encumbrances (budgetary basis) June 30, 2026	$221,424,225
Add: payments on encumbrances open at July 1, 2025	9,154,306
Less: encumbrances open at June 30, 2026	(8,569,296)
Expenditures (GAAP basis), June 30, 2026	$222,009,235

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

NOTE 4 – USE OF BUDGETARY FUND BALANCE

When the Fiscal Year 2025-26 budget was adopted, the Governing Board approved expenditures of $219.6 million and revenues of $215.4 million, with budgeted use of $4.2 million from the General Fund balance. Mid-year adjustments appropriated an additional $1,418,941 from the General Fund's Unassigned Fund Balance

NOTE 5 – FACTORS AFFECTING PENSION TRENDS SOUTH COAST AQMD'S PROPORTION

As of the June 30, 2025 measurement date, South Coast AQMD's proportionate share of SBCERA's net pension liability changed from 8.649% to 9.441%. There were no changes in the benefit terms. The inflation rate had no change and remains at 2.5%. The actuarial assumptions used in the June 30, 2025 valuation report was based on the results of an experience study for the period from July 1, 2019 through June 30, 2022.

Nonmajor Governmental Funds

Special Revenue Funds:

- Air Toxics Fund – Used to account for fees received from industrial toxic air emitters. These funds are spent on planning and performing health risk evaluations for the purpose of developing a toxic emissions inventory for the South Coast Air Basin.

- Advanced Technology, Outreach and Education Fund – Used to account for monies contributed by companies in lieu of paying fines for violating South Coast AQMD rules. Contributed amounts must be used to pay costs associated with South Coast AQMD-sponsored research and development in cleaner burning fuels and other advanced technologies and public outreach and education related to advanced technology and air pollution and its impacts.

- Air Quality Assistance Fund – Used to account for funds set aside for the purpose of underwriting, guaranteeing, or otherwise participating in the provision of financial assistance to small businesses as required by Section 40448.7 of the California Health and Safety Code. (This legislation was repealed by its own terms January 1, 1999). In June 2000, the Governing Board authorized staff to revise the program to increase participation of small businesses. Certain revisions, including participation in the California Capital Access Program (CalCAP) to assist small businesses, were implemented in June 2001.

- Air Quality Improvement Fund – Used to account for 40% of the revenue received by the South Coast AQMD from motor vehicle registration fees under the provisions of Sections 44243 and 44244 of the California Health and Safety Code. This money is distributed on a quarterly basis to cities and counties within the South Coast Air Basin to implement programs to reduce air pollution from motor vehicles.

- Mobile Sources Air Pollution Reduction Fund – Used to account for 30% of the revenue received by South Coast AQMD from the motor vehicle registration fees under the provisions of Sections 44243 and 44244 of the California Health and Safety Code. This money is used to provide grants to fund projects for the purpose of reducing air pollution from motor vehicles within the jurisdiction of the South Coast AQMD. Total projects to date amount to over $534 million and over 16,300 tons of emissions reduced. This special fund was established in fiscal year 1992.

- 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, $54.3 million in projects have been awarded to purchase over 34,136 tons of emission

reductions. Starting April 2017, this fund was used to process rebates for South Coast AQMD's Residential Electric Lawn Mower Rebate Program. As of June 2026, a total of 6,635 lawn & garden equipment were exchanged and $1,431,731.66 spent, resulting in 0.45 tons per year of NOx and 4.99 tons per year of ROG in 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.

- Rule 1111 Mitigation Fee Program – Used to account for mitigation fee payments made by manufacturers for fan-type central furnaces. Rule 1111 requires manufacturers to certify that each furnace model offered for sale complies with the emission limit. In lieu of meeting the lower emission limit, Rule 1111 provided manufacturers an alternate compliance option of paying a per-unit mitigation fee for up to 4 to 4.5 years past the applicable compliance date for non-condensing, condensing, and weatherized furnaces, and more years for mobile home furnaces. The mitigation fee period ended for non-condensing, condensing, and weatherized furnaces prior to October 1, 2021. For FY 25-26, manufacturers paid mitigation fee for mobile home furnaces. The mitigation fee option for mobile home furnaces will end on September 30, 2030.

- 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 1,612 projects totaling $276.2 million.

- Lower-Emission School Bus Fund – Established in fiscal year 2001 to administer state funds set aside in the South Coast Air Basin for the replacement and retrofit of high-emitting diesel-fueled school buses. Since 2001, over $407 million of Lower Emissions School Bus funds has been provided for the replacement of school buses, and the retrofit of newer diesel buses with PM traps. In total, approximately 2,200 highly polluting school buses have been replaced with new near zero or zero emission school buses and nearly 3,460 newer diesel school buses were retrofitted with PM traps.

- Zero Emission Vehicle Incentive Program – Established in fiscal year 2001 to administer the State funds set aside for the implementation of the Zero Emission Vehicle (ZEV) Incentive Program.

- AES Settlement Projects Fund – Established in fiscal year 2001 for the purpose of accounting for the one-time penalty settlement with AES Corporation for air pollution violations.

- Rule 1309.1 Priority Reserve Fund – Established in fiscal year 2001 to account for mitigation fees paid for Particulate Matter ≤ 10 microns (PM_{10}) credits. Due to the state energy crisis in 2001, Rule 1309.1 was amended to allow new electric generating facilities temporary access to South Coast AQMD's Priority Reserve Account to offset their PM_{10} emission increases provided that they meet specific criteria and pay appropriate mitigation fees.

- CARB ERC Bank Fund – Established in fiscal year 2001 to account for the proceeds from the issuance of the Emission Reduction Credits (ERCs) to natural gas turbine power plant peaker units. CARB established the ERC Bank for peaker power plants that need emission offsets to add new or expanded capacity. Proceeds from the issuance of these ERCs will fund emission reduction programs where the new or expanded facility is located.

- LADWP Settlement Fund – Established in fiscal year 2001 for the purpose of accounting for the monies received from the Los Angeles Department of Water and Power as part of the settlement agreement.

- State-Emissions Mitigation Fund – Established during fiscal year 2002 to account for the funds received from California Air Resources Board (CARB) to fund CARB selected projects on emission reductions within the South Coast Air Basin. This is in response to the Governor's statewide program to mitigate excess emissions from peaker power generation units to alleviate the power crisis in California.

- 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.

- Rule 1173 Mitigation Fee Fund – Established in fiscal year 2004 to account for Rule 1173 mitigation fee payments to be used in funding air quality projects which directly benefit the community surrounding the facility. Amendments in December 2002 to Rule 1173 for Refineries and Chemical Plants established a mitigation fee payment provision relating to the release of Volatile Organic Compound (VOC) from an atmospheric Pressure Relief Device (PRD).

- Communities for Better Environment (CBE)/Our Children's Earth (OCE) Settlement Agreement Fund – Established in FY 2004 as part of the settlement agreement to fund P_{M10} (Particulate Matter ≤ 10 microns) and/or N_{Ox} (Oxides of Nitrogen) reduction projects in disproportionately impacted areas.

- BP ARCO Settlement Projects Fund – Established in fiscal year 2005 to account for the $25 million civil penalties received in 2005 as part of the settlement with BP ARCO for air pollution violations.

- Health Effects Research Fund – The Health Effects Research Fund was established in fiscal year 2008 to receive 20% of all penalty/settlement monies in excess of $4 million recognized annually in South Coast AQMD's General Fund beginning in fiscal year 2009, subject to annual Board approval.

- CEQA Green House Gas Mitigation Fund – This fund was established in fiscal year 2009 under Rule 2702 for Green House Gas (GHG) emission reductions. It received $1.5 million from Chevron Products Company to offset Green House Gas emission as part of its Product Reliability and Optimization (PRO+) Project Mitigation Monitoring Plan.

- Emission Reduction and Outreach Fund – This fund was established in fiscal year 2010 due to a $1,000,000 Supplemental Environmental Project Settlement. These funds are used to enhance compliance of emission reduction policies by providing source education and consumer education.

- Rule 1118 Mitigation Fund – Established in fiscal year 2010 to account for mitigation fees from petroleum refineries that exceed sulfur dioxide emission thresholds from flares and future Rule 1118 mitigation fees and to track the projects funded through these fees.

- HEROS II Fund – Established in fiscal year 2011, this fund is used to track funds received and expenditures for South Coast AQMD's vehicle scrap and replacement program. This voluntary program reduces emissions from high-emitting light and medium-duty vehicles in South Coast AQMD.

- AB 1318 Mitigation Fees Fund – Created in fiscal year 2011 to account for revenue of $53.3 million from a mitigation fee payment for the transfer of emission credits under AB 1318.

- Voucher Incentive Program (VIP) Fund – Established in fiscal year 2012 due to transfer of funds from the Carl Moyer Multidistrict funds originally recorded in Carl Moyer Program Fund, to separately administer the On-Road Heavy-Duty Vehicle Voucher Incentive Program.

- Advanced Technology Goods Movement Fund – Established in fiscal year 2012 to administer funds received through an agreement with Port of Los Angeles and Port of Long Beach to fund projects consistent with the development and demonstration of zero emissions goods movement technologies, including the demonstration of Linear Synchronous Motor (LSM) technology to move cargo containers and the development of two discrete hybrid electric drive systems for heavy-duty vehicles.

- Rule 1470 Risk Reduction Fund – Established in fiscal year 2012 to help fund control equipment costs for public agencies, such as cities, counties, and schools, required to install control equipment on new emergency standby engines in order to comply with Rule 1470.

- 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.

- Rule 1304.1 Special Revenue Fund – Established in fiscal year 2016 to track the deposit of fees paid and the withdrawal of funds for approved projects, pursuant to Rule 1304.1 - Electrical Generating Facility Fee for Use of Offset Exemption.

- Green House Gas (GHG) Reduction Projects Special Revenue Fund – Established in fiscal year 2016 to account for the projects funded by CARB's Low Carbon Transportation GHG Reduction Fund Investments.

- ExxonMobil Settlement Projects Special Revenue Fund – Established in fiscal year 2016 for the purpose of accounting for the monies received pursuant to a settlement agreement with ExxonMobil for Supplemental Environmental Project (SEP).

- LADWP Variance Special Revenue Fund – Established in fiscal year 2017 to receive environmental fees from the Los Angeles Department of Water and Power as part of a South Coast AQMD Hearing Board variance. The variance allowed LADWP to burn diesel

to 1) recommission and test the turbines, and 2) subsequently to operate them on diesel fuel, only if the natural gas supply to LADWP was curtailed by SoCal Gas.

- Air Filtration Special Revenue Fund – Established in fiscal year 2017, a Supplemental Environmental Project (SEP) agreement was executed between CARB and the Burlington Northern Santa Fe Railway Company (BANSF) to install air filtration systems at schools in an Environmental Justice community in the South Coast region.

- SoCal Gas Settlement Special Revenue Fund – Established in fiscal year 2017 to execute a contract with KORE Infrastructure Inc in an amount not to exceed $1 million from the SoCal Gas Settlement Special Revenue Fund to cost-share the commercial field test project.

- Rule 1180 Special Revenue Fund – Established in fiscal year 2018 to account for the Rule 1180 initial and final payments for implementation of the community air monitoring stations near petroleum refineries.

- VW Mitigation Special Revenue Fund – Established in fiscal year 2019 to recognize revenue of up to $150 million into the fund, to administer and implement two project funding categories identified in CARB's Beneficiary Mitigation Plan for the VW Environmental Mitigation Trust. The funded projects are intended to mitigate the excess NOx emissions caused by VW vehicles.

- Prop 1B Goods Movement Fund – Established in fiscal year 2008 to account for voter approved transportation bond dollars. A portion of these were allocated to CARB and passed through to South Coast AQMD to implement programs that reduce emissions from movement of freight or "goods" along California's trade corridors. Over $500 million in goods movement projects have been and are being implemented within the South Coast AQMD.

- Clean Shipping Technology Demonstration Special Revenue Fund – Established in FY2020 for the purpose of implementing clean shipping projects.

- Aliso Canyon Air Filtration Special Revenue Fund – Established in fiscal year 2021 to recognize $7.1 million from the Aliso Supplemental Environmental Project (SEP) Fund and facilitate program tracking and auditing. This funded project is to install air filtration systems at schools in Environmental Justice communities in Los Angeles County.

- Aliso Fund Porter Ranch SEP Special Revenue Fund – Established in fiscal year 2021 to recognize up to $1.5 million from the Aliso Fund Committee and transfer $1 million from SoCalGas Settlement Special Revenue Fund. This fund is used to implement a

Supplemental Environmental Project (SEP) in Porter Ranch and the communities surrounding the SoCalGas Aliso Canyon natural gas storage facility.

- Rule 2305 Mitigation Fees Special Revenue Fund – Established in fiscal year 2021 to recognize the mitigation fees paid by owner and operators of warehouses located in the South Coast AQMD jurisdiction with greater than or equal to 100,000 square feet to provide incentives toward the purchase of near zero and zero emission trucks and zero emission charging and fueling infrastructure, including administrative fees to cover South Coast AQMD's costs of administering the Warehouse Actions and Investments to Reduce Emissions (WAIRE) Mitigation Fee Program.

- CARB SEP Special Revenue Fund – Established in fiscal year 2022 to facilitate program tracking and auditing and recognize up to $1.275 Million into the fund for installing and maintaining air filtration systems at private schools and daycare facilities in AB 617 communities.

- At-Berth Regulation Remediation Special Fund – Established in fiscal year 2023 to be a Remediation Fund Administrator per CARB Ocean-Going Vessels At-Berth Regulation and to fund incentive programs designed to achieve emission reduction.

- US EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund – Established in fiscal year 2025 to recognize the new grant award from U.S. EPA Climate Pollution Reduction Grant (CPRG) program to implement South Coast AQMD's INVEST CLEAN Program.

- Warehouse Indirect Source Rule (Rule 2305) Penalty Special Revenue Fund – Established in fiscal year 2025 to recognize upon receipt penalty funds from Rule 2305 violations received on or after January 1, 2025.

- POLA/POLB Electric Vehicle Supply Equipment (EVSE) Infrastructure Project Special Revenue Fund – Established in fiscal year 2025 to recognize upon receipt funds from Port of Los Angeles and Port of Long Beach for MSRC's administration of heavy-duty zero emission drayage truck charging infrastructure projects.

Capital Projects Fund

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

- Debt Service Fund – Established in 2009 to replace the terminated Guaranteed Investment Contract with the Municipal Bond Insurance Association (MBIA, Inc.) due to

changes in financial markets. This is used for the defeasance of a portion of South Coast AQMD's debt service on Pension Obligation Bonds.

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

Assets	Special Revenue				
	Air Toxics Fund	Advanced Tech Outreach & Education Fund	Air Quality Assistance Fund	Air Quality Improvement Fund	Mobile Sources Air Pollution Reduction Fund
Cash and cash equivalents	$ 6,169,565	$ 7,790,877	$ 1,934,791	$ 2,001,391	$ 138,533,328
Investments	-	-	-	-	-
Interest receivable	36,006	62,500	15,102	19,277	1,098,915
Due from other governmental agencies	-	181,719	-	3,775,690	2,831,768
Due from other funds	-	-	-	-	-
Accounts receivable, net	516,216	-	-	-	-
Total assets	$ 6,721,787	$ 8,035,096	$ 1,949,893	$ 5,796,358	$ 142,464,011
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 6,721,787	$ 8,035,096	$ 1,949,893	$ 5,796,358	$ 142,464,011
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 355,097	$ 106,657	$ -	$ 5,688,264	$ 419,973
Due to other funds	3,685,315	75,061	-	-	262,351
Total liabilities	4,040,412	181,718	-	5,688,264	682,324
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	7,853,378	-	108,094	141,781,687
Committed	-	-	-	-	-
Assigned	2,681,375	-	1,949,893	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,681,375	7,853,378	1,949,893	108,094	141,781,687
Total liabilities and fund balances	$ 6,721,787	$ 8,035,096	$ 1,949,893	$ 5,796,358	$ 142,464,011

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	Air Quality Investment Fund	Clean Fuels Program Fund	Lower-Emission School Bus Fund	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund
Cash and cash equivalents	$ 87,355,400	$ 79,301,969	$ 10,396,808	$ 812,960	$ 32,917
Investments	29,559,344	29,371,910	-	-	-
Interest receivable	651,164	644,347	82,377	6,441	428
Due from other governmental agencies	-	2,357,667	-	-	-
Due from other funds	-	1,597,574	-	-	-
Accounts receivable, net	50,682	-	-	-	-
Total assets	$ 117,616,590	$ 113,273,467	$ 10,479,185	$ 819,401	$ 33,345
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 117,616,590	$ 113,273,467	$ 10,479,185	$ 819,401	$ 33,345
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 2,342,294	$ 174,516	$ -	$ -	$ -
Due to other funds	-	1,216,970	-	-	-
Total liabilities	2,342,294	1,391,486	-	-	-
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	-	10,479,185	819,401	-
Committed	17,511,733	7,851,316	-	-	33,345
Assigned	97,762,563	104,030,665	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	115,274,296	111,881,981	10,479,185	819,401	33,345
Total liabilities and fund balances	$ 117,616,590	$ 113,273,467	$ 10,479,185	$ 819,401	$ 33,345

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue			
Assets	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund
Cash and cash equivalents	$ 5,480,341	$ 110,205	$ 526,357	$ 125,280
Investments	-	-	-	-
Interest receivable	43,427	879	4,171	992
Due from other governmental agencies	-	-	-	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	$ 5,523,768	$ 111,084	$ 530,528	$ 126,272
Deferred Outflow of Resources:				
Deferred outflow of resources	-	-	-	-
Combined assets and deferred outflow of resources	$ 5,523,768	$ 111,084	$ 530,528	$ 126,272
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflow of Resources				
Long-term receivables	-	-	-	-
Fund Balances:				
Restricted	-	-	-	126,272
Committed	366,407	6,824	-	-
Assigned	5,157,361	104,260	530,528	-
Unassigned	-	-	-	-
Total fund balances	5,523,768	111,084	530,528	126,272
Total liabilities and fund balances	$ 5,523,768	$ 111,084	$ 530,528	$ 126,272

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	State BUG Program Fund	Rule 1173 Mitigation Fee Fund	CBE/OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund	Health Effects Research Fund
Cash and cash equivalents	$ 26,640	$ 3,999,903	$ 200,183	$ 509,497	$ 5,333,740
Investments	-	-	-	-	-
Interest receivable	212	31,692	-	4,037	42,261
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	$ 26,852	$ 4,031,595	$ 200,183	$ 513,534	$ 5,376,001
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 26,852	$ 4,031,595	$ 200,183	$ 513,534	$ 5,376,001
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	26,852	-	-	-	-
Committed	-	-	200,183	-	-
Assigned	-	4,031,595	-	513,534	5,376,001
Unassigned	-	-	-	-	-
Total fund balances	26,852	4,031,595	200,183	513,534	5,376,001
Total liabilities and fund balances	$ 26,852	$ 4,031,595	$ 200,183	$ 513,534	$ 5,376,001

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	CEQA Green House Gas Mitigation Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	HEROS II Fund	AB 1318 Mitigation Fees Fund
Cash and cash equivalents	$ 152,026	$ 1,097	$ 21,448,064	$ 12,241,516	$ 3,288,683
Investments	-	-	-	-	-
Interest receivable	1,204	8	170,066	103,752	26,058
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	$ 153,230	$ 1,105	$ 21,618,130	$ 12,345,268	$ 3,314,741
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 153,230	$ 1,105	$ 21,618,130	$ 12,345,268	$ 3,314,741
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 374,827	$ 535,000
Due to other funds	-	-	-	128,669	-
Total liabilities	-	-	-	503,496	535,000
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	-	-	11,841,772	-
Committed	-	-	3,520,411	-	749,979
Assigned	153,230	1,105	18,097,719	-	2,029,762
Unassigned	-	-	-	-	-
Total fund balances	153,230	1,105	21,618,130	11,841,772	2,779,741
Total liabilities and fund balances	$ 153,230	$ 1,105	$ 21,618,130	$ 12,345,268	$ 3,314,741

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	Voucher Incentive Program (VIP) Fund	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Rule 1420.1 Special Revenue Fund	Rule 1304.1 Special Revenue Fund
Cash and cash equivalents	$ 17,164,766	$ 1,961,595	$ 2,917,956	$ 109,435	$ 68,666,683
Investments	-	-	-	-	59,118,689
Interest receivable	136,002	15,543	23,120	868	548,861
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	$ 17,300,768	$ 1,977,138	$ 2,941,076	$ 110,303	$ 128,334,233
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 17,300,768	$ 1,977,138	$ 2,941,076	$ 110,303	$ 128,334,233
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	157,500	-	-	-
Total liabilities	-	157,500	-	-	-
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	17,300,768	-	-	110,303	128,334,233
Committed	-	572,255	-	-	-
Assigned	-	1,247,383	2,941,076	-	-
Unassigned	-	-	-	-	-
Total fund balances	17,300,768	1,819,638	2,941,076	110,303	128,334,233
Total liabilities and fund balances	$ 17,300,768	$ 1,977,138	$ 2,941,076	$ 110,303	$ 128,334,233

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	GHG Reduction Projects Special Revenue Fund	ExxonMobil Settlements Projects Special Rev Fund	LADWP Variance Special Revenue Fund	Air Filtration Fund	SoCal Gas Settlement Special Revenue Fund
Cash and cash equivalents	$ 5,746,299	$ 213,508	$ 990,451	$ 1,513,742	$ 83,315
Investments	-	-	-	-	-
Interest receivable	47,473	1,692	9,743	12,140	662
Due from other governmental agencies	25,757	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	$ 5,819,529	$ 215,200	$ 1,000,194	$ 1,525,882	$ 83,977
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 5,819,529	$ 215,200	$ 1,000,194	$ 1,525,882	$ 83,977
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 61,766	$ -	$ -	$ -	$ -
Due to other funds	1,079,451	-	-	12,068	-
Total liabilities	1,141,217	-	-	12,068	-
Deferred Inflow of Resources					
Long-term receivables	25,757	-	-	-	-
Fund Balances:					
Restricted	4,652,555	-	-	-	-
Committed	-	-	299,657	1,079,297	-
Assigned	-	215,200	700,537	434,517	83,977
Unassigned	-	-	-	-	-
Total fund balances	4,652,555	215,200	1,000,194	1,513,814	83,977
Total liabilities and fund balances	$ 5,819,529	$ 215,200	$ 1,000,194	$ 1,525,882	$ 83,977

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	Rule 1180 Special Revenue Fund	VW Mitigation Special Revenue Fund	Prop 1B Goods Movement Fund	Clean Shipping Tech Demos Special Rev Fund	Aliso Canyon Air Filtration Special Revenue Fund
Cash and cash equivalents	$ 2,699,084	$ 110,594,392	$ 52,062,025	$ 3,143,539	$ 4,362,968
Investments	-	-	-	-	-
Interest receivable	23,788	955,799	412,837	64,875	34,973
Due from other governmental agencies	-	-	-	8,287	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	538,876	-	-	-	-
Total assets	$ 3,261,748	$ 111,550,191	$ 52,474,862	$ 3,216,701	$ 4,397,941
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 3,261,748	$ 111,550,191	$ 52,474,862	$ 3,216,701	$ 4,397,941
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ -	$ 2,015,286	$ -	$ -	$ 729,507
Due to other funds	-	291,690	-	128,182	-
Total liabilities	-	2,306,976	-	128,182	729,507
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	3,261,748	109,243,215	52,474,862	3,088,519	-
Committed	-	-	-	-	3,485,258
Assigned	-	-	-	-	183,176
Unassigned	-	-	-	-	-
Total fund balances	3,261,748	109,243,215	52,474,862	3,088,519	3,668,434
Total liabilities and fund balances	$ 3,261,748	$ 111,550,191	$ 52,474,862	$ 3,216,701	$ 4,397,941

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Revenue				
Assets	Aliso Fund Porter Ranch Special Revenue Fund	Rule 2305 Mitigation Fee Alternate Fund	CARB SEP Special Revenue Fund	At-Berth Reg Remediation Fund	US EPA CPRG Fund
Cash and cash equivalents	$ 961,023	$ 86,703,879	$ 4,554,984	$ 62,725,790	$ 20,933
Investments	-	-	-	-	-
Interest receivable	7,920	651,855	36,092	469,197	191
Due from other governmental agencies	-	-	-	-	433,026
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	2,500,833	-	6,004	-
Total assets	$ 968,943	$ 89,856,567	$ 4,591,076	$ 63,200,991	$ 454,150
Deferred Outflow of Resources:					
Deferred outflow of resources	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 968,943	$ 89,856,567	$ 4,591,076	$ 63,200,991	$ 454,150
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 30,000	$ -	$ -	$ -	$ 94,860
Due to other funds	14,068	-	4,537	25,606	358,167
Total liabilities	44,068	-	4,537	25,606	453,027
Deferred Inflow of Resources					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	-	-	-	1,123
Committed	684,565	-	198,336	-	-
Assigned	240,310	89,856,567	4,388,203	63,175,385	-
Unassigned	-	-	-	-	-
Total fund balances	924,875	89,856,567	4,586,539	63,175,385	1,123
Total liabilities and fund balances	$ 968,943	$ 89,856,567	$ 4,591,076	$ 63,200,991	$ 454,150

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2026

Assets	Special Revenue: Rule 2305 Penalty Special Revenue Fund	Special Revenue: POLA/POLB EVSE Infrastructure Project Special Rev Fund	Capital Project: Infrastructure Improvement Fund	Debt Service Fund	Component Unit: SCAQMD Building Corporation	Total
Cash and cash equivalents	$ 2,638,261	$ 32,118	$ 1,002,846	$ 8,875,139	$ 187,111	$ 827,705,380
Investments	-	-	-	-	-	118,049,943
Interest receivable	16,589	1,476	7,938	79,740	-	6,604,690
Due from other governmental agencies	-	-	-	-	-	9,613,914
Due from other funds	-	-	-	-	-	1,597,574
Accounts receivable, net	16,521	-	-	-	-	3,629,132
Total assets	$ 2,671,371	$ 33,594	$ 1,010,784	$ 8,954,879	$ 187,111	$ 967,200,633
Deferred Outflow of Resources:						
Deferred outflow of resources	-	-	-	-	-	-
Combined assets and deferred outflow of resources	$ 2,671,371	$ 33,594	$ 1,010,784	$ 8,954,879	$ 187,111	$ 967,200,633
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -	$ 12,928,047
Due to other funds	-	-	-	-	-	7,439,635
Total liabilities	-	-	-	-	-	20,367,682
Deferred Inflow of Resources						
Long-term receivables	-	-	-	-	-	25,757
Fund Balances:						
Restricted	-	33,594	-	8,954,879	-	500,492,440
Committed	-	-	2,970	-	-	36,562,536
Assigned	2,671,371	-	1,007,814	-	187,111	409,752,218
Unassigned	-	-	-	-	-	-
Total fund balances	2,671,371	33,594	1,010,784	8,954,879	187,111	946,807,194
Total liabilities and fund balances	$ 2,671,371	$ 33,594	$ 1,010,784	$ 8,954,879	$ 187,111	$ 967,200,633

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	Air Toxics Fund	Advanced Tech Outreach & Education Fund	Air Quality Assistance Fund	Air Quality Improvement Fund	Mobile Sources Air Pollution Reduction Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	16,703,694
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	1,226,658	-	-	-
State grant	-	-	-	-	-
Interest revenue	97,359	258,697	63,028	80,333	4,393,332
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	97,359	1,485,355	63,028	80,333	21,097,026
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	6,697	1,704,615	-	129,590	7,066,919
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	781,716	-	-	-	-
Other expenditures	6,033	27,462	-	-	877,563
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	794,446	1,732,077	-	129,590	7,944,482
Excess (deficiency) of revenues over (under) expenditures before transfers	(697,087)	(246,722)	63,028	(49,257)	13,152,544
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(241,469)	-	-	-	-
Total other financing sources (uses)	(241,469)	-	-	-	-
Net change in fund balance	(938,556)	(246,722)	63,028	(49,257)	13,152,544
Fund balances, July 1, 2025, as previously reported	$ 3,619,931	$ 8,100,100	$ 1,886,865	$ 157,351	$ 128,629,143
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	3,619,931	8,100,100	1,886,865	157,351	128,629,143
Fund balances, June 30, 2026	$ 2,681,375	$ 7,853,378	$ 1,949,893	$ 108,094	$ 141,781,687

