



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 Vanessa Delgado, Committee Chair
Vice Chair Michael Cacciotti, Committee Vice Chair
Mayor Pro Tem Larry McCallon
Supervisor V. Manuel Perez

November 14, 2025 ♦ 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

City of South Pasadena
Amedee O. Richards, Jr. Council
Chambers Mayor's Conference Room
1424 Mission Street
South Pasadena, CA 91030

A meeting of the South Coast Air Quality Management District Administrative Committee will be held at 10:00 a.m. on Friday, November 14, 2025 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 9:

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 Vanessa Delgado
2. Chair's Report of Approved Travel (***No Motion Required***) Chair Delgado pg. 6
3. Report of Approved Out-of-Country Travel (***No Motion Required***) Wayne Nastri
Executive Officer
4. Review December 5, 2025 Governing Board Agenda Wayne Nastri pgs. 7-19
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 Delgado pgs. 20-23
6. Annual Audited Financial Statements for FY Ended June 30, 2025
(***No Motion Required***) Sujata Jain pgs. 24-190
*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.* Chief Financial Officer
7. South Coast AQMD's FY 2025-26 First Quarter Ended September
30, 2025 Budget vs. Actual (Unaudited) (***No Motion Required***) Sujata Jain pgs. 191-198
*Staff will provide a comparison of budget vs. actual results for the
first quarter which ended September 30, 2025.*
8. Update on South Coast AQMD's Internal Engagement Activities
(***No Motion Required***) Anissa Heard-Johnson, PhD
Deputy Executive Officer,
Community Engagement and
Air Programs pgs. 199-207

Staff will provide an update on current and future efforts for our internal community engagement activities.

9. Status Report on Major Ongoing and Upcoming Projects for Information Management (**No Motion Required**)
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.

Ron Moskowitz
Chief Information Officer,
Information Management
pgs. 208-213

ACTION ITEMS – Items 10 through 12:

10. Authorize Multi-Year Purchase Order With Pitney Bowes for Lease and Maintenance of Mailing System Equipment (**Motion Requested**)
South Coast AQMD's mailing system equipment lease and maintenance purchase order with Pitney Bowes Inc. is set to expire on December 31, 2025. This action is to issue a new five-year lease and maintenance purchase order to upgrade the United States Postal Service compliant mailing system, which includes equipment for folding, inserting, and addressing mail. The purchase order would begin January 1, 2026, and would have a total not to exceed cost of \$245,500. Funding has been included in the FY 2025-26 budget and will be requested in successive fiscal years.
11. Approve Recommendations to Revisions to Governing Board Committees and Advisory Groups (**Motion Requested**)
South Coast AQMD has 13 Board Committees and Advisory Groups. In response to a request from Chair Delgado, changes to Board Committees and Advisory Groups are proposed to streamline and enhance Committee efficiencies. This action is to approve changes to Board Committees and Advisory Groups.
12. Approve Amendments to Board Member Assistant and Board Member Consultant Policy and Methodology to Determine Support Level per Board Member (**Motion Requested**)
South Coast AQMD's Administrative Code provides the methodology and calculation for the amount of compensation Board Member Assistants and Consultants receive for their Board Member's participation in Board Committees, Advisory Groups, or other Board Member assignments. The current methodology is based on a point system that accounts for the level of effort. To streamline and create a more transparent approach, the methodology and calculation continue to account for the level of effort but will be based on a dollar amount per fiscal year instead of a point system.

John Olvera pgs. 214-215
Deputy Executive Officer,
Administrative & Human
Resources

Wayne Nastri pgs. 216-225

Sujata Jain pgs. 226-244

WRITTEN REPORT:

No written reports.

OTHER MATTERS:

13. Other Business

Chair Delgado

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)

14. 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.

15. **Next Meeting Date:** Friday, December 11, 2025 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.

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.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**EXECUTIVE OFFICE****MEMORANDUM**

DATE: November 7, 2025

TO: Administrative Committee

FROM: Wayne Nastri, Executive Officer

SUBJECT: Report of Travel

The following is a report of travel that has been approved by the Chair:

DATE	TRAVELER	DESTINATION	PURPOSE
October 28, 2025	Vice Chair Michael Cacciotti	Sacramento, CA	Vice Chair Cacciotti attended the CAPCOA 50 th Anniversary Celebration.

There is no out-of-country travel to be reported.

11/7/25 –8:20 p.m.

D R A F T A G E N D A**HYBRID GOVERNING BOARD MEETING
DECEMBER 5, 2025**

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m. on Friday, December 5, 2025 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.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates, and details on how to participate at: <http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>.

<p>Electronic Participation Information (Instructions provided at the bottom of the agenda)</p>	<p>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#</p> <p>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#</p>
<p>Public Comment Will Still Be Taken</p>	<p>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.</p> <p>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</p>
<p>Questions About an Agenda Item</p>	<ul style="list-style-type: none"> ▪ 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

Americans with Disabilities Act and Language Accessibility

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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: Vanessa Delgado, 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 through XX)

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

Items X through X – Action Items/No Fiscal Impact

12815. Approve Minutes of November 7, 2025 **Thomas/3268**

12885. Approve Recommendations to Revisions to Governing Board Committees and Advisory Groups **Nastri/3131**

South Coast AQMD has 13 Board Committees and Advisory Groups. In response to a request from Chair Delgado, changes to Board Committees and Advisory Groups are proposed to streamline and enhance Committee efficiencies. This action is to approve changes to Board Committees and Advisory Groups. (Reviewed: Administrative Committee, November 14, 2025; Recommended for Approval)

12814. Set Public Hearings January 9, 2026 to Consider Adoption of and/or Amendments to South Coast AQMD Rules and Regulations: **Nastri/3131**

12868. Determine That Proposed Amended Rule 463 – Organic Liquid Storage, Is Exempt from CEQA; Amend Rule 463; and Submit Rule 463 Into State Implementation Plan **Krause/2706**

Proposed Amended Rule 463 will clarify the tank types subject to periodic optical gas imaging inspections and address control efficiency requirements for small above-ground gasoline storage tanks. This action is to adopt the Resolution: 1) Determining that Proposed Amended Rule 463 – Organic Liquid Storage, is exempt from the requirements of the California Environmental Quality Act; 2) Amending Rule 463; and 3) Directing staff to submit Proposed Amended Rule 463 – Organic Liquid Storage for inclusion into the State Implementation Plan. (Reviewed: Stationary Source Committee, November 21, 2025)

12874. Determine That Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces, Is Exempt From CEQA; and Amend Rule 1111

Krause/2706

Rule 1111 establishes a NOx emission limit of 14 nanogram per joule (ng/J) for natural gas central furnaces, with a mitigation fee alternate option for mobile home furnaces that expired on September 30, 2025. Mobile home furnace manufacturers need additional time for technology development to meet the 14 ng/J NOx limit; Proposed Amended Rule 1111 will extend the mobile home furnace mitigation fee alternate compliance option to September 30, 2028. This action is to adopt the Resolution: 1) Determining that the proposed amendment to Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces is exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces. (Reviewed: Stationary Source Committee, November 21, 2025)

12873. Determine That Proposed Amended Rule 1118 – Control of Emissions from Refinery Flares, Is Exempt from CEQA; and Amend Rule 1118

Krause/2706

Proposed Amended Rule 1118 is an administrative amendment to correct two omissions from the previous rule amendment: 1) add a missing rule reference; and 2) replace standard date placeholder language with an actual date. This action is to adopt the Resolution: 1) Determining that Proposed Amended Rule 1118 – Control of Emissions from Refinery Flares, is exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 1118. (Reviewed: Stationary Source Committee, November 21, 2025)

Items X through XX – Budget/Fiscal Impact

12837. Recognize Revenue, Amend Contracts for AB 617 Residential Air Filtration Program and Reimburse General Fund

Katzenstein/2219

In February 2024, U.S. EPA awarded South Coast AQMD a \$100,000 grant under Clean Air Act Section 105 for an air filtration project. This grant will supplement the AB 617 Residential Air Filtration Program approved by the Board in November 2022. These actions are to: 1) recognize up to \$100,000 from a U.S. EPA grant into the Advanced Technology, Outreach and Education Fund (17) to supplement the AB 617 Residential Air Filtration Program; 2) authorize the Executive

Officer to amend existing contracts with vendors selected under RFP #P2023-04 to add an amount not to exceed \$90,000 from the Advanced Technology, Outreach and Education Fund (17); and 3) reimburse the General Fund from the Advanced Technology, Outreach and Education Fund (17) for administrative costs up to \$10,000 from the U.S. EPA grant. (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12872. Execute Contract to Assess Emissions of a Linear Generator

Katzenstein/2219

Linear generators provide a rapidly deployable and scalable pathway to support EV charging infrastructure by generating electricity onsite. Their flexibility to operate on different fuels and low-emission power generation has led to their emergence as an alternative prime power generation technology that can support and accelerate charging infrastructure and backup generation. This project will utilize a Hyliion KARNO linear generator to assess the emission aspects of this technology using different fuel sources. This action is to execute a contract with the University of California, Riverside College of Engineering – Center for Environmental Research and Technology in an amount not to exceed \$423,723 from the Clean Fuels Program Fund (31) to conduct the studies on a Hyliion KARNO linear generator. (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12876. Recognize Revenue, Execute Contracts and Reimburse General Fund to Deploy Marine Shore-Side Charging Infrastructure

Katzenstein/2219

South Coast AQMD has been allocated \$500,000 through the DOE FY 24 Congressional Direct Spending Request to deploy a high-power shore-side charging infrastructure for plug-in hybrid passenger tour boats. These actions are to: 1) recognize, upon receipt, revenue up to \$500,000 from DOE into the Clean Shipping Technology Demonstration Special Revenue Fund (83); 2) execute a contract with Harbor Breeze Cruises for up to \$481,282 from Fund (83); and 3) reimburse the general fund up to \$18,718 from Fund 83 for administrative costs necessary to implement the project. (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12877. Approve Payments for Contracts

Katzenstein/2219

Authorize the Executive Officer to authorize payments for previously approved projects: 1) in the amount of \$286,953.82 to West Virginia University for the completed testing work under the in-use emissions study from the Clean Fuels Program Fund (31); and 2) to refund Southern California Gas Company in the amount of \$150,000 for the unused project funds for the heavy-duty vehicle maintenance study from the Clean Fuels Program Fund

(31). (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12878. Issue RFP for Technical Assistance to Support South Coast AQMD's Technology Advancement Office Activities and Programs Implementation Efforts

Katzenstein/2219

South Coast AQMD's Technology Advancement Office administers and manages both the implementation of incentive programs as well as pre-commercial research, development, demonstration, and deployment of low and zero-emission technologies. These actions are to: 1) issue an RFP to solicit proposals from qualified consultants and consulting firms with relevant technical expertise and experience to assist with the implementation of incentive programs and development of technology demonstration project proposals; and 2) authorize the Executive Officer to execute or amend contract(s) with the selected consultant(s) or firm(s) in an amount not to exceed \$800,000 using up to \$500,000 in administrative funds from Carl Moyer Program Fund (32) and Community Air Protection Program Fund (77), and up to \$300,000 from the Clean Fuels Program Fund (31). Multiple awards may be issued from this solicitation. (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12879. Recognize Revenue and Authorize EV Charging Fees to Implement New EV Charger Network at South Coast AQMD Headquarters

Katzenstein/2219

In January 2025, the Board approved the execution of a contract to install and maintain a new EV charger network at South Coast AQMD headquarters. The installation and commissioning of this network are to be completed by the end of 2025. These actions are to: 1) recognize revenue from EV charging fees; and 2) authorize the Executive Officer to adjust EV charging fees to recover electricity costs and encourage EV drivers to move their vehicles after their vehicle's charging session is completed. (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12881. Recognize Revenue and Execute Contracts to Deploy Zero-Emission Commercial Workboats

Katzenstein/2219

In September 2025, U.S. EPA awarded \$150,000 to South Coast AQMD under the Clean Air Technology Initiative to deploy up to two zero-emission battery-electric commercial workboats. In addition, four zero-emission commercial workboat applications were received under the Year 26 Carl Moyer Program SB 1107 Announcement released in March 2025. All four marine projects were deemed eligible for funding. These actions are to: 1) recognize revenue upon receipt up to \$150,000 from U.S. EPA into the Clean Shipping Technology Demonstration Special Revenue Fund (83); and 2) execute contracts with Pacific Towing

LLC, Balboa Yacht Club and City of Los Angeles, Department of Recreation and Parks to deploy up to four zero-emissions commercial workboats for a total of \$812,845, which consists \$150,000 from Clean Shipping Technology Demonstration Special Revenue Fund (83) and \$662,845 from the Carl Moyer Program SB 1107 Fund (32). (Reviewed: Technology Committee, November 21, 2025; Recommended for Approval)

12880. Authorize Multi-Year Purchase Order With Pitney Bowes for Lease and Maintenance of Mailing System Equipment

Olvera/2309

South Coast AQMD's mailing system equipment lease and maintenance purchase order with Pitney Bowes Inc. is set to expire on December 31, 2025. This action is to issue a new five-year lease and maintenance purchase order to upgrade the United States Postal Service compliant mailing system, which includes equipment for folding, inserting, and addressing mail. The purchase order would begin January 1, 2026, and would have a total not to exceed cost of \$245,500. Funding has been included in the FY 2025-26 budget and will be requested in successive fiscal years. (Reviewed: Administrative Committee, November 14, 2025; Recommended for Approval)

12886. Approve Amendments to Board Member Assistant and Board Member Consultant Policy and Methodology to Determine Support Level per Board Member

Jain/2804

South Coast AQMD's Administrative Code provides the methodology and calculation for the amount of compensation Board Member Assistants and Consultants receive for their Board Member's participation in Board Committees, Advisory Groups, or other Board Member assignments. The current methodology is based on a point system that accounts for the level of effort. To streamline and create a more transparent approach, the methodology and calculation continue to account for the level of effort but will be based on a dollar amount per fiscal year instead of a point system. (Reviewed: Administrative Committee, November 14, 2025; Recommended for Approval)

12671. Approve Contract Modification as Approved by MSRC

McCallon

Items XX through XX – Information Only/Receive and File

12602. Legislative, Public Affairs and Media Report

Tanaka/3327

This report highlights the October 2025 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)

12813. **Hearing Board Report** **Ali**
 This reports the actions taken by the Hearing Board during the period of October 1 through October 31, 2025. (No Committee Review)
12595. **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, 2025 through October 31, 2025. An Index of South Coast AQMD Rules is attached with the penalty report. (Reviewed: Stationary Source Committee, November 21, 2025)
12862. **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, 2025 and October 31, 2025, and proposed projects for which South Coast AQMD is acting as lead agency pursuant to CEQA. (Reviewed: Mobile Source Committee, November 21, 2025)
12550. **Rule and Control Measure Forecast** **Rees/2856**
 This report highlights South Coast AQMD rulemaking activities and public hearings scheduled for 2026. (No Committee Review)
12870. **Annual Audited Financial Statements for FY Ended June 30, 2025** **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 14, 2025)
12883. **Report to Legislature and CARB on South Coast AQMD's Regulatory Activities for Calendar Year 2024** **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)
12871. **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 14, 2025)

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

Note: The November 14, 2025 Legislative Committee meeting was cancelled.