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
	Air Quality Investment Fund	Clean Fuels Program Fund	Lower-Emission School Bus Fund	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund
Revenues:					
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	9,698,746	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	313,650	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	3,685,795	-	-	-
State grant	-	-	-	-	-
Interest revenue	3,891,197	3,598,265	332,905	26,031	2,301
Penalties and settlements	-	-	-	-	-
Other revenues	1,115,536	-	-	-	-
Total revenues	5,320,383	16,982,806	332,905	26,031	2,301
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	9,494,885	6,545,673	-	-	22,133
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	150,000	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	9,494,885	6,695,673	-	-	22,133
Excess (deficiency) of revenues over (under) expenditures before transfers	(4,174,502)	10,287,133	332,905	26,031	(19,832)
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(1,665,446)	-	-	-
Total other financing sources (uses)	-	(1,665,446)	-	-	-
Net change in fund balance	(4,174,502)	8,621,687	332,905	26,031	(19,832)
Fund balances, July 1, 2025, as previously reported	$ 119,448,798	$ 103,260,294	$ 10,146,280	$ 793,370	$ 53,177
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	119,448,798	103,260,294	10,146,280	793,370	53,177
Fund balances, June 30, 2026	$ 115,274,296	$ 111,881,981	$ 10,479,185	$ 819,401	$ 33,345

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue			
	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund
Revenues:				
Emission fees	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-
Mitigation Fees	-	-	-	-
Remediation Program	-	-	-	-
Federal grant	-	-	-	-
State grant	-	-	-	-
Interest revenue	177,241	5,854	16,854	4,011
Penalties and settlements	-	-	-	-
Other revenues	-	-	-	-
Total revenues	177,241	5,854	16,854	4,011
Expenditures:				
Salaries and employee benefits	-	-	-	-
Insurance	-	-	-	-
Rent	-	-	-	-
Supplies	-	-	-	-
Contract and special services	-	231,250	-	-
Maintenance	-	-	-	-
Travel and auto	-	-	-	-
Utilities	-	-	-	-
Communications	-	-	-	-
Uncollectible accounts	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	231,250	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	177,241	(225,396)	16,854	4,011
Other Financing Sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	177,241	(225,396)	16,854	4,011
Fund balances, July 1, 2025, as previously reported	$ 5,346,527	$ 336,480	$ 513,674	$ 122,261
Change from Major to Nonmajor Fund	-	-	-	-
Error Correction	-	-	-	-
Fund balances, July 1, 2025, as adjusted	5,346,527	336,480	513,674	122,261
Fund balances, June 30, 2026	$ 5,523,768	$ 111,084	$ 530,528	$ 126,272

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	State BUG Program Fund	Rule 1173 Mitigation Fee Fund	CBE/OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund	Health Effects Research Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	853	128,094	-	16,335	170,786
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	853	128,094	-	16,335	170,786
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	853	128,094	-	16,335	170,786
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(2,000)	-
Total other financing sources (uses)	-	-	-	(2,000)	-
Net change in fund balance	853	128,094	-	14,335	170,786
Fund balances, July 1, 2025, as previously reported	$ 25,999	$ 3,903,501	$ 200,183	$ 499,199	$ 5,205,215
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	25,999	3,903,501	200,183	499,199	5,205,215
Fund balances, June 30, 2026	$ 26,852	$ 4,031,595	$ 200,183	$ 513,534	$ 5,376,001

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	CEQA Green House Gas Mitigation Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	HEROS II Fund	AB 1318 Mitigation Fees Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	26,347,500	-
Interest revenue	4,868	35	694,956	339,624	105,303
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	256,726	-
Total revenues	4,868	35	694,956	26,943,850	105,303
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	679,815	26,224,081	535,000
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	679,815	26,224,081	535,000
Excess (deficiency) of revenues over (under) expenditures before transfers	4,868	35	15,141	719,769	(429,697)
Other Financing Sources (uses):					
Transfers in	-	-	-	2,000	-
Transfers out	-	-	-	(946,956)	-
Total other financing sources (uses)	-	-	-	(944,956)	-
Net change in fund balance	4,868	35	15,141	(225,187)	(429,697)
Fund balances, July 1, 2025, as previously reported	$ 148,362	$ 1,070	$ 21,602,989	$ 12,066,959	$ 3,209,438
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	148,362	1,070	21,602,989	12,066,959	3,209,438
Fund balances, June 30, 2026	$ 153,230	$ 1,105	$ 21,618,130	$ 11,841,772	$ 2,779,741

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	Voucher Incentive Program (VIP) Fund	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Rule 1420.1 Special Revenue Fund	Rule 1304.1 Special Revenue Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	549,615	62,810	93,433	3,504	4,321,723
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	549,615	62,810	93,433	3,504	4,321,723
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	549,615	62,810	93,433	3,504	4,321,723
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	549,615	62,810	93,433	3,504	4,321,723
Fund balances, July 1, 2025, as previously reported	$ 16,751,153	$ 1,756,828	$ 2,847,643	$ 106,799	$ 124,012,510
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	16,751,153	1,756,828	2,847,643	106,799	124,012,510
Fund balances, June 30, 2026	$ 17,300,768	$ 1,819,638	$ 2,941,076	$ 110,303	$ 128,334,233

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	GHG Reduction Projects Special Revenue Fund	ExxonMobil Settlements Projects Special Rev Fund	LADWP Variance Special Revenue Fund	Air Filtration Fund	SoCal Gas Settlement Special Revenue Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	629,780	-	-	-	-
Interest revenue	159,247	6,837	43,437	50,752	2,668
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	789,027	6,837	43,437	50,752	2,668
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	1,097,860	-	407,861	97,775	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	80,823	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,178,683	-	407,861	97,775	-
Excess (deficiency) of revenues over (under) expenditures before transfers	(389,656)	6,837	(364,424)	(47,023)	2,668
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(53,032)	-	-	(12,068)	-
Total other financing sources (uses)	(53,032)	-	-	(12,068)	-
Net change in fund balance	(442,688)	6,837	(364,424)	(59,091)	2,668
Fund balances, July 1, 2025, as previously reported	$ 1,900,231	$ 208,363	$ 1,364,618	$ 1,572,905	$ 81,309
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	3,195,012	-	-	-	-
Fund balances, July 1, 2025, as adjusted	5,095,243	208,363	1,364,618	1,572,905	81,309
Fund balances, June 30, 2026	$ 4,652,555	$ 215,200	$ 1,000,194	$ 1,513,814	$ 83,977

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	Rule 1180 Special Revenue Fund	VW Mitigation Special Revenue Fund	Prop 1B Goods Movement Fund	Clean Shipping Tech Demos Special Rev Fund	Aliso Canyon Air Filtration Special Revenue Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	-	-	-	-
Remediation Program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	4,625,510	-
Interest revenue	77,334	4,135,956	1,668,533	86,152	155,862
Penalties and settlements	-	-	-	-	-
Other revenues	2,639,842	-	26,000	-	-
Total revenues	2,717,176	4,135,956	1,694,533	4,711,662	155,862
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	21,915,156	-	1,891,982	1,663,250
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	1,591,764	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	23,506,920	-	1,891,982	1,663,250
Excess (deficiency) of revenues over (under) expenditures before transfers	2,717,176	(19,370,964)	1,694,533	2,819,680	(1,507,388)
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(1,325,518)	-	(75,060)	(119,895)	(71,224)
Total other financing sources (uses)	(1,325,518)	-	(75,060)	(119,895)	(71,224)
Net change in fund balance	1,391,658	(19,370,964)	1,619,473	2,699,785	(1,578,612)
Fund balances, July 1, 2025, as previously reported	$ 1,870,090	$ -	$ 50,855,389	$ 388,734	$ 5,247,046
Change from Major to Nonmajor Fund	-	128,614,179	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	1,870,090	128,614,179	50,855,389	388,734	5,247,046
Fund balances, June 30, 2026	$ 3,261,748	$ 109,243,215	$ 52,474,862	$ 3,088,519	$ 3,668,434

Continued

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue				
Revenues:	Aliso Fund Porter Ranch Special Revenue Fund	Rule 2305 Mitigation Fee Alternate Fund	CARB SEP Special Revenue Fund	At-Berth Reg Remediation Fund	US EPA CPRG Fund
Emission fees	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation Fees	-	26,090,856	-	-	-
Remediation Program	-	-	-	42,290,553	-
Federal grant	-	-	-	-	369,479
State grant	-	-	-	-	-
Interest revenue	33,940	2,216,222	146,645	1,444,461	460
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	33,940	28,307,078	146,645	43,735,014	369,939
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	172,137	-	-	-	369,479
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	359,165	-	-	-
Other expenditures	-	402,369	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	172,137	761,534	-	-	369,479
Excess (deficiency) of revenues over (under) expenditures before transfers	(138,197)	27,545,544	146,645	43,735,014	460
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(14,068)	-	(4,537)	(372,544)	-
Total other financing sources (uses)	(14,068)	-	(4,537)	(372,544)	-
Net change in fund balance	(152,265)	27,545,544	142,108	43,362,470	460
Fund balances, July 1, 2025, as previously reported	$ 1,077,140	$ 62,311,023	$ 4,444,431	$ 19,812,915	$ 663
Change from Major to Nonmajor Fund	-	-	-	-	-
Error Correction	-	-	-	-	-
Fund balances, July 1, 2025, as adjusted	1,077,140	62,311,023	4,444,431	19,812,915	663
Fund balances, June 30, 2026	$ 924,875	$ 89,856,567	$ 4,586,539	$ 63,175,385	$ 1,123

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2026

	Special Revenue		Capital Project		Component Unit	
Revenues:	Rule 2305 Penalty Special Revenue Fund	POLA/POLB EVSE Infrastructure Project Special Rev Fund	Infrastructure Improvement Fund	Debt Service Fund	SCAQMD Building Corporation	Total
Emission fees	$ -	$ -	$ -	$ -	$ -	$ -
Mobile sources/clean fuels	-	-	-	-	-	26,402,440
Air Toxics "Hot Spots"	-	-	-	-	-	-
Mitigation Fees	-	-	-	-	-	26,404,506
Remediation Program	-	-	-	-	-	42,290,553
Federal grant	-	-	-	-	-	5,281,932
State grant	-	-	-	-	-	31,602,790
Interest revenue	42,929	23,594	31,934	321,688	6,411	30,094,409
Penalties and settlements	2,040,577	-	-	-	-	2,040,577
Other revenues	-	6,000,000	7,686	-	-	10,045,790
Total revenues	2,083,506	6,023,594	39,620	321,688	6,411	174,162,997
Expenditures:						
Salaries and employee benefits	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Contract and special services	-	5,990,000	-	-	-	86,246,158
Maintenance	-	-	-	-	-	-
Travel and auto	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Communications	-	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-	1,140,881
Other expenditures	-	-	-	-	4,008	3,140,022
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	5,990,000	-	-	4,008	90,527,061
Excess (deficiency) of revenues over (under) expenditures before transfers	2,083,506	33,594	39,620	321,688	2,403	83,635,936
Other Financing Sources (uses):						
Transfers in	-	-	-	2,000,000	-	2,002,000
Transfers out	-	-	-	-	-	(4,903,817)
Total other financing sources (uses)	-	-	-	2,000,000	-	(2,901,817)
Net change in fund balance	2,083,506	33,594	39,620	2,321,688	2,403	80,734,119
Fund balances, July 1, 2025, as previously reported	$ 587,865	$ -	$ 971,164	$ 6,633,191	$ 184,708	734,263,884
Change from Major to Nonmajor Fund	-	-	-	-	-	128,614,179
Error Correction	-	-	-	-	-	3,195,012
Fund balances, July 1, 2025, as adjusted	587,865	-	971,164	6,633,191	184,708	866,073,075
Fund balances, June 30, 2026	$ 2,671,371	$ 33,594	$ 1,010,784	$ 8,954,879	$ 187,111	$ 946,807,194

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Governmental Activities:										
Net investment in capital assets	$ 36,127,300	$ 35,756,464	$ 35,501,602	$ 38,515,021	$ 37,258,925	$ 36,034,490	$ 33,286,497	$ 34,484,800	$ 35,394,499	$ 37,430,699
Restricted for long-term emission-reduction projects	607,438,908	676,857,257	785,722,419	850,523,778	892,386,082	1,076,293,986	1,134,391,758	1,432,415,844	1,551,160,251	1,810,948,990
Unrestricted	(141,541,447)	(129,700,877)	(128,938,591)	(126,463,599)	(151,497,814)	(122,315,341)	(111,664,409)	(95,021,270)	(76,223,278)	(47,722,321)
Total governmental activities net position	$ 502,024,761	$ 582,912,844	$ 692,285,430	$ 762,575,200	$ 778,147,193	$ 990,013,135	$ 1,056,013,846	$ 1,371,879,374	$ 1,510,331,472	$ 1,800,657,368
Business-type Activities:*										
Unrestricted	$ 1,235,284	$ 1,253,178	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total business-type activities net position	$ 1,235,284	$ 1,253,178	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Primary Government:										
Net investment in capital assets	$ 36,127,300	$ 35,756,464	$ 35,501,602	$ 38,515,021	$ 37,258,925	$ 36,034,490	$ 33,286,497	$ 34,484,800	$ 35,394,499	$ 37,430,699
Restricted for long-term emission-reduction projects	607,438,908	676,857,257	785,722,419	850,523,778	892,386,082	1,076,293,986	1,134,391,758	1,432,415,844	1,551,160,251	1,810,948,990
Unrestricted	(140,306,163)	(128,447,699)	(128,938,591)	(126,463,599)	(151,497,814)	(122,315,341)	(111,664,409)	(95,021,270)	(76,223,278)	(47,722,321)
Total primary government net position	$ 503,260,045	$ 584,166,022	$ 692,285,430	$ 762,575,200	$ 778,147,193	$ 990,013,135	$ 1,056,013,846	$ 1,371,879,374	$ 1,510,331,472	$ 1,800,657,368

*The Business-type Activates section reports transactions relating to the CNG fueling station. The CNG fueling station was closed in fiscal year 2017-2018.

Schedule 2
Changes in Net Position – Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenses										
Governmental Activities:										
Advance clean air technology	$ 7,825,599	$ 9,271,026	$ 11,520,547	$ 12,827,393	$ 14,560,468	$ 11,484,237	$ 13,897,495	$ 15,608,973	$ 16,266,433	$ 16,278,433
Ensure compliance with clean air rules	49,316,129	50,528,522	52,353,479	55,167,960	59,823,114	46,714,649	52,818,828	53,138,925	58,086,799	54,681,026
Customer service and business assistance	9,260,504	9,743,294	11,637,664	13,032,003	14,979,824	10,488,458	13,897,970	11,802,012	10,705,320	9,002,018
Develop programs to achieve clean air	11,335,498	8,636,784	9,407,869	12,471,639	15,522,501	12,387,784	13,408,190	14,694,946	15,660,797	14,800,492
Develop rules to achieve clean air	7,604,041	10,013,098	14,275,590	14,131,578	17,228,755	12,435,707	15,884,660	17,095,583	15,391,623	13,891,636
Monitoring air quality	17,856,869	20,822,380	26,547,245	31,910,536	36,114,354	29,106,009	32,963,667	32,209,013	37,408,858	36,576,457
Timely review of permits	31,520,083	33,301,565	33,951,378	35,511,594	38,832,790	31,042,335	36,208,322	39,546,541	41,685,967	40,183,674
Policy support	885,773	667,046	1,028,495	1,945,852	1,773,352	736,426	835,445	415,034	607,085	368,474
Interest on long-term debt	3,906,955	3,731,589	3,605,251	3,463,254	3,302,637	700,202	353,141	230,579	255,730	270,412
Long-term emission reduction projects	101,008,426	101,304,229	163,187,839	206,806,917	231,305,871	146,966,402	135,414,259	137,222,958	161,775,883	140,920,784
Total governt'l activities expenses	$ 240,519,877	$ 248,019,533	$ 327,515,357	$ 387,268,726	$ 433,443,666	$ 302,062,209	$ 315,681,977	$ 321,964,564	$ 357,844,495	$ 326,973,406
Business-type Activities:*										
CNG fueling station	$ 128	$ 31	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total business-type activities expenses	128	31	-	-	-	-	-	-	-	-
Total primary government expenses	$ 240,520,005	$ 248,019,564	$ 327,515,357	$ 387,268,726	$ 433,443,666	$ 302,062,209	$ 315,681,977	$ 321,964,564	$ 357,844,495	$ 326,973,406
Program Revenues										
Governmental Activities:										
Fees and Charges										
Stationary sources	$ 94,279,518	$ 100,354,910	$ 101,804,325	$ 106,450,095	$ 106,917,251	$ 109,776,713	$ 117,309,958	$ 123,622,856	$ 133,699,442	$ 138,869,820
Mobile sources	28,087,131	26,026,673	26,106,160	29,214,922	26,995,162	27,772,271	29,308,987	31,230,917	33,655,280	32,553,616
Operating grants and subventions	222,070,040	185,367,622	295,516,665	303,621,322	304,766,572	365,668,049	220,132,286	464,436,224	311,476,121	424,380,590
Total governmental activities prog. revenues	$ 344,436,689	$ 311,749,205	$ 423,427,150	$ 439,286,339	$ 438,678,985	$ 503,217,033	$ 366,751,231	$ 619,289,997	$ 478,830,843	$ 595,804,026

Schedule 2
Changes in Net Position – Last Ten Fiscal Years
(accrual basis of accounting) (continued)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Business-type Activities:*										
CNG fueling station	$ 18,022	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total business-type activities prog. revenues	18,022	-	-	-	-	-	-	-	-	-
Total primary government prog. revenues	$ 344,454,711	$ 311,749,205	$ 423,427,150	$ 439,286,339	$ 438,678,985	$ 503,217,033	$ 366,751,231	$ 619,289,997	$ 478,830,843	$ 595,804,026
Net (Expense) Revenue										
Governmental activities	$ 103,916,812	$ 63,729,672	$ 95,911,793	$ 52,017,613	$ 5,235,319	$ 201,154,824	$ 51,069,254	$ 297,325,433	$ 120,986,348	$ 268,830,620
Business-type activities	17,894	(31)	-	-	-	-	-	-	-	-
Total primary govnt net (expenses) revenue	$ 103,934,706	$ 63,729,641	$ 95,911,793	$ 52,017,613	$ 5,235,319	$ 201,154,824	$ 51,069,254	$ 297,325,433	$ 120,986,348	$ 268,830,620
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and subventions not restricted to specific stationary source programs	$ 2,885,535	$ 2,879,520	$ 2,864,992	$ 2,879,664	$ 2,885,173	$ 2,857,629	$ 2,820,744	$ 2,745,349	$ 2,762,971	$ 2,796,859
Interest	644,574	1,041,333	1,976,414	1,791,178	596,953	586,992	3,722,493	6,620,336	7,790,900	6,120,371
One time non-program penalties/settlements	11,511,570	14,316,145	7,196,194	12,178,184	4,714,520	5,361,416	6,007,021	6,819,690	8,288,952	7,064,388
Subscriptions	1,097	436	970	972	-	676	81	-	-	-
Other	1,621,419	1,153,863	1,422,223	1,422,159	2,140,028	1,904,405	2,381,118	2,354,720	2,764,543	2,318,646
Transfers	-	1,253,147	-	-	-	-	-	-	-	-
Total governmental activities	$ 16,664,195	$ 20,644,444	$ 13,460,793	$ 18,272,157	$ 10,336,674	$ 10,711,118	$ 14,931,457	$ 18,540,095	$ 21,607,366	$ 18,300,264
Total primary government revenue	$ 16,664,195	$ 20,644,444	$ 13,460,793	$ 18,272,157	$ 10,336,674	$ 10,711,118	$ 14,931,457	$ 18,540,095	$ 21,607,366	$ 18,300,264
Change in Net Position										
Governmental activities	$ 120,581,007	$ 84,374,116	$ 109,372,586	$ 70,289,770	$ 15,571,993	$ 211,865,942	$ 66,000,711	$ 315,865,528	$ 142,593,714	$ 287,130,884
Business-type activities*	17,894	(1,253,178)	-	-	-	-	-	-	-	-
Total primary government	$ 120,598,901	$ 83,120,938	$ 109,372,586	$ 70,289,770	$ 15,571,993	$ 211,865,942	$ 66,000,711	$ 315,865,528	$ 142,593,714	$ 287,130,884

*The Business-type Activates section reports transactions relating to the CNG fueling station. The CNG fueling station was closed in fiscal year 2017-2018.

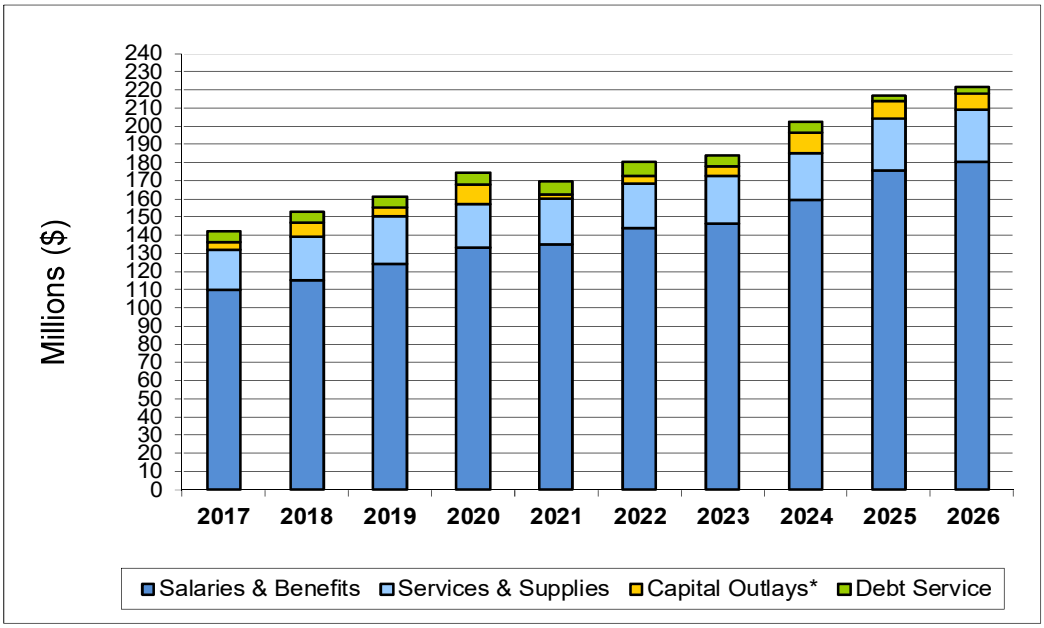
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund										
Nonspendable	$ 63,688	$ 56,684	$ 64,226	$ 65,321	$ 70,097	$ 62,658	$ 56,457	$ 97,689	$ 79,835	$ 72,251
Committed	7,382,453	11,237,530	12,295,440	12,365,231	11,068,442	11,353,639	12,235,251	15,276,812	16,477,730	14,100,604
Assigned	6,303,899	7,228,892	6,149,673	6,149,673	6,149,673	6,149,673	6,149,673	6,149,673	6,149,673	6,149,673
Unassigned	38,741,459	47,532,700	52,514,979	65,957,001	72,450,590	76,255,337	81,626,687	84,835,394	92,172,632	92,919,509
Total general fund	$ 52,491,499	$ 66,055,806	$ 71,024,318	$ 84,537,226	$ 89,738,802	$ 93,821,307	$ 100,068,068	$ 106,359,568	$ 114,879,870	$ 113,242,037
All Other Governmental Funds										
Restricted	$ 412,358,550	$ 464,158,310	$ 532,966,299	$ 587,283,400	$ 616,505,435	$ 811,767,338	$ 843,706,083	$ 1,122,986,528	$ 1,179,456,593	$ 1,364,634,233
Committed	54,549,958	51,447,457	67,570,416	52,652,530	63,535,402	55,115,903	49,990,744	30,408,528	26,800,642	36,562,536
Assigned	142,085,357	161,309,146	185,578,704	210,587,848	212,345,245	209,410,745	240,694,931	279,020,788	344,903,019	409,752,218
Unassigned	(1,554,957)	(57,656)	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 607,438,908	$ 676,857,257	$ 786,115,419	$ 850,523,778	$ 892,386,082	$ 1,076,293,986	$ 1,134,391,758	$ 1,432,415,844	$ 1,551,160,254	$ 1,810,948,987

Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Revenues:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Emission fees	$ 18,964,371	$ 22,786,661	$ 19,542,168	$ 20,781,427	$ 20,215,773	$ 20,433,832	$ 21,667,612	$ 21,380,049	$ 22,394,782	$ 22,162,138
Annual renewal fees	48,930,776	52,182,769	57,028,631	60,450,564	64,570,338	66,827,635	71,761,209	76,945,135	82,498,491	86,771,467
Area Sources	2,090,207	2,293,947	2,257,755	1,859,185	2,369,926	2,479,978	1,969,927	2,190,750	2,314,406	2,346,456
Permit processing fees	20,729,207	19,538,295	20,030,307	19,666,601	16,675,965	16,789,411	17,885,299	19,194,955	21,707,533	23,131,424
Mobile sources / Clean fuels	75,104,035	74,450,510	76,071,690	76,113,061	81,932,965	81,205,230	83,026,098	83,557,430	85,567,481	85,118,434
Air Toxics "Hot Spots"	2,645,644	2,538,246	2,184,519	2,933,672	2,727,444	2,867,455	3,141,051	3,164,130	3,252,717	3,443,847
Transportation program	840,322	845,718	977,223	1,069,607	704,936	618,838	637,405	1,094,749	795,937	995,969
Mitigation fees	-	-	-	-	-	-	-	-	30,790,477	26,404,506
Remediation program	-	-	-	-	-	-	-	-	19,183,044	42,290,553
State subvention	3,945,090	3,939,075	3,924,547	3,939,219	3,944,728	3,917,184	3,880,299	3,804,905	3,822,526	3,856,414
Federal grant	15,399,372	11,887,333	11,588,113	13,491,576	9,840,259	17,538,864	20,158,662	9,922,928	25,865,945	12,401,261
State grant	125,988,646	83,101,876	176,582,411	188,315,029	210,415,959	168,612,407	95,753,343	324,615,363	123,636,916	223,416,990
Interest revenue	6,296,761	10,739,589	18,059,326	15,364,892	5,302,646	6,084,783	34,871,955	56,298,860	63,699,439	59,280,939
Lease revenue	156,204	147,660	162,879	150,164	124,285	131,140	154,533	107,860	74,104	80,433
Source test/analysis fees	734,258	663,011	574,007	427,852	265,860	174,711	728,260	430,590	879,600	797,716
Hearing Board fees	187,733	351,979	187,308	357,937	274,352	286,331	322,319	818,469	785,375	216,771
Penalties and settlements	11,511,570	15,801,455	8,266,671	13,939,501	11,953,070	8,136,416	9,781,221	6,859,691	8,874,903	9,104,965
Subscriptions	1,097	436	970	972	-	676	81	-	-	-
Other revenues	27,575,590	29,871,943	39,449,420	38,697,237	17,697,155	118,591,822	15,943,413	27,447,986	10,067,374	12,284,004
Total revenues	$ 361,100,883	$ 331,140,503	$ 436,887,945	$ 457,558,496	$ 449,015,661	$ 514,696,713	$ 381,682,687	$ 637,833,850	$ 506,211,050	$ 614,104,287
Expenditures:										
Salaries and employee benefits	$ 110,040,224	$ 115,342,430	$ 124,376,220	$ 133,296,239	$ 135,197,844	$ 143,692,079	$ 146,549,272.00	$ 159,688,983	$ 175,406,791	$ 180,624,616
Insurance	1,131,980	1,503,440	1,733,653	1,059,265	1,203,093	1,815,361	1,447,642.00	2,288,753	2,818,507	2,588,228
Rent	540,386	550,641	606,592	676,950	797,754	402,588	385,583.00	382,239	405,636	441,758
Supplies	3,035,619	3,375,314	3,779,066	4,186,926	2,737,608	3,048,748	3,662,715.00	3,634,204	4,993,802	4,850,819
Contract and special services	108,413,444	109,427,946	172,084,692	215,238,478	241,794,852	158,176,955	144,328,551.00	146,409,853	170,250,564	147,665,656
Maintenance	1,287,341	1,787,868	2,109,924	1,784,818	1,938,322	1,771,200	2,354,512.00	2,103,225	2,306,482	2,364,066
Travel and auto	877,137	1,107,393	1,141,882	877,886	459,515	621,348	715,073.00	846,647	909,812	855,856
Utilities	1,411,075	1,520,114	1,427,124	1,429,880	1,542,238	1,590,643	1,599,383.00	1,985,398	1,872,518	1,936,630
Communications	577,753	614,018	647,865	821,324	1,001,554	1,213,368	1,008,959.00	875,776	863,121	788,712
Uncollectible accounts	400,929	412,184	479,519	590,803	691,419	957,286	667,194.00	928,392	1,268,688	2,009,892
Other expenditures	2,023,075	1,996,218	2,110,673	3,611,532	2,077,377	2,661,906	5,008,487.00	1,862,527	7,961,512	4,423,185
Capital outlay	4,669,042	4,583,914	4,973,661	8,872,504	5,316,656	3,083,193	3,880,971.00	6,357,220	7,120,707	7,290,586
Capital outlay - lease and SBITA	-	-	-	-	-	2,631,488	2,872,677.00	2,653,290	2,491,380	3,781,621
Debt service:										
Principal	3,331,010	3,432,798	3,553,110	3,686,641	3,840,443	4,006,881	3,780,000.00	4,010,000	-	-
Interest	3,863,482	3,756,716	3,637,290	3,503,983	3,353,106	3,186,361	348,736.00	118,896	-	-
Principal - lease and SBITA	-	-	-	-	-	434,423	1,541,375.00	1,800,730	2,520,565	3,087,416
Interest - lease and SBITA	-	-	-	-	-	43,964	59,701.00	225,421	247,633	220,979
Total expenditures	$ 241,602,497	$ 249,410,994	$ 322,661,271	$ 379,637,229	$ 401,951,781	$ 329,337,792	$ 320,210,831	$ 336,171,554	$ 381,437,718	$ 362,930,020
Excess (deficiency) of revenues over (under) expenditures	119,498,386	81,729,509	114,226,674	77,921,267	47,063,880	185,358,921	61,471,856	301,662,296	124,773,332	251,174,267
Other financing sources (uses):										
Transfer in	8,540,141	10,713,791	31,523,520	21,866,157	16,963,338	11,177,250	26,369,603	12,618,042	10,298,097	6,903,817
Transfer out	(8,540,141)	(9,460,644)	(31,523,520)	(21,866,157)	(16,963,338)	(11,177,250)	(26,369,603)	(12,618,042)	(10,298,097)	(6,903,817)
Lease and SBITA Financing	-	-	-	-	-	2,631,488	2,872,677	2,653,290	2,491,380	3,781,621
Total other financing sources (uses)	-	1,253,147	-	-	-	2,631,488	2,872,677	2,653,290	2,491,380	3,781,621
Net change in fund balances	$ 119,498,386	$ 82,982,656	$ 114,226,674	$ 77,921,267	$ 47,063,880	$ 187,990,409	$ 64,344,533	$ 304,315,586	$ 127,264,712	$ 254,955,888
Debt service as a percentage of noncapital expenditures	3.0%	2.9%	2.3%	1.9%	1.8%	2.4%	1.8%	1.9%	0.7%	0.9%

Schedule 5
Expenditures by Major Object
General Fund (Budgetary Basis)
Last Ten Fiscal Years



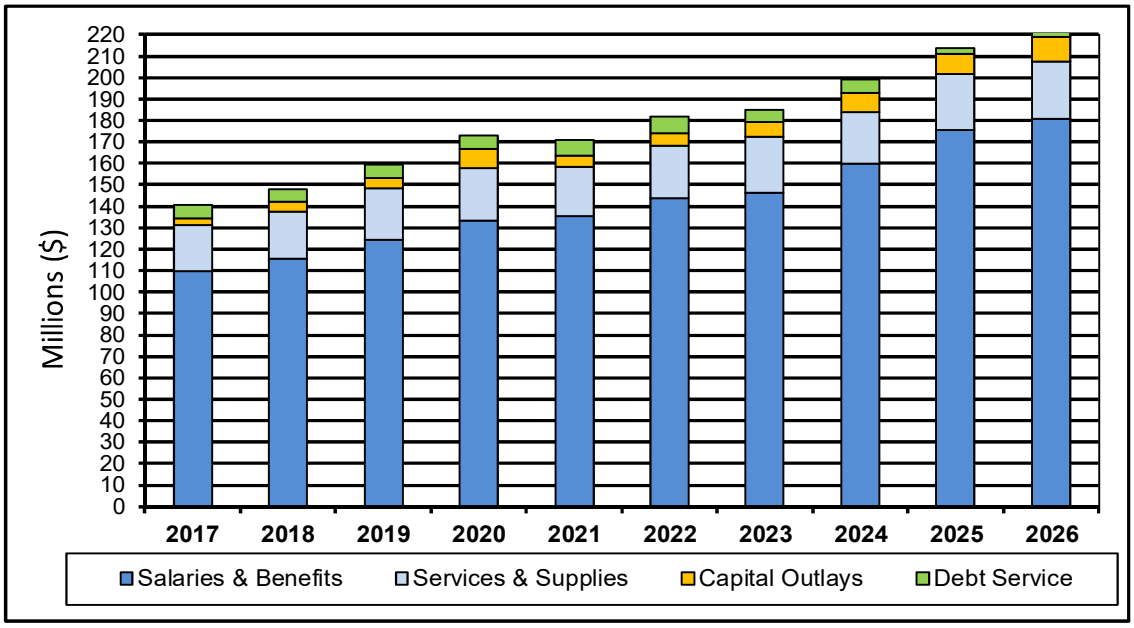
Year	Salaries & Benefits	Services & Supplies	Capital Outlays*	Debt Service	Total Expenditures
2017	$ 110,077,989	$ 21,757,613	$ 4,037,890	$ 6,194,492	$ 142,067,984
2018	115,425,019	23,951,490	7,301,002	6,189,514	152,867,025
2019	124,376,218	25,949,611	4,669,722	6,190,400	161,185,951
2020	133,296,238	23,474,861	11,172,630	6,190,624	174,134,353
2021	135,197,844	25,090,257	2,382,488	7,193,549	169,864,138
2022	143,692,079	24,726,818	3,984,927	7,671,629	180,075,453
2023	146,549,272	26,070,498	5,283,569	5,729,812	183,633,151
2024	159,688,983	25,601,994	11,048,245	6,155,048	202,494,270
2025	175,406,791	28,655,776	9,888,083	2,768,196	216,718,846
2026	180,624,616	28,448,159	9,043,055	3,308,395	221,424,225

*For year 2017-2023, capital outlays do not include GASB 87 leases and GASB 96 SBITA

See Notes Associated with Financial Charts page 112

Source:
South Coast Air Quality Management District Audited Financial Statements

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
2017	$ 110,040,224	$ 20,903,669	$ 3,455,686	$ 6,194,492	$ 140,594,071
2018	115,342,430	21,995,126	4,579,695	6,189,514	148,106,765
2019	124,376,220	23,933,151	4,973,661	6,190,400	159,473,432
2020	133,296,239	24,470,945	8,872,504	6,190,624	172,830,312
2021	135,197,844	22,937,861	5,316,656	7,193,549	170,645,910
2022	143,692,079	24,524,436	5,714,681	7,671,629	181,602,825
2023	146,549,272	25,763,835	6,753,648	5,729,812	184,796,567
2024	159,688,983	24,090,304	9,010,510	6,155,047	198,944,844
2025	175,406,791	26,101,920	9,612,087	2,768,198	213,888,996
2026	180,624,616	27,004,017	11,072,207	3,308,395	222,009,235

See Notes Associated with Financial Charts page 112

Source: South Coast Air Quality Management District Audited Financial Statements

Schedule 7
Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands)

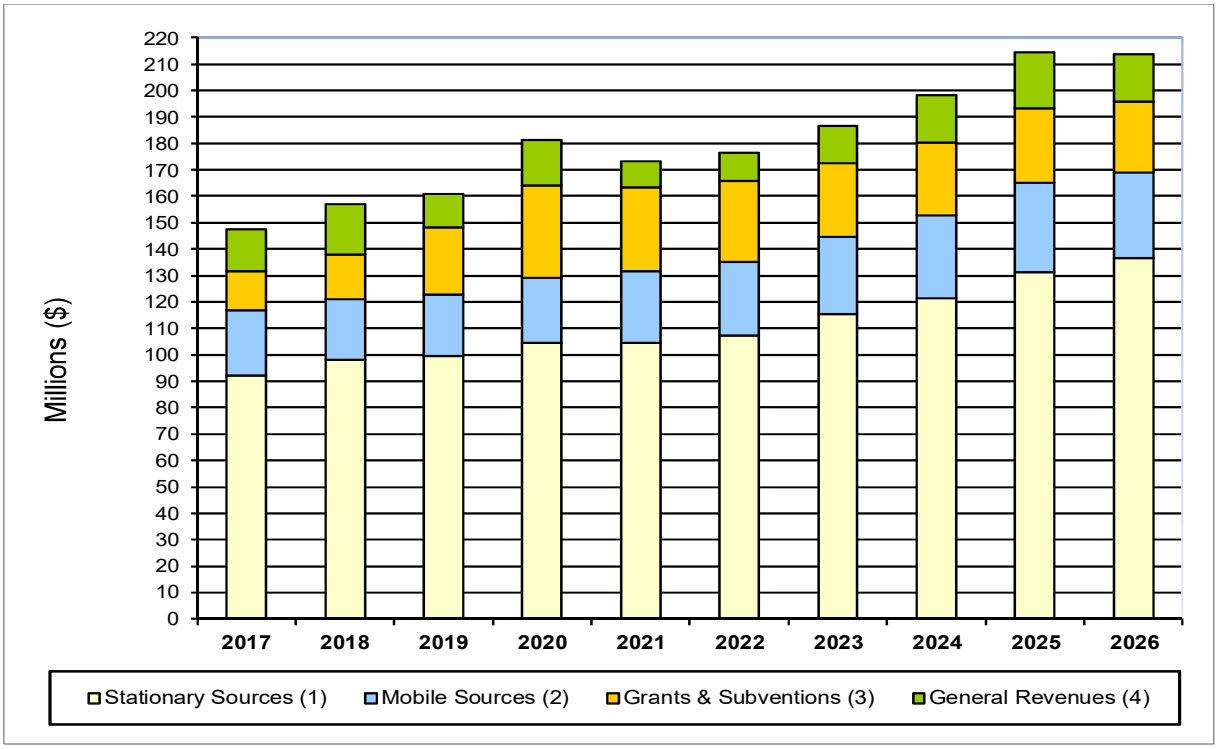
Fiscal Year	Pension Obligation Bonds	Lease Liability	Subscription Liability	Total Primary Government	Percentage of Total Revenues (*)	Number of Customers	Debt Per Customer
2017	26,310	-	-	26,310	17.86%	26	1.0
2018	22,877	-	-	22,877	14.58%	27	0.8
2019	19,324	-	-	19,324	12.01%	27	0.7
2020	15,637	-	-	15,637	8.63%	26	0.6
2021	11,797	-	-	11,797	6.82%	25	0.5
2022	7,790	2,197	-	9,987	5.66%	26	0.4
2023	4,010	2,298	1,311	7,619	4.08%	25	0.3
2024	-	3,316	1,121	4,437	2.24%	25	0.2
2025	-	2,587	1,941	4,528	2.11%	26	0.2
2026	-	2,171	3,002	5,173	2.42%	24	0.2

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

The Series 2004 Pension Obligation Bonds were paid in full as of June 30, 2024.

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

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
2017	$ 92,189,311	$ 24,574,498	$ 14,768,699	$ 15,810,131	$ 147,342,639
2018	98,060,961	22,861,428	17,207,484	18,805,726	156,935,599
2019	99,546,576	23,198,491	25,350,511	12,853,554	160,949,132
2020	104,590,911	24,587,585	34,848,083	17,251,668	181,278,247
2021	104,547,326	26,905,822	31,759,255	9,821,427	173,033,830
2022	107,296,735	27,772,271	30,909,330	10,333,464	176,311,800
2023	115,340,032	29,308,987	27,804,097	14,080,638	186,533,754
2024	121,432,107	31,230,918	27,666,489	17,985,496	198,315,010
2025	131,385,034	33,655,280	28,293,372	21,158,802	214,492,488
2026	136,523,363	32,553,616	26,761,123	17,849,862	213,687,964

(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

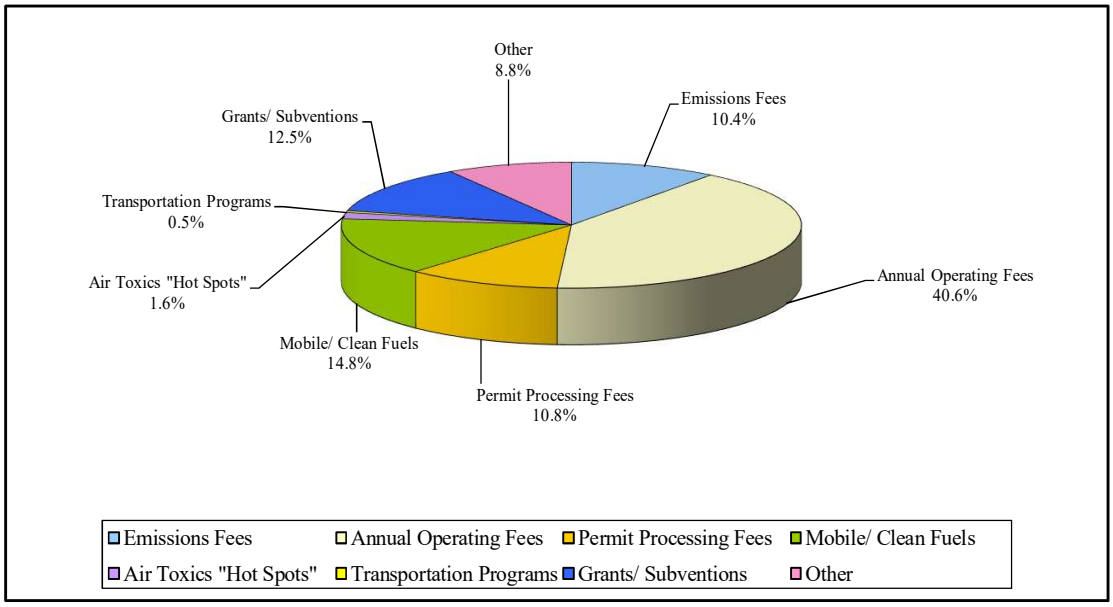
(3) Includes State Subventions, State Grants and Federal Grants

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

See Notes Associated with Financial Charts page 113

Source: South Coast Air Quality Management District Audited Financial Statements

Schedule 9
Revenues by Fee Source
General Fund
Last Ten Fiscal Years



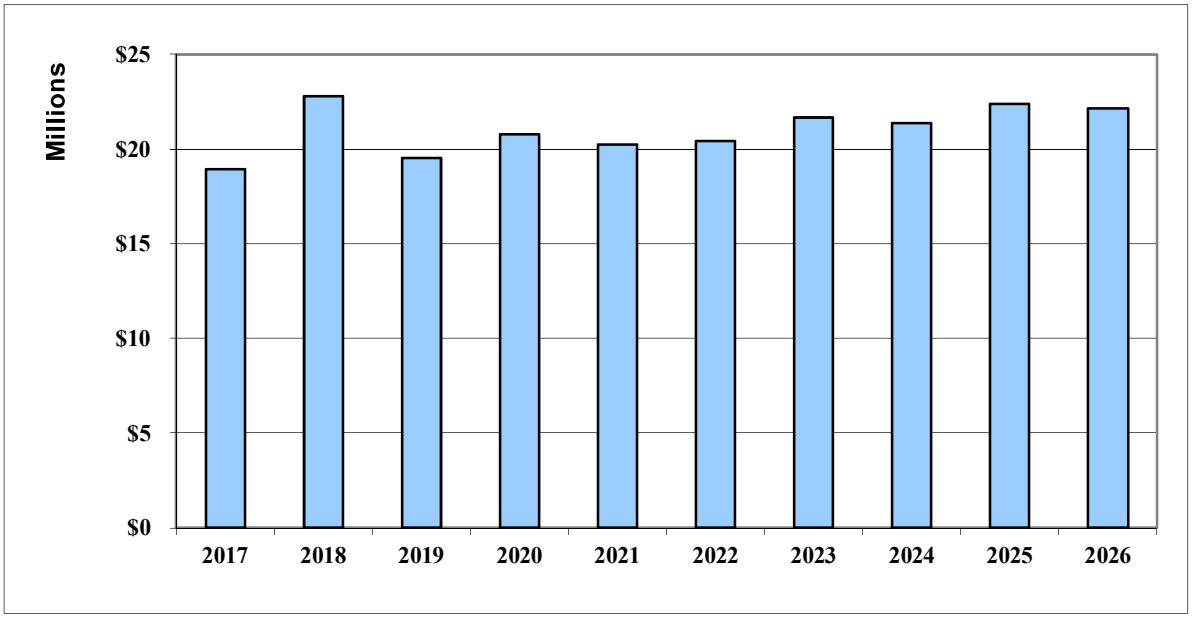
	Fee Source Revenue								
Year	Emissions Fees	Annual Operating Fees	Permit Processing Fees	Mobile/ Clean Fuels	Air Toxics "Hot Spots"	Transportation Programs	Grants/ Subventions	Other	Total
2017	$ 18,964,371	$ 48,930,776	$ 20,729,207	$ 23,734,176	$ 2,642,966	$ 840,322	$ 14,768,699	$ 16,732,122	$ 147,342,639
2018	22,786,661	52,182,769	19,538,295	22,015,710	2,538,246	845,718	17,207,484	19,820,716	156,935,599
2019	19,542,168	57,028,631	20,030,307	22,221,268	2,184,155	977,223	25,350,511	13,614,869	160,949,132
2020	20,781,427	60,450,564	19,666,601	23,517,978	2,906,530	1,069,607	34,848,083	18,037,457	181,278,247
2021	20,215,773	64,570,338	16,675,965	26,200,886	2,545,038	704,936	31,759,255	10,361,639	173,033,830
2022	20,397,707	66,827,635	16,789,411	27,153,433	2,820,940	618,838	30,909,330	10,794,506	176,311,800
2023	21,667,612	71,761,209	17,885,299	28,671,582	2,975,333	637,405	27,804,097	15,131,217	186,533,754
2024	21,380,049	76,945,135	19,194,955	30,136,169	2,662,910	1,094,749	27,666,487	19,234,556	198,315,010
2025	22,394,782	82,498,491	21,707,533	32,859,344	3,119,253	795,937	28,293,372	22,823,776	214,492,488
2026	22,162,138	86,771,467	23,131,424	31,557,647	3,443,847	995,969	26,761,123	18,864,349	213,687,964

* 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 114

Source:
South Coast Air Quality Management District Audited Financial Statements

Schedule 10
Emission Fee Revenues
Last Ten Fiscal Years



Year	Emission Fees
2017	$ 18,964,371
2018	22,786,661
2019	19,542,168
2020	20,781,427
2021	20,215,773
2022	20,433,832
2023	21,667,612
2024	21,380,049
2025	22,394,782
2026	22,162,138

See Notes Associated with Financial Charts page 114

Source: South Coast Air Quality Management District Audited Financial Statements

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

- The increase in 2026 Salaries and Benefits is mainly due to higher costs associated with the labor.
- The increase in 2025 Salaries and Benefits is mainly due to higher costs associated with the labor agreements and rising retirement contribution rates. Series 2024 Pension Obligation Bonds was fully paid off in fiscal year 2024, which resulted in a decrease in debt service.
- The increase in 2024 Capital Outlay expenditures is due to large purchases of monitoring & analysis equipment for the MATES VI program. Salaries and benefits increased due to increase in funded positions, cost increases associated with labor agreements.
- The increased expenditures in 2023 Salaries and Benefits is mainly due to increase in funded positions, cost increases associated with labor agreement and increased retirement rates.
- The increase in 2022 Salaries and Benefits is due to the addition of funded positions, cost increases associated with labor agreement, and increased retirement rates.
- The decrease in 2021 Capital Outlays expenditures is due to large purchases of monitoring and analysis equipment in 2020 for AB 617 and Rule 1180 programs.
- The increase in both Salaries and Benefits and Capital Outlays from FY 2018-19 is due to the third year of a three-year labor agreement, and the continued implementation of revenue-offset programs such as AB 617, Rule 1180, and VW Mitigation Settlement.
- The increase is due to adding 47 positions for the Community Air Protection Program (CAPP) and the costs associated with the three year labor agreement that went into effect in the third quarter of FY 2017-18. There is also an increase in Retirement Expenditure based on the contribution rates provided from the San Bernardino County Retirement Association (SBCERA).
- The increase in 2018 expenditures from 2017 is mainly due to the adding positions for the AB 617 and AB 134 programs and the costs associated with the three year labor agreement and with State Disability Insurance, employer share of unemployment insurance, Social Security and Medicare.
- The increase in 2017 expenditures from 2016 is mainly due to the hiring of some grant funded positions and the contribution rates provided from the SBCERA.

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

- The increase in 2026 Salaries and Benefits is mainly due to higher costs associated with the labor agreements and increase of capital outlays due to a large subscription agreement.
- The increase in 2025 Salaries and Benefits is mainly due to higher costs associated with the labor agreements and rising retirement contribution rates. Series 2024 Pension Obligation Bonds was fully paid off in fiscal year 2024, which resulted in a decrease in debt service.
- The increase in 2024 Capital Outlay expenditures is due to large purchases of monitoring & analysis equipment for the MATES VI program. Salaries and benefits increased due to increase in funded positions, cost increases associated with labor agreements.
- The increased expenditures in 2023 Salaries and Benefits is mainly due to the addition of funded positions, cost increases associated with labor agreement and increased retirement rates.
- The increase in 2022 Salaries and Benefits is due to the addition of funded positions, cost increases associated with labor agreement, and increased retirement rates.
- The decrease in 2021 Capital Outlays expenditures is due to large purchases of monitoring and analysis equipment in 2020 for AB 617 and Rule 1180 programs.

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

Schedule 8 - Revenues by Major Source (General Fund)

- The increase in 2026 stationary sources revenue is mainly due to the 3.0% CPI fee increase. The decrease in general revenue is primarily due to lower interest income and lower penalties and settlements. Interest rates are lower than prior year, and penalties and settlements vary from year to year.
- The increase in 2025 revenue is mainly due to annual operating and permit fees that were increased by a 3.5% CPI plus 2% fee increase approved in FY 2023-2024 and an additional 1.5% fee increase approved in FY 2024-2025. Increase in Mobile Source / Clean Fuels was due to increase in reimbursement to the general fund.
- The increase in 2024 revenue is mainly due to annual operating and permit fees that were increased by a 5.6% CPI plus 2% fee increase above CPI. Increase in Mobile Source/Transportation program was due to increase in reimbursement to the general fund.
- The increase in 2023 revenue is mainly due to a 6.5% CPI fee increase in most stationary source fees.
- The increase in 2022 revenue is mainly due to an increase in annual operating permit renewal fees which were based on the following: 1.) 1.7% CPI fee increase; and 2.) the restoration of the FY 2020-21 CPI fee increase of 2.8% that was credited to fee payers at the time of billing.
- The decrease in 2021 revenue is mainly due to large one-time penalties/settlements received in 2020 under the General Revenue category. No large penalties/settlements were received in 2021.
- The increase in 2020 revenue reflects annual renewal fee increases under Stationary Sources and state grant increases under Grants & Subventions. South Coast AQMD received new funding from the operation portion of CAPP.
- The increase in 2019 revenue is mainly due to the increase in State Grants related to the new funding for the implementation portion of CAPP.
- The increase in 2018 revenue reflects emission fees increase under the stationary sources and large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations under the General Revenue category.
- The large increase in 2017 revenue reflects large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.

Schedule 9 - Revenues by Fee Source (General Fund)

- The increase in 2026 fee source revenue is mainly due to the 3.0% CPI fee increase. The decrease in other revenue is primarily due to lower interest income and lower penalties and settlements. Interest rates are lower than prior year, and penalties and settlements vary from year to year.
- The increase in 2025 revenue is mainly due to annual operating and permit fees that were increased by a 3.5% CPI plus 2% fee increase approved in FY 2023-2024 and an additional 1.5% fee increase approved in FY 2024-2025. Increase in Mobile Source / Clean Fuels was due to increase in reimbursement to the general fund.
- The increase in 2024 revenue is mainly due to annual operating permit renewal fees are increased based on a 5.6% CPI plus 2% fee increase, and Mobile Source / Transportation program increased because of reimbursement to the general fund expenditures.
- The increase in 2023 revenue is mainly due to a CPI increase of 6.5% for annual operating and permit fees.
- The increase in 2022 revenue is mainly due to an increase in annual operating permit renewal fees which were based on the following: 1.) 1.7% CPI fee increase; and 2.) the restoration of the FY 2020-21 CPI fee increase of 2.8% that was credited to fee payers at the time of billing.
- The decrease in 2021 revenue is mainly due to large one-time penalties/settlements received in 2020. No large penalties/settlements were received in 2021.
- The increase in 2020 revenue is mainly due to the 3.5% CPI increase. Also included was 10.66% increase for Title V permits.
- The increase in 2019 revenue is mainly due to the 3.4% CPI increase. Also included was 4% increase on non-Title V annual operating permit renewal fees and 10.66% increase for Title V permits.
- The increase in 2018 revenue from 2017 is mainly due to the increase of emission fees. Other revenues increased because the South Coast AQMD received large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.
- Other revenues increased significantly in 2017 because the South Coast AQMD received large penalties/settlements from facilities that were found not to be in compliance with South Coast AQMD rules and regulations, which increased the General Revenue category.

Schedule 10 – Emission Fee Revenues

- There was a slight decrease in emission fees revenue in 2026 due to less facilities paying emission fees.
- The increase in 2025 emission fee revenue is mainly due to the 3.5% CPI increase.
- There was a slight decrease in emission fees revenue in 2024 due to less facilities paying emission fees.
- The increase in 2023 revenue is mainly due to a 6.5% CPI fee increase.
- There was a slight increase in emission fees revenue in 2022 due to an increase of the following: 1.) 1.7% CPI fee increase; and 2.) the restoration of the FY 2020-21 CPI fee increase of 2.8% that was credited to fee payers at the time of billing.
- There was a slight decrease in emission fees revenue in 2021 due to decreasing emissions.

- The increase in 2020 emission fee revenue is mainly due to the 3.5% CPI increase.
- 2019 emission fees revenue was lower than 2018 because of an emissions audit conducted and additional emission fees were collected in 2018.
- There was an increase in emission fees revenue in 2018 related to fee increase.
- There was a small decrease in emission fees revenue in 2017 due to gradually decreasing emissions.

Schedule 11
Revenue Capacity
Largest Payers of Emission-Based Fees at a Single Location
Current Year and Ten Years Ago

Payer	FY 2025-2026			FY 2015-2016		
	Payment	Rank	% of Total Emission Fee	Payment	Rank	% of Total Emission Fee
Torrance Refinery Co LLC (Formerly Exxon Mobil Corporation)	$ 3,638,871	1	16.4%	$ 1,615,185	3	8.5%
Chevron Products	2,289,710	2	10.3%	1,725,097	2	9.1%
Tesoro Refining and Marketing *	2,258,245	3	10.2%	1,969,421	1	10.4%
Tesoro Refining and Marketing (Formerly Equilon)	1,133,896	4	5.1%	1,224,977	4	6.5%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	780,192	5	3.5%	912,510	5	4.8%
Ultramar Incorporated	648,813	6	2.9%	543,804	7	2.9%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	553,618	7	2.5%	730,636	6	3.8%
Chiquita Canyon LLC	324,134	8	1.5%			
Equilon Enterprises, LLC, Shell Oil Products US (formerly Texaco Refining)*	196,085	9	0.9%	104,023	19	0.5%
University of California, Los Angeles	134,498	10	0.6%			
SFPP, L.P.	117,591	11	0.5%			
Metal Container Corp	116,606	12	0.5%			
Anheuser-Busch Incorporated	109,107	13	0.5%	131,775	16	0.7%
OC Waste & Recycling, FRB	104,890	14	0.5%			
Kinder Morgan Liquids Terminals, LLC	103,736	15	0.5%			
LA County Sanitation District*	98,523	16	0.4%	167,345	11	0.9%
Calnev Pipe Line, LLC	95,383	17	0.4%			
US Government Department of Navy	91,693	18	0.4%			
California Steel Industries Inc.	91,646	19	0.4%			
Brea Parent 2007, LLC	85,603	20	0.4%			
Tesoro Refining and Marketing (formerly BP ARCO West Coast Products)*				465,331	8	2.5%
City of Long Beach, SERRF Project				237,235	9	1.2%
Southern California Edison (formerly Mountainview Generating Station)				216,534	10	1.1%
New Indy Ontario LLC				155,316	12	0.8%
Dart Container Corp of California				153,258	13	0.8%
Desert View Power				152,026	14	0.8%
Beta Offshore				147,756	15	0.8%
Cal Portland Cement Company				119,138	17	0.6%
Southern California Gas Company				105,820	18	0.6%
Owens Brockway Glass Container Inc				97,275	20	0.5%
Total Paid by Largest Payers at a Single Location	$ 12,972,840		58.5%	$ 10,974,462		57.8%
Total Emissions Based Fees Paid by All Emitters	$ 22,162,138			$ 18,984,919		

*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 passenger cars.

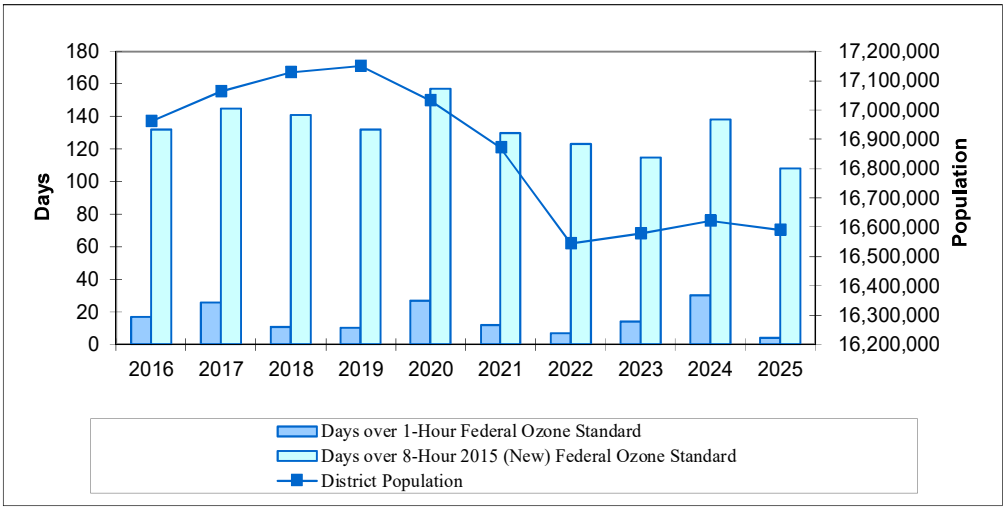
Orange County is the third most populated county in the state and lies south of Los Angeles County. When created in 1889, Orange County was named for its abundance of orange groves and thriving agricultural industry. Today, the largest industry employers are trade, transportation, and utilities, professional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

The varied topography of ***Riverside County*** is characterized by fertile river valleys to rolling plains and foothills to deserts below sea level and mountain peaks above 10,000 feet. Recent years have brought dramatic population growth to Riverside County. The population is expected to increase by 0.38 percent in 2025. Annual growth in the 2025 - 2030 period is expected to average 0.53 percent. The county's early years were linked to the agriculture industry, but commerce, construction, manufacturing, transportation, and tourism have contributed to the county's substantial growth. The County is also a major distribution center for Southern California and the Pacific Rim.

Roughly 90 percent of ***San Bernardino County*** is desert and the remaining portion consists of the San Bernardino Valley and San Bernardino Mountains. San Bernardino County and Riverside County are collectively known as the Inland Empire. San Bernardino population growth from 2025 to 2030 is expected to average 0.51 percent per year. The economy is led by services, government, retail trade, and manufacturing industries. Additionally, the county consistently ranks in the top fifteen agricultural-producing counties in the state.

All four counties within the South Coast Air Quality Management District's jurisdiction have experienced 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.

Schedule 12
South Coast Air Basin Smog Trend
Last Ten Calendar Years



Year	Days over 1-Hour Federal Ozone Standard	Days over 8-Hour 2015 (New) Federal Ozone Standard	District Population
2016	17	132	16,962,478
2017	26	145	17,063,249
2018	11	141	17,127,040
2019	10	132	17,150,993
2020	27	157	17,031,233
2021	12	130	16,870,867
2022	7	123	16,543,065
2023	14	115	16,578,000
2024	30	138	16,620,312
2025	4	108	16,591,470

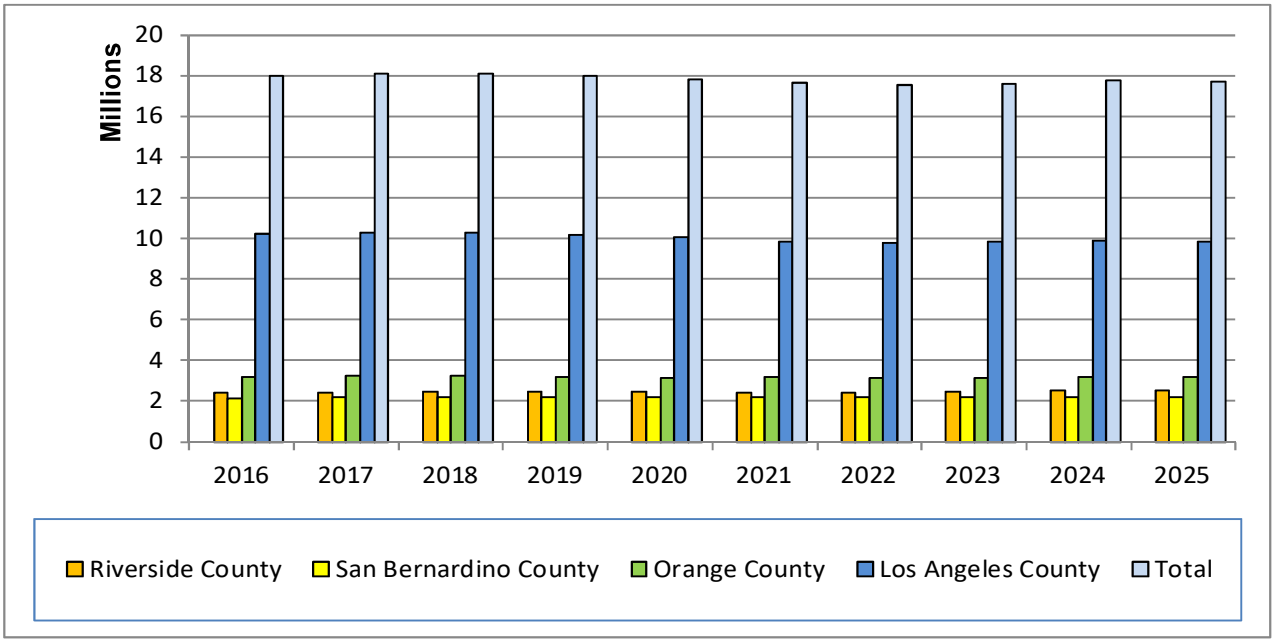
Notes:

- Favorable weather conditions and continued implementation of the air pollution control strategy contributed to the significant decrease in Days over the 1-Hour Ozone Standard in the recent decades.
- In 1997, the federal government implemented the 8-hour ozone National Ambient Air Quality Standard. The standard was revised in 2015 from 75 ppb to 70 ppb.

Source:

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

Schedule 13
Four-County Area Population
Last Ten Calendar Years

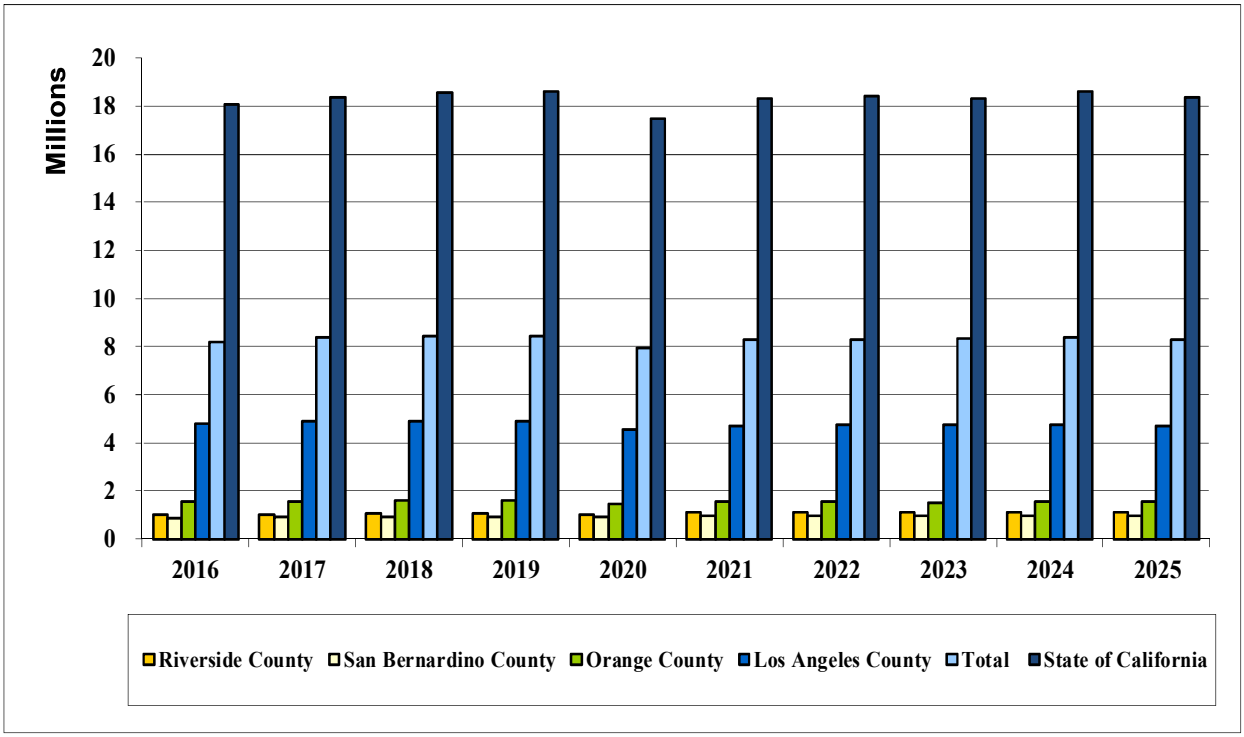


Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	% Increase
2016	2,384,783	2,160,256	3,194,024	10,241,278	17,980,341	0.38%
2017	2,415,955	2,174,938	3,221,103	10,283,729	18,095,725	0.64%
2018	2,440,124	2,192,203	3,222,498	10,253,716	18,108,541	0.07%
2019	2,442,304	2,180,537	3,194,332	10,172,951	17,990,124	-0.65%
2020	2,454,453	2,175,909	3,153,764	10,044,458	17,828,584	-0.90%
2021	2,435,525	2,187,665	3,162,245	9,861,224	17,646,659	-1.02%
2022	2,439,234	2,182,056	3,137,164	9,761,210	17,519,664	-0.72%
2023	2,442,378	2,181,433	3,150,835	9,824,091	17,598,737	0.45%
2024	2,495,640	2,207,424	3,175,427	9,876,811	17,755,302	0.89%
2025	2,506,824	2,216,685	3,163,696	9,837,286	17,724,491	-0.17%

South Coast AQMD encompasses all of Orange County and parts of the Los Angeles, Riverside, and San Bernardino Counties, representing over 17 million residents.

Source:
California Department of Finance - Demographic Research Unit
www.dof.ca.gov/budgeting/documents

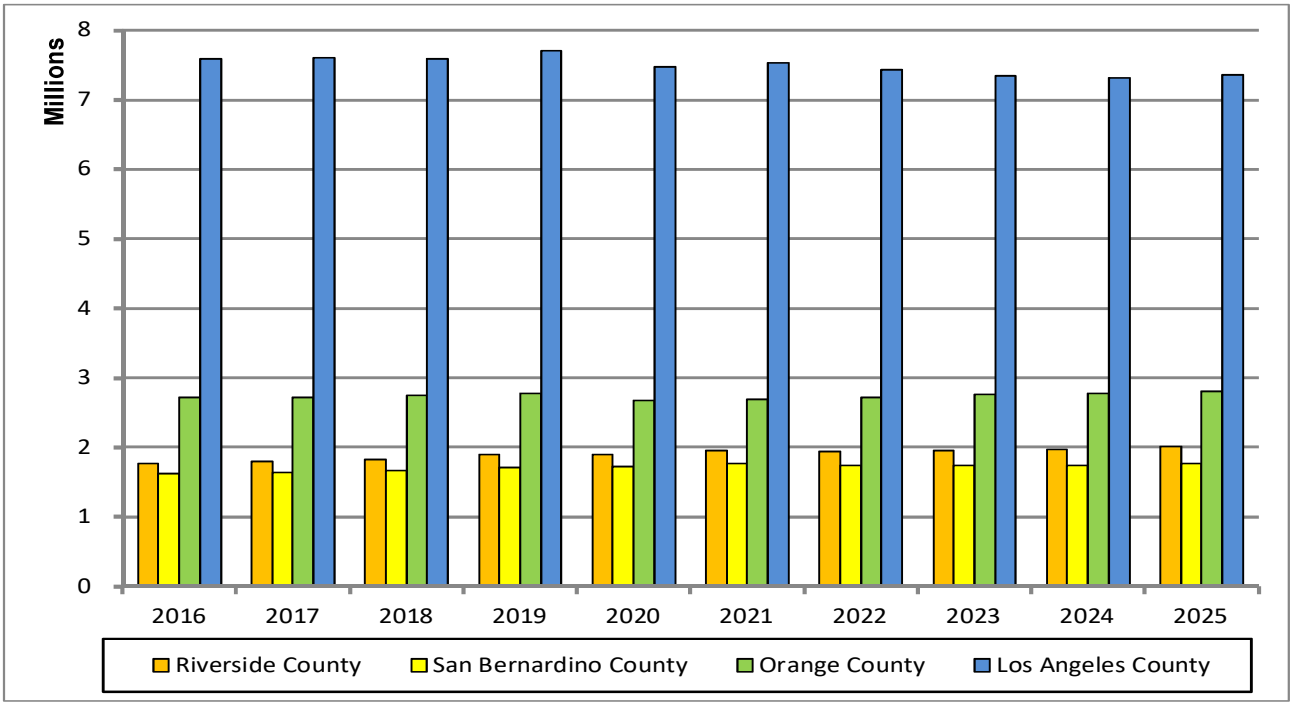
Schedule 14
Los Angeles, Orange, Riverside, San Bernardino Counties, and State of California Civilian Employment
Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	State of California
2016	988,000	882,200	1,538,000	4,778,800	8,187,000	18,065,000
2017	1,016,200	904,200	1,562,600	4,883,600	8,366,600	18,393,100
2018	1,044,600	922,300	1,577,900	4,896,500	8,441,300	18,582,800
2019	1,057,900	930,700	1,578,300	4,894,300	8,461,200	18,627,400
2020	1,026,000	898,300	1,464,000	4,547,800	7,936,100	17,481,000
2021	1,101,000	962,200	1,530,200	4,703,800	8,297,200	18,346,900
2022	1,085,700	951,000	1,538,100	4,734,100	8,308,900	18,431,200
2023	1,093,100	958,600	1,525,200	4,760,400	8,337,300	18,317,300
2024	1,121,600	977,800	1,564,300	4,742,300	8,406,000	18,633,900
2025	1,111,900	962,500	1,533,200	4,690,500	8,298,100	18,382,100

Source:
State of California: Employment Development Department
www.labormarketinfo.edd.ca.gov/cgi/dataanalysis

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
2016	1,765,545	1,618,573	2,716,672	7,585,269	13,686,059
2017	1,799,962	1,642,888	2,713,892	7,599,579	13,756,321
2018	1,831,189	1,666,102	2,744,304	7,586,587	13,828,182
2019	1,891,381	1,713,142	2,770,175	7,704,244	14,078,942
2020	1,902,358	1,721,067	2,671,539	7,479,059	13,774,023
2021	1,955,968	1,770,186	2,694,696	7,537,787	13,958,637
2022	1,941,935	1,745,986	2,712,599	7,428,020	13,828,540
2023	1,955,826	1,741,144	2,757,352	7,352,893	13,807,215
2024	1,966,852	1,739,245	2,777,267	7,323,240	13,806,604
2025	2,018,037	1,768,276	2,807,768	7,358,208	13,952,289

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

Source:
California Department of Motor Vehicles - Estimated Vehicles Registered by County

Schedule 16
Full-time Equivalent South Coast AQMD Employees by Function/Program
Last Ten Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
FUNCTION:										
Executive Office	6	5	5	5	7	11	8	5	6	5
Clerk of the Boards	6	5	6	5	4	3	3	3	6	5
Legal	27	28	29	25	25	28	30	29	28	30
Finance	42	44	43	40	44	47	45	46	48	47
Administrative & Human Resources	33	36	34	34	33	35	39	45	42	42
Information Management	45	47	48	52	52	52	58	63	60	60
Planning, Rule Development & Area Sources										
Area Sources	94	111	117	125	127	110	121	126	124	122
Legislative, Public Affairs & Media	44	41	43	48	51	49	49	51	49	47
Science & Technology Advancement *	145	159	160	188	187	184	209	-	-	-
Technology Advancement Office	-	-	-	-	-	-	-	68	70	73
Monitoring & Analysis Division	-	-	-	-	-	-	-	146	150	147
Engineering & Permitting	133	133	122	132	129	131	152	170	170	162
Compliance & Enforcement	127	119	129	129	120	124	134	161	155	151
Community Engagement Air Programs**	-	-	-	-	-	-	-	-	24	24
Total	702	728	736	783	779	774	848	913	932	915

* In fiscal year 2023, Science & Technology Advancement split into two divisions: Technology Advance Office and Monitoring & Analysis Division.

** In fiscal year 2025, CEAP Community Engagement Air Programs was established

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

Schedule 17
Operating Indicators by Function
Last Ten Fiscal Years

Program Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Advance Clean Air Technology										
Contracts awarded	403	357	564	349	385	350	308	239	265	162
Total Funding awarded	$ 137,406,323	$ 170,391,084	$ 213,005,034	$ 127,879,802	$ 202,126,095	$ 172,638,535	$ 182,753,350	$ 77,394,895	$ 138,490,050	$ 122,089,017
Ensure Compliance with Clean Air Rules										
Inspections	21,419	24,692	24,289	27,595	25,658	31,310	30,790	45,395	44,783	38,554
Notices of Violations	632	1,626	2,724	2,076	838	899	1,173	1,655	2,169	1,776
Hearing Board Orders for Abatement	27	24	29	26	13	18	19	18	23	17
Hearing Board Appeals	3	1	2	3	2	1	-	-	3	-
Customer Service										
Public Information Requests	5,282	4,676	4,830	3,416	241	108	1,249	2,173	2,980	1,683
Community/Public Meetings attended	210	156	193	144	241	143	191	215	297	511
Small Business Assistance Contacts	2,834	4,073	3,043	3,357	3,840	3,184	2,761	3,261	3,852	3,854
Develop Programs to Achieve Clean Air										
Transportation Plans processed	1,348	1,356	1,357	1,335	1,319	1,126	1,091	1,171	1,275	1,250
Emission Inventory Updates**	244	343	294	269	336	1139	5,983	933	4,679	1,710
Develop Rules to Achieve Clean Air										
Rules Developed	15	28	44	14	19	32	28	32	29	40
Monitoring Air Quality										
Samples Analyzed by the Laboratory	38,541	36,342	33,258	30,225	25,501	23,185	21,098	19,887	40,354	33,432
Source Testing Analyses/Evaluations/Reviews	952	714	632	562	498	495	738	624	859	836
Timely Review of Permits										
Applications Processed	11,780	10,913	9,463	8,345	6,727	7,391	6,230	7,716	7,491	7,869
Applications Received-Small Business	535	605	541	485	438	381	362	456	361	346
Applications Received-All Others	8,376	9,172	8,131	8,070	6,767	8,030	6,627	7,934	6,562	7,786
Policy Support										
News Releases	86	120	99	126	179	197	125	135	170	176
Media Calls	1,201	-	-	-	-	-	-	-	-	-
Media Inquiries Completed	1,201	-	-	-	-	-	-	-	-	-
News Media Interactions*	-	1,235	633	672	2204	1,789	1,044	1,374	3,201	3,258

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

** Beginning with 2022, "Emission Inventory Updates" will include the entire emissions inventory that staff received and processed instead of only a subcategory of reports. Significant increase to reports in 2023 attributed to CARB's CTR regulation requiring many more facilities to report emissions.

Source: South Coast AQMD departments' records

Schedule 18
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Ensure Compliance with Clean Air Rules										
Number of vehicles assigned to field inspection	98	100	97	105	98	96	100	117	114	102
Monitoring Air Quality										
Number of air monitoring stations	43	41	41	43	42	43	37	34	34	32
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	222	224	224	260	256	260	250	228	225	198

Source: South Coast AQMD Human Resources and Monitoring and Analysis's records

Demographic and Miscellaneous Statistics
June 30, 2026

Established:	•February 1, 1977
Area Covered:	•10,743 Square Miles
Counties Included in District:	•All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties
Population (in 2025):	•16,591,470
Average Unemployment Rate (in 2025):	•Los Angeles County (5.3%) •Orange County (4.1%) •Riverside County (5.4%) •San Bernardino County (5.2%)
Transportation:	•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
Visitor Destinations:	•Disneyland, Knott's Berry Farm, Magic Mountain, Motion Picture and Television Studios and the Rose Bowl
Number of Registered Vehicles Within South Coast AQMD Jurisdiction (in 2025):	•13,952,289
Average Daily Miles Traveled Per Vehicle (CY 2025 data):	•26
Examples of Stationary Sources of Air Pollution Regulated:	•Oil Refineries, power plants, paint spray booths, incinerators, manufacturing facilities, dry cleaners, and service stations.
Number of Sources:	•24,309 operating locations with 67,102 permits.
Number of Air Monitoring Stations:	•32
Full-Time Authorized Positions:	•1,030
Adopted FY 2026-27 Budget:	•$225,195,464
Key Federal, State, and Local Air Agencies:	•EPA Region IX (Environmental Protection Agency) •CARB (California Air Resources Board) •CAPCOA (California Air Pollution Control Officer's Association) •NACAA (National Association of Clean Air Agencies) •ALAPCO (Association of Local Air Pollution Control Officials) •There are 35 local air pollution control districts in California.

Air Quality Historical Timeline



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

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

1943

1947

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

1950

Orange County APCD established

1957

San Bernardino and Riverside County APCDs formed

1966



California adopts first automobile tailpipe emission standards in the nation

1968

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

1970

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

1971

U.S. EPA adopts first national air quality standards

1975

Catalytic converters required for most gasoline-powered vehicles

1977

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

1978



Vapor recovery "boots" required on gas station nozzles

1986

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

MATES

1987

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



1989

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

1990

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



1998

Carl Moyer Program established to reduce mobile source emissions



2006

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



2011

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

2013

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

2017

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

2022

South Coast AQMD releases its most ambitious strategy to cut air pollution. The 2022 AQMP is the first Zero-emissions plan, aiming to reduce emissions by 70% by 2037.





South Coast
Air Quality Management District

21865 Copley Drive
Diamond Bar, CA 91765-4178

www.aqmd.gov

SOUTH COAST AIR QUALITY

MANAGEMENT DISTRICT

Single Audit Reports

For the Year Ended June 30, 2026

(With Independent Auditor's Reports Thereon)

- PRELIMINARY DRAFT - SUBJECT TO REVISION PRIOR TO SUBMISSION OF FINAL REPORT TO BE RETURNED TO SIMPSON AND SIMPSON, LLP, AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION DATE: 10.30.2026

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2026

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- PRELIMINARY DRAFT - SUBJECT TO REVISION PRIOR TO SUBMISSION OF FINAL REPORT, TO BE RETURNED TO SIMPSON AND SIMPSON, LLP, AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION DATE: 10.30.2026

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of the
South Coast Air Quality Management District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of the **South Coast Air Quality Management District** (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2026.