12635.	Administrative Committee (Receive & File)	Chair: Delgado	Nastri/3131
12560.	Mobile Source Committee (Receive & File)	Chair: Delgado	Rees/2856
12582.	Stationary Source Committee (Receive & File)	Chair: McCallon	Aspell/2491
12882.	Technology Committee (Receive & File)	Chair: Rodriguez	Katzenstein/2219
12694.	Mobile Source Air Pollution Reduction Review committee (Receive & File)	Board Rep.: Hagman	Katzenstein/2219
12812.	California Air Resources Board Monthly Report (Receive & File)	Board Rep.: Lock Dawson	Thomas/3268
XXXXX.	<u>Items Deferred from Consent and Board Calendar</u>		

STAFF PRESENTATION/BOARD DISCUSSION/RECEIVE & FILE

12884.	Background on Emission Offset Requirements and Priority Reserve (Presentation in Lieu of Board Letter)		Aspell/2491
	Staff will provide a background on emission offset requirements in the New Source Review (NSR) permitting process related to recent industry requests for amendments to the Essential Public Services definition in Rule 1302 to allow access to emission credits in the Priority Reserve. Federal NSR equivalency requirements and related backstop provisions will also be presented. (Reviewed: Stationary Source Committee, November 21, 2025)		

PUBLIC HEARINGS

12855.	Determine That Proposed Amended Rule 1107 – Coating of Metal Parts and Products, Is Exempt from CEQA; and Amend Rule 1107		Krause/2706
	Rule 1107 establishes VOC limits for metal parts and products coatings. The California Office of Environmental Health Hazard Assessment determined that two compounds, tert-Butyl Acetate (t-BAc) and para-Chlorobenzotrifluoride (pCBtF), have carcinogenic health effects. Both pCBtF and t-BAc are used in some metal parts and products coatings. Proposed Amended Rule 1107 includes a future effective prohibition for metal parts and products coatings formulated with pCBtF and t-BAc, includes a limited sell through provision, and includes additional requirements for enhanced enforceability. This action is to adopt the Resolution: 1) Determining that		

Proposed Amended Rule 1107 – Coating of Metal Parts and Products, is exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 1107. (Reviewed: Stationary Source Committee, September 19, 2025)

12854. Determine That Proposed Amended Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations, Is Exempt from CEQA; and Amend Rule 1469

Krause/2706

Proposed Amended Rule 1469 (PAR 1469) will incorporate the more stringent requirements adopted by CARB's Airborne Toxic Control Measure for Chromium Plating and Chromic Acid Anodizing Operations by incorporating CARB's phase out dates for hexavalent chromium decorative plating and functional plating, more stringent emission limit, and more frequent source testing, as well as prohibiting new hexavalent chromium plating facilities. PAR 1469 will also add other administrative amendments. This action is to adopt the Resolution: 1) Determining that PAR 1469 - Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations, is exempt from the requirements of the California Environmental Quality Act; and 2) Amending Rule 1469. (Reviewed: Stationary Source Committee, September 19, 2025)

12858. Receive and File 2024 Annual Report on AB 2588 Program and Approve Updates to Facility Prioritization Procedure for AB 2588 Program, Public Notification Procedures, and AB 2588 and Rule 1402 Supplemental Guidelines

Rees/2856

The Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB 2588) requires local air pollution control districts to prepare an annual report and present it at a public hearing. This report provides information regarding South Coast AQMD's implementation of AB 2588 through Rule 1402 – Control of Toxic Air Contaminants from Existing Sources. This annual update describes the various activities including quadrennial emissions reporting and prioritization, preparation and review of Air Toxics Inventory Reports, Health Risk Assessments, Voluntary Risk Reduction Plans, Risk Reduction Plans, and additional South Coast AQMD activities related to air toxics. Staff is also seeking approval of updates to the Facility Prioritization Procedure for the AB 2588 Program, Public Notification Procedures, and the AB 2588 and Rule 1402 Supplemental Guidelines to provide additional information and clarification. These actions are to receive

and file the 2024 Annual Report on the AB 2588 Air Toxics “Hot Spots” Program and approve revisions to the Facility Prioritization Procedure for the AB 2588 Program, Public Notification Procedures, and AB 2588 and Rule 1402 Supplemental Guidelines. (Reviewed: Stationary Source Committee, October 17, 2025)

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.

CONFLICT OF INTEREST DISCLOSURE – (No Written Material)

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	NAAQS = National Ambient Air Quality Standards
AQIP = Air Quality Investment Program	NATTS = National Air Toxics Trends Station
AQMP = Air Quality Management Plan	NESHAPS = National Emission Standards for Hazardous Air Pollutants
AVR = Average Vehicle Ridership	NGV = Natural Gas Vehicle
BACT = Best Available Control Technology	NOx = Oxides of Nitrogen
BARCT = Best Available Retrofit Control Technology	NSPS = New Source Performance Standards
Cal/EPA = California Environmental Protection Agency	NSR = New Source Review
CARB = California Air Resources Board	OEHA = Office of Environmental Health Hazard Assessment
CEMS = Continuous Emissions Monitoring Systems	PAMS = Photochemical Assessment Monitoring Stations
CEC = California Energy Commission	PEV = Plug-In Electric Vehicle
CEQA = California Environmental Quality Act	PHEV = Plug-In Hybrid Electric Vehicle
CE-CERT = College of Engineering-Center for Environmental Research and Technology	PM10 = Particulate Matter \leq 10 microns
CNG = Compressed Natural Gas	PM2.5 = Particulate Matter \leq 2.5 microns
CO = Carbon Monoxide	RECLAIM = Regional Clean Air Incentives Market
DOE = Department of Energy	RFP = Request for Proposals
EV = Electric Vehicle	RFQ = Request for Quotations
EV/BEV = Electric Vehicle/Battery Electric Vehicle	RFQQ = Request for Qualifications and Quotations
FY = Fiscal Year	SCAG = Southern California Association of Governments
GHG = Greenhouse Gas	SIP = State Implementation Plan
HRA = Health Risk Assessment	SOx = Oxides of Sulfur
LEV = Low Emission Vehicle	SOON = Surplus Off-Road Opt-In for NOx
LNG = Liquefied Natural Gas	SULEV = Super Ultra Low Emission Vehicle
MATES = Multiple Air Toxics Exposure Study	TCM = Transportation Control Measure
MOU = Memorandum of Understanding	ULEV = Ultra Low Emission Vehicle
MSERCs = Mobile Source Emission Reduction Credits	U.S. EPA = United States Environmental Protection Agency
MSRC = Mobile Source (Air Pollution Reduction) Review Committee	VOC = Volatile Organic Compound
	ZEV = Zero Emission Vehicle

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

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

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

For language interpretation:

Click the interpretation Globe icon at the bottom of the screen

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

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

Para interpretación de idiomas:

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

Seleccione el idioma que desea escuchar (inglés o español)

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

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

After each agenda item, the 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.

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

**Administrative Committee Meeting
November 14, 2025**

Proposal for SCAQMD Board Member Assistant/Consultant

To: Administrative Cmte For meeting on November 14, 2025 From: Board Member Carlos Rodriguez

In accordance with the policy adopted by the Governing Board April 3, 2015, I submit this proposal to hire the individual named below, in the capacity indicated, to assist me in my duties as a member of the Governing Board of the SCAQMD effective November 1, 2025 and ending December 31, 2025

Candidate Information

Name: Debra Mendelsohn

Qualifications (education, professional experience, etc.): Resume on file; continuing service

Proposed Capacity (check one)

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

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

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

Proposed Scope of Duties (check one)

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

Examples of duties are set forth in the attachment (OPTIONAL)

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

Examples of duties are set forth in the attachment (OPTIONAL)

Proposed Rate of Compensation (fill in all blanks)

\$6,471.92 per month for November 1, 2025 through December 31, 2025, up to a maximum payable during the contract period not to exceed \$ 12,943.84

For Administrative Committee Use:

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

By _____ for the Administrative Committee

cc: Human Resources

Rev. 11/7/25

Proposal for SCAQMD Board Member Assistant/Consultant

To: Administrative Cmte For meeting on November 14, 2025 From: Board Member Carlos Rodriguez

In accordance with the policy adopted by the Governing Board April 3, 2015, I submit this proposal to hire the individual named below, in the capacity indicated, to assist me in my duties as a member of the Governing Board of the SCAQMD effective November 1, 2025 and ending June 30, 2026

Candidate Information

Name: Erin Sheehy

Qualifications (education, professional experience, etc.): new; resume attached

Proposed Capacity (check one)

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

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

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

Proposed Scope of Duties (check one)

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

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

Proposed Rate of Compensation (fill in all blanks)

\$4,853.94 per month for November 1, 2025 through June 30, 2026, up to a maximum payable during the contract period not to exceed \$38,831.52.

For Administrative Committee Use:

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

By _____ for the Administrative Committee

cc: Human Resources

Rev. 11/7/25

Erin Sheehy, LEED AP

171 Pier Avenue #337 Santa Monica, CA 90405 • (626) 318-9567 • envcomp@earthlink.net

Experience

MAY 1995 - PRESENT

Environmental Compliance Solutions, Inc. (ECS) – President and Owner

Founded ECS (woman-owned, small business) to assist businesses and public-sector clients with air quality compliance. Specific expertise in California Environmental Quality Act (CEQA) documentation, emission calculations, greenhouse gas inventories, air toxic evaluations, mobile source requirements, Proposition 65, emission reduction credit (ERC) calculations, and air quality auditing. Familiarity with SCAQMD, California Air Resources Board (CARB) and EPA regulations. Consultant to the Permit Streamlining Committee.

Provided technical expertise to clients with emerging technologies, including, but not limited to: green waste recycling and methane harvesting, solar farms, food waste-to-energy, port ship emission capture (ie. bonnet) technology, emulsified diesel fuel, low- and zero-VOC paints, and heavy-duty truck and school bus filters. We proudly include: Anheuser-Busch, Boeing, Dunn-Edwards, Rust-Oleum, the Ports of Los Angeles and Long Beach, Los Angeles International Airport, ConocoPhillips, Occidental Petroleum, Baxter Healthcare, Southern California Edison, Target Corporation, Waste Management, AES powerplants, and 3M among our many clients.

MAY 1992 – MAY 1995

ERM, Inc. – Air Quality Consultant

Air Quality consultant for ERM. Wrote proposals, solicited new clients, completed numerous air quality audits in the field to ensure compliance with local, state and federal air quality regulations. Taught air quality compliance courses.

AUGUST 1988 – MAY 1992

South Coast Air Quality Management District – Assistant Air Quality Specialist and Air Quality Specialist

Assisted with rule development and CEQA documentation for new and modified rules and regulations governing a wide-range of industries. Extensive field experience interviewing facilities affected by proposed changes. Authored over 50 CEQA documents for rulemaking. Assisted with writing the *1987 Air Quality Handbook for Preparing Environmental Impact Reports*.

Education

Bachelor of Arts, Economics - Smith College, Northampton, MA – 1988

Junior Year Study – Dartmouth College, Hanover, NH – 1986-1987

Entrepreneurial MBA – UCLA Anderson School of Business, Los Angeles, CA - 2000

BOARD MEETING DATE: December 5, 2025

AGENDA NO.

REPORT: Annual Audited Financial Statements for FY Ended June 30, 2025

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 14, 2025, 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, 2025.

Wayne Natri
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, 2025, have been completed by LSL, 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

Year Ended June 30, 2025



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, 2025

Prepared by:
Finance Office
Sujata Jain, Chief Financial Officer

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VANESSA DELGADO

Chair

Senate Rules Committee Representative

MICHAEL A. CACCIOTTI

Vice-Chair

*Cities of Los Angeles County
Eastern Region Representative*

JANET NGUYEN

County of Orange Representative

CURT HAGMAN

*County of San Bernardino
Representative*

PATRICIA LOCK DAWSON

*Cities of Riverside County
Representative*

LARRY McCALLON

*Cities of San Bernardino County
Representative*

HOLLY J. MITCHELL

County of Los Angeles 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

NITHYA RAMAN

City of Los Angeles Representative

CARLOS RODRIGUEZ

Cities of Orange County Representative

VACANT

Governor's Representative



South Coast Air Quality Management District

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

October 16, 2025

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, 2025.

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 LSL, LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of South Coast AQMD for the fiscal year ended June 30, 2025 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, 2025 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.