PRELIMINARY DRAFT
SUBJECT TO REVISION
TO BE SIGNED ON FINAL REPORT
SIMPSON & SIMPSON
AUTHORIZED TO SIGN
PER RODNEY
AND NOT TO BE
DISTRIBUTED
W/O OUR PERMISSION
DATE: 10/30/2026

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

- PRELIMINARY DRAFT - SUBJECT TO REVISION PRIOR TO SUBMISSION OF FINAL REPORT, TO BE RETURNED TO SIMPSON AND SIMPSON, LLP, AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION DATE: 10.30.2026

Los Angeles, California
October 30, 2026

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors of the
South Coast Air Quality Management District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **South Coast Air Quality Management District's** (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2026. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

PRELIMINARY DRAFT - SUBJECT TO REVIEW PRIOR TO SUBMISSION OF FINAL REPORT, TO BE RETURNED TO SIMPSON, LLP AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION! DATE: 10.30.2026

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

PRELIMINARY DRAFT
SUBJECT TO REVISION PRIOR TO
SUBMISSION OF FINAL REPORT
TO BE REVIEWED TO SIMPSON AND
SIMPSON, LLP AND NOT TO BE
REPRODUCED OR DISTRIBUTED
ANY FORM WITHOUT OUR PERMISSION
DATE: 10.31.2025

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 30, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

PRELIMINARY DRAFT
SUBJECT TO REVISION
SUBMISSION REQUIRED BY
REPORT ISSUED
ANY FORM

Los Angeles, California
October 30, 2026

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2026

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency:				
Air Pollution Control Program Support				
EPA Section 105 Air Grant	66.001	A00909426-0	$ -	$ 3,296,678
EPA Section 105 Air Grant	66.001	A00909425-0	-	1,158,194
EPA Section 105 Air Grant	66.001	A00909424-3	-	134,139
EPA Section 105 Air Grant	66.001	A00909423-3	500,000	500,000
Subtotal ALN 66.001			500,000	5,089,011
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				
PM 2.5 Monitoring	66.034	PM-97T49101-0	-	384,063
PM 2.5 Monitoring	66.034	PM-97T58501-0	-	289,337
National Air Toxics Trends Stations	66.034	XA-97T49201-0	-	266,046
Community Scale Air Toxics Monitoring-Mobile	66.034	XA-98T17501-3	-	3,631
IRA Monitoring Equipment	66.034	5A-98T63601-3	-	306,013
IRA Sensor Library	66.034	5X-98T58401-0	-	135,496
IRA Multipollutant Air Monitoring	66.034	5T-97T21901-0	-	178,665
Subtotal ALN 66.034			-	1,563,251
Diesel Emission Reduction Act (DERA) National Grants				
DERA-HD Truck Replacement (FY19)	66.039	DE-99T89501-3	-	1,961,277
DERA-Electrification Transport Refrigeration (FY20)	66.039	DE-98T08801-4	-	6,458
DERA Repl Diesel Cargo Handling Equipment (FY21)	66.039	DE-98T21501-3	-	577,397
DERA-ZE Heavy-Duty Drayage Truck Replacements (FY23)	66.039	DE-97T00301-3	-	4,934
Subtotal ALN 66.039			-	2,550,066
Climate Pollution Reduction Grants				
IRA-Climate Pollution Reduction Program (CPRG)	66.046	5E-97T15501-2	168,862	1,003,749
Subtotal ALN 66.046			168,862	1,003,749
Clean Heavy-Duty Vehicles Programs				
Clean HD Vehicle Program (CARE 4 Kids)	66.049	5Z-97T31101-0	-	22,635
Clean HD Vehicle Program (ELECTRIC)	66.049	5Z-97T31301-0	-	187,344
Subtotal ALN 66.049			-	209,979
State Environmental Justice Cooperative Agreement Program				
Title V Modernization	66.608	OS-84103001-0	-	7,200
Subtotal ALN 66.608			-	7,200
STAR (Science To Achieve Results) Program Passed through STAR UCLA: Development of a Reference Method for Open-Path Remote Sensing of Air Toxics	66.509	RD-84042601-3	-	25,796
Subtotal ALN 66.509			-	25,796

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2026

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Environmental Protection Agency:				
Congressionally Mandated Projects				
Targeted Air Shed - Volvo BE Excavator/Whl Loadr Pr	66.956	TA-99T92501-2	$ 270,000	$ 273,948
Targeted Air Shed - Daimler ZE Elect Delivery Truck	66.956	TA-99T92401-1	1,510,000	1,517,352
Targeted Air Shed - Volvo Switch-on Elect Freight Truck	66.956	TA-98T14801-1	-	28,022
Targeted Air Shed - Ocean Going Vessel/Buses	66.956	TA-98T17401-3	-	43,505
Targeted Air Shed - Lawn/Garden Equip Incentive/Exchange	66.956	TA-98T30401-0	-	15,357
Targeted Air Shed - Zero-Emission Freight Line-Haul Locomotive	66.956	TA-98T30601-0	-	3,996
Targeted Air Shed - Electric Truck Demo/School Buses	66.956	TA-98T36701-1	-	10,575
Targeted Air Shed - Plug in Hybrid Tugboat Project	66.956	TA-98T83801-0	-	46,688
Targeted Air Shed - Heavy Duty Fuel Cell Trucks Demonstration	66.956	TA-98T83901-0	-	1,427
Targeted Air Shed - Zero Emission Off-Road Asphalt Compactors	66.956	TA-98T84001-0	-	6,400
Subtotal ALN 66.956			1,780,000	1,947,270
Total U.S. Environmental Protection Agency			2,448,862	12,396,322
U.S. Department of Energy:				
Renewable Energy Research and Development				
Vessel Charging Infrastructure in the Port of Los Angeles	81.087	DE-EE0011400	-	2,405
Total U.S. Department of Energy			-	2,405
Total Expenditures of Federal Awards			$ 2,448,862	$ 12,398,727

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2026

1. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the South Coast Air Quality Management District (the District) for the year ended June 30, 2026. The District's reporting entity is defined in Note l of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. Summary of Significant Accounting Policies

Basis of Accounting - Funds received under the various grant programs have been recorded within the governmental funds of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note l of the District's basic financial statements.

Relationship to Financial Statements - Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Assistance Listing - The Assistance Listing numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Compliance Supplement.

3. Pass-through Entities' Identifying Numbers

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. Indirect Cost Rate

The District has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2026

Section I - Summary of Auditor's Results

Financial statements:

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? No
   - Significant deficiency(ies) identified not considered to be material weaknesses? No

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major programs:
   - Material weakness(es) identified? No
   - Significant deficiency(ies) identified not considered to be material weaknesses? No

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Identification of major programs:

Assistance Listing Number	Name of Federal Program
66.001	U.S. Environmental Protection Agency Air Pollution Control Program Support
66.039	U.S. Environmental Protection Agency Diesel Emission Reduction Act (DERA) National Grants
66.046	U.S. Environmental Protection Agency Climate Pollution Reduction Grants

7. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? No

8. Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

9. Auditee qualified as a low-risk auditee? Yes

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Section II – Financial Statement Finding

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

- PRELIMINARY DRAFT - SUBJECT TO REVISION PRIOR TO SUBMISSION OF FINAL REPORT, TO BE RETURNED TO SIMPSON AND SIMPSON, LLP, AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION DATE: 10.30.2026

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2026

Section II – Financial Statement Finding

There were no audit findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

There were no audit findings in the prior year.

- PRELIMINARY DRAFT - SUBJECT TO REVISION PRIOR TO SUBMISSION OF FINAL REPORT, TO BE RETURNED TO SIMPSON AND SIMPSON, LLP, AND NOT TO BE REPRODUCED OR DISTRIBUTED IN ANY FORM WITHOUT OUR PERMISSION DATE: 10.30.2026

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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November 4, 2026

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information of the South Coast Air Quality Management District (the District) as of and for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during Fiscal Year 2026.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

> Management's estimate of deferred outflows/inflows of resources, net pension liability, net OPEB liability/asset, pension expense, and OPEB expense is based on estimates that are prepared by the San Bernardino County Employees' Retirement Association (SBCERA) actuary based on information provided by participating employers, and Milliman, Inc. based on information provided by management.
>
> Management's estimate of the useful life of capital assets used for depreciation that are prepared by the District based on information from management's capitalization policy.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were none noted. Additionally, there were no misstatements detected as a result of audit procedures.

The following material misstatements detected was detected and corrected by management:

During fiscal year 2026, error correction resulted in adjustments to and restatements of beginning net position and fund balance. It was found by management that GHG Reduction Projects Special Revenue Fund incorrectly over-accrued an invoice in previous fiscal year, resulting in an overstatement of expenditures and liabilities.

The beginning balance has been adjusted in the amount of $3,195,012 to reflect an increase of the fund balance for the prior period.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 4, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis on pages 4 through 18 and the required supplementary information on pages 65 through 72, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information on pages 73 through 100, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the supplementary information on pages 101 to 125 which accompany the financial statements but is not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Simpson & Simpson

Simpson and Simpson, LLP

FISCAL YEAR 2026
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
PRESENTATION OF AUDIT RESULTS
TO THE
ADMINISTRATIVE COMMITTEE



November 13, 2026



Simpson & Simpson, LLP

AGENDA

- Auditor's Required Communication (SAS 114)
- Audit Results of the Basic Financial Statements
- Audit Results of the Single Audit
- Questions

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Auditor's Required Communications SAS 114

1. ***Our Responsibility under Generally Accepted Auditing Standards (GAAS)***

   - ❑ Consider internal control to the extent necessary to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control
   - ❑ Design and implement audit procedures based on our understanding of the District to gain reasonable, not absolute, assurance as to the absence of material misstatements in the financial statements
   - ❑ Perform tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts
   - ❑ Opine on financial statements based on our audit

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Auditor's Required Communications SAS 114 (continued)

2. Significant Accounting Policies

- The District's significant accounting policies are described in Note 1 to the financial statements and are in accordance with generally accepted accounting principles and consistent with industry practices and standards.
- All significant transactions have been recognized in the financial statements in the proper period.

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Auditor's Required Communications
SAS 114 (continued)

3. Management Judgments and Accounting Estimates

- Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments.

- We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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Auditor's Required Communications
SAS 114 (continued)

4. *Corrected Misstatements*

- During fiscal year 2026, an error correction identified by management resulted in adjustments to and restatements of beginning net position and fund balance. It was found that a prior-year invoice over accrual, resulted in a $3.2 million increase in beginning net position and fund balances. Refer to Note X.

5. *Uncorrected Misstatements*

None.

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Auditor's Required Communications
SAS 114 (continued)

6. No Disagreements or Difficulties with Management

- ❑ There were no disagreements with management on financial accounting and reporting matters that.

7. No Consultations with Other Accountants

- ❑ To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year.

8. Management Representations

- ❑ We have requested certain representations from management that are included in the management representation letter dated November 4, 2026.

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Audit Results of the Basic Financial Statements

1. ***Unmodified Opinion***

   - ❑ Unmodified opinion with respect to the governmental activities, each major fund, the blended component unit, and the aggregate remaining fund information.

2. ***Government Auditing Standards Opinion***

   - ❑ Internal Control Over Financial Reporting
     - ❑ No material weaknesses
     - ❑ No significant deficiencies
   - ❑ Compliance
     - ❑ No instances of noncompliance noted

3. ***Areas Brought to Management's Attention***

   - ❑ A Management Letter with comments was discussed with individual departments who have agreed to our recommendations and provided a response for improvements."

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Audit Results of the Single Audit

4. OMB Uniform Guidance Audit Opinion - Unmodified

- Compliance & Internal Control Over Compliance
  - ❑ No material weaknesses
  - ❑ No significant deficiencies
  - ❑ No instances of noncompliance noted

5. Follow-up on Prior Year Findings

- No matters were reported.

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Questions & Answers

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Thank You

Back to Agenda

FY 2026-27
1st Quarter Goals & Priority Objectives and Budget vs. Actual (Unaudited)

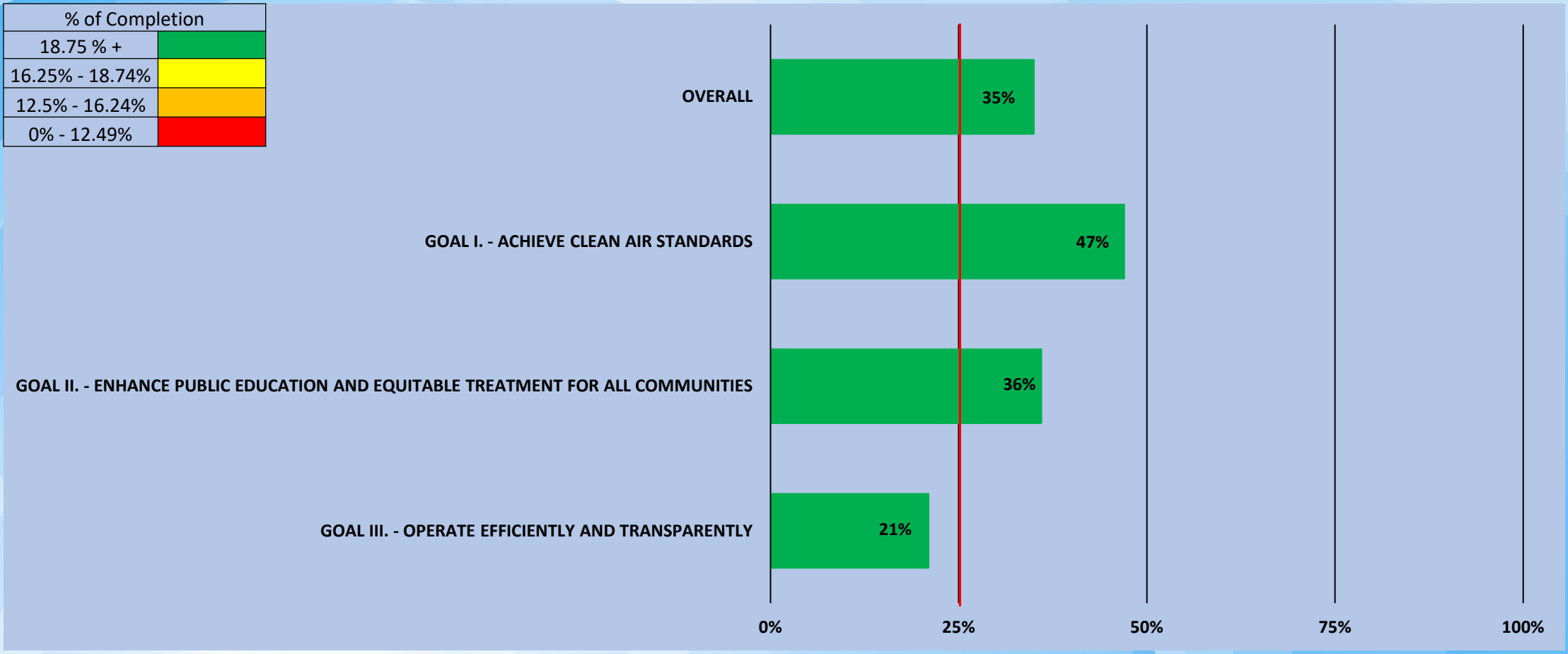
Administrative Committee
November 13, 2026

General Fund Overview

- FY 2026-27 1st Quarter Goals & Priority Objectives
- FY 2026-27 1st Quarter Budget vs. Actual (unaudited)
- Revenues
- Expenditures
- Use of Fund Balance
- Updated General Fund Five-Year Projection

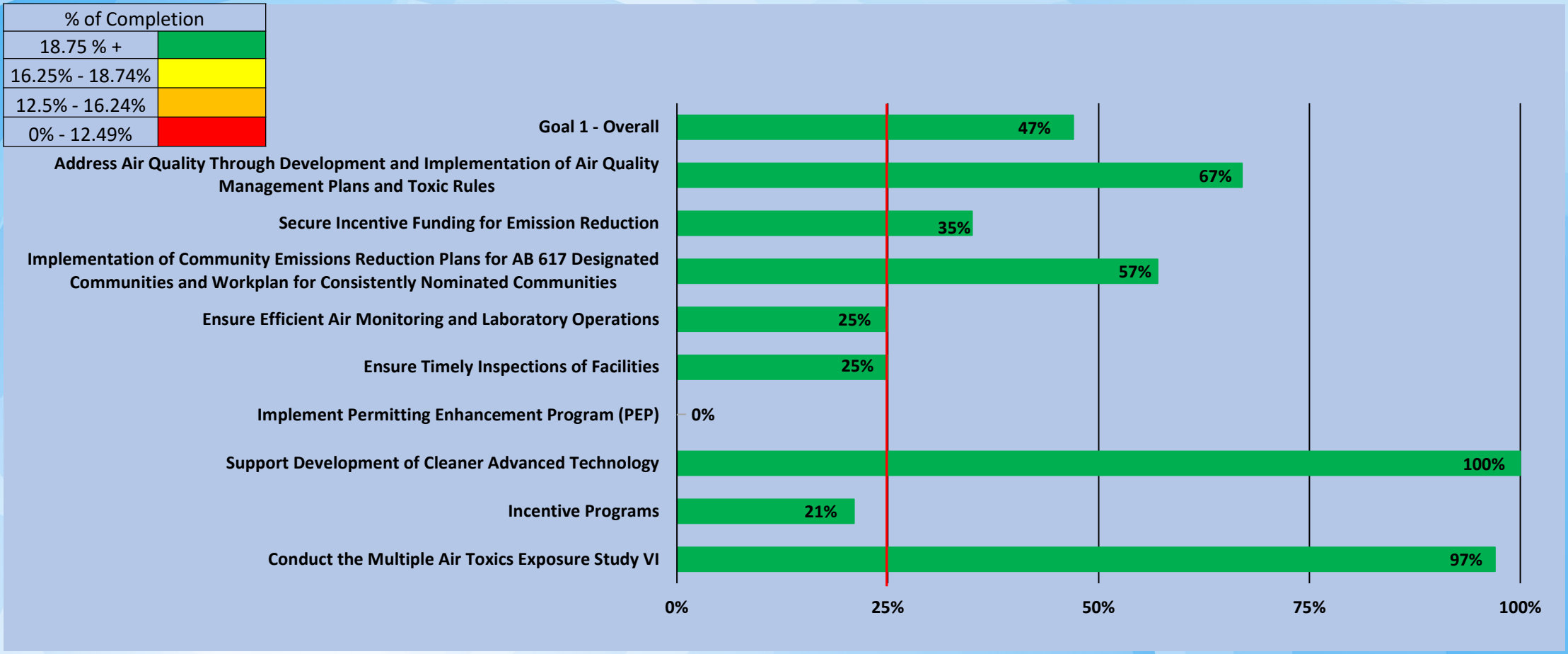
Goals & Priority Objectives Summary
FY 2026-27 – 1st Quarter

% of Completion	
18.75 % +	
16.25% - 18.74%	
12.5% - 16.24%	
0% - 12.49%	



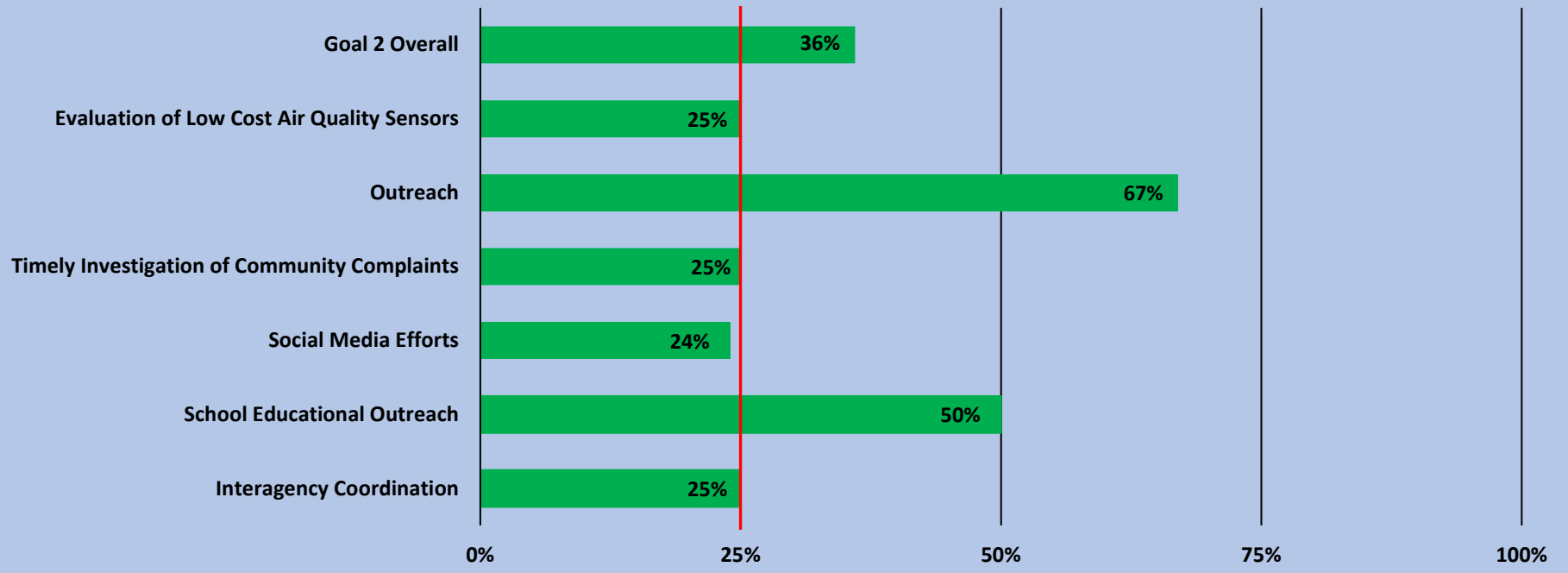
Goal I. Achieve Clean Air Standards
FY 2026-27 – 1st Quarter

% of Completion	
18.75 % +	
16.25% - 18.74%	
12.5% - 16.24%	
0% - 12.49%	



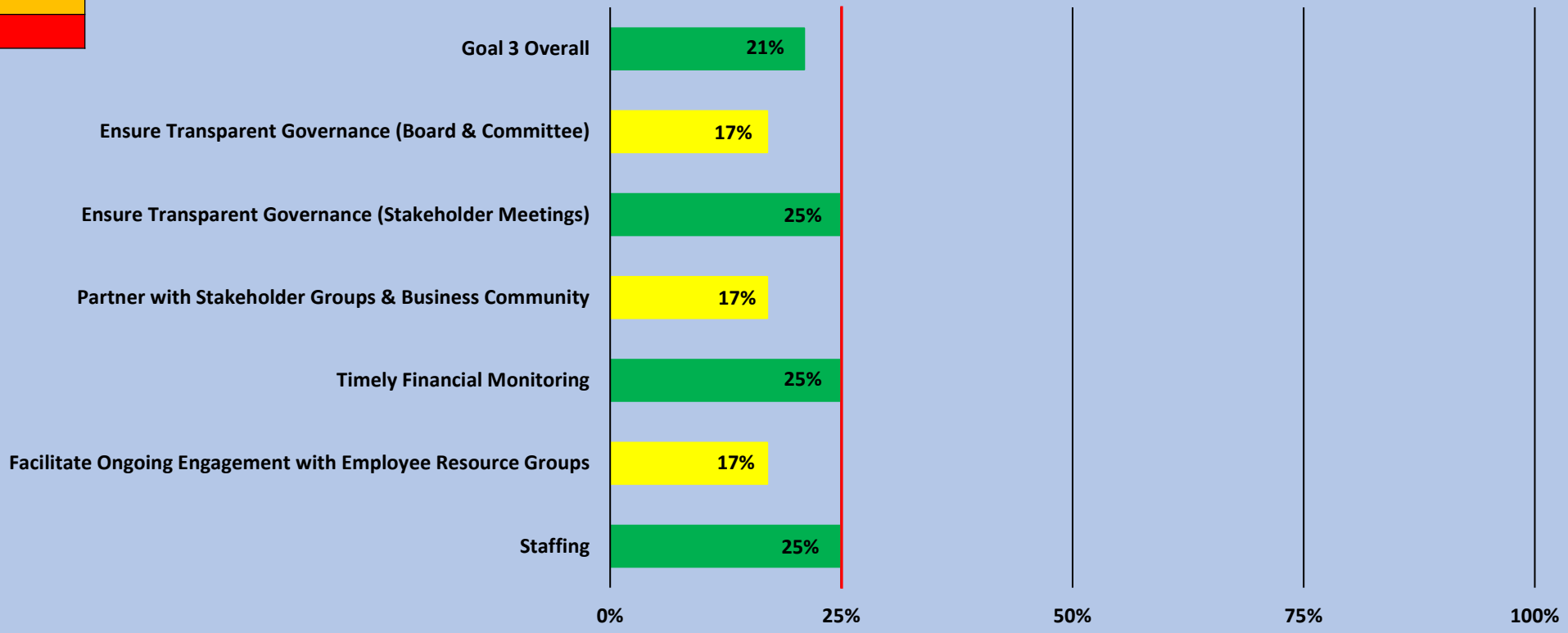
Goal II. Enhance Public Education and Equitable Treatment for All Communities
FY 2026-27 – 1st Quarter

% of Completion	
18.75 % +	
16.25% - 18.74%	
12.5% - 16.24%	
0% - 12.49%	



Goal III. Operate Efficiently and Transparently
FY 2026-27 – 1st Quarter

% of Completion	
18.75 % +	
16.25% - 18.74%	
12.5% - 16.24%	
0% - 12.49%	



General Fund Budget Summary

	Fiscal Year 2026-27		
($ in millions)	Adopted Budget	Amended Budget	FY 2026-27 Q1 Actuals (unaudited)
Revenues/Transfers In	$223.9	$226.3	$63.0
Expenditures/Transfers Out	$225.2	$228.1	$50.8

Revenue Comparison

FY 2026-27 1st Quarter Budget vs. Actual & FY 2025-26 1st Quarter

Revenue Type ($ in millions)	Fiscal Year 2026-27 Q1			Fiscal Year 2025-26 Q1	
	Amended Budget	Actuals (unaudited)	Actual % of Budget	Actuals	Actual % of Budget
Emissions Fees	$25.2	$9.4	37%	$9.8	44%
Annual Operating Fees	89.1	38.9	44%	35.3	41%
Permit Fees	22.7	4.3	19%	4.4	21%
Mobile Sources/Transportation	35.1	0.3	1%	0.3	1%
Other*	48.5	8.2	17%	5.9	13%
Area Sources	2.4	0.0	0%	0.0	0%
Transfers In	3.3	1.9	58%	2.3	71%
Total	$226.3	63.0	28%	$58.0	27%

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

Expenditure Comparison

FY 2026-27 1st Quarter Budget vs. Actual & FY 2025-26 1st Quarter

Major Object ($ in millions)	**Fiscal Year 2026-27 Q1**			**Fiscal Year 2025-26 Q1**	
	Amended Budget	Actuals (unaudited)	Actuals % of Budget	Actuals	Actuals % of Budget
Salaries & Benefits	$188.9	$36.8	19%	$35.6	19%
Services & Supplies	34.6	10.4	30%	8.8	27%
Capital Equipment	2.6	1.6	63%	0.1	6%
Transfers Out	2.0	2.0	100%	2.0	100%
Total	$228.1	50.8	22%	$46.5	21%

Board Approved Use of Fund Balance FY 2026-27 1st Quarter

Board Letter Approval	Use	Amount
4/3/26, #6	Rule 1180 Activities	$545,523
6/6/25, #11	AB 617 Activities	15,000
Total:		$560,523

FY 2025-26 Unaudited and Five-Year Projection

($ in millions)	FY 25-26 Unaudited	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected	FY 30-31 Projected
Authorized Staffing	1,034	1,030	1,030	1,030	1,030	1,030
Vacancy Rate	13%	13%	13%	13%	13%	13%
Funded Staffing	900	896	896	896	896	896
Revenues **	$216.5	$226.3	$228.9	$231.7	$232.7	$235.6
Program Costs	$218.7	$228.3	$241.6	$247.6	$251.6	$254.1
Changes in Fund Balance	$(2.2)	$(2.0)	$(12.7)	$(15.9)	$(18.9)	$(18.5)
Unreserved Fund Balance (at Year-End)	$96.1	$94.1	$81.4	$65.5	$46.6	$28.1
% of Revenue	44%	42%	36%	28%	20%	12%

** CPI fee increase for FY 2026/27 = 3.2% . Projected CPI fee increases are as follows: FY 2027/28 – 3.3% and FY 28/29 through 2030/31- 3.2%.

Questions?

Back to Agenda

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

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

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

COMMITTEE: Administrative, November 13, 2026, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Executive Officer

RMM:XC:DD:HL:dc

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

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

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

ATTACHMENT
December 4, 2026 Board Meeting
Status Report on Ongoing and Upcoming Projects for
Information Management

Agenda Tracking System	
Brief description:	Develop a new Agenda Tracking System for submittal, review, and approval of Governing Board meeting agenda items.
Estimated project cost	$250,000
Overall project status	Completed
Percentage complete	100%
LAST 30 days	• System is Live
NEXT 30 days	• Post-Production Support
Original estimated go-live date	11/15/24
Current estimated go-live date	11/20/26
Go-live date	
Notes	The schedule has been extended to incorporate additional user enhancements and to allow for additional training and testing. The parallel testing is ongoing with a plan to mirror board meeting cycles for two months prior to go-live.

Permit Workflow Automation	
Brief description:	Automate Permit Application acceptance and engineering evaluation processes into paperless workflows. This phase includes an electronic workflow that encompasses major functions of the Permit Application process.
Estimated project cost	$250,000
Overall project status	In Progress
Percentage complete	90%
LAST 30 days	• User Acceptance Testing
NEXT 30 days	• Working on Going Live
Original estimated go-live date	3/14/25
Current estimated go-live date	1/26/27
Go-live date	N/A
Notes	The schedule has been extended to incorporate new system requirements, design changes, and user testing. Next-phase functionality development is in progress.

ATTACHMENT
December 4, 2026 Board Meeting
Status Report on Ongoing and Upcoming Projects for
Information Management

Compliance System	
Brief description:	Develop a new Compliance System to help streamline the compliance business process. The new system will provide full integration of incident management, inspection process, field operations, and operations dashboard.
Estimated project cost	$450,000
Overall project status	In Progress
Percentage complete	80%
LAST 30 days	• User Acceptance Testing and Training
NEXT 30 days	• User Acceptance Testing and Training
Original estimated go-live date	2/28/25
Current estimated go-live date	3/26/27
Go-live date	N/A
Notes	The schedule has been extended to accommodate new system requirements, design changes, and additional time for user adoption and testing.

Air Quality Data Platform Phase 3	
Brief description:	Integrate individual data systems into a cloud-based platform for efficient data management and the creation of interactive visualizations and dashboards for web access.
Estimated project cost	$386,800
Overall project status	In Progress
Percentage complete	80%
LAST 30 days	• User Acceptance Testing
NEXT 30 days	• User Acceptance Testing and Working on Going Live
Original estimated go-live date	4/22/26
Current estimated go-live date	2/20/27
Go-live date	N/A
Notes	The schedule has been extended to incorporate additional user enhancements and to allow for additional training and testing.

ATTACHMENT
December 4, 2026 Board Meeting
Status Report on Ongoing and Upcoming Projects for
Information Management

CLASS Database Migration Phase II	
Brief description:	Migrate the CLASS application layer from Ingres to SQL Server, updating configurations, security, and application logic to ensure compatibility while maintaining existing functionality and performance.
Estimated project cost	$490,000
Overall project status	In Progress
Percentage complete	50%
LAST 30 days	• Application Migration Implementation
NEXT 30 days	• Application Migration Implementation
Original estimated go-live date	2/5/27
Current estimated go-live date	2/5/27
Go-live date	N/A
Notes	Project is on schedule.

Rule 1113 & Rule 314 Application Modernization	
Brief description:	Modernize the legacy system to enhance user experience, improve efficiency, and ensure seamless readiness for CLASS database migration.
Estimated project cost	$66,664
Overall project status	In Progress
Percentage complete	70%
LAST 30 days	• Project is on hold
NEXT 30 days	• Project is on hold
Original estimated go-live date	8/14/26
Current estimated go-live date	Project is on hold
Go-live date	N/A
Notes	Project is on hold pending development of a dependent infrastructure component.

ATTACHMENT
December 4, 2026 Board Meeting
Status Report on Ongoing and Upcoming Projects for
Information Management

Emergency Generator Replacement Incentive Program GMS	
Brief description:	This project includes developing a grant management system to support the solicitation to replace diesel-fueled backup generators with diesel/alt-fuel/hybrid, near-zero, and zero-emission technologies.
Estimated project cost	$37,520
Overall project status	Completed
Percentage complete	100%
LAST 30 days	• System is Live
NEXT 30 days	• Post-Production Support
Original estimated go-live date	11/6/26
Current estimated go-live date	11/6/26
Go-live date	
Notes	System in Post-Production Support.

ATTACHMENT
December 4, 2026 Board Meeting
Status Report on Ongoing and Upcoming Projects for
Information Management

Projects that have been completed within the last 12 months are shown below	
COMPLETED PROJECTS	
PROJECT	DATE COMPLETED
WAIRE Mitigation Program GMS	October 13, 2026
Prop 1B 2026	September 4, 2026
IDF Network Switch Refresh	August 30, 2026
CLASS Database Migration Phase I	July 7, 2026
Palos (Boyle Heights) Fire Monitoring Website	June 28, 2026
ADA Compliance	June 23, 2026
Salton Sea Monitoring Site	June 11, 2026
Carl Moyer Program GMS Phase IV	May 5, 2026
Enterprise Address Verification	April 21, 2026
Annual Emissions Reporting System Enhancements	March 12, 2026
Carl Moyer Program GMS Phase III	March 10, 2026
Finance Receivable Portal Enhancements	March 10, 2026
AB 617 Clean Community School Package Initiative Phase I	February 10, 2026
Annual Emissions Reporting for Reporting Year 2025	December 31, 2025
WAIRE POP Enhancement for Reporting Year 2025	December 26, 2025

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

PROPOSAL: Receive and File Annual Report on South Coast AQMD's Deferred Compensation Plans

SYNOPSIS: South Coast AQMD sponsors IRS-approved 457(b), 401(a) and Omnibus Budget Reconciliation Act of 1990 (OBRA) Deferred Compensation Plans for its employees. The Board is responsible for monitoring the activities of the Deferred Compensation Plan Committee and for ensuring the Committee carries out its fiduciary duties under the Committee Charter. In accordance with the Board's responsibilities, this action is to receive and file the Deferred Compensation Plan Annual Report for Plan Year Ending June 2026.

COMMITTEE: Administrative, November 13, 2026; Recommended for Approval

RECOMMENDED ACTION:
Receive and file Deferred Compensation Plan Annual Report for Plan Year Ending June 2026.

Wayne Nastri
Executive Officer

AJO:mm

Background
South Coast AQMD sponsors and administers 457(b), 401(a) and OBRA Deferred Compensation Plans for its employees. These Deferred Compensation Plans are administered by Empower Retirement, LLC (Empower), one of the largest workplace retirement savings plan providers in the United States. State law governs the fiduciary requirements for the operation and investment of deferred compensation plans sponsored by governmental entities. South Coast AQMD's Governing Board serves a fiduciary role, subject to the duties and obligations under Article XVI, Section 17 of the California Constitution.

To meet its fiduciary responsibilities, the Board has established a Deferred Compensation Plan Committee (Committee) to oversee the administration of the Plans. In 2008, the Board approved the Deferred Compensation Plan Committee Charter, formalizing the fiduciary duties and responsibilities of the Committee. The four members of the Deferred Compensation Plan Committee are the Chief Financial Officer, the Deputy Executive Officer/Administrative and Human Resources, the Human Resources Manager over employee benefits, and the General Counsel.

Empower provides record-keeping and administrative services for the Plans. In addition, South Coast AQMD utilizes the services of an independent, third-party consulting firm, Benefit Financial Services Group (BFSG), to provide services to the Plans as a fiduciary under a Registered Investment Advisor agreement.

Summary of Report
The Committee meets on a quarterly basis to review the design, investment options, asset allocation, and demographics of the Plans, and to make changes as necessary. During the 2025-26 fiscal year period, the Committee adopted emergency personal expense withdrawals per the Secure 2.0 Act, placed one fund on the Watch List due to underperformance, addressed changes to the Guaranteed Interest Account, and approved investment fund lineup changes. In addition, the Committee participated in fiduciary education training by BFSG.

As of June 30, 2026, the Plans have:

- 1,206 participants (employees and retirees)
- Approximately $300 million in assets
- Outperformed the 3-, 5- and 10-year Custom Category benchmark
- Outperformed the 10-year Custom Index* benchmark, and slightly underperformed (within 0.5%) the 3- and 5-year benchmarks
  * The Index benchmark does not account for costs for investment management expenses.

The Annual Report provides detailed information regarding Plan Assets/Demographics, Committee Actions, and Plan Performance.

Proposal
Staff recommends the Board receive and file the Deferred Compensation Plan Annual Report to the Board for Plan Year Ending June 2026.

Attachment
Deferred Compensation Plan Annual Report for Plan Year Ending June 2026



Report To The Board

Plan Year Ending: June 2026

Prepared for: South Coast Air Quality Management District
457(b) Deferred Compensation &
401(a) Defined Contribution Plans

South Coast AQMD

BFS Benefit Financial Services Group

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Plan Background

Section 1

South Coast Air Quality Management District Plan

South Coast Air Quality Management District Plan Overview	
Plan Name	South Coast Air Quality Management District 457 Deferred Compensation & 401(a) Defined Contribution Plans
Inception Date (457 Plan)	January 1, 1987
Inception Date (401 Plan)	January 1, 2017
Plan Features (457b Plan)	
Plan Year End	June 30th
Entry Date	Immediate
Employee Deferrals	Pre-tax & Roth
Catch-up	Age 50 & Special 457 Catch-up Contributions
Employer Contributions	Yes - determined in accordance with the terms of the employment contract
Default Investment Alternative	
Default Fund	T. Rowe Price Retirement Series
Service Providers	
Recordkeeper	Empower
Directed Trustee	Reliance Trust Company
Plan Advisor	Benefit Financial Services Group (“BFSG”)
Committee Oversight	
Membership	John Olvera (Chair), Bayron Gilchrist, Sujata Jain, and Raquel Arciniega
Duties	Settlor and Fiduciary
California Government Code 53213.5 Compliance	The Committee intends for the Plan to comply with the provisions of California Government Code 53213.5 providing Plan fiduciaries with relief from liability for the investment decisions made by participants.



Committee Meeting Summary & Plan Updates

Section 2

Fiduciary Updates

Meeting Date	Item	Update
November 19, 2025	Watch List	Placed American Beacon Small Cap Value on Watch due to underperformance.
	Share Class Changes & Fund Addition	Approved investment lineup updates, including moving three Vanguard funds to lower-cost share classes and adding the T. Rowe Price Retirement 2070 fund. The changes were effective February 16, 2026.
	Fiduciary Education	BFSG provided fiduciary education to the Committee, focusing on plan sponsor best practices and fiduciary risk mitigation.
June 2, 2026	Fixed Account	Reviewed the Guaranteed Interest Account's remaining rate supplement and approved a plan to issue 12-month termination notice while unanimously deciding to keep the current 1% supplement in place until depleted. The put expiration date is June 9, 2027.

Settlor Updates

Meeting Date	Item	Update
November 19, 2025	SECURE 2.0 Provision Adoption	Adopted Emergency Personal Expense Withdrawals.
June 2, 2026	Remote Participation Approval (Brown Act / SB 707)	Approved remote meeting participation for future meetings, subject to applicable requirements.



Plan Assets / Demographics

Section 3

Range of Investments

Lower risk/lower potential reward — *Higher risk/higher potential reward*

FIXED INCOME		BALANCED	EQUITY		
CAPITAL PRESERVATION	INCOME	HYBRID	VALUE	BLEND	GROWTH
DOMESTIC					
STABLE VALUE Guaranteed Interest Account	**INTERMEDIATE CORE BOND** Vanguard Total Bond Market Index I	**MODERATE ALLOCATION** American Funds American Balanced R-6	**LARGE VALUE** DFA US Large Cap Value I Hartford Dividend and Growth R5	**LARGE BLEND** Vanguard FTSE Social Index Admiral Vanguard Institutional Index I	**LARGE GROWTH** T. Rowe Price Blue Chip Growth I
	INTERMEDIATE CORE-PLUS BOND Dodge & Cox Income X		**MID VALUE** Vanguard Selected Value Inv	**MID BLEND** Vanguard Mid Cap Index Institutional	**MID GROWTH** Carillon Eagle Mid Cap Growth A
			SMALL VALUE American Beacon Small Cap Value R6 Vanguard Small Cap Value Index Admiral	**SMALL BLEND** Vanguard Small Cap Index Admiral Shares	**SMALL GROWTH** Fidelity Small Cap Growth K6
FOREIGN					
				FOREIGN LARGE BLEND Hartford International Opportunities R5 Vanguard Developed Markets Index Instl	
					FOREIGN SMALL/MID GROWTH MFS International New Discovery A
				DIVERSIFIED EMERGING MKTS Vanguard Emerging Mkts Stock Idx Adm	
SPECIALTY					
			UTILITIES Vanguard Utilities Index Adm	**REAL ESTATE** Vanguard Real Estate Index Admiral	**HEALTH** Vanguard Health Care Index Admiral
ALLOCATION					
		TARGET DATE SERIES T. Rowe Price Retirement I Series			

Funds listed in **Red** are scheduled to be removed.
Funds listed in **Green** are scheduled to be added.
Funds listed in **Blue** are frozen to contributions.
Funds listed in **Purple** represent Default Fund.

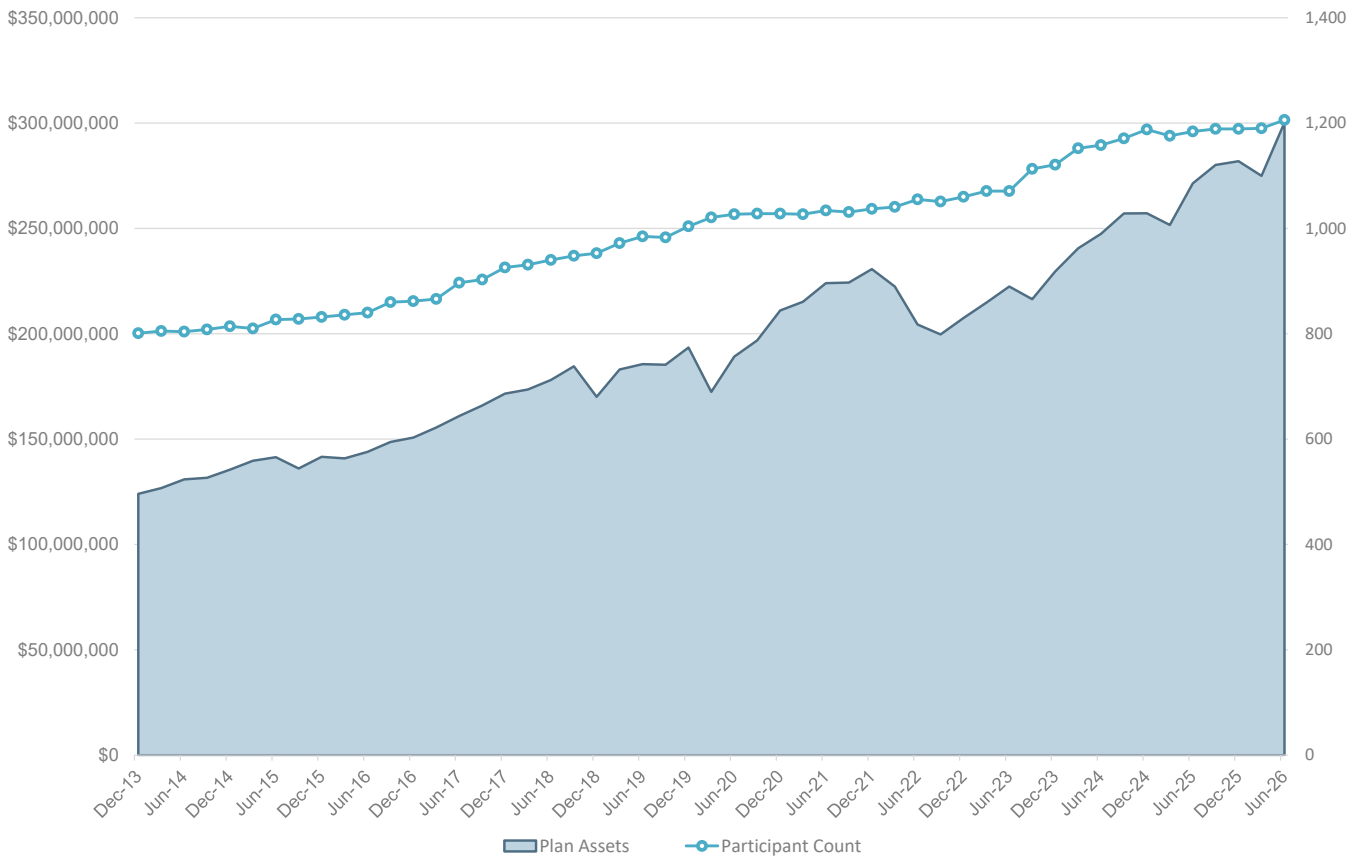
Asset Allocation by Fund

Investment Option	2Q 2026	% of Assets	# of Balances
Guaranteed Interest Account	$73,223,386	24.50%	606
Vanguard Institutional Index I	$55,673,024	18.63%	554
T. Rowe Price Blue Chip Growth I	$36,136,957	12.09%	524
Hartford Dividend and Growth R5	$12,834,831	4.29%	458
T. Rowe Price Retirement 2045 I	$9,851,162	3.30%	83
Vanguard Developed Markets Index Instl	$9,076,118	3.04%	308
Hartford International Opportunities R5	$8,126,682	2.72%	434
Vanguard Total Bond Market Index I	$7,569,761	2.53%	324
T. Rowe Price Retirement 2035 I	$7,466,078	2.50%	46
Carillon Eagle Mid Cap Growth A	$6,521,731	2.18%	402
Vanguard Mid Cap Index Institutional	$6,337,155	2.12%	352
American Funds American Balanced R-6	$6,329,967	2.12%	175
Vanguard FTSE Social Index Admiral	$5,473,703	1.83%	176
Fidelity Small Cap Growth K6	$4,727,260	1.58%	368
Vanguard Small Cap Index Admiral Shares	$4,569,695	1.53%	320
Dodge & Cox Income X	$4,388,748	1.47%	291
Vanguard Selected Value Inv	$3,886,423	1.30%	329
T. Rowe Price Retirement 2050 I	$3,783,530	1.27%	50
T. Rowe Price Retirement 2055 I	$3,501,546	1.17%	61
T. Rowe Price Retirement 2040 I	$3,441,806	1.15%	36
Vanguard Emerging Mkts Stock Idx Adm	$3,397,265	1.14%	257
Vanguard Health Care Index Admiral	$3,204,286	1.07%	85
T. Rowe Price Retirement 2060 I	$3,062,162	1.02%	77
American Beacon Small Cap Value R6	$2,919,716	0.98%	294
MFS International New Discovery A	$2,131,549	0.71%	183
Vanguard Utilities Index Adm	$2,106,491	0.70%	86
T. Rowe Price Retirement 2030 I	$2,090,043	0.70%	20
Vanguard Small Cap Value Index Admiral	$1,915,504	0.64%	66
DFA US Large Cap Value I	$1,477,495	0.49%	212
T. Rowe Price Retirement 2025 I	$1,414,815	0.47%	18
Vanguard Real Estate Index Admiral	$1,201,691	0.40%	131
T. Rowe Price Retirement 2065 I	$469,534	0.16%	36
T. Rowe Price Retirement 2020 I	$295,339	0.10%	8
T. Rowe Price Retirement 2015 I	$190,032	0.06%	4
T. Rowe Price Retirement 2005 I	$20,184	0.01%	5
T. Rowe Price Retirement 2010 I	$19,374	0.01%	3
T. Rowe Price Retirement 2070 I	$15,936	0.01%	3
Subtotal	**$298,850,979**	**100.00%**	**1,206**
Self-Directed Brokerage Account	$1,544,297		
Total	**$300,395,276**		
Total # of Participants	**1,206**		
Average Account Balance	**$249,084**		

Note: Funds listed in **Bold** *are included in the Target Date Models.*

Note: Personal Choice Retirement Account had 25 balances as of quarter end.

Growth of Plan Assets

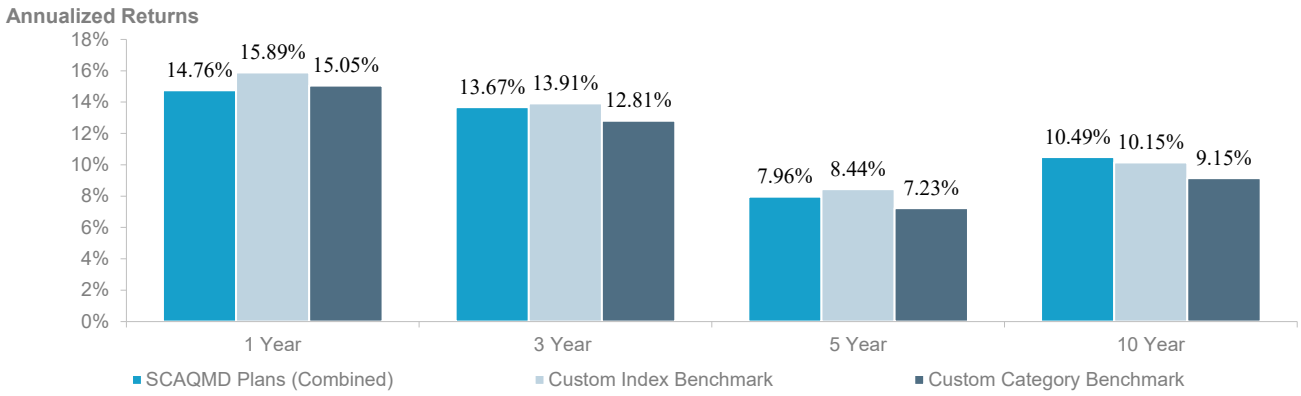




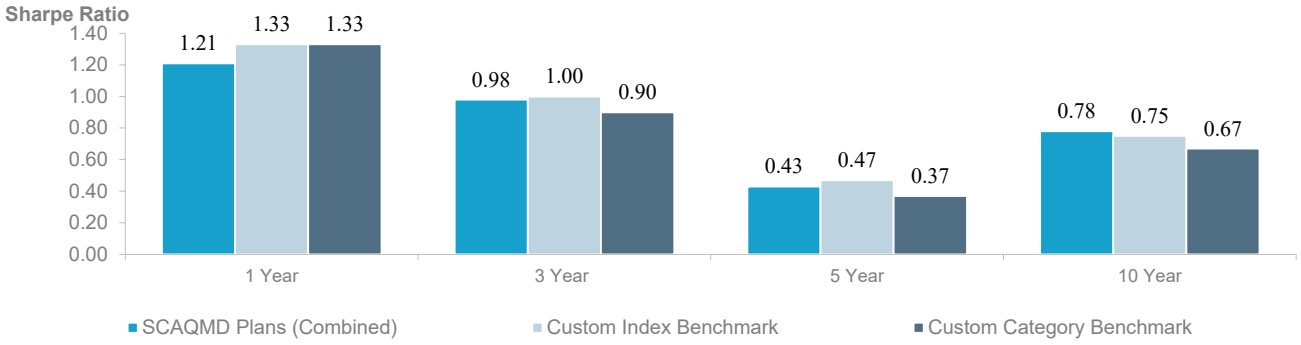
Plan Performance / Cost

Section 4

Portfolio Return vs. Custom Benchmark

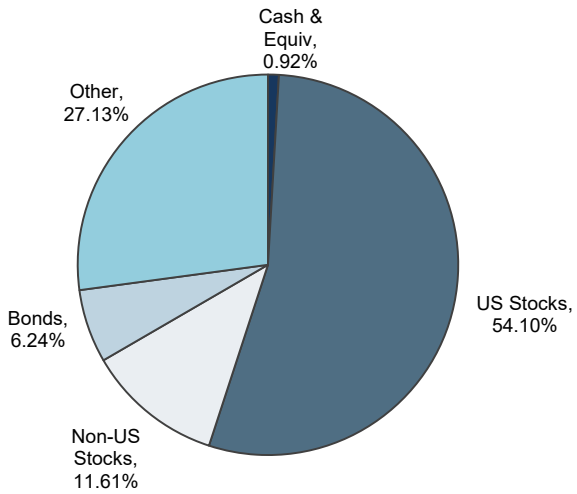


**Note: SCAQMD Plans (Combined) and Morningstar Category Custom Benchmark returns are net of their respective fees. Custom Benchmark Index returns have no fees associated and would be unavailable for direct investment."*



**Note: SCAQMD Plans (Combined) and Morningstar Category Custom Benchmark returns are net of their respective fees. Custom Benchmark Index returns have no fees associated and would be unavailable for direct investment."*

Current Quarter



Benchmark Weightings

Index	Category	Weight
BFSG Custom Stable Value	Stable Value	24.50%
Bloomberg US Agg Float Adj TR USD	Intermediate Core Bond	2.53%
Bloomberg US Agg Bond TR USD	Intermediate Core-Plus Bond	1.47%
40% BC Agg - 60% S&P 500	Moderate Allocation	2.12%
Russell 1000 Value TR USD	Large Value	0.49%
Russell 1000 Value TR USD	Large Value	4.29%
S&P 500 TR	Large Blend	1.83%
S&P 500 TR	Large Blend	18.63%
Russell 1000 Growth TR USD	Large Growth	12.09%
Russell Mid Cap Value TR USD	Mid Value	1.30%
CRSP US Mid Cap TR USD	Mid Blend	2.12%
Russell Mid Cap Growth TR USD	Mid Growth	2.18%
Russell 2000 Value TR USD	Small Value	0.98%
CRSP US Small Cap Value TR USD	Small Value	0.64%
CRSP US Small Cap TR USD	Small Blend	1.53%
Russell 2000 Growth TR USD	Small Growth	1.58%
MSCI ACWI Ex USA NR USD	Foreign Large Blend	2.72%
FTSE Dvlp ex US All Cap(US RIC)NR USD	Foreign Large Blend	3.04%
MSCI ACWI Ex USA Small Growth NR USD	Foreign Small/Mid Growth	0.71%
FTSE EMs AC China A Inclusion NR USD	Diversified Emerging Mkts	1.14%
MSCI US IMI/Health Care 25-50 GR USD	Health	1.07%
Real Estate Spliced Index	Real Estate	0.40%
MSCI US IMI/Utilities 25-50 GR USD	Utilities	0.70%
S&P Target Date Series	Target Date Series	11.92%

Evaluation Methodology

Per Investment Policy Statement

Returns (40%)

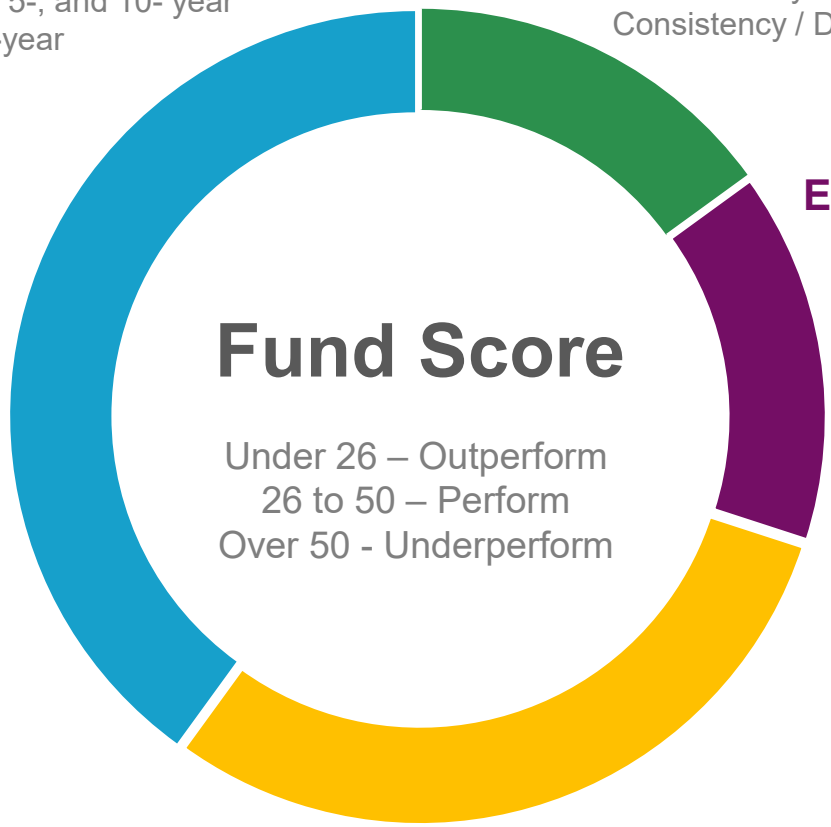
Trailing 3-, 5-, and 10- year
Rolling 10-year

Style (15%)

R^2
Credit Quality
Consistency / Dispersion

Expense (15%)

Net Expense Ratio



Risk (30%)

Sharpe Ratio
Up-Capture Ratio
Down-Capture Ratio

All data points are percentile ranking relative to the Custom Peer Group. The Custom Peer Group is the fund's Morningstar Category excluding Index Funds, fund-of-funds, and funds with less than 3 Years of Returns. Only the lowest expense share class is evaluated.