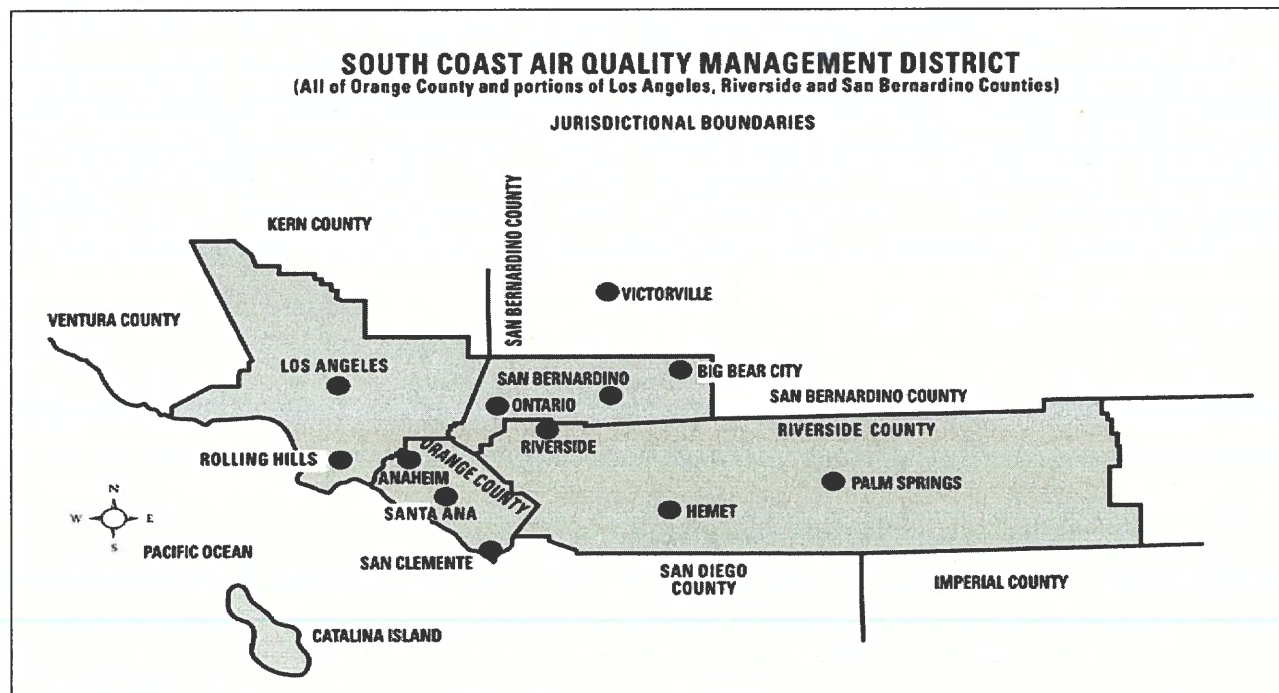
The independent audit of the financial statements of South Coast AQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal

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. Government Accounting Standards Board Statement No. 61 requires that certain separate but related component units be included with South Coast AQMD for reporting purposes. This report includes the South Coast Air Quality Management District Building Corporation (Corporation) as a blended component unit. South Coast AQMD may impose its will on the component unit, including the ability to appoint, hire, reassign or dismiss management. There are also financial benefit/burden relationships between South Coast AQMD and the Corporation. For additional information, see Note 1 to the financial statements.

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

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

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

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

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

Factors Affecting Financial Condition

South Coast AQMD is a fee-supported agency and does not receive sales or property tax support. Approximately 69% 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 31% 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 2024-25 General Fund budget reflects funded staffing levels that are approximately 13% below the 1991-92 level. The budgeted General Fund expenditures, when adjusted for inflation, are approximately 1% less than the 1991-92 period.

Government-wide revenues during this fiscal year decreased by 27% as compared to the prior fiscal year, primarily due to a decrease in revenue from special funds. General Fund revenues increased by 7.8% as compared to the prior fiscal year, primarily due to an increase in annual operating, permit fees, penalties and settlements, and interest income.

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, 2025, 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 increased when compared to the prior fiscal year by 11% primarily due to expenditures related to higher salaries, due to increase in COLA of 4.50% to 2.50% for six months of the fiscal year. General Fund expenditures increased by 7.5% as compared to the prior fiscal year due to an increase in salaries and benefits, insurance, communication, supplies and capital outlays, and offset by lower expenditures in utilities, contracts and special services. 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 two years 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 2024-25 budget, the Governing Board approved the fees to be increased by an amount equal to CPI of 3.5% and for annual renewal and permit fees, an additional 3.5% 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 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 2024-25, 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, 2024. 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 Natri
Executive Officer



Sujata Jain, CPA
Chief Financial Officer, Finance



Government Finance Officers Association

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Presented to

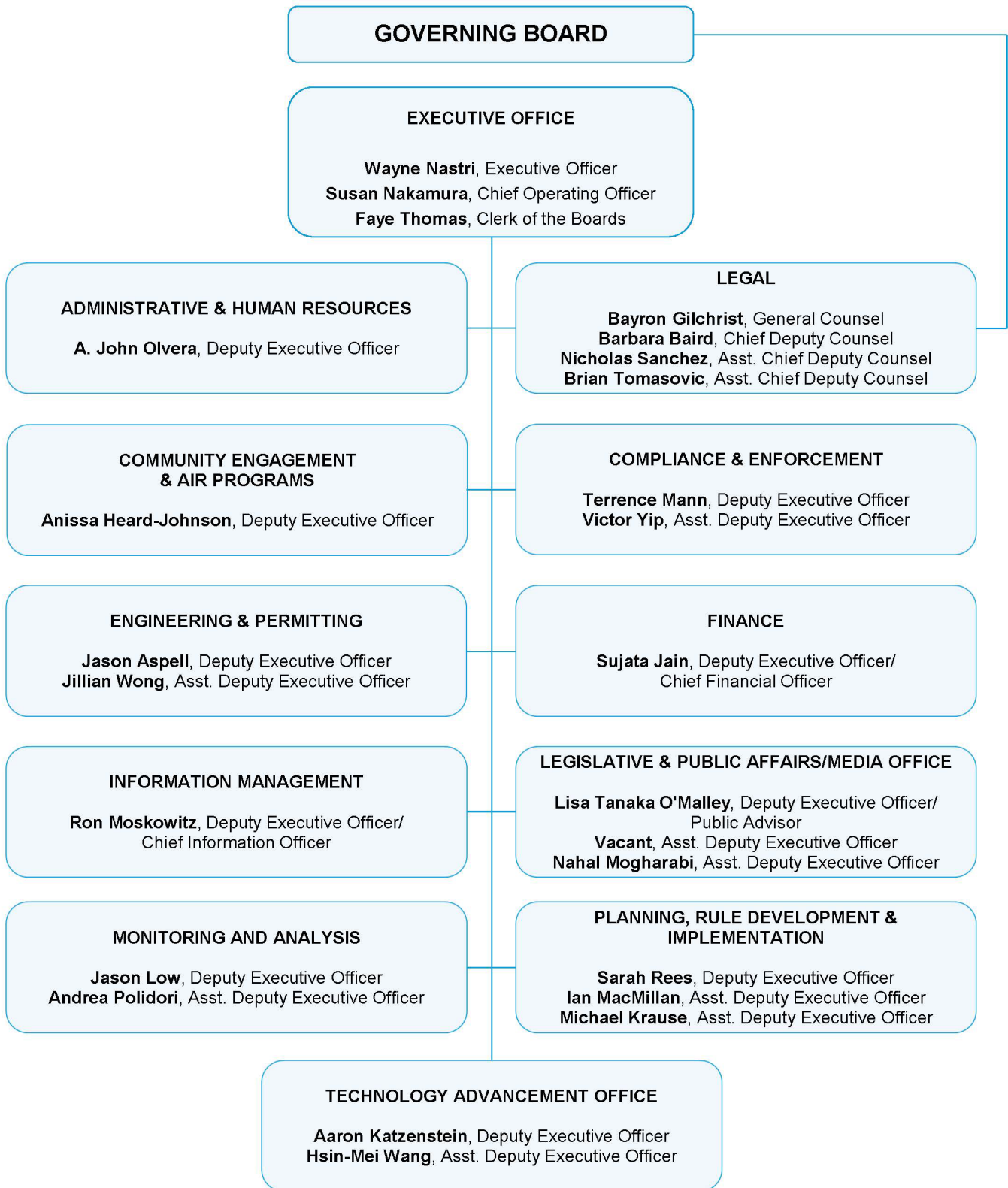
**South Coast Air Quality Management District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITORS' REPORT

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

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, (hereafter, the District) as of and for the year ended June 30, 2025, 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, blended component units, and the aggregate remaining fund information of the District as of June 30, 2025, 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 Auditors' 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. 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.

Auditors' 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 auditors' 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, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on the table of contents 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 City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) 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 supplementary 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 and statistical sections but does not include the basic financial statements and our auditors' 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 October 16, 2025, 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 District's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
October 16, 2025

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, 2025. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

A. Financial Highlights

- Total assets and deferred outflows of resources of South Coast AQMD exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.5 billion (net position), an increase of \$142.6 million was the change in net position for the current year. The net position of \$1.5 billion consisted of: \$35.4 million net investment in capital assets; \$1.6 billion restricted for long-term emission-reduction projects; and a deficit of \$76.2 million unrestricted net position primarily due to a net pension liability of \$183.5 million.
- As of the close of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of \$1.7 billion, an increase of \$127.2 million in comparison to the prior year. Of the \$1.7 billion combined ending fund balances, \$114.9 million represents the fund balance of the General Fund.
- Out of the general fund balance of \$114.9 million at the end of the fiscal year, \$79,835 was non-spendable, \$16.5 million was committed, \$6.1 million was assigned and \$92.1 million was unassigned, which is 43% of the general fund expenditures.
- South Coast AQMD's capital assets increased by \$2.1 million from the prior year.
- South Coast AQMD's long-term liabilities increased by \$2.4 million or 8.9% of the long-term debt outstanding. This was primarily due to the increase of \$2.0 million in compensated absences for the implementation of GASB Statement 101, Compensated Absences. This implementation also restated and decreased the beginning balance of the net position by \$4.1 million.
- South Coast AQMD's net pension liability decreased by \$18.8 million or 9.3% from the prior year. The decrease was primarily due to the gain in investment income.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to South Coast AQMD's basic financial statements. South Coast AQMD's basic financial statements have three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and

3) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

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

Government-wide Financial Statements

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

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 48 individual special revenue funds, one debt service fund, one capital projects fund, and a blended component unit in addition to the General Fund. Four of the special revenue funds are considered major funds. The information for the major special revenue funds is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balances. Data for the other 44 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 44 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.

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.

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, 2025 compared with the prior fiscal year.

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

	Governmental Activities	
	<u>FY 2024-25</u>	<u>FY 2023-24</u>
Current and other assets	\$ 1,758,005	\$ 1,647,112
Capital assets	<u>41,845</u>	<u>39,749</u>
Total assets	<u>1,799,850</u>	<u>1,686,861</u>
Deferred outflow of resources-pension	78,234	87,881
Deferred outflow of resources-OPEB	<u>165</u>	<u>193</u>
Total deferred outflow of resources	<u>78,399</u>	<u>88,074</u>
Other liabilities	91,706	108,052
Long-term liabilities	<u>218,401</u>	<u>230,924</u>
Total liabilities	<u>310,107</u>	<u>338,976</u>
Deferred inflow of resources-pension	57,399	63,578
Deferred inflow of resources-OPEB	121	193
Deferred inflow of resources-long-term receivable	25	-
Deferred inflow of resources-leases	<u>265</u>	<u>309</u>
Total deferred inflow of resources	<u>57,810</u>	<u>64,080</u>
Net Position:		
Net investment in capital assets	35,394	34,485
Restricted for:		
Restricted for long-term emission-reduction projects	1,551,160	1,432,416
Unrestricted	<u>(76,223)</u>	<u>(99,163)</u>
Total net position	<u>\$ 1,510,331</u>	<u>\$ 1,367,738</u>

As noted earlier, net position may serve over time as a useful indicator of South Coast AQMD's financial position. At the close of the most recent fiscal year, South Coast AQMD's assets exceeded liabilities by \$1.5 billion.

The largest portion of South Coast AQMD's net position, \$1.5 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 \$35.3 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 \$76.2 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 \$142.6 million. Most of the increase was due to program revenue for operating grants and subventions in long-term emission-reduction projects.

Program revenues decreased by approximately \$140.5 million, 22.7% change from the prior year. This is largely due to a decrease in state grant revenue of approximately \$153.6 million in long-term emission reduction projects. Larger Carl Moyer funding of \$91.9 million and Community Air Protection (CAP) AB 134 funding of \$187.1 million were received in prior year. Overall General Revenue increased by \$3.1 million, compared with the prior fiscal year primarily due to higher interest revenue and non-program penalties and settlements.

Expenses increased by \$35.9 million largely due to higher salaries and employee benefits and higher contract expenditures for fiscal year 2024-25 as compared to fiscal year 2023-24. 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, 2025 compared with the prior fiscal year can be found on the following page.

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

	<u>Governmental Activities</u>	
	<u>FY 2024-25</u>	<u>FY 2023-24</u>
Revenues:		
Program Revenues:		
Fees and charges – stationary sources	\$ 133,699	\$ 123,623
Fees and charges – mobile sources	33,655	31,231
Operating grants and subventions	311,476	464,436
General Revenues:		
Grants and subventions – not restricted to specific programs	2,763	2,745
Interest	7,791	6,620
One-time non-program penalties and settlements	8,289	6,820
Other revenues	2,765	2,355
Total revenues	500,438	637,830
Expenses:		
Advance clean air technology	16,266	15,609
Ensure compliance with clean air rules	58,087	53,139
Customer service and business assistance	10,705	11,802
Develop programs to achieve clean air	15,661	14,695
Develop rules to achieve clean air	15,392	17,095
Monitoring air quality	37,409	32,209
Timely review of permits	41,686	39,547
Policy support	607	415
Interest on long-term debt	256	231
Long-term emission reduction projects	161,776	137,223
Total expenses	357,845	321,965
Increase/(Decrease) in net position	142,593	315,865
Net position beginning	1,367,738	1,056,014
Restatement – Change in accounting principle	-	(4,141)
Net position ending (restated)	\$ 1,510,331	\$ 1,367,738

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.

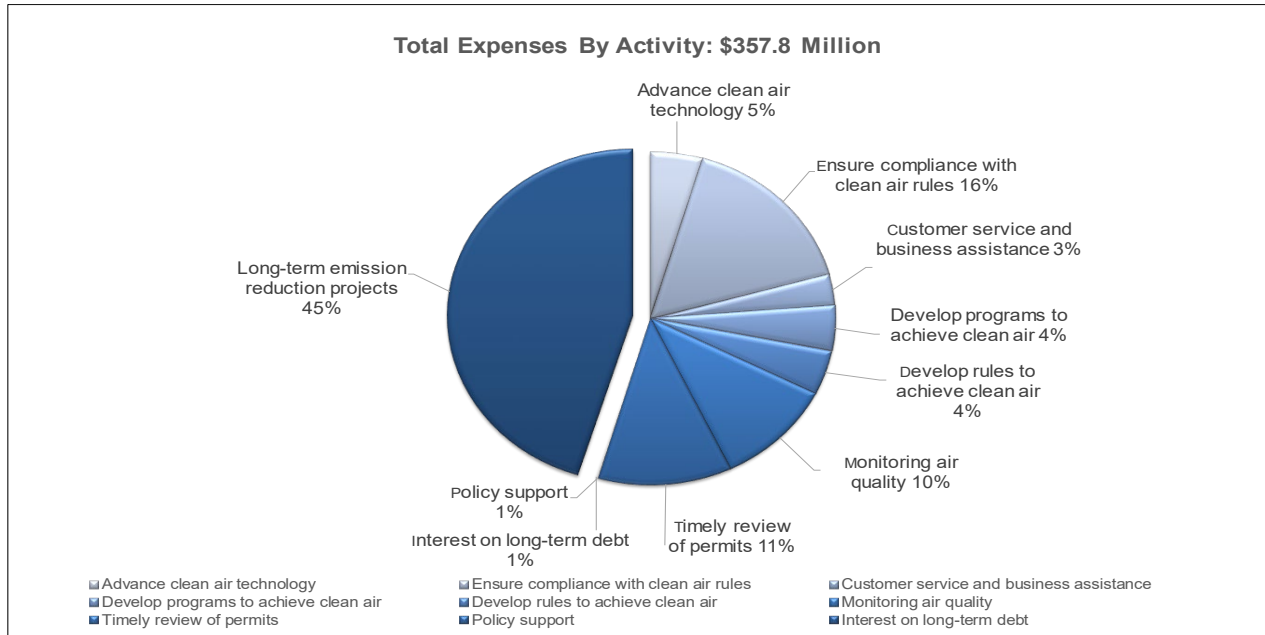
The Statement of Activities presents information showing how South Coast AQMD's net position changed during fiscal year 2025. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

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 2023-24 to fiscal year 2024-25:

- **Carl Moyer Program Fund** – This fund is to account 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 2024-2025, the state grant decreased by \$90.9 million. South Coast AQMD received more grants in prior fiscal year.
- **CAP AB 134 Fund** – This fund is to account for AB 617 CAP incentive funds. In fiscal year 2024-2025, the state grant decreased by \$187.1 million. We did not receive any funding in current fiscal year.