Evaluation Methodology Summary

Investment Name	Quarterly Ranking 2Q26	1Q26	4Q25	3Q25
Intermediate Core-Plus Bond				
Dodge & Cox Income Fund	0	0	0	0
Moderate Allocation				
American Funds American Balanced Fund	3	5	5	4
Large Value				
DFA US Large Cap Value Portfolio	26	32	38	42
Hartford Dividend and Growth Fund	24	30	18	24
Large Blend				
Vanguard FTSE Social Index Fund	8	12	5	4
Large Growth				
T. Rowe Price Blue Chip Growth Fund	27	14	14	21
Mid Value				
Vanguard Selected Value Fund	22	17	9	7
Mid Growth				
Carillon Eagle Mid Cap Growth Fund	30	23	25	21
Small Value				
American Beacon Sm Cap Val Fd	38	45	54	53
Small Growth				
Fidelity Small Cap Growth Fund	2	2	2	2
Foreign Large Blend				
Hartford International Opportunities Fd	41	46	50	53
Foreign Small/Mid Growth				
MFS International New Discovery Fund	46	41	38	45
Target Date Series				
T. Rowe Price Retirement Series	44	42	41	37
Average Rank	24	24	23	24
Plan Weighted Rank (Reweighted)	29	26	24	25

0% 25% 50% 75% 100%

Outperform | **Perform** | **Underperform**

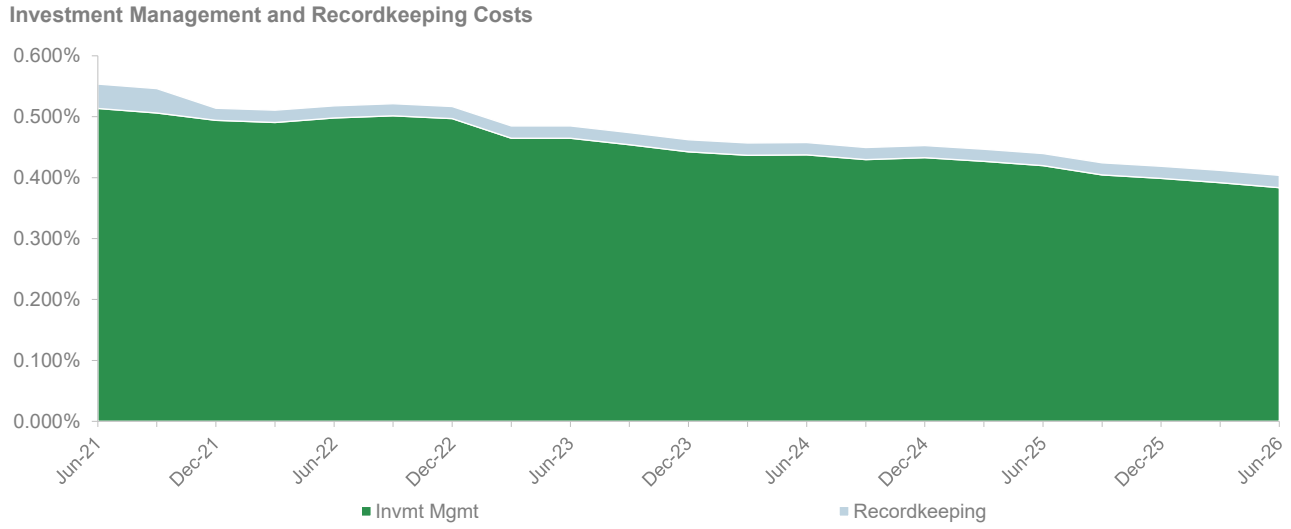
Note: Average and Plan-Weighted Average rankings shown above reflect the actual funds offered in the Plan (and their respective weightings) during the applicable quarter.

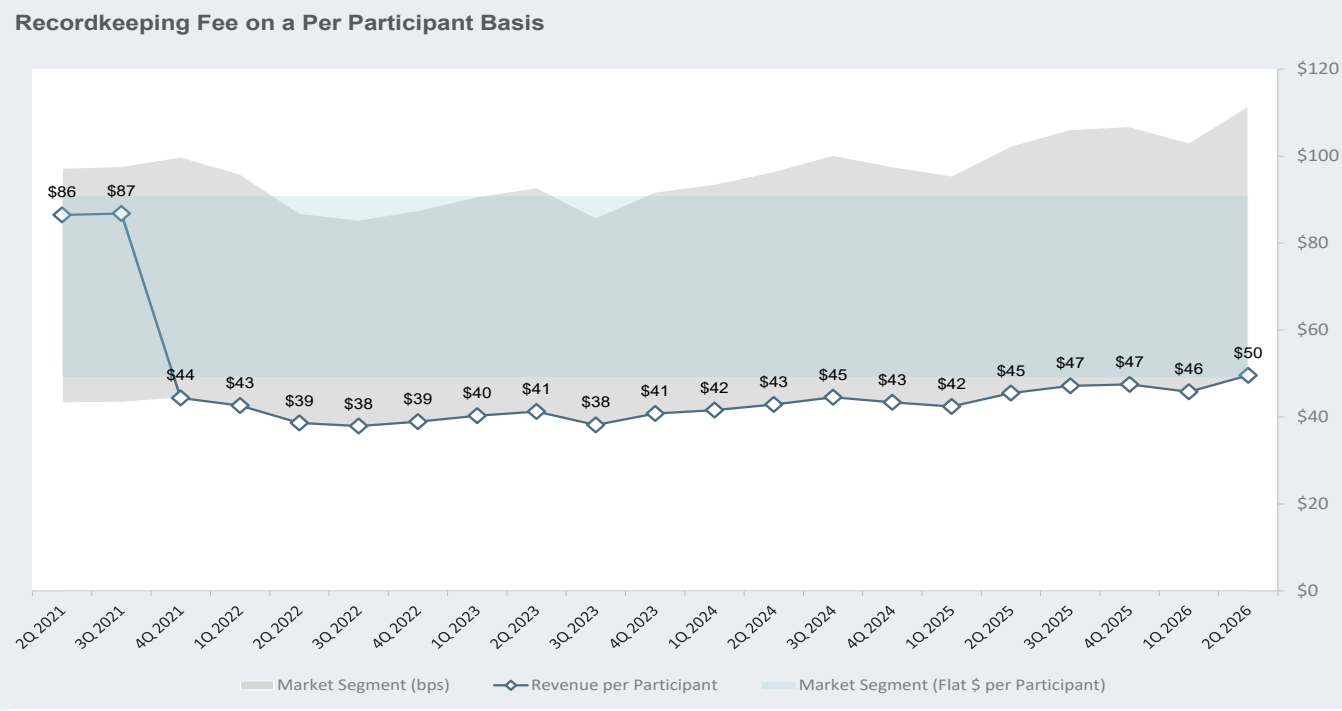
Fee Breakdown & Recordkeeping Costs

	Plan Assets 06/30/2026	Total Plan Expense (%)[2]	Total Plan Expense ($)	Revenue to Invmt. Mgmt. ($)	Revenue to RK / Admin. (Vendor)
South Coast Air Quality Management District Retirement Savings Plan	$298,850,979	0.404%	$1,206,322	$1,146,552	$59,770
				0.384%	0.020%
Industry Average [1]		*0.486%*	*$1,452,837*		

[1] *The Industry Average represents the weighted expense (based upon current allocation) of lowest cost Institutional and Retirement share classes in each asset category from Morningstar, plus the benchmark revenue requirement.*

[2] *Total Plan Expense does not include additional qualified Plan expenses or transaction costs.*







Appendix

Section 5

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: August 26, 2025

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on August 26, 2025, at 10:30 a.m. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present
John Olvera – Deputy Executive Officer / Admin and Human Resources
Sujata Jain - Chief Financial Officer
Raquel Arciniega - Human Resources Manager

Committee Members Absent
Bayron Gilchrist – General Counsel

Guests
Darren Stewart, Benefit Financial Services Group ("BFSG")
Aksana Muñoz, BFSG
Lisa Braun-Ward, Empower Retirement ("Empower")

Call to Order: Chair Olvera called the meeting to order at 10:40 am.

Approval of Prior Meeting Minutes
The Committee members in attendance unanimously approved the minutes from the meeting held on September 19, 2024, and March 18, 2025,

In Mr. Gilchrist's absence, the Committee deferred approval of May 27, 2025, meeting minutes to the next meeting.

FIDUCIARY AGENDA

457 and 401(a) Plans Quarterly Investment Review – 2nd Quarter 2025
The Committee members in attendance received and voted unanimously to approve the Retirement Plan Quarterly Investment Review (the "Report") for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the "Plan") for the quarter ending June 30, 2025.

The Guaranteed Interest Account remained the Plan's largest single holding, representing 29% of total assets. The T. Rowe Price Retirement target date series, the Plan's default investment option, collectively accounted for over 10% of total assets.

The Committee reviewed estimated fees paid to Empower for recordkeeping and administration of the District's Plan. The Plan operates under a level fee arrangement where fund revenue sharing payments are credited directly to the participants invested in the fund. The review of fund share classes showed that, after accounting for these credits, all funds provide participant savings compared to the lowest-cost share class, with annualized savings exceeding $27,000.

To provide context for the performance of the investment options in the Plans, BFSG provided a brief overview of the economy and capital markets during the reporting period. The presentation was followed by a quantitative and qualitative review of the funds offered in the Plans, in accordance with the Evaluation Methodology criteria set forth in the Plan' Investment Policy Statement (the "IPS"). There were no funds on the Watch List as of the date of the Report.

American Beacon Small Cap Value slightly underperformed its peers and index for the quarter, causing its Evaluation Methodology rank to decline from 41 ("perform") to 50 ("perform"). While stock selection was poor across a majority of sectors for the quarter, the largest detractor was a significant overweight to Stagwell, a technology-based marketing company that was down more than 25% for the quarter. Sector allocation, including an overweight to technology and an underweight to healthcare stocks, was largely beneficial and offset many of the stock selection issues for the quarter. Intermediate-and long-term performance remain strong. No action was recommended.

The Committee reviewed the performance of the Target Date Models, the T. Rowe Price Retirement series, and point-in-time Plan-level performance. Based on participant allocations as of June 30, 2025, the Plan outperformed the custom category benchmark over all time periods measured in the Report.

American Airline Case Update
The Committee members in attendance agreed to defer discussion of this item to a future meeting, as warranted.

Participant Education Update
BFSG provided an update on recent and upcoming initiatives aimed at supporting participant financial wellness:

- In July 2025, BFSG hosted its annual National Summer Webinar Series, offering weekly sessions focused on key financial and retirement planning topics. The series covered Long-Term Care Insurance, Cybersecurity, Retirement Readiness, and Social Security & Medicare. Of the 108 individuals registered, 66 attended the sessions.

- On September 11, 2025, BFSG will conduct a session titled " Retirement Income Needs."

- On October 9, 2025, SCAQMD will hold its annual Benefit Fair, with BFSG scheduled to attend.

During the reporting period, BFSG's CFPs Keith Johnson and Sophia Liu held six one-on-one sessions with SCAQMD employees.

Quarterly Review 457 and 401(a) Plans
Ms. Braun-Ward provided a quarterly update on the 457(b) Plan for the period ending June 30, 2025. Areas discussed included Plan assets, participant demographics, cash flow, asset allocation, savings and deferral rates, participation trends, loan utilization, and the use of Empower's Lifetime Income Score tool.

As of the end of the reporting period, Plan assets totaled $269.3 million (excluding brokerage assets), up from $249.5 million in the prior period. The number of participants with an account balance also increased, from 1,176 to 1,184.

Empower's account registration and protection report showed that 82 participants with a balance have registered their account online. Currently, 16 participants utilize Empower's managed account service.

Empower's 401(a) Plan Review report was also shared with the Committee.

Expense Budget Account Quarterly Activity Review
The Committee reviewed the quarterly accounting activity report for the Plan Expense Budget account.

SETTLOR AGENDA

Annual Report
The Committee reviewed and discussed the Annual Report prepared by BFSG for the fiscal year ending June 30, 2025. The report is designed to assist the Governing Board in fulfilling its oversight role, as fiduciary and settlor responsibilities have been delegated to the Committee. The Committee members in attendance reviewed the key decisions made during the previous Plan year and unanimously approved the Annual Report as presented.

OTHER MATTERS:

Public Comments − No public comments were received.

Other Business − There was no other business.

Adjournment - The meeting adjourned at 12:00 p.m.

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: November 19, 2025

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on November 19, 2025, at 10:30 a.m. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present
John Olvera – Deputy Executive Officer / Admin and Human Resources
Sujata Jain - Chief Financial Officer
Raquel Arciniega - Human Resources Manager
Bayron Gilchrist – General Counsel

Committee Members Absent
None

Guests
Darren Stewart, Benefit Financial Services Group ("BFSG")
Aksana Muñoz, BFSG
Lisa Braun-Ward, Empower Retirement ("Empower")

Call to Order: Chair Olvera called the meeting to order at 10:38 am.

Approval of Prior Meeting Minutes
The Committee unanimously approved the minutes of the meeting held on May 27, 2025. Mr. Gilchrist abstained due to his absence at that meeting.

The Committee unanimously approved the minutes of the meeting held on August 26, 2025. Ms. Arciniega abstained due to her absence at that meeting.

FIDUCIARY AGENDA

457 and 401(a) Plans Quarterly Investment Review – 3rd Quarter 2025
The Committee received and voted unanimously to approve the Retirement Plan Quarterly Investment Review (the "Report") for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the "Plan") for the quarter ending September 30, 2025.

The Guaranteed Interest Account remained the Plan's largest single holding, representing 27% of total assets ($75 million). The T. Rowe Price Retirement target date series, the Plan's default investment option, collectively accounted for over 10% of total assets.

The Committee reviewed estimated fees paid to Empower for recordkeeping and administration of the District's Plan. Empower's annual fee requirement of 0.02% on each Plan's assets were below the benchmark of 0.03%.

The Plan operates under a level fee arrangement where fund revenue sharing payments are credited directly to the participants invested in the fund. The review of fund share classes showed that, after accounting for these credits, all funds provide participant savings compared to the lowest-cost share class, with annualized savings of $27,000.

To provide context for the performance of the investment options in the Plans, BFSG provided a brief overview of the economy and capital markets during the reporting period. The presentation was followed by a quantitative and qualitative review of the funds offered in the Plans, in accordance with the Evaluation Methodology criteria set forth in the Plan' Investment Policy Statement (the "IPS"). There were no funds on the Watch List as of the date of the Report.

American Beacon Small Cap Value underperformed its peer group for the quarter, with its Evaluation Methodology rank declining from 49 to 53, and it continues to lag peers across all measured periods - most notably over the last year. BFSG held a call with fund management on October 20, 2025, to discuss fund performance and shared their findings with the Committee. Management's focus on remaining style consistent from a market capitalization standpoint had caused underperformance earlier this year. This quarter's underperformance relative to the index was caused by a focus on quality. Softening monetary policy caused low quality, highly indebted, non-profitable businesses to significantly outperform their counterparts during the quarter.

ACTION: After discussion, the Committee unanimously voted to place the fund on the Watch List due to recent underperformance.

Hartford International Opportunities was on the Watch List from December 2023 through March 2025 due to underperformance and a manager change. It was removed in early 2025 after strong results under the new manager. Underperformance during the quarter was driven by stock selection in consumer discretionary and technology, along with a tilt toward growth-oriented stocks. Value has significantly outperformed growth in international markets over the last year. Overall, relative performance of the new manager remains strong, and no action was recommended.

MFS International New Discovery outperformed its category peers but trailed the index benchmark for the quarter. The fund remains consistent with its investment style and is positioned to perform well in down markets. Recent underperformance relative to the index was driven by an underweight to materials, an overweight to consumer staples, and the management team's tendency to avoid companies with debt. The fund is performing as expected given current market conditions. No action was recommended.

The Committee reviewed the performance of the Target Date Models, the T. Rowe Price Retirement series, and point-in-time Plan-level performance. Based on participant allocations as of September 30, 2025, the Plan outperformed the custom category benchmark over all time periods measured in the Report.

Proposed Share Class Changes and Addition of T. Rowe Price Retirement 2070
BFSG reviewed the newly available T. Rowe Price Retirement 2070 I Fund and recommended adding it to the default age charts. BFSG also noted that, due to asset growth (collectively across both Plans), three funds—Vanguard Total Bond Index Adm, Vanguard Developed Markets Index Adm, and Vanguard Mid Cap Index Adm—now qualify for lower-cost I share classes.

ACTION: After discussion, the Committee unanimously voted to approve all proposed changes for both Plans. Implementation is pending Vanguard's confirmation that assets from both Plans may be combined to qualify for the lower-cost share class.

Fiduciary Education - Fiduciary Liability
BFSG provided fiduciary education focused on fiduciary liability and best practices for risk mitigation. While governmental plans such as District's are not subject to the Employee Retirement Income Security Act (ERISA), they are governed by the California State Constitution and government code. However, it is considered best practice to follow the guidelines and regulations established for qualified plans.

The session included findings from a recent Aon survey of the 15 largest fiduciary liability insurance providers. The survey identified key practices that may positively impact fiduciary liability insurance pricing, including conducting regular fee benchmarking, maintaining formal governance processes (such as documented committee meetings), and engaging an investment advisor - particularly one serving in a discretionary capacity.

The Committee discussed BFSG's discretionary management services, under which BFSG would be responsible for the selection and de-selection of funds offered in the Plan. The Committee would retain oversight responsibility, monitoring BFSG through regular performance reports and BFSG Discretionary Committee meeting minutes. BFSG also noted that their Consulting Agreement would include indemnification for investment-related claims.

BFSG noted that the Plan currently offers one ESG option, the Vanguard FTSE Social Index Fund. The Committee briefly discussed the ESG guidance issued under the Biden administration and that new guidance is expected to be issued early next year by the current administration. BFSG clarified that the ESG-related rules primarily apply to qualified plans and will continue to monitor developments and communicate any implications for the Plan.

Participant Education Update: BFSG provided the following updates on employee education initiatives:

- **Benefit Fair Participation:** BFSG attended the Benefit Fair on October 9, 2025. Employees shared positive feedback on the regular webinars, noting the informative and easy-to-follow content, as well as helpful ongoing assistance provided by BFSG's Certified Financial Planner (CFP), Keith Johnson.

- **CFP Update:** During the quarter, CFP Keith Johnson has conducted 3 one-on-one consultations and delivered 3 comprehensive financial plans.

- **National Fall Webinar Series:** In October 2025, BFSG launched its annual National Fall Webinar Series, featuring weekly sessions on key financial and retirement planning topics, including cybersecurity, debt management and budgeting, tax planning, and understanding annuities and life insurance. Each session will be recorded, and the recordings will be shared once the series has concluded.

Quarterly Review 457 and 401(a) Plans
Ms. Braun-Ward provided a quarterly update on the 457(b) Plan for the period ending September 30, 2025. Areas discussed included Plan assets, participant demographics, cash flow, asset allocation, savings and deferral rates, participation trends, loan utilization, and the use of Empower's Lifetime Income Score tool.

As of the end of the reporting period, Plan assets totaled $278.8 million (excluding brokerage assets), up from $269.3 million in the prior period. The number of participants with an account balance also increased, from 1,184 to 1,1849

Ms. Braun-Ward reported that the average account balance exceeds $230,000, significantly above Empower's internal benchmark of $92,000. The Plan's participation rate is 76%, compared to Empower's benchmark of 59%. In addition, 83% of participants with a balance have registered their accounts online. Loan utilization remains low.

The Committee reviewed the utilization of Empower's managed accounts service and noted that 29 participants were enrolled, representing $2.9 million in assets. Ms. Braun-Ward also reviewed utilization by age and shared that Empower representatives proactively contacted participants under age 30 and confirmed that each chose to remain in the service.

Empower's 401(a) Plan Review report was also shared with the Committee.

Expense Budget Account Quarterly Activity Review
The Committee reviewed the quarterly accounting activity report for the Plan Expense Budget account.

SETTLOR AGENDA

SECURE 2.0. Optional Provision – Emergency Withdrawal
The Committee reviewed the optional Emergency Personal Expense Withdrawal provision under SECURE 2.0, which permits one annual withdrawal of up to $1,000 for immediate and unforeseeable financial needs such as medical expenses, casualty losses, eviction, funeral costs, or other urgent personal needs. No additional withdrawal is allowed for three years unless the prior amount is repaid or employee contributions equal the withdrawal. A plan amendment is required, with an election deadline of 12/15/2025 for a 1/29/2026 effective date.

ACTION: After discussion, the Committee unanimously voted to add this provision to their 457(b) Plan.

OTHER MATTERS:

Public Comments – No public comments were received.

Other Business – There was no other business.

Adjournment - The meeting adjourned at 12:10 p.m.

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: March 10, 2026

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on March 10, 2026, at 10:35 a.m. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present
John Olvera – Deputy Executive Officer / Admin and Human Resources
Sujata Jain - Chief Financial Officer
Raquel Arciniega - Human Resources Manager
Bayron Gilchrist – General Counsel

Committee Members Absent
None

Guests
Darren Stewart, Benefit Financial Services Group ("BFSG")
Aksana Muñoz, BFSG
Lisa Braun-Ward, Empower Retirement ("Empower")

Call to Order: Chair Olvera called the meeting to order at 10:35 am.

Approval of Prior Meeting Minutes
The Committee unanimously approved the minutes of the meeting held on November 19, 2025.

FIDUCIARY AGENDA

457 and 401(a) Plans Quarterly Investment Review – 4th Quarter 2025
The Committee received and voted unanimously to approve the Retirement Plan Quarterly Investment Review (the "Report") for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the "Plan") for the quarter ending December 31, 2025.

The Committee reviewed estimated fees paid to Empower for recordkeeping and administration of the District's Plan. Empower's annual fee requirement of 0.02% on each Plan's assets were below the benchmark of 0.03%.

The Plan operates under a levelized fee arrangement whereby revenue sharing generated by certain funds is credited directly to participants invested in those funds. The review of fund share classes indicated that, after accounting for these credits, all funds result in participant cost savings relative to the lowest-cost available share class, with estimated annualized savings exceeding $27,000.

To provide context for the performance of the investment options in the Plans, BFSG provided a brief overview of the economy and capital markets during the reporting period. The presentation was followed by a quantitative and qualitative review of the funds offered in the Plans, in accordance with the Evaluation Methodology criteria set forth in the Plan' Investment Policy Statement (the "IPS").

American Funds American Balanced Fund – The Committee discussed a portfolio manager change within one of the underlying strategies, where two managers were removed and one manager with over 10 years of experience managing similar strategies within the American Funds complex was added. The change affects approximately 7% of assets within the strategy and is not expected to materially impact overall performance. As of the end of the reporting period, the fund outperformed both its benchmark index and category peers across all time periods measured in the Report. No action was recommended.

American Beacon Small Cap Value was placed on the Watch List in November 2025, due to underperformance relative to its index and peers. The Committee reviewed the fund's recent performance, noting that while it slightly outperformed peers during the quarter, it continued to trail the Russell 2000 Value Index primarily due to stock selection within healthcare and an underweight to biotechnology. Strong stock selection within technology was able to offset much of the underperformance. After discussion, the Committee agreed to maintain the fund on the Watch List to continue monitoring performance.

Hartford International Opportunities Fund – The Committee reviewed the fund's performance, noting that it slightly trailed its benchmark but outperformed its peer group during the quarter. The current lead manager assumed responsibility in 2024 and has been involved with the strategy since 2010; longer-term performance largely reflects the prior manager's tenure. The fund has generated approximately 2% positive year-to-date performance and remains broadly in line with peers. No action was recommended.

BFSG noted that the following changes were implemented effective February 16, 2026:

- Transition to lower-cost share classes for the Vanguard Total Bond Index Fund, Vanguard Developed Markets Index Fund, and Vanguard Mid-Cap Index Fund.
- Addition of the T. Rowe Price Retirement 2070 I Fund to the Plan's investment lineup.

The Committee reviewed the performance of the T. Rowe Price Retirement series, which serves as the Plan's default investment option. The series represented 11% of total assets, and performance was strong across all time periods shown in the Report.

The Committee reviewed the performance of the Target Date Models and point-in-time Plan-level performance. Based on participant allocations as of December 31, 2025, the Plan outperformed the custom category benchmark over all time periods measured in the Report.

Quarterly Review 457 and 401(a) Plans
Ms. Braun-Ward provided a quarterly update on the 457(b) Plan for the period ending December 31, 2025. As of the end of the reporting period, Plan assets totaled $280.5 million (excluding brokerage assets), up from $278.8 million in the prior period. The number of participants with an account balance remained unchanged at 1,189.

The participation rate was 76%, exceeding the benchmark of 59%, and the average deferral rate was 12.8%, also above Empower's benchmarks. The Committee noted that the Plan's average account balance of approximately $233,000 significantly exceeds both benchmark and top-decile averages for plans of similar size.

The Committee also reviewed participant engagement, investment utilization, and cash flow activity. Approximately 83% of participants have registered their accounts online with Empower, and the majority manage their own investments, with 23.8% invested in target date funds and a smaller portion utilizing advisory services. Loan utilization remained low at approximately 7% of participants, below the benchmark of 10%. The report also indicated a median retirement income replacement score of 88%, with approximately 42% of participants projected to meet a 75% income replacement target at retirement.

Empower's 401(a) Plan Review report was also shared with the Committee.

Expense Budget Account Quarterly Activity Review
The Committee reviewed the quarterly accounting activity report for the Plan Expense Budget account.

OTHER MATTERS:

Public Comments − No public comments were received.

Other Business − There was no other business.

Adjournment - The meeting adjourned at 11.41 a.m.

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: June 2, 2026

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on June 2, 2026, at 10:35 a.m. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present
John Olvera – Deputy Executive Officer / Admin and Human Resources
Sujata Jain - Chief Financial Officer
Raquel Arciniega - Human Resources Manager
Bayron Gilchrist – General Counsel

Committee Members Absent
None

Guests
Darren Stewart, Benefit Financial Services Group ("BFSG")
Aksana Muñoz, BFSG
Lisa Braun-Ward, Empower Retirement ("Empower")

Call to Order: Chair Olvera called the meeting to order at 10:35 am.

Approval of Prior Meeting Minutes
The Committee unanimously approved the minutes of the meeting held on March 10, 2026.

FIDUCIARY AGENDA

457 and 401(a) Plans Quarterly Investment Review – 1st Quarter 2026
The Committee received and voted unanimously to approve the Retirement Plan Quarterly Investment Review (the "Report") for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the "Plan") for the quarter ending March 31, 2026.

The Committee reviewed estimated fees paid to Empower for recordkeeping and administration of the District's Plan. Empower's annual fee requirement of 0.02% on each Plan's assets were below the benchmark of 0.03%.

The Plan operates under a levelized fee arrangement whereby revenue sharing generated by certain funds is credited directly to participants invested in those funds. The review of fund share classes indicated that, after accounting for these credits, all funds result in participant cost savings relative to the lowest-cost available share class, with estimated annualized savings exceeding $26,000.

To provide context for the performance of the investment options in the Plans, BFSG provided a brief overview of the economy and capital markets during the reporting period. The presentation was followed by a quantitative and qualitative review of the funds offered in the Plans, in accordance with the Evaluation Methodology criteria set forth in the Plan' Investment Policy Statement (the "IPS").

Hartford Dividend and Growth Fund – The Committee reviewed the performance of the fund, noting short-term underperformance during the quarter driven by an overweight to, and poor selection in, technology. Management uses the S&P 500 instead of the Russell 1000 Value as an internal benchmark, often leading to heavier weights in growth-oriented stocks. This includes a meaningful position in Microsoft, which underperformed during the quarter due to investor fears of disruption by artificial intelligence. BFSG noted that the fund has already shown signs of recovery and continues to demonstrate strong intermediate- and long-term performance relative to peers. No action was recommended.