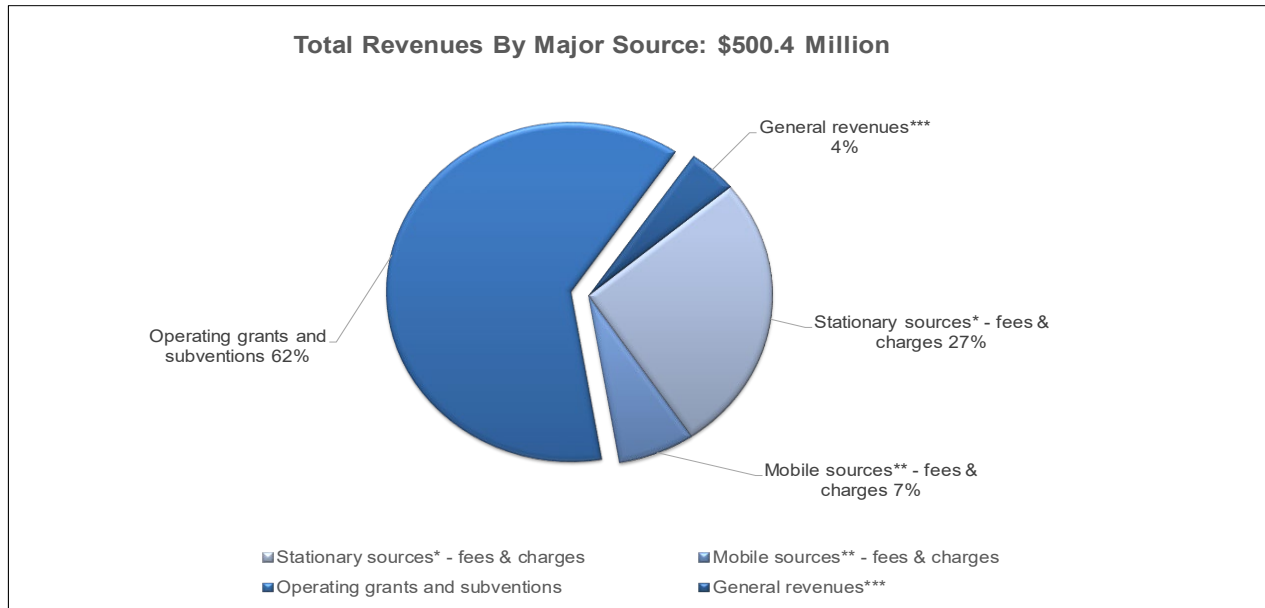
Government Activities FY 2024-25



Activity	FY 24-25	FY 23-24	FY 22-23	FY 21-22	FY 20-21	FY 19-20
Advance clean air technology	\$ 16,266,433	\$ 15,608,973	\$ 13,897,495	\$ 11,484,237	\$ 14,560,468	\$ 12,827,393
Ensure compliance with clean air rules	58,086,799	53,138,925	52,818,828	46,714,649	59,823,114	55,167,960
Customer service and business assistance	10,705,320	11,802,012	13,897,970	10,488,458	14,979,824	13,032,003
Develop programs to achieve clean air	15,660,797	14,694,946	13,408,190	12,387,784	15,522,501	12,471,639
Develop rules to achieve clean air	15,391,623	17,095,583	15,884,660	12,435,707	17,228,755	14,131,578
Monitoring air quality	37,408,858	32,209,013	32,963,667	29,106,009	36,114,354	31,910,536
Timely review of permits	41,685,967	39,546,541	36,208,322	31,042,335	38,832,790	35,511,594
Policy support	607,085	415,034	835,445	736,426	1,773,352	1,945,852
Interest on long-term debt	255,730	230,579	353,141	700,202	3,302,637	3,463,254
Long-term emission reduction projects	161,775,883	137,222,958	135,414,259	146,966,402	231,305,871	206,806,917
Total	\$357,844,495	\$321,964,564	\$315,681,977	\$302,062,209	\$433,443,666	\$387,268,726

Source: FY 2024-2025 Annual Comprehensive Financial Report Statement of Activities

Government Activities FY 2024-25



Source	FY 24-25	FY 23-24	FY 22-23	FY 21-22	FY 20-21	FY 19-20
Stationary sources* - fees & charges	\$ 133,699,442	\$ 123,622,856	\$ 117,309,958	\$ 109,776,713	\$ 106,917,251	\$ 106,450,095
Mobile sources** - fees & charges	33,655,280	31,230,917	29,308,987	27,772,271	26,995,162	29,214,922
Operating grants and subventions	311,476,121	464,436,224	220,132,286	365,668,049	304,766,572	303,621,322
General revenues***	21,607,366	18,540,095	14,931,457	10,711,118	10,336,674	18,272,157
Total	\$ 500,438,209	\$ 637,830,092	\$ 381,682,688	\$ 513,928,151	\$ 449,015,659	\$ 457,558,496

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

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

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

Source: FY 2024-2025 Annual Comprehensive Financial Report Statement of Activities

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

GOVERNMENTAL ACTIVITIES
Net (Expense) Revenue
(amounts expressed in thousands)

	<u>FY 2024-25</u>	
	<u>Total Cost of Program Activities</u>	<u>Net Cost of Program Activities</u>
Advance clean air technology	\$ 16,266	\$ (1,201)
Ensure compliance with clean air rule	58,087	(755)
Customer service and business assistance	10,705	(103)
Develop programs to achieve clean air	15,661	(103)
Develop rules to achieve clean air	15,392	(186)
Monitoring air quality	37,409	(273)
Timely review of permits	41,686	(304)
Policy support	607	(3)
Interest on long-term debt	256	(256)
Long-term emission reduction projects	161,776	124,170
Total	<u>\$ 357,845</u>	<u>\$ 120,986</u>

The program activities are described as follows:

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

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

D. Financial Analysis of South Coast AQMD's Funds

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

Governmental Funds

The focus of South Coast AQMD's governmental funds is to provide information on near-term

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

As of the end of the fiscal year, South Coast AQMD's governmental funds reported combined ending fund balances of \$1.7 billion, an increase of \$127.2 million in comparison with the prior year. Approximately 92.6% of these fund balances (\$1.5 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 \$114.9 million. The unassigned fund balance was \$92.2 million or 80.2% 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 46.0% of total General Fund expenditures, while total fund balance represents 53.7% of the total General Fund expenditures. In the General Fund, the assigned and unassigned fund balance may serve as a useful measure of South Coast AQMD's net resources available for spending at the end of the fiscal year.

General Fund's revenue increased in fiscal year 2024-25 by \$16.2 million as compared to prior fiscal year. This increase is primarily due to fee increase in annual operating fees and permit fees.

Overall, General Fund's expenditures increased in fiscal year 2024-25 by \$14.9 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 other major governmental funds are noted below:

- **Carl Moyer Program (CMP) Fund** – The fund balance decreased by \$52.1 million due to expenditures exceeding revenues. This fund did not receive large state grant revenue in the current fiscal year and spent \$62.4 million in contract and special services expenditures. 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 decreased by \$3.5 million due to expenditures exceeding revenues. This fund did not receive any state grant revenue and spent \$10.8 million in contract and special service expenditures. 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 increased by \$87.7 million due to revenues exceeding expenditures. This fund received larger 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.
- **CMP AB 923 Fund** – The fund balance increased by \$22.1 million due to revenues exceeding expenditures in fiscal year 2024-25. In fiscal year 2024-25, this fund recognized \$27.4 million in mobile source revenue that was offset by contract and special service expenditures. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary significantly from year to year.

E. General Fund Budgetary Highlights

Overall, the fiscal year 2024-25 Adopted Budget represented a \$15.1 million (7.7%) increase in expenditures compared to the fiscal year 2023-24 Adopted Budget. This increase is primarily driven by higher costs associated with the labor agreement and rising retirement contribution rates. On a budgetary basis, actual General Fund revenues and transfers in for FY 2024–25 exceeded expenditures and transfers out by \$5.7 million.

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

The fiscal year 2024-25 Amended Expenditure Budget reflected an increase in appropriations of \$9.7 million compared to the Adopted Budget. The increase was primarily the result of Governing Board actions that allocated additional funding after the budget was adopted. Also, the increase can be attributed to the Governing Board’s approved use of unassigned fund balance for program needs that were unidentified at the time the budget was developed.

Additional funding was appropriated during fiscal year 2024-25 from the following:

CARB - \$843,000 of AB 617 funding to develop an air monitoring plan for the state and then select the highest priority locations for community air monitoring systems.

EPA - \$1,722,000 for the following programs: PM 2.5 Monitoring, Photochemical Assessment Monitoring Stations (PAMS), Science to Achieve Results (STAR) research grant for low-cost air monitoring sensors, the National Air Toxics Monitoring Program, Enhanced Particulate Monitoring Programs, Community Scale Air Toxics Mobile Monitoring, and NASA Citizen Science Program to deploy low-cost PM sensors.

Rule 1180 Special Revenue Fund - \$802,000 for the installation and operation of community air monitoring stations near refineries.

Clean Fuels Program Fund - \$4,449,000 for the MATES VI programs of air toxics measurements and the EV charging infrastructure project at the District headquarters.

Infrastructure Improvement Fund - \$224,000 for the District headquarters capital outlay building-related improvement projects.

Unassigned Fund Balance - \$1,700,000 for the following services and programs: specialized legal services; Rule 1180 monitoring programs and the other air quality monitoring programs; permitting enhancement programs; position change to address operational needs; and overtime incurred for emergency and compliance incidents.

For fiscal year 2024-25, actual revenues exceeded the final budget by \$5.6 million or 2.7% and expenditure savings were \$2.4 million or 1.1%.

Actual revenue exceeded the final budget primarily due to higher interest revenue, as well as penalties and settlements. In addition, revenue from stationary sources and mobile source/clean fuel are higher than anticipated. Estimated amounts for state grant administrative cost reimbursements were higher than actuals, primarily due to less time being spent in the projects than initially anticipated.

The expenditure savings can be primarily attributed to lower rent costs, prudent purchase decisions and postponing contract work and services.

F. Capital Assets and Debt Administration

Capital Assets

South Coast AQMD's investment in capital assets is for its governmental activities. The book value was \$41.8 million (net of accumulated depreciation of \$123.8 million) as of June 30,

2025. 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.

Long-Term Liabilities

At the end of the current fiscal year, South Coast AQMD had total long-term debt outstanding of \$32.8 million, including the current portion of \$4.4 million. Out of the \$32.8 million long-term liabilities, \$26.5 million represents compensated absences, general liability claims and workers' compensation claims payable of \$1.8 million, and leases and SBITA liabilities of \$4.5 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.

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

The fiscal year 2025-26 expenditure budget reflects a slight decrease of 0.7%, or \$1.5 million compared to the fiscal year 2024-25 Amended Budget. However, it represents a \$8.2 million increase from the fiscal year 2024-25 Adopted Budget. This increase is primarily driven by higher salary and employee benefits resulting from labor agreements approved in FY 2024-25, as well as increased spending on professional and special services. The FY 2025-26 Adopted Budget also included a transfer out to the Debt Service Fund, which is intended to address a potential funding gap related to retirement costs.

In fiscal year 2025-26 revenues are projected to increase by approximately \$5.9 million compared to the fiscal year 2024-25 Adopted Budget. The increase is primarily attributed to a 3.0% CPI fee increase in most stationary sources fees and steady progress on the implementation of the Volkswagen Mitigation Action, AB 617 and CAPP (incentive) programs. Despite this growth, South Coast AQMD's revenues in recent years have not kept pace with program costs largely due to increased labor cost and retirement rates.

Moreover, since fiscal year 1991-92, the South Coast AQMD has reduced staffing levels and program costs despite increased program requirements. The fiscal year 2025-26 expenditure budget totals \$219.6 million and includes 1,034 authorized positions, reflecting a reduction of 11% in authorized positions compared to fiscal year 1991-92. Program costs have exceeded the fiscal year 1991-92 budget by \$106.6 million, or approximately 94.3%. However, using inflation-adjusted dollars, this year's budget request is 3% less than the budget approved in fiscal year 1991-92.

H. Requests for Information

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

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,599,021,216
Investments	114,117,760
Interest receivable	13,429,104
Due from other governmental agencies	21,230,160
Accounts receivable, net	9,837,563
Lease receivable	289,273
Inventories	79,835
Total current assets	<u>1,758,004,911</u>
Noncurrent Assets:	
Capital assets not being depreciated:	
Land	8,829,792
Capital assets, net of accumulated depreciation/amortization:	
Buildings and improvements	4,883,725
Intangibles (software)	10,421,887
Equipment, vehicles and furniture	12,774,488
Leased buildings	619,827
Leased equipment	1,784,109
Subscription assets	2,531,562
Total noncurrent assets	<u>41,845,390</u>
TOTAL ASSETS	<u>1,799,850,301</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources-pension	78,234,080
Deferred outflow of resources-OPEB	165,275
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>78,399,355</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	35,804,012
Interest payable	32,954
Salaries and benefits payable	14,027,319
Unearned revenue	41,842,153
Long term liabilities - due within one year	2,170,744
Lease and subscription liability - due within one year	2,186,676
Total current liabilities	<u>96,063,858</u>
Noncurrent liabilities - due in more than one year:	
Long term liabilities	26,097,618
Net pension liability	183,478,592
Total OPEB liability	2,126,000
Lease and subscription liability	2,341,586
Total noncurrent liabilities	<u>214,043,796</u>
TOTAL LIABILITIES	<u>310,107,654</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources-pension	57,398,825
Deferred inflow of resources-OPEB	121,000
Deferred inflow of resources-long-term receivable	25,540
Deferred inflow of resources-leases	265,165
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>57,810,530</u>
NET POSITION	
Net investment in capital assets	35,394,499
Restricted for:	
Long-term emission-reduction projects	1,551,160,251
Unrestricted	(76,223,278)
TOTAL NET POSITION	<u>\$ 1,510,331,472</u>

See accompanying notes to the basic financial statements.

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Fees and Charges			Operating Grants and Subventions	
	Expenses	Stationary Sources **	Mobile Sources		
Governmental Activities:					
Advance clean air technology	\$ 16,266,433	\$ -	14,670,714	394,676	\$ (1,201,043)
Ensure compliance with clean air rules	58,086,799	52,426,475	1,733,983	3,170,828	(755,513)
Customer service and business assistance	10,705,320	6,257,388	2,829,104	1,516,126	(102,702)
Develop programs to achieve clean air	15,660,797	6,253,591	4,027,848	5,276,718	(102,640)
Develop rules to achieve clean air	15,391,623	11,322,363	3,097,366	786,060	(185,834)
Monitoring air quality	37,408,858	16,657,998	6,851,688	13,625,764	(273,408)
Timely review of permits	41,685,967	40,621,744	-	760,230	(303,993)
Policy support	607,085	159,883	444,577	-	(2,625)
Interest on long-term debt	255,730	-	-	-	(255,730)
Long-term emission reduction projects *	161,775,883	-	-	285,945,719	124,169,836
Total governmental activities	\$ 357,844,495	\$ 133,699,442	\$ 33,655,280	\$ 311,476,121	\$ 120,986,348

General Revenues **

Grants and subventions - not restricted to specific stationary source programs	2,762,971
Interest	7,790,900
One time non-program penalties and settlements***	8,288,952
Other	2,764,543
Total general revenues and transfers	21,607,366
Change in net position	142,593,714
Net position - July 1, 2024, as previously presented	1,371,879,374
Restatement - Change in accounting principle	(4,141,616)
Net position - July 1, 2024, as restated	1,367,737,758
Net position - June 30, 2025	\$ 1,510,331,472

* 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.

<u>Assets</u>	<u>General Fund</u>	<u>Carl Moyer Program Fund</u>	<u>CAP AB 134 Fund</u>	<u>VW Mitigation Special Revenue Fund</u>	<u>CMP AB 923 Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 102,717,037	\$ 210,690,205	\$ 290,588,405	\$ 130,047,001	\$ 164,976,858	\$ 700,001,710	\$ 1,599,021,216
Investments	59,668,279	-	-	-	19,799,811	34,649,670	114,117,760
Interest receivable	1,038,063	2,025,924	2,567,482	1,116,595	1,223,375	5,457,067	13,428,506
Due from other governmental agencies	6,983,681	-	-	-	4,790,491	9,455,988	21,230,160
Due from other funds	8,117,951	-	-	-	-	8,518,420	16,636,371
Accounts receivable, net	3,131,027	-	-	-	-	6,706,536	9,837,563
Lease receivable	289,273	-	-	-	-	-	289,273
Inventories	79,835	-	-	-	-	-	79,835
Total assets	<u>\$ 182,025,146</u>	<u>\$ 212,716,129</u>	<u>\$ 293,155,887</u>	<u>\$ 131,163,596</u>	<u>\$ 190,790,535</u>	<u>\$ 764,789,391</u>	<u>\$ 1,774,640,684</u>

Liabilities, Deferred Inflow of Resources and Fund Balances

Liabilities:

Accounts payable and accrued liabilities	\$ 8,928,619	\$ 3,369,049	\$ 3,176,232	\$ 2,142,982	\$ 750,531	\$ 17,436,600	\$ 35,804,013
Salaries and benefits payable	14,027,319	-	-	-	-	-	14,027,319
Due to other funds	2,079,101	557,494	239,565	406,435	287,489	13,066,287	16,636,371
Unearned revenue	41,842,153	-	-	-	-	-	41,842,153
Total liabilities	<u>66,877,192</u>	<u>3,926,543</u>	<u>3,415,797</u>	<u>2,549,417</u>	<u>1,038,020</u>	<u>30,502,887</u>	<u>108,309,856</u>

Deferred Inflow of Resources

Long-term receivables	2,920	-	-	-	-	22,620	25,540
Leases	265,164	-	-	-	-	-	265,164
	<u>268,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,620</u>	<u>290,704</u>

Fund Balances:

Nonspendable	79,835	-	-	-	-	-	79,835
Restricted	-	208,789,586	289,740,090	128,614,179	189,752,515	362,560,223	1,179,456,593
Committed	16,477,730	-	-	-	-	26,800,642	43,278,372
Assigned	6,149,673	-	-	-	-	344,903,019	351,052,692
Unassigned	92,172,632	-	-	-	-	-	92,172,632
Total fund balances	<u>114,879,870</u>	<u>208,789,586</u>	<u>289,740,090</u>	<u>128,614,179</u>	<u>189,752,515</u>	<u>734,263,884</u>	<u>1,666,040,124</u>

Combined liabilities, deferred inflow of resources and fund balances

	<u>\$ 182,025,146</u>	<u>\$ 212,716,129</u>	<u>\$ 293,155,887</u>	<u>\$ 131,163,596</u>	<u>\$ 190,790,535</u>	<u>\$ 764,789,391</u>	<u>\$ 1,774,640,684</u>
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See accompanying notes to the basic financial statements.

Total fund balances – total governmental funds	\$ 1,666,040,124
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.	41,845,390
Deferred outflows of resources are not current financial resources and therefore are not reported in the Governmental Fund Balance Sheet.	78,399,355
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.	(32,954)
Interest receivable on lease does not require current financial resources. Therefore, interest receivable is not reported as a receivable in Government Fund Balance Sheet.	598
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	(183,478,592)
Net OPEB liability	(2,126,000)
General liability	(760,565)
Workers' compensation	(1,018,757)
Compensated absences	(26,489,040)
Lease and subscription liabilities	(4,528,262)
Deferred inflows of resources related to pension and OPEB	(57,519,825)
Net position of governmental activities	<u>\$1,510,331,472</u>

See accompanying notes to the basic financial statements.

	General Fund	Carl Moyer Program Fund	CAP AB 134 Fund	VW Mitigation Special Revenue Fund	CMP AB 923 Fund	Other Governmental Funds	Total
Revenues:							
Emission fees	\$ 22,394,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,394,782
Annual renewal fees	82,498,491	-	-	-	-	-	82,498,491
Area Sources	2,314,406	-	-	-	-	-	2,314,406
Permit processing fees	21,707,533	-	-	-	-	-	21,707,533
Mobile sources/clean fuels	32,859,344	-	-	-	27,411,426	25,296,711	85,567,481
Air Toxics "Hot Spots"	3,119,253	-	-	-	-	133,464	3,252,717
Transportation programs	795,937	-	-	-	-	-	795,937
Mitigation fees	-	-	-	-	-	30,790,477	30,790,477
Remediation program	-	-	-	-	-	19,183,044	19,183,044
State subvention	3,822,526	-	-	-	-	-	3,822,526
Federal grant	8,802,301	-	-	-	-	17,063,644	25,865,945
State grant	15,668,545	972,863	-	93,070,178	-	13,925,330	123,636,916
Interest revenue	7,790,900	9,271,370	11,001,221	3,028,547	6,598,032	26,009,369	63,699,439
Lease revenue	74,104	-	-	-	-	-	74,104
Source test/analysis fees	879,600	-	-	-	-	-	879,600
Hearing Board fees	785,375	-	-	-	-	-	785,375
Penalties and settlements	8,288,952	-	-	-	-	585,951	8,874,903
Other revenues	2,690,439	-	-	-	-	7,376,935	10,067,374
Total revenues	<u>214,492,488</u>	<u>10,244,233</u>	<u>11,001,221</u>	<u>96,098,725</u>	<u>34,009,458</u>	<u>140,364,925</u>	<u>506,211,050</u>
Expenditures:							
Current:							
Salaries and employee benefits	175,406,791	-	-	-	-	-	175,406,791
Insurance	2,818,507	-	-	-	-	-	2,818,507
Rent	405,636	-	-	-	-	-	405,636
Supplies	4,993,802	-	-	-	-	-	4,993,802
Contract and special services	9,838,255	62,378,205	10,751,496	7,053,500	11,895,531	68,333,577	170,250,564
Maintenance	2,306,482	-	-	-	-	-	2,306,482
Travel and auto	909,812	-	-	-	-	-	909,812
Utilities	1,872,518	-	-	-	-	-	1,872,518
Communications	863,121	-	-	-	-	-	863,121
Uncollectible accounts	716,253	-	-	-	-	552,435	1,268,688
Other expenditures	1,377,534	-	3,739,890	1,389,560	-	1,454,528	7,961,512
Capital outlay	7,120,707	-	-	-	-	-	7,120,707
Capital outlay - lease and SBITA	2,491,380	-	-	-	-	-	2,491,380
Debt service:							
Lease and SBITA Principal	2,520,565	-	-	-	-	-	2,520,565
Lease and SBITA Interest	247,633	-	-	-	-	-	247,633
Total expenditures	<u>213,888,996</u>	<u>62,378,205</u>	<u>14,491,386</u>	<u>8,443,060</u>	<u>11,895,531</u>	<u>70,340,540</u>	<u>381,437,718</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>603,492</u>	<u>(52,133,972)</u>	<u>(3,490,165)</u>	<u>87,655,665</u>	<u>22,113,927</u>	<u>70,024,385</u>	<u>124,773,332</u>
Other Financing Sources (uses):							
Transfers in	7,425,430	-	-	-	-	2,872,667	10,298,097
Transfers out	(2,000,000)	-	-	-	-	(8,298,097)	(10,298,097)
Leases and SBITA	2,491,380	-	-	-	-	-	2,491,380
Total other financing sources (uses)	<u>7,916,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,425,430)</u>	<u>2,491,380</u>
Net change in fund balance	<u>8,520,302</u>	<u>(52,133,972)</u>	<u>(3,490,165)</u>	<u>87,655,665</u>	<u>22,113,927</u>	<u>64,598,955</u>	<u>127,264,712</u>
Fund balances, July 1, 2024, as previously provided	106,359,568	260,923,558	293,230,255	-	167,638,588	710,623,443	1,538,775,412
Change from nonmajor to major fund	-	-	-	40,958,514	-	(40,958,514)	-
Fund balances, July 1, 2024, as adjusted	106,359,568	260,923,558	293,230,255	40,958,514	167,638,588	669,664,929	1,538,775,412
Fund balances, June 30, 2025	<u>\$ 114,879,870</u>	<u>\$ 208,789,586</u>	<u>\$ 289,740,090</u>	<u>\$ 128,614,179</u>	<u>\$ 189,752,515</u>	<u>\$ 734,263,884</u>	<u>\$ 1,666,040,124</u>

See accompanying notes to the basic financial statements.

Net change in fund balances – total governmental funds	\$ 127,264,712
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.	9,612,087
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.	(7,635,748)
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.	(25,003,085)
Pension contribution made by employer in current fiscal year reduce the net pension liability and do not require current resources.	40,346,624
OPEB expense is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources.	127,356
OPEB contribution made by employer in current fiscal year reduce the net OPEB liability and do not require current resources.	(165,275)
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.	(8,094)
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.	29,185
Interest receivable on lease is reported in the Government-wide Statement of Activities and Changes in Net Position, but do not require current resources.	(84)
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	(1,999,020)
General and auto liability/workers' compensation claims	(305,494)
Change in net position of governmental activities	<u>\$ 142,593,714</u>

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, VW Mitigation Special Revenue 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 9,100 vehicles totaling over \$731 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.
- VW Mitigation Special Revenue Fund – Established in fiscal year 2019 to recognize revenue of up to \$150 million into the fund, to administer and implement two project funding categories identified in CARB’s Beneficiary Mitigation Plan for the VW Environmental Mitigation Trust. The funded projects are intended to mitigate the excess NOx emissions caused by the VW vehicles.
- 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 \$4 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:

<u>Assets</u>	<u>Years</u>
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 with respect to the accumulation of leave time and its payment at termination. All vacation, sick leave, compensatory time, and other leave time are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds, when the leave is used or matured as a result of employee resignation and retirement.

5. Self-Insurance

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

6. Long-term Obligations

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

The following schedule shows the details of the fund balances as of June 30, 2025:

Major Governmental Funds							
Fund Balance	General Fund	Carl Moyer Program Fund	CAP AB 134 Fund	VW Mitigation Special Revenue Fund	CMP AB923 Fund	Other Governmental Funds	Total
Nonspendable:							
Inventory	\$ 79,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,835
Total nonspendable	<u>79,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,835</u>
Restricted:							
Long term emission reduction projects	-	208,789,586	289,740,090	128,614,179	189,752,515	362,560,223	1,179,456,593
Total restricted	<u>-</u>	<u>208,789,586</u>	<u>289,740,090</u>	<u>128,614,179</u>	<u>189,752,515</u>	<u>362,560,223</u>	<u>1,179,456,593</u>
Committed:							
Advance clean air technology	1,419,978	-	-	-	-	-	1,419,978
Ensure compliance with clean air rules	3,351,777	-	-	-	-	-	3,351,777
Customer service and business	806,411	-	-	-	-	-	806,411
Develop programs to achieve clean air	1,424,688	-	-	-	-	-	1,424,688
Develop rules to achieve clean air	632,285	-	-	-	-	-	632,285
Monitoring air quality	6,543,659	-	-	-	-	-	6,543,659
Timely review of permits	1,407,757	-	-	-	-	-	1,407,757
Policy support	891,175	-	-	-	-	-	891,175
Long term emission reduction projects	-	-	-	-	-	26,800,642	26,800,642
Total committed	<u>16,477,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,800,642</u>	<u>43,278,372</u>
Assigned:							
Long term emission reduction projects	-	-	-	-	-	344,903,019	344,903,019
For self insurance	2,000,000	-	-	-	-	-	2,000,000
For unemployment claims	80,000	-	-	-	-	-	80,000
For permit streamlining	234,159	-	-	-	-	-	234,159
For enhanced compliance activity	883,018	-	-	-	-	-	883,018
For OPEB obligations	2,952,496	-	-	-	-	-	2,952,496
Total assigned	<u>6,149,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,903,019</u>	<u>351,052,692</u>
Unassigned:							
General Purpose	92,172,632	-	-	-	-	-	92,172,632
Total unassigned	<u>92,172,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,172,632</u>
Total fund balances	\$ 114,879,870	\$ 208,789,586	\$ 289,740,090	\$ 128,614,179	\$ 189,752,515	\$ 734,263,884	\$ 1,666,040,124

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. 101, *Compensated Absences*

This Statement updates recognition and measurement guidance for compensated absences. Liabilities for compensated absences are recognized for leave that has not been used and leave that has been used but not yet paid. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off otherwise paid in cash or settled through noncash means. This Statement is effective for reporting periods beginning after December 15, 2023. South Coast AQMD implemented the Statement in fiscal year 2024-25.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement provides users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for reporting periods beginning after June 15, 2024. South Coast AQMD implemented the Statement in fiscal year 2024-25.