American Beacon Small Cap Value – The fund, which was placed on the Watch List in November 2025 due to underperformance relative to its benchmark and peers, was reviewed by the Committee. BFSG reported on its April 2026 meeting with fund management, including discussion of the fund's sub-advisor structure, performance drivers, and market outlook. The Committee noted strong relative performance during the reporting quarter, driven primarily by stock selection, as well as an improved Evaluation Methodology rank of 45 ("perform"). After discussion, the Committee unanimously agreed to maintain the fund on the Watch List for continued monitoring.

Vanguard FTSE Social Index Fund – BFSG provided an update regarding recent regulatory developments, including the Department of Labor's proposed regulation addressing fiduciary considerations in the selection and monitoring of retirement plan investment options. BFSG noted that the proposal did not impose specific

restrictions on socially responsible investment options but instead outlined a principles-based fiduciary framework and potential safe harbor considerations for investment evaluation and monitoring. BFSG further noted that the proposed framework is generally consistent with the Committee's existing prudent fiduciary practices, including evaluation of investment objectives, risk/return characteristics, fees, manager qualifications, and ongoing oversight. The Committee reviewed the fund's performance, noting some short-term underperformance primarily attributable to its lack of energy sector exposure. Intermediate- and long-term performance remained favorable relative to category peers and its benchmark index.

The Committee reviewed point-in-time Plan-level performance. Based on participant allocations as of March 31, 2026, the Plan outperformed the custom category benchmark on a one-, three-, five, and ten-year basis.

Fixed Account Crediting Rate and Notice Requirement
The Committee discussed the Plan's Guaranteed Interest Account, including the remaining rate supplement from the prior product transition. It was noted that the supplement is expected to be exhausted by the end of 2026, after which the account's base crediting rate would likely become less competitive relative to available alternatives. In light of this, the Committee reviewed potential replacement strategies and unanimously approved providing the required 12-month notice to terminate the current account, with the transition expected to occur around the end of June 2027. Replacement options will be evaluated at a future meeting.

The Committee also reviewed available approaches for applying the remaining rate supplement, including maintaining the current supplement until depleted, spreading the remaining amount over the next 12 months, or implementing a step-down approach. After discussion, the Committee unanimously approved maintaining the current 1% supplement to the annual rate for as long as available, with the understanding that the crediting rate is expected to decrease once the supplement is exhausted, currently anticipated to occur January 1, 2027.

Quarterly Review 457(b) and 401(a) Plans
Ms. Braun-Ward provided a quarterly update on the 457(b) Plan for the period ending March 31, 2026. As of the end of the reporting period, Plan assets totaled $273.6 million (excluding brokerage assets), down from $280.5 million in the prior period, while the number of participants with an account balance increased from 1,182 to 1,190.

Ms. Braun-Ward reviewed Plan demographics and participant activity, noting 793 eligible participants, 77% participation, and an average contribution rate of 12.5%, all above applicable benchmarks. Although Plan assets declined during the quarter due to market performance, assets had subsequently recovered, and participant account balances remained strong relative to peers.

Ms. Braun-Ward also reviewed participant distributions, loans, rollovers, and managed account utilization. Distribution activity primarily reflected separated participants, required minimum distributions, and permitted in-service withdrawals, while loan activity remained low relative to benchmarks.

Managed account utilization was 4.6%, with most users having customized their profiles and provided supplemental financial information. The Committee discussed the importance of ensuring that participants enrolled in the managed account service receive the full value of the service and personalized advice appropriate to their circumstances. Accordingly, the Committee unanimously agreed to have Empower conduct proactive outreach to participants enrolled in the managed account service who have not fully completed their profiles or provided sufficient information necessary to support individualized recommendations.

Empower's 401(a) Plan Review report was also shared with the Committee.

Expense Budget Account Quarterly Activity Review
The Committee reviewed the quarterly accounting activity report for the Plan Expense Budget account. Empower reviewed the quarterly reconciliation, including activity associated with the transition from the discontinued money market account to the Vanguard Federal Money Market Fund. At the end of the reporting period, the Vanguard Federal Money Market Fund balance was $4,919.

SETTLOR AGENDA

Brown Act / SB 707 Remote Participation Provisions

The Committee discussed Senate Bill 707 ("SB 707"), which amended certain provisions of the Ralph M. Brown Act related to teleconferencing and remote participation by members of local agency legislative bodies. The Committee discussed the availability of remote participation options for Committee members and the related public access and meeting requirements under applicable law.

Following discussion, the Committee unanimously approved permitting remote participation subject to applicable requirements.

OTHER MATTERS:

Public Comments − No public comments were received.

Other Business − There was no other business.

Adjournment - The meeting adjourned at 12.00 p.m.

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

PROPOSAL: Establish List of Prequalified Vendors for Automotive Mechanical Repair and Service and for Mailing Services, Amend Purchase Order for Lease and Maintenance of Mailing System Equipment

SYNOPSIS: On August 7, 2026, the Board approved release of RFQs to prequalify vendors for automotive mechanical repair and service, and for mailing services. This action is to establish prequalified lists for automotive mechanical repair and service and mailing services that can be used for three years. This action is also to add $25,600 to a previously Board-approved five-year purchase order with Pitney Bowes, Inc. to cover taxes for the lease and maintenance of mailing system equipment. Funds for these services have been included in the FY 2026-27 Budget and will be requested in successive fiscal years.

COMMITTEE: Administrative, November 13, 2026; Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve vendors listed in Attachment I as prequalified vendors to provide South Coast AQMD with automotive mechanical repair and service for a three-year period ending December 31, 2029;
2. Approve vendors listed in Attachment II as prequalified vendors to provide South Coast AQMD with mailing services for a 3-year period ending December 31, 2029; and
3. Authorize the Procurement Manager to amend a previously Board-approved purchase order with Pitney Bowes, Inc. to add $25,600, to cover the annual cost of taxes, for a total not-to-exceed amount of $271,100 for the five-year purchase order.

Wayne Nastri
Executive Officer

AJO:VL:mc

Background
South Coast AQMD works with vendors for automotive repair and maintenance of fleet vehicles and for mailing services for large mailing distributions. On August 7, 2026, the Board approved the release of two RFQs: (1) Q2027-01, to solicit proposals to establish a list of prequalified vendors for automotive mechanical repair and service for a three-year period; and (2) Q2027-02, to solicit proposals to establish a list of prequalified vendors for mailing services, such as folding, inserting, and sealing mail, for a 3-year period.

In addition, on December 5, 2025, the Board approved the issuance of a five-year lease and maintenance purchase order with Pitney Bowes Inc. in the amount of $245,500 from January 1, 2026, through December 31, 2030. However, the cost for taxes for each year of the purchase order was inadvertently left out of the final cost for Board approval.

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

Additionally, potential bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFQ has been mailed to the Legislative Caucuses and various minority chambers of commerce and business associations, the State of California Contracts Register website, and placed on the Internet at South Coast AQMD's website (http://www.aqmd.gov). Information was also available on South Coast AQMD's bidder's 24-hour telephone message line (909) 396-2724.

Bid Evaluation
For Automotive Mechanical Repair and Service vendors (RFQ #Q2027-01), five proposals were received when final bidding closed at 2:00 p.m. on September 8, 2026. The proposals were evaluated by a three-member panel consisting of a Business Services Manager and two Fleet Services Worker IIs. All five proposals were deemed complete and met RFQ requirements.

For mailing services (RFQ #Q2027-02), two proposals were received when final bidding closed at 2:00 p.m. on September 8, 2026. The proposals were evaluated by a three-member panel consisting of a Mail and Subscription Services Supervisor, a Mail and Subscription Services Clerk, and a Print Shop Supervisor. Both proposals were deemed complete and met RFQ requirements.

Proposal
Staff recommends establishing prequalified vendors lists as follows: five Automotive Mechanical Repair and Service providers, as set forth in Attachment I, and two mailing services, as set forth in Attachment II.

Staff also recommends authorizing the Procurement Manager to amend the multi-year purchase order with Pitney Bowes, Inc. for an additional total not to exceed $25,600 to cover tax costs.

Resource Impacts
Sufficient funds have been appropriated for vendors for both the automotive repair and maintenance and mailing services in the FY 2026-27 Budget and will be requested in subsequent fiscal year budgets.

For the multi-year lease and maintenance purchase order agreement with Pitney Bowes, sufficient funds in the amount of $7,200 are available in the approved FY 2026-27 Budget for the remainder of this fiscal year. Subsequent funding will be requested in the budgets for each of the remaining fiscal years of the purchase order. Annual costs to cover taxes are $7,200 for FY 2026-27; $5,200 for FY 2027-28; $5,200 for FY 2028-29; $5,300 for FY 2029-30; and $2,700 for FY 2030-31.

Attachment
Attachment I – Prequalified Vendor List for RFQ #Q2027-01
Attachment II – Prequalified Vendor List for RFQ #Q2027-02

ATTACHMENT I

Prequalified Vendor List for RFQ #Q2027-01
Automotive Mechanical Repair and Service

Name	Qualifying Score	Additional Points*	Total Points
Diamond Bar Mobil	100	15	115
ENA Enterprises Inc. DBA Cerritos Auto Repair Center	98	15	114
Imp Auto, Inc. DBA Imperial Auto Repair and Transmission	97	15	112
Car Dr. Mobile	96	15	111
Fleetworks Inc.	91	5	96

Max 15 pts. (Small Business, DVBE, Local Business, Off-Peak Hours, Low-Emission Vehicle). Max 17 pts. applicable for Most Favorable Customer.

ATTACHMENT II

Prequalified Vendor List for RFQ #Q2027-02
Mailing Services

Name	Qualifying Score	Additional Points**	Total Points
Hodgman Enterprises Inc. DBA Direct Connection	87	15	102
The Dot Printer, Inc.	94	0	94

* Max 15 pts. (Small Business, DVBE, Local Business, Off-Peak Hours, Low-Emission Vehicle). Max 17 pts. applicable for Most Favorable Customer.

Item No. 12

Back to Agenda

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

PROPOSAL: Execute Contract for Janitorial Services at Diamond Bar Headquarters

SYNOPSIS: On August 7, 2026, the Board approved release of an RFP to solicit proposals from firms interested in providing janitorial services at Diamond Bar headquarters. The current contract for these services expires on December 31, 2026. This action is to execute a 42-month contract with Santa Fe Janitorial Maintenance Services Inc. for a total amount not to exceed $2,854,212. Funding has been included in the FY 2026-27 Budget and will be requested in successive fiscal years.

COMMITTEE: Administrative, November 13, 2026; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Executive Officer to execute a 42-month contract with Santa Fe Janitorial Maintenance Services Inc. for janitorial services at Diamond Bar headquarters for the period of December 31, 2026 through June 30, 2030, for a total amount not to exceed $2,854,212, with an option to extend the contract for up to two additional years.

Wayne Nastri
Executive Officer

AJO:VL:mc

Background
South Coast AQMD contracts with a firm to provide routine janitorial services and supplies at its Diamond Bar headquarters. The contract term with the current contractor, Santa Fe Janitorial Maintenance Services Inc., expires December 31, 2026. On August 7, 2026, South Coast AQMD released RFP #2027-01 to solicit proposals from janitorial services providers interested in contracting with South Coast AQMD for a 42-month period.

In accordance with RFP #2027-01 requirements, the selected firm must use janitorial products that have received South Coast AQMD's Clean Air Choices cleaner certification. Where no products have received South Coast AQMD certification, the firm must use products that have received Green Seal certification or equivalent.

In addition to routine janitorial services and additional work, South Coast AQMD may require occasional, special and/or emergency cleanup services that would not be covered under this contract. While it is difficult to anticipate special services, past experience indicates they typically increase costs by approximately five percent. Accordingly, the costs listed in this Board letter include an additional five percent above the costs submitted in the proposals.

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

Additionally, potential bidders may have been notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFP was emailed to Legislative Caucuses and various chambers of commerce and business associations and placed on the Internet at South Coast AQMD's website (http://www.aqmd.gov).

Bid Evaluation
Seventeen vendors attended the mandatory bidders conference held on September 8, 2026. Nine proposals were received when final bidding closed at 2:00 p.m. on September 22, 2026. Of the nine proposals received, four were complete and met RFP requirements and five were deemed not qualified. The proposals were evaluated by a three-member panel consisting of a Business Services Manager, a Building Maintenance Manager, and a Senior Public Affairs Manager.

The panel evaluated the proposals based on criteria specified in the RFP, which included completeness and responsiveness of the proposal, cost, understanding of the required janitorial services, contractor qualifications, and past experience. The attached Bid Evaluation Summary summarizes the scores of the qualified bids.

Proposal
Staff recommends authorizing the Executive Officer to execute a 42-month contract with Santa Fe Janitorial Maintenance Services Inc. The company received the highest overall evaluation score, with the highest Technical score. Their proposal also included excellent references for comparable public sector janitorial services. Santa Fe Janitorial

Maintenance Services Inc. has been providing janitorial services at South Coast AQMD headquarters since 2013.

Resource Impacts
Sufficient funds in the amount of $369,426 are available in the approved FY 2026-27 Budget for the remainder of this fiscal year. Subsequent funding will be requested in the budgets for each of the remaining fiscal years of the contract. Annual costs are $787,690 for FY 2027-28; $828,916 for FY 2028-29; and $868,180 for FY 2029-2030.

Attachment
RFP 2027-01 Bid Evaluation Summary

ATTACHMENT I

Bid Evaluation Summary for RFP #P2027-01
Janitorial Services at South Coast AQMD Headquarters

Name	42-month Janitorial Services Contract*	Cost of Extra Work Requested (not included on point scale)	Total Cost	Subtotal Points (Work Requirement, Contractor Qualifications, Cost, Experience)	Additional Points**	Total Points
Santa Fe Janitorial Maintenance Services Inc.	$2,658,011.64	$196,200	$2,854,211.64	90.3	17	107.3
Merchants Building Maintenance	$2,409,641.90	$196,217	$2,605,858.90	93.3	4	97.3
3H & 3H Inc.	$2,495,289.51	$196,225	$2,691,514.51	91.6	2	93.6
Guaranteed Janitorial Service	$3,023,337.37	$196,209	$3,219,546.37	81.9	5	86.9

* Proposal Cost listed includes a 5% contingency amount.
** Max 15 pts. (Small Business, DVBE, Local Business, Off-Peak Hours, Low-Emission Vehicle). Max 17pts applicable for Most Favorable Customer.

BOARD MEETING DATE: December 4, 2026 AGENDA NO.

PROPOSAL: Recognize Revenue, Transfer and Appropriate Funds, Issue Purchase Orders and Solicitation for Community Air Monitoring Near Refineries and Related Facilities

SYNOPSIS: In January 2024, the Board amended Rule 1180 and adopted Rule 1180.1, which require petroleum refineries, other refineries, and related facilities to fund the installation and operation of community air monitoring systems. In October 2024, the Board recognized revenue of up to $5,227,692 and up to $2,309,469 for Rules 1180 and 1180.1, respectively, into the Rule 1180 Special Revenue Fund (78) to establish community monitoring systems. Additionally, refineries and facilities pay the annual operating and maintenance fees for the community air monitoring systems totaling $7,961,250 for FY 2026-27. These actions are to (1) recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (3) appropriate up to $372,000 from the General Fund Undesignated Fund Balance, (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (5) issue sole source purchase orders for air monitoring and supporting equipment and services to meet the needs of operating the community air monitoring systems, and (6) issue purchase orders based upon results from a solicitation for office essentials for additional Rules 1180 and 1180.1 staff.

COMMITTEE: Administrative, November 13, 2026; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund (01) Budget;
2. Appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance into the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42) Services and Supplies Major Object;

3. Appropriate up to $372,000 from the General Fund Undesignated Fund Balance for Rule 1180 activities to the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), Capital Outlays Major Object (up to $190,000) and Services and Supplies (up to $182,000), as indicated in Tables 1 and 2;
4. Transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), Capital Outlays Major Object, as shown in Table 1;
5. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue sole source purchase orders for the equipment and services listed in Tables 1 and 2; and
6. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue purchase orders based on the results of a solicitation for office essentials for Rule 1180 and 1180.1 staff, as listed in Table 1.

Wayne Nastri
Executive Officer

JCL:SD:OP:ld:ir:kdl:rb

Background

Rule 1180 - Refinery Fenceline and Community Air Monitoring was adopted by the Board in December 2017 and requires all seven major petroleum refineries in the Basin to measure the ambient levels of various air pollutants at their fenceline and notify the public if the concentration of any measured pollutant is above predetermined threshold levels. Rule 1180 also establishes a fee schedule for refineries to fund the installation, operation, and maintenance of community air monitoring stations that are operated by South Coast AQMD, and to provide air quality information and notifications to the public. The requirements of Rule 1180 apply to the seven refineries listed in Appendix A.

The Rule 1180 refinery fenceline and community air monitoring network has been in operation since January 2020. Novel optical remote sensing (ORS), automated gas chromatography, and traditional analyzers have been installed at multiple fenceline and community air monitoring sites, making this network the first of its kind in terms of complexity and technology deployed.

In January 2024, the Board approved amendments to Rule 1180, which include additional air monitoring requirements for air toxic metals and particulate matter at the fenceline of the original seven Rule 1180 facilities. The amended rule also requires the development and installation of new fenceline air monitoring systems at the five

refinery-related facilities (related facilities) listed in Appendix A. Also, in January 2024, the Board adopted Rule 1180.1, which requires fenceline air monitoring for three other refineries in the Basin, as listed in Appendix A.
Rule 1180 establishes a one-time fee schedule to fund the addition of air toxic metals and particulate matter monitoring at community sites near the original seven Rule 1180 refineries, and the planning and implementation of community air monitoring stations near new facilities that were added in recent amendments to Rule 1180. Rule 1180 payments totaling $3,765,960 from the seven major petroleum refineries for the implementation of metals and particulate matter monitoring were received in January 2025. Rule 1180 payments totaling $1,461,732 from related facilities for the planning and implementation of community air monitoring stations were due in two installments (the first installment totaling $438,518 in January 2025, and the second installment totaling $1,023,214 in January 2026).

Rule 1180.1 payments totaling $2,309,469 from other refineries for the planning and implementation of community air monitoring stations were due in two installments (the first installment totaling $692,841 in January 2025, and the second installment totaling $1,616,628 in January 2026).

The facilities subject to Rules 1180 and 1180.1 also fund ongoing Operation and Maintenance (O&M) of community air monitoring through Rule 301 – Fees, totaling $7,961,250 for FY 2026-27, with $5,839,934 included in MAD's FY 2026-27 adopted budget.

Proposal
These actions are to (1) recognize up to $2,121,316 from O&M Fees for Rules 1180 and 1180.1 into the FY 2026-27 General Fund (01) Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance into the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), (3) appropriate $372,000 from the General Fund Undesignated Fund Balance to the MAD FY 2026-27 and/or 2027-28 Budgets, and (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) for Rule 1180 and 1180.1, subject to the availability of funds, to the MAD FY 2026-27 and/or 2027-28 Budgets. These actions are also to authorize the Procurement Manager to (5) issue sole source purchase orders for equipment and services listed in Tables 1 and 2 and (6) issue purchase orders based upon results from a solicitation for office essentials for Rules 1180 and 1180.1 staff, as described below and as listed in Table 1.

<u>Proposed Purchase Through Sole Source</u>
Air monitoring and supporting equipment at the ten existing Rule 1180 community air monitoring stations have been in operation since 2019, and key instruments and components require replacement within the next three years to ensure consistent operations and quality data. A replacement plan will be implemented to replace selected units each year, ensuring uninterrupted measurements and community notifications.

Below are the air monitoring equipment and instrument components, and air monitoring container needed to supply the replacement plan.

H2S Analyzers
H2S analyzers will be used for continuous real-time monitoring of H2S. This data is also used to issue community air quality notifications. The purchase of one H2S analyzer from Teledyne API (Teledyne) will not exceed $30,000 as listed in Table 1.

Air Conditioning Systems
The air conditioning system replacement will ensure stable temperature conditions inside the Rule 1180 community air monitoring stations. KLM HVAC & Refrigeration (KLM HVAC) is a local business in Long Beach that has extensive expertise in the installation, service, and repair of air conditioning systems in South Coast AQMD air monitoring stations. KLM HVAC has an in-depth understanding of controlled-environment requirements to operate air monitoring instrumentation and is uniquely qualified to select and install the appropriate air conditioning equipment. The cost to purchase and install up to two air conditioning systems will not exceed $40,000, as listed in Table 1.

Air Monitoring Container
The air monitoring container will be used to replace an aging air monitoring trailer which houses air monitoring equipment at the Guenser Park Rule 1180 Community Air Monitoring Station. Martin Container LLC (Martin Container) is a small business that has extensive experience in manufacturing shelters outfitted with specialized features for the purpose of air monitoring stations such as inlet ports, electrical wiring, and environmental controls required for advanced air monitoring equipment. All existing South Coast AQMD Rule 1180 community air monitoring containers are manufactured by this vendor, who is uniquely qualified to provide specialized containers that fully satisfy Rule 1180 requirements for community air monitoring. The cost to purchase the air monitoring container will not exceed $50,000, as listed in Table 1.

Annual Consumable Supplies, Quality Assurance Service, and Software License
Optical multi-pollutant analyzers manufactured by FluxSense, Inc. (FluxSense) are deployed at all Rules 1180 and 1180.1 community air monitoring sites for measuring a comprehensive array of VOCs and other air toxics, and for providing real-time community air quality notifications. The consumables, consisting of specialized light sources, are required to ensure routine uninterrupted performance of the optical multi-pollutant analyzers. Quality assurance services and software licenses are also required to ensure timely review and verification of real-time data and community air quality notifications provided to the communities near the refineries and facilities subject to Rules 1180 and 1180.1. FluxSense is the sole source provider of these items due to the use of proprietary technology and their unique qualifications. The cost of annual consumable supplies including installation, quality assurance services, and the software

license purchased from FluxSense will not exceed $95,200, $112,500, and $71,800, respectively, as listed in Table 2.

Proposed Purchase Through Solicitation

Office Essentials

The workspace occupied by Rules 1180 and 1180.1 air monitoring team in South Coast AQMD's Long Beach Office was configured in 2019 based on the initial staffing levels. Since then, several modifications have been made to the team's staffing in order to optimize the team's efficiency and meet operational needs. Furthermore, additional positions were added for implementation of more community air monitoring requirements introduced by the January 2024 amendment of Rule 1180, and adoption of Rule 1180.1. As a result, a reconfiguration plan will be developed to accommodate the new group structure and to increase the team's efficiency and productivity. This action is to issue a solicitation for quotations from vendors to provide modular furniture systems, other essential office furnishings, and furniture moving and installation services at the South Coast AQMD's Long Beach Office. This action is also to execute purchase orders based on the result of the solicitation. The cost to purchase these office essentials will not exceed $250,000, as listed in Table 1.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. The request for sole source purchases from Teledyne and FluxSense are made under Sections VIII.B.2.c (1): The unique experience and capabilities of the proposed contractor; VIII.B.2.c (2): The project involves the use of proprietary technology; and VIII.B.2.d (6): Projects requiring compatibility with existing specialized equipment. There are no other vendors who can provide the equipment, supplies, software, and services that fully meet all required specifications to satisfy Rule 1180 air monitoring requirements, and that are compatible with existing specialized equipment already in operation. The request for sole source purchases from KLM HVAC and Martin Container are made under Section VIII.B.2.d (6): Projects requiring compatibility with existing specialized equipment. KLM HVAC and Martin Container are small local businesses that are established vendors with South Coast AQMD, have supplied air conditioning services and air monitoring containers, respectively, compatible with existing air monitoring stations and equipment, and have provided reliable services to support air monitoring efforts for the last decade.

Benefits to South Coast AQMD

Maintaining and updating air monitoring equipment will allow for uninterrupted, continuous operation of the Rule 1180 community air monitoring network and ensure that reliable and timely air monitoring data is provided to communities near refineries. The expansion of community air monitoring stations will allow South Coast AQMD to fulfill the new requirements in the amended Rule 1180 and newly adopted Rule 1180.1.

This will result in benefits to the people that live and work near refineries and related facilities.

Resource Impacts

Initial and final payments are required from petroleum and other refineries, and related facilities under Rule 1180 and Rule 1180.1 to provide sufficient funding for additional community air monitoring in properly implementing these rules. Amendments to Rule 301 will provide resources for ongoing community air monitoring O&M near facilities subject to Rules 1180 and 1180.1. The most recent Rule 301 amendment for O&M fees was approved by the Board in October 2025. California Health and Safety Code §42705.6 requires petroleum refineries to fund the costs of refinery-related community air monitoring.

Attachments

Table 1: Proposed Capital Outlays Expenditures for Rules 1180 and 1180.1 for FY 2026-27 and/or 2027-28

Table 2: Proposed Services & Supplies Expenditures for Rules 1180 and 1180.1 for FY 2026-27 and/or 2027-28

Appendix A: List of Refineries, Related Facilities and Other Refineries Subject to Rules 1180 and 1180.1

Table 1
Proposed Capital Outlays Expenditures for Rules 1180 and 1180.1
for FY 2026-27 and/or 2027-28

Description	Qty	Appropriation from Rule 1180 Special Revenue Fund (78)	Appropriation from General Fund Undesignated Fund Balance for Rule 1180*	Rule	Procurement Method
H2S Analyzer	1		$30,000	1180: refineries	Sole Source
Air Conditioning Systems**	2		$40,000	1180: refineries	Sole Source
Air Monitoring Container	1		$50,000	1180: refineries	Sole Source
Office Essentials**	1		$70,000	1180: refineries	Solicitation
Office Essentials**	1	$90,000		1180: related facilities	Solicitation
Office Essentials**	1	$90,000		1180.1	Solicitation
Total		**Up to $180,000**	**Up to $190,000**		

*Savings from prior Fiscal Years
**Expenditures may be appropriated to Services & Supplies or Capital Outlays Major Object, as warranted

Table 2
Proposed Services & Supplies Expenditures for Rules 1180 and 1180.1
for FY 2026-27 and/or 2027-28

Description	Appropriation from General Fund Undesignated Fund Balance for Rule 1180 – Major Refineries*	Appropriation from FY 2026-27 Annual O&M Fees	Total for Each Expenditure
Services and Supplies, Various Categories		$2,023,816	**$2,023,816**
Annual Consumable Supplies for Optical Multi-Pollutant Analyzers**	$63,500	$31,700	**$95,200**
Annual Quality Assurance Services for Optical Multi-Pollutant Analyzers **	$75,000	$37,500	**$112,500**
Annual Software License Renewal for Optical Multi-Pollutant Analyzers**	$43,500	$28,300	**$71,800**
Total for Each Funding Source	**Up to $182,000**	**Up to $2,121,316**	

*Savings from prior Fiscal Years
**Sole Source Procurement

Appendix A

List of Refineries, Related Facilities and Other Refineries Subject to Rules 1180 and 1180.1

List of Refineries Subject to Rule 1180

- Tesoro Refining & Marketing Company, LLC, Carson;
- Tesoro Refining & Marketing Company, LLC, Wilmington;
- Torrance Refining Company, LLC, Torrance;
- Chevron Products Company, El Segundo;
- Phillips 66 Company, Los Angeles Refinery, Carson;
- Phillips 66 Company, Los Angeles Refinery, Wilmington; and
- Valero Wilmington Refinery (permitted as Ultramar, Inc.), Wilmington.

List of Related Facilities Subject to Rule 1180

- Air Products and Chemicals, Inc., Carson;
- Air Products and Chemicals, Inc., Wilmington;
- Tesoro Refining and Marketing Co., LLC (Sulfur Recovery Plant);
- Kinder Morgan Liquids Terminals, LLC; and
- Tesoro Logistics, Carson Crude Terminal.

List of Other Refineries Subject to Rule 1180.1

- Air Products Manufacturing, LLC (formerly AltAir Paramount, LLC);
- LTR dba World Oil Refining; and
- Valero Wilmington Asphalt Plant.