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, 2025:

Cash on hand	\$	738,942
Cash in bank		312,293
Pooled cash		1,597,969,981
Investments		114,117,760
Cash, pooled cash, and investments	\$	<u>1,713,138,976</u>

CASH

At June 30, 2025, the carrying amount of South Coast AQMD's bank deposits was \$312,293 and the bank balance was \$348,079. 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 \$62,293 and \$98,079, 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, 2025.

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, 2025, 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 the NRSRO.
- 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 the equivalent by a NRSRO.
 - b. The entity meets the following criteria:
 - i. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - ii. Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - iii. Has commercial paper that is rated 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, 2025:

	Investment Maturities		
	Fair Value	<1 Year	1-2 Years
Cash:			
On hand	\$ 738,942	\$ -	\$ -
In bank	312,293	-	-
Total cash	<u>1,051,235</u>	<u>-</u>	<u>-</u>
Pooled cash:			
Los Angeles County			
Pooled Surplus Investment (PSI)	1,557,748,768	1,088,399,064	469,349,704
Local Agency			
Investment Fund (LAIF)	40,221,213	40,221,213	-
Total pooled cash	<u>1,597,969,981</u>	<u>1,128,620,277</u>	<u>469,349,704</u>
Total cash and pooled cash investments	<u>\$ 1,599,021,216</u>	<u>\$ 1,128,620,277</u>	<u>\$ 469,349,704</u>

INVESTMENTS

South Coast AQMD’s investments are comprised of the following as of June 30, 2025:

	Level 1	Level 2	Level 3
U.S. Treasury Notes/Federal Agency	<u>\$ 114,117,760</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u>\$ 114,117,760</u>	<u>\$ -</u>	<u>\$ -</u>

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 F1+ (Fitch).

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, 2025 consists of the following:

California Energy Commission (CEC)	\$	22,620
Department of Homeland Security (DHS)		183,128
Department of Motor Vehicles		
AB 2766, SB 1928, AB 923		16,760,936
Environmental Protection Agency (EPA)		
Community Scale Air Toxics Monitoring		8,418
Diesel Emissions Reduction Act (DERA)		727
Initiation Reduction Act (IRA)		248,093
National Air Toxics Trend Station (NATTS)		291,937
Section 103 PM 2.5 Grant		2,697
Section 105 Air Grant		3,374,967
Targeted Air Shed Grant Administration		336,492
Title V Modernization		145
Total	\$	<u>21,230,160</u>

Accounts Receivable consists of the following at June 30, 2025:

Air Toxics "Hot Spots", Emission Fees, Permits, Annuals and Source Testing	\$	6,751,124
Rule 2305 Mitigation Fees and Penalties		5,054,910
Ocean Going Vessels at Bert Remediation		538,895
STAR - UCLA		10,150
Miscellaneous Receivables		940,498
Subtotal		<u>13,295,577</u>
Less: Allowance for Doubtful Accounts		<u>(3,458,014)</u>
Net Accounts Receivable	\$	<u>9,837,563</u>

IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 8,117,951	Air Toxics Fund	\$ 3,119,252
		Advanced Technology, Outreach & Education Fund	30,674
		Mobile Sources Air Pollution Reduction Fund	223,259
		Clean Fuels Program Fund	2,184,484
		Carl Moyer Fund	557,494
		HEROS II Special Revenue Fund	113,260
		GHG Reduction Projects Special Revenue Fund	101,066
		CAP AB 134 Fund	239,565
		Rule 1180 Special Revenue Fund	573,409
		VW Mitigation Special Revenue Fund	406,435
		Carl Moyer Program AB 923 Special Revenue Fund	287,489
		Clean Shipping Tech Demos Special Revenue Fund	55,265
		Aliso Canyon Air Filtration Special Revenue Fund	180,724
		Aliso Fund Porter Ranch SEP Special Revenue Fund	20,624
		CARB SEP Special Revenue Fund	4,745
		US EPA Climate Pollution Reduction Grant (CPRG) Fund	20,206
	<u>8,117,951</u>		<u>8,117,951</u>
Air Quality Investment Fund	<u>6,180,790</u>	Clean Shipping Tech Demos Special Revenue Fund	<u>6,180,790</u>
Clean Fuels Program Fund	2,337,630	General Fund	2,079,101
		Advanced Technology Goods Movement Fund	157,500
		US EPA Climate Pollution Reduction Grant Fund	101,029
	<u>2,337,630</u>		<u>2,337,630</u>
Total Receivables	\$ <u>16,636,371</u>	Total Payables	\$ <u>16,636,371</u>

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

<u>Fund Transferred From</u>	<u>Fund Transferred to</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 2,000,000	\$ 2,000,000
Other Governmental Funds	7,425,430	872,667	8,298,097
	<u>\$ 7,425,430</u>	<u>\$ 2,872,667</u>	<u>\$ 10,298,097</u>

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 \$224,000 from the Infrastructure Improvement Fund into the General Fund for a new uninterruptable power supply (UPS) system.
- Transfer and appropriate \$1,138,956 from the Clean Fuels Program Fund into the General Fund to support the MATES VI program.
- Transfer and appropriate \$723,248 from the Clean Fuels Program Fund into the General Fund for EV hardware and software installation and maintenance.
- Transfer and appropriate \$1,455,400 from Rule 1180 Special Revenue Fund into the General Fund for air monitoring shelters and vehicles; and add new positions for the planning and implementation of enhanced and additional community air monitoring.
- Transfer and appropriate \$2,200,000 from the Rule 1180 Special Revenue Fund into the General Fund for air monitoring equipment and liftgate system to implement additional community air monitoring
- Transfer \$206,000 from BP ARCO Settlement Project fund to the HEROS II Special Revenue Fund to reimburse the RYR program funds and EFMP Recycling Fund.
- Transfer \$666,667 from the Air Quality Investment Fund – Rule 1111 into Clean Shipping Technology Demonstration Special Revenue Fund for the projects cost-share.

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, 2025 were as follows:

	Balance June 30, 2024	Increase	Decrease	Balance June 30, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,829,792	\$ -	\$ -	\$ 8,829,792
Total capital assets not being depreciated	<u>8,829,792</u>	<u>-</u>	<u>-</u>	<u>8,829,792</u>
Capital Assets being depreciated/amortized:				
Buildings and improvements	80,630,393	258,480	-	80,888,873
Intangibles (software)	17,750,914	2,192,255	(13,248)	19,929,921
Equipment, vehicles and furniture	42,919,945	4,669,971	(1,465,510)	46,124,406
Leased Buildings	1,979,768	-	-	1,979,768
Leased Equipment	2,955,242	190,225	-	3,145,467
Subscription	3,025,282	2,421,698	(711,969)	4,735,011
Total capital assets being depreciated	<u>149,261,544</u>	<u>9,732,629</u>	<u>(2,190,727)</u>	<u>156,803,446</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(75,694,615)	(310,533)	-	(76,005,148)
Intangibles (software)	(7,941,813)	(1,575,495)	9,274	(9,508,034)
Equipment, vehicles and furniture	(31,390,103)	(3,425,324)	1,465,509	(33,349,918)
Less Accumulated Amortization for:				
Leased Buildings	(1,020,458)	(339,483)	-	(1,359,941)
Leased Equipment	(741,607)	(619,751)	-	(1,361,358)
Subscription	(1,554,231)	(1,361,188)	711,970	(2,203,449)
Total accumulated depreciation and amortization	<u>(118,342,827)</u>	<u>(7,631,774)</u>	<u>2,186,753</u>	<u>(123,787,848)</u>
Net capital assets being depreciated	<u>30,918,717</u>	<u>2,100,855</u>	<u>(3,974)</u>	<u>33,015,598</u>
Net capital assets, governmental activities	<u>\$ 39,748,509</u>	<u>\$ 2,100,855</u>	<u>\$ (3,974)</u>	<u>\$ 41,845,390</u>

For the year ended June 30, 2025, the depreciation/amortization expense of \$7,631,774 was charged to South Coast AQMD's functions/programs in the governmental activities as follows:

Advance clean air technology	\$ 301,076
Ensure compliance with clean air rules	1,962,212
Customer service and business assistance	447,270
Develop programs to achieve clean air	303,373
Develop rules to achieve clean air	263,013
Monitoring air quality	3,300,578
Timely review of permits	984,546
Policy support	69,706
Total depreciation and amortization expense	<u>\$ 7,631,774</u>

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred outflows of resources – Pension (SBCERA) (see note XI for details)	\$ 78,234,080	\$ -
Deferred inflows of resources – Pension (SBCERA) (see note XI for details)	-	57,398,825
Deferred outflows of resources – OPEB (LACERA) (see note XII for details)	165,275	-
Deferred inflows of resources – OPEB (LACERA) (see note XII for details)	-	121,000
Total	<u>\$ 78,399,355</u>	<u>\$ 57,519,825</u>

The following is a summary of pension and OPEB Balances:

	<u>SBCERA</u>	<u>LACERA</u>	<u>Total</u>
Pension:			
Net Pension liability	\$ 183,478,592	\$ -	\$ 183,478,592
Pension expense	25,003,085	-	25,003,085
Pension contributions made in fiscal year 2024-25	40,346,624	-	40,346,624
OPEB:			
Net OPEB liability	-	2,126,000	2,126,000
OPEB expense	-	127,356	127,356
OPEB contributions made in fiscal year 2024-25	-	165,275	165,275

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, 2025:

Governmental Activities:	<u>Balance July 1, 2024</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Claims payable:						
General liability*	\$ 9,790	\$ 753,975	\$ 3,200	\$ 760,565	\$ 6,590	\$ 753,975
Workers' compensation*	1,464,038	3,144,224	3,589,505	1,018,757	314,915	703,842
Compensated absences**	<u>24,490,020</u>	<u>1,999,020</u>	-	<u>26,489,040</u>	<u>1,849,239</u>	<u>24,639,801</u>
Total	<u>\$ 25,963,848</u>	<u>\$ 5,897,219</u>	<u>\$ 3,592,705</u>	<u>\$ 28,268,362</u>	<u>\$ 2,170,744</u>	<u>\$ 26,097,618</u>

*See Note VIII for details

** The change in compensated above is a net change for the year. Beginning balance was restated.

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 \$200 million of all-risk property insurance, with limits of \$100 million on business interruption and \$25 million on earthquake and flood coverage. The limits of liability for general claims is \$10 million. This coverage is supplemented by excess liability policies for boilers & machinery to a limit of \$100 million, and bodily injury/property damage/public officials' errors and emissions/employment practices liability/personal injury to \$10 million. Self-insured retention levels for excess liability is \$350,000. South Coast AQMD maintains \$25 million excess workers' compensation insurance for losses over \$750,000. South Coast AQMD also maintains policies to protect against some criminal conduct and cyber-attacks.

As of June 30, 2025, \$760,565 and \$1,018,757, 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, 2025 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. 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, 2024 and 2025:

	General Liability	Workers' Compensation	Totals
Claims payable, July 1, 2023	\$ 356,011	\$ 3,475,295	\$ 3,831,306
Current year claims and changes in estimates	50,703	633,736	684,439
Claims payments	(396,924)	(2,644,993)	(3,041,917)
Claims payable, June 30, 2024	<u>\$ 9,790</u>	<u>\$ 1,464,038</u>	<u>\$ 1,473,828</u>
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	<u>\$ 760,565</u>	<u>\$ 1,018,757</u>	<u>\$ 1,779,322</u>

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, 2025:

	Balance July 1, 2024	Addition	Reduction	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
Lease Liability	\$ 3,315,630	\$ 190,229	\$ 918,575	\$ 2,587,284	\$ 966,035	\$ 1,621,249
Subscription Liability	<u>1,121,270</u>	<u>2,421,698</u>	<u>1,601,990</u>	<u>1,940,978</u>	<u>1,220,641</u>	<u>720,337</u>
Total	\$ <u>4,436,900</u>	\$ <u>2,611,927</u>	\$ <u>2,520,565</u>	\$ <u>4,528,262</u>	\$ <u>2,186,676</u>	\$ <u>2,341,586</u>

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 & shipping equipment, printing & imaging equipment, and vehicle. As of June 30, 2025, the total value of the lease liability was \$2,587,284.

As of June 30, 2025, the total value of the lease asset was recorded at a cost of \$5,125,235 with accumulated amortization of \$2,721,299.

The future lease payments under lease agreements are as follow:

Year Ending June 30	Principal	Interest	Total
2026	\$ 966,035	\$ 138,330	\$ 1,104,365
2027	841,682	89,332	931,014
2028	541,438	43,719	585,157
2029	234,935	8,783	243,718
2030	3,194	21	3,215
	<u>\$ 2,587,284</u>	<u>\$ 280,185</u>	<u>\$ 2,867,469</u>

South Coast AQMD as Lessor

South Coast AQMD, as a lessor, has entered into lease agreements involving building spaces. As of June 30, 2025, the value of the lease receivable is \$289,273. South Coast AQMD recognized \$44,194 in lease revenue during the fiscal year 2024-2025. 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, 2025, the balance of the deferred inflow of resources was \$265,165.

The future lease incomes under lease agreements are as follow:

Year Ending June 30	Principal	Interest	Total
2026	\$ 42,782	\$ 6,690	\$ 49,472
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
	<u>\$ 289,273</u>	<u>\$ 22,800</u>	<u>\$ 312,073</u>

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, 2025, the total value of the subscription liability was \$1,940,978. As of June 30, 2025, the total value of the subscription asset was recorded at a cost of \$4,735,011 with accumulated amortization of \$2,203,449.

The future subscription payments under SBITA are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,220,641	\$ 80,200	\$ 1,300,841
2027	720,337	36,847	757,184
	<u>\$ 1,940,978</u>	<u>\$ 117,047</u>	<u>\$ 2,058,025</u>

X. FUND BALANCES ADJUSTMENT/RESTATEMENT

During fiscal year 2024-2025, the beginning net position or fund balances were adjusted for implementation of GASB Statement 101, *Compensated Absences*, and changes to or within the financial reporting entity (nonmajor to major funds) as follows:

	June 30, 2024 As Previously Reported	Change in Accounting Principle (GASB 101)	Changes to or within the Financial Reporting Entity	June 30, 2024 As Restated/ Adjusted
Government-Wide				
Governmental Activities	\$ 1,371,879,374	\$ (4,141,616)	-	\$ 1,367,737,758
	<u>1,371,879,374</u>	<u>(4,141,616)</u>	<u>-</u>	<u>1,367,737,758</u>
Governmental Funds				
Major Funds:				
General Fund	\$ 106,359,568	\$ -	-	\$ 106,359,568
Carl Moyer Fund	260,923,558	-	-	260,923,558
CAP 134 Fund	293,230,255	-	-	293,230,255
VW Mitigation Sp Rev Fund	-	-	40,958,514	40,958,514
CMP AB 923 Fund	167,638,588	-	-	167,638,588
Nonmajor Funds	710,623,443	-	(40,958,514)	669,664,929
Total Governmental Funds	<u>\$ 1,538,775,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,538,775,412</u>

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, 2025. 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, 2025 ranged between 8.76% and 14.95% 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 7.84%.

Employer contribution rates for the year ended June 30, 2025 are as follows:

Actuarially Determined Required Contribution Percentages	Employer Contribution Rates	
	Tier 1 Members	Tier 2 Members
	Total	Total
South Coast AQMD members	42%	37.45%

The required employer contributions and the amount paid to SBCERA by the South Coast AQMD for the year ended June 30, 2025 were \$40,346,624. The South Coast AQMD’s employer contributions were equal to the required employer contributions for the year ended June 30, 2025.

Pension Liability

On June 30, 2025, South Coast AQMD reported a net pension liability of \$183,478,592 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of SBCERA's participating employers. At June 30, 2025, the South Coast AQMD's proportion was 8.649%, which was an increase of 0.124% from its proportion measured as of June 30, 2023.

Pension Expense and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2025, the South Coast AQMD recognized pension expense of \$25,003,085 for its proportionate share of SBCERA's pension expense. At June 30, 2025, 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	\$ 10,746,260	\$ 43,861,199
Changes in actuarial assumptions	3,857,687	6,446,637
Net difference between projected and actual earnings on pension plan investments	-	4,684,682
Differences between expected and actual experience	23,283,509	2,406,307
South Coast AQMD contributions paid to SBCERA subsequent to the measurement date	40,346,624	-
Total	\$ 78,234,080	\$ 57,398,825

*See note VI for summary

The \$40,346,624 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, 2025, which 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:	
2026	\$ (24,672,115)
2027	13,840,974
2028	(5,772,290)
2029	(2,907,938)
2030	-
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, 2024
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, 2024 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, 2024 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

		As of June 30, 2023 Valuation Date	
Asset Class	Investment Classification	Target Allocation (1)	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	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	Real Estate	2.50%	3.86%
Value Added Real Estate	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		<u>100.00%</u>	

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

Discount Rate

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

Sensitivity Analysis

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
South Coast AQMD's proportionate share of the net pension liability	\$332,843,717	\$183,478,592	\$61,417,383

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, 2025 for the legally required contribution is \$3,834,727.

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, 2025, 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.

Benefits Provided

Vesting occurs when a member accumulates five years' creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement

age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

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

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

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources South Coast AQMD has no balances for the proportionate share of net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.

Pension Plan Fiduciary Net Position

Detailed information about LACERA's fiduciary net position is available in 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 Avenue, Suite 650, Pasadena, CA 91101; or by calling (626) 564-6000.

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 30 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, 2025. 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 \$2,126,000 as of June 30, 2025. 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, 2025, the South Coast AQMD recognized OPEB expense of \$127,356. As of June 30, 2025, South Coast AQMD’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Differences between projected and actual plan investment earnings	\$ -	\$ -
Differences between expected and actual economic experience	-	38,000
Changes of assumptions	-	83,000
South Coast AQMD contributions paid to LACERA subsequent to the measurement date	<u>165,275</u>	<u>-</u>
Total	<u>\$ 165,275</u>	<u>\$ 121,000</u>

* See note VI for summary

The \$165,275 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, 2025, which 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:

<u>Year ended June 30:</u>	
2026	\$ (73,000)
2027	(48,000)
2028	-
2029	-
2030	-
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, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percent of pay
Inflation	2.75%
Salary Increases	3.25%
Investment Rate of Return	3.93%

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 2024 to FY 2025
LACERA Medical Under 65	7.60%
LACERA Medical Over 65	8.80%
Part B Premiums	11.20%
Dental Under and Over 65	2.60%
Weighted Average Trend	8.31%

The actuarial assumptions used in the July 1, 2023 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 3.93%. 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	\$2,303,000	\$2,126,000	\$1,972,000

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	\$1,968,000	\$2,126,000	\$2,305,000

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, 2025, the amount payable to LACERA for the legally required contribution is \$15,486.

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, 2025, investments with a fair value of \$271,081,841 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, 2025, 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 \$1,886,865 at fiscal year ended June 30, 2025.

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, 2025.

Revenues:	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Emission fees	\$ 21,885,510	\$ 21,885,510	\$ 22,394,782	\$ 509,272
Annual renewal fees	81,302,660	81,302,660	82,498,491	1,195,831
Area Sources	2,146,070	2,146,070	2,314,406	168,336
Permit processing fees	19,905,270	19,905,270	21,707,533	1,802,263
Mobile sources/clean fuels	33,938,180	33,938,180	32,859,344	(1,078,836)
Air toxics "Hot Spots"	2,975,000	2,975,000	3,119,253	144,253
Transportation programs	931,400	931,400	795,937	(135,463)
State subvention	3,804,900	3,804,900	3,822,526	17,626
Federal grant	8,466,810	10,186,951	8,802,301	(1,384,650)
State grant	20,336,700	21,180,883	15,668,545	(5,512,338)
Interest revenue	2,970,760	2,970,760	7,790,900	4,820,140
Lease revenue	81,170	81,170	74,104	(7,066)
Source test/analysis fees	579,600	579,600	879,600	300,000
Hearing Board fees	352,710	352,710	785,375	432,665
Penalties and settlements	4,600,000	4,600,000	8,288,952	3,688,952
Other revenues	2,096,360	2,096,360	2,690,439	(2,236,259)
Total revenues	206,373,100	208,937,424	214,492,488	5,555,064
<u>Expenditures:</u>				
Current:				
Salaries and employee benefits	\$ 174,519,397	\$ 175,414,499	\$ 175,406,791	\$ 7,708
Insurance	2,819,253	2,819,253	2,818,507	746
Rent	1,386,528	1,576,829	362,056	1,214,773
Supplies	3,971,473	7,659,055	5,550,897	2,108,158
Contract and special services	15,488,319	14,807,873	11,801,890	3,005,983
Maintenance	1,923,189	2,514,902	2,347,449	167,453
Travel and auto	992,023	1,240,594	909,812	330,782
Utilities	1,965,620	1,905,620	1,872,518	33,102
Communications	1,214,040	1,045,381	863,121	182,260
Uncollectible accounts	-	-	716,253	(716,253)
Other expenditures	1,732,153	1,848,436	1,413,273	435,163
Capital outlay	3,418,500	8,335,650	9,888,083	(1,552,433)
Debt service:				
Lease and SBITA Principal	-	-	2,520,564	(2,520,564)
Lease and SBITA Interest	-	-	247,632	(247,632)
Total expenditures	209,430,495	219,168,092	216,718,846	2,449,246
Excess (deficiency) of revenues over (under) expenditures	(3,057,395)	(10,230,668)	(2,226,358)	8,004,310
<u>Other Financing Sources (Uses)</u>				
Transfers in	3,172,400	7,843,224	7,425,430	(417,794)
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Leases and SBITA	-	-	2,491,380	2,491,380
Total other financing sources	1,172,400	5,843,224	7,916,810	2,073,586
Net change in budgetary fund balances	\$ (1,884,995)	\$ (4,387,444)	\$ 5,690,452	\$ 10,077,896

See accompanying notes to required supplementary information.

SBCERA Pension Plan	Measurement Date**									
	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	June 30, 2015
South Coast AQMD's proportion of the net pension liability	8.649%	8.525%	9.032%	10.54%	8.368%	8.625%	8.613%	8.123%	8.09%	7.79%
South Coast AQMD's proportionate share of the net pension liability	\$ 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	\$ 151,441,343
South Coast AQMD's covered payroll	\$ 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	\$ 68,088,547
South Coast AQMD's proportionate share of the net pension liability as a percentage of its covered payroll	211.38%	247.91%	256.30%	165.02%	416.92%	302.41%	297.60%	298.75%	280.14%	222.42%
SBCERA's fiduciary net position as a percentage of the total pension liability	83.64%	81.37%	80.21%	86.48%	66.99%	75.24%	75.85%	74.94%	74.10%	79.33%
LACERA Pension Plan	Measurement Date**									
	June 30, 2024	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
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	\$ 59,193
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.

<u>SBCERA Pension Plan</u>	Reporting Date**									
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 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	\$ 21,089,956
Contributions in relation to the contractually required contributions	<u>40,346,624</u>	<u>37,949,174</u>	<u>36,497,985</u>	<u>37,811,240</u>	<u>33,603,205</u>	<u>33,202,615</u>	<u>30,295,487</u>	<u>25,332,734</u>	<u>23,319,256</u>	<u>21,089,956</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
South Coast AQMD's covered payroll*	\$ 102,984,260	\$ 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
Contributions as a percentage of covered payroll	39.18%	43.72%	44.73%	46.15%	39.91%	41.27%	39.17%	34.55%	32.54%	29.60%

<u>LACERA Pension Plan</u>	Reporting Date**									
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,300	\$ 11,000	\$ 13,000
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>11,000</u>	<u>13,000</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
South Coast AQMD's covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,839	\$ 60,610	\$ 59,557
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%	21.83%

*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.

LACERA OPEB Plan***	Measurement Date**					
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB Liability:						
Interest	\$ 83,000	\$ 84,000	\$ 62,000	\$ 73,000	\$ 123,000	\$ 135,000
Effects of assumptions, changes or inputs	(29,000)	(47,000)	(370,000)	(185,000)	292,000	136,000
Effects of economic/demographic (gains) or losses	(111,000)	64,000	20,000	(62,000)	(386,000)	-
Benefit payments	(192,000)	(208,000)	(231,000)	(239,000)	(242,000)	(267,000)
Net change in total OPEB liability	(249,000)	(107,000)	(519,000)	(413,000)	(213,000)	4,000
Total OPEB liability, beginning	2,375,000	2,482,000	3,001,000	3,414,000	3,627,000	3,623,000
Total OPEB liability, ending (a)	\$ 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

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

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

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

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

LACERA OPEB Plan	Measurement Date		
	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%

Reporting Date **

<u>LACERA OPEB Plan</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 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	<u>(165,275)</u>	<u>(193,644)</u>	<u>(210,466)</u>	<u>(221,162)</u>	<u>(237,584)</u>	<u>(240,984)</u>	<u>(232,780)</u>	<u>(232,715)</u>	<u>(234,967)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%	476.49%	387.67%

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

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

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

Following input from the public, Budget Advisory Committee, and Governing Board, the draft budget for fiscal year 2024-25 was prepared and subsequently adopted at the May 2024 meeting of the Governing Board. The fiscal year 2024-25 Adopted Budget and the final fee schedules became effective on July 1, 2024.

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 annual budget to actual results for the General Fund. The budgeted expenditure amounts represent the adopted budget adjusted for Governing Board approved supplemental appropriations. The budgeted revenue amounts represent the adopted budget modified for Governing Board approved adjustments which were based upon new or additional revenue sources. Supplemental expenditure appropriations of \$9,737,597 and revenue adjustments of \$7,235,148 were approved by the Governing Board in fiscal year 2024-25.

The 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 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, 2025:

Expenditures and encumbrances (budgetary basis) June 30, 2025	\$ 216,718,846
Add: payments on encumbrances open at July 1, 2024	8,047,415
Less: encumbrances open at June 30, 2025	<u>(10,877,265)</u>
Expenditures (GAAP basis), June 30, 2025	<u>\$ 213,888,996</u>

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

NOTE 3 – USE OF BUDGETARY FUND BALANCE

When the fiscal year 2024-25 budget was adopted the Governing Board approved expenditures of \$211.4 million and revenues of \$209.5 million, with a budgeted use of \$1.9 million from the General Fund Balance. Mid-year adjustments appropriated an additional \$4,387,444 from the General Fund’s Unassigned Fund Balance.

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

As of the June 30, 2024 measurement date, South Coast AQMD’s proportionate share of SBCERA’s net pension liability changed from 8.525% to 8.649%. There were no changes in the benefit terms. The inflation rate has no change and remains at 2.5%. The actuarial assumptions used in June 30, 2024 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 \$538 million and over 16,500 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, \$54.1 million in projects have been awarded to purchase over 34,133 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 2025, a total of 4,392 lawn mowers were exchanged and \$957,646 spent, resulting in 0.32 tons per year of NO_x and 1.6 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, depending on the furnace type, which includes non-condensing, condensing, weatherized, and mobile home furnaces. The mitigation fee period ended for non-condensing, condensing, and weatherized furnaces prior to October 1, 202, except for mobile home furnaces. For FY 23-24, manufacturers paid mitigation fee for mobile home furnaces.
- 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 1,542 projects totaling \$268.7 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 \$370 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 2,000 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 (PM₁₀) credits. Due to the state energy crisis in 2001, Rule 1309.1 was amended to allow new electric generating facilities temporary access to South Coast AQMD's Priority Reserve Account to offset their PM₁₀ emission increases provided that they meet specific criteria and pay appropriate mitigation fees.
- CARB ERC Bank Fund – Established in fiscal year 2001 to account for the proceeds from the issuance of the Emission Reduction Credits (ERCs) to natural gas turbine power plant peaker units. CARB established the ERC Bank for peaker power plants that need emission offsets to add new or expanded capacity. Proceeds from the issuance of these ERCs will fund emission reduction programs where the new or expanded facility is located.
- LADWP Settlement Fund – Established in fiscal year 2001 for the purpose of accounting for the monies received from the Los Angeles Department of Water and Power as part of the settlement agreement.
- State-Emissions Mitigation Fund – Established during fiscal year 2002 to account for the funds received from 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.
- Prop 1B Goods Movement Fund – Established in fiscal year 2008 to account for voter approved transportation bond dollars. A portion of these were allocated to CARB and passed through to South Coast AQMD to implement programs that reduce emissions from movement of freight or “goods” along California’s trade corridors. Over \$500 million in goods movement projects have been and are being implemented within the South Coast AQMD.
- Clean Shipping Technology Demonstration Special Revenue Fund – Established in FY 2020 for the purpose of implementing clean shipping projects.
- 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 Revenue 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) 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.

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.

<u>Assets</u>	Special Revenue				
	<u>Air Toxics Fund</u>	<u>Advanced Tech Outreach & Education Fund</u>	<u>Air Quality Assistance Fund</u>	<u>Air Quality Improvement Fund</u>	<u>Mobile Sources Air Pollution Reduction Fund</u>
Cash and cash equivalents	\$ 5,877,264	\$ 8,065,829	\$ 1,868,511	\$ 2,142,273	\$ 130,436,215
Investments	-	-	-	-	-
Interest receivable	48,335	58,894	18,354	28,234	1,151,479
Due from other governmental agencies	-	303,416	-	3,832,393	2,874,295
Due from other funds	-	-	-	-	-
Accounts receivable, net	1,168,810	-	-	-	-
Total assets	<u>\$ 7,094,409</u>	<u>\$ 8,428,139</u>	<u>\$ 1,886,865</u>	<u>\$ 6,002,900</u>	<u>\$ 134,461,989</u>
Combined assets and deferred outflow of resources	<u>\$ 7,094,409</u>	<u>\$ 8,428,139</u>	<u>\$ 1,886,865</u>	<u>\$ 6,002,900</u>	<u>\$ 134,461,989</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 355,226	\$ 297,365	\$ -	\$ 5,845,549	\$ 5,609,587
Due to other funds	3,119,252	30,674	-	-	223,259
Total liabilities	<u>3,474,478</u>	<u>328,039</u>	<u>-</u>	<u>5,845,549</u>	<u>5,832,846</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	8,100,100	-	157,351	128,629,143
Committed	-	-	-	-	-
Assigned	3,619,931	-	1,886,865	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,619,931</u>	<u>8,100,100</u>	<u>1,886,865</u>	<u>157,351</u>	<u>128,629,143</u>
Total liabilities and fund balances	<u>\$ 7,094,409</u>	<u>\$ 8,428,139</u>	<u>\$ 1,886,865</u>	<u>\$ 6,002,900</u>	<u>\$ 134,461,989</u>

	Special Revenue				
	Air Quality Investment Fund	Clean Fuels Program Fund	Lower-Emission School Bus Fund	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund
<u>Assets</u>					
Cash and cash equivalents	\$ 103,029,915	\$ 100,356,382	\$ 10,058,464	\$ 786,503	\$ 108,425
Investments	9,899,906	-	-	-	-
Interest receivable	812,137	637,367	87,816	6,867	954
Due from other governmental agencies	-	2,420,067	-	-	-
Due from other funds	6,180,790	2,337,630	-	-	-
Accounts receivable, net	46,356	-	-	-	-
Total assets	<u>\$ 119,969,104</u>	<u>\$ 105,751,446</u>	<u>\$ 10,146,280</u>	<u>\$ 793,370</u>	<u>\$ 109,379</u>
Combined assets and deferred outflow of resources	<u>\$ 119,969,104</u>	<u>\$ 105,751,446</u>	<u>\$ 10,146,280</u>	<u>\$ 793,370</u>	<u>\$ 109,379</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 520,306	\$ 306,668	\$ -	\$ -	\$ 56,202
Due to other funds	-	2,184,484	-	-	-
Total liabilities	<u>520,306</u>	<u>2,491,152</u>	<u>-</u>	<u>-</u>	<u>56,202</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	-	10,146,280	793,370	-
Committed	3,963,582	9,614,931	-	-	53,177
Assigned	115,485,216	93,645,363	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>119,448,798</u>	<u>103,260,294</u>	<u>10,146,280</u>	<u>793,370</u>	<u>53,177</u>
Total liabilities and fund balances	<u>\$ 119,969,104</u>	<u>\$ 105,751,446</u>	<u>\$ 10,146,280</u>	<u>\$ 793,370</u>	<u>\$ 109,379</u>

Continued

	Special Revenue			
	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 5,473,847	\$ 333,554	\$ 509,268	\$ 121,203
Investments	-	-	-	-
Interest receivable	47,789	2,926	4,406	1,058
Due from other governmental agencies	-	-	-	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	<u>\$ 5,521,636</u>	<u>\$ 336,480</u>	<u>\$ 513,674</u>	<u>\$ 122,261</u>
Combined assets and deferred outflow of resources	<u>\$ 5,521,636</u>	<u>\$ 336,480</u>	<u>\$ 513,674</u>	<u>\$ 122,261</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 175,109	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>175,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>				
Long-term receivables	-	-	-	-
Fund Balances:				
Restricted	-	-	-	122,261
Committed	321,516	238,074	-	-
Assigned	5,025,011	98,406	513,674	-
Unassigned	-	-	-	-
Total fund balances	<u>5,346,527</u>	<u>336,480</u>	<u>513,674</u>	<u>122,261</u>
Total liabilities and fund balances	<u>\$ 5,521,636</u>	<u>\$ 336,480</u>	<u>\$ 513,674</u>	<u>\$ 122,261</u>

Assets	Special Revenue				
	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	\$ 25,773	\$ 3,874,880	\$ 210,183	\$ 493,742	\$ 5,160,164
Investments	-	-	-	-	-
Interest receivable	226	28,621	-	5,457	45,051
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 25,999</u>	<u>\$ 3,903,501</u>	<u>\$ 210,183</u>	<u>\$ 499,199</u>	<u>\$ 5,205,215</u>
Combined assets and deferred outflow of resources	<u>\$ 25,999</u>	<u>\$ 3,903,501</u>	<u>\$ 210,183</u>	<u>\$ 499,199</u>	<u>\$ 5,205,215</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	25,999	-	-	-	-
Committed	-	-	200,183	-	-
Assigned	-	3,903,501	-	499,199	5,205,215
Unassigned	-	-	-	-	-
Total fund balances	<u>25,999</u>	<u>3,903,501</u>	<u>200,183</u>	<u>499,199</u>	<u>5,205,215</u>
Total liabilities and fund balances	<u>\$ 25,999</u>	<u>\$ 3,903,501</u>	<u>\$ 210,183</u>	<u>\$ 499,199</u>	<u>\$ 5,205,215</u>

Continued

<u>Assets</u>	Special Revenue				
	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	\$ 147,078	\$ 1,061	\$ 21,537,037	\$ 12,651,017	\$ 3,181,658
Investments	-	-	-	-	-
Interest receivable	1,284	9	188,818	89,956	27,780
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 148,362</u>	<u>\$ 1,070</u>	<u>\$ 21,725,855</u>	<u>\$ 12,740,973</u>	<u>\$ 3,209,438</u>
Combined assets and deferred outflow of resources	<u>\$ 148,362</u>	<u>\$ 1,070</u>	<u>\$ 21,725,855</u>	<u>\$ 12,740,973</u>	<u>\$ 3,209,438</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 122,866	\$ 560,754	\$ -
Due to other funds	-	-	-	113,260	-
Total liabilities	<u>-</u>	<u>-</u>	<u>122,866</u>	<u>674,014</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	-	-	12,066,959	-
Committed	-	-	4,345,091	-	-
Assigned	148,362	1,070	17,257,898	-	3,209,438
Unassigned	-	-	-	-	-
Total fund balances	<u>148,362</u>	<u>1,070</u>	<u>21,602,989</u>	<u>12,066,959</u>	<u>3,209,438</u>
Total liabilities and fund balances	<u>\$ 148,362</u>	<u>\$ 1,070</u>	<u>\$ 21,725,855</u>	<u>\$ 12,740,973</u>	<u>\$ 3,209,438</u>

<u>Assets</u>	Special Revenue				
	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	\$ 16,606,168	\$ 1,897,759	\$ 2,822,997	\$ 105,874	\$ 103,477,765
Investments	-	-	-	-	19,799,811
Interest receivable	144,985	16,569	24,646	925	734,934
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 16,751,153</u>	<u>\$ 1,914,328</u>	<u>\$ 2,847,643</u>	<u>\$ 106,799</u>	<u>\$ 124,012,510</u>
Combined assets and deferred outflow of resources	<u>\$ 16,751,153</u>	<u>\$ 1,914,328</u>	<u>\$ 2,847,643</u>	<u>\$ 106,799</u>	<u>\$ 124,012,510</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	157,500	-	-	-
Total liabilities	<u>-</u>	<u>157,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	16,751,153	-	-	106,799	124,012,510
Committed	-	572,255	-	-	-
Assigned	-	1,184,573	2,847,643	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>16,751,153</u>	<u>1,756,828</u>	<u>2,847,643</u>	<u>106,799</u>	<u>124,012,510</u>
Total liabilities and fund balances	<u>\$ 16,751,153</u>	<u>\$ 1,914,328</u>	<u>\$ 2,847,643</u>	<u>\$ 106,799</u>	<u>\$ 124,012,510</u>

Continued

<u>Assets</u>	Special Revenue				
	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	\$ 4,920,691	\$ 206,559	\$ 1,352,807	\$ 1,561,140	\$ 80,604
Investments	-	-	-	-	-
Interest receivable	41,097	1,804	11,811	13,745	705
Due from other governmental agencies	22,620	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	450,000	-	-	-	-
Total assets	<u>\$ 5,434,408</u>	<u>\$ 208,363</u>	<u>\$ 1,364,618</u>	<u>\$ 1,574,885</u>	<u>\$ 81,309</u>
Combined assets and deferred outflow of resources	<u>\$ 5,434,408</u>	<u>\$ 208,363</u>	<u>\$ 1,364,618</u>	<u>\$ 1,574,885</u>	<u>\$ 81,309</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,410,491	\$ -	\$ -	\$ 1,980	\$ -
Due to other funds	101,066	-	-	-	-
Total liabilities	<u>3,511,557</u>	<u>-</u>	<u>-</u>	<u>1,980</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	<u>22,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	1,900,231	-	-	-	-
Committed	-	-	707,518	1,179,051	-
Assigned	-	208,363	657,100	393,854	81,309
Unassigned	-	-	-	-	-
Total fund balances	<u>1,900,231</u>	<u>208,363</u>	<u>1,364,618</u>	<u>1,572,905</u>	<u>81,309</u>
Total liabilities and fund balances	<u>\$ 5,434,408</u>	<u>\$ 208,363</u>	<u>\$ 1,364,618</u>	<u>\$ 1,574,885</u>	<u>\$ 81,309</u>

	Special Revenue			
	Rule 1180 Special Revenue Fund	Prop 1B Goods Movement Fund	Clean Shipping Tech Demos Special Rev Fund	Aliso Canyon Air Filtration Special Revenue Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 2,420,022	\$ 50,413,435	\$ 6,564,191	\$ 5,393,870
Investments	-	-	-	-
Interest receivable	23,477	441,954	57,401	47,154
Due from other governmental agencies	-	-	3,197	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Total assets	<u>\$ 2,443,499</u>	<u>\$ 50,855,389</u>	<u>\$ 6,624,789</u>	<u>\$ 5,441,024</u>
Combined assets and deferred outflow of resources	<u>\$ 2,443,499</u>	<u>\$ 50,855,389</u>	<u>\$ 6,624,789</u>	<u>\$ 5,441,024</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 13,254
Due to other funds	573,409	-	6,236,055	180,724
Total liabilities	<u>573,409</u>	<u>-</u>	<u>6,236,055</u>	<u>193,978</u>
<u>Deferred Inflow of Resources</u>				
Long-term receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	1,870,090	50,855,389	388,734	-
Committed	-	-	-	4,432,256
Assigned	-	-	-	814,790
Unassigned	-	-	-	-
Total fund balances	<u>1,870,090</u>	<u>50,855,389</u>	<u>388,734</u>	<u>5,247,046</u>
Total liabilities and fund balances	<u>\$ 2,443,499</u>	<u>\$ 50,855,389</u>	<u>\$ 6,624,789</u>	<u>\$ 5,441,024</u>

Continued

	Special Revenue				
	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
<u>Assets</u>					
Cash and cash equivalents	\$ 1,115,911	\$ 57,360,672	\$ 4,524,985	\$ 19,210,257	\$ 120,883
Investments	-	-	-	-	-
Interest receivable	11,539	460,649	39,505	63,763	1,015
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	4,492,075	-	538,895	-
Total assets	<u>\$ 1,127,450</u>	<u>\$ 62,313,396</u>	<u>\$ 4,564,490</u>	<u>\$ 19,812,915</u>	<u>\$ 121,898</u>
Combined assets and deferred outflow of resources	<u>\$ 1,127,450</u>	<u>\$ 62,313,396</u>	<u>\$ 4,564,490</u>	<u>\$ 19,812,915</u>	<u>\$ 121,898</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 29,686	\$ 2,373	\$ 115,314	\$ -	\$ -
Due to other funds	20,624	-	4,745	-	121,235
Total liabilities	<u>50,310</u>	<u>2,373</u>	<u>120,059</u>	<u>-</u>	<u>121,235</u>
<u>Deferred Inflow of Resources</u>					
Long-term receivables	-	-	-	-	-
Fund Balances:					
Restricted	-	-	-	-	663
Committed	856,388	-	313,650	-	-
Assigned	220,752	62,311,023	4,130,781	19,812,915	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,077,140</u>	<u>62,311,023</u>	<u>4,444,431</u>	<u>19,812,915</u>	<u>663</u>
Total liabilities and fund balances	<u>\$ 1,127,450</u>	<u>\$ 62,313,396</u>	<u>\$ 4,564,490</u>	<u>\$ 19,812,915</u>	<u>\$ 121,898</u>

<u>Assets</u>	<u>Special Revenue</u> Rule 2305 Penalty Special Revenue Fund	<u>Capital Project</u> Infrastructure Improvement Fund	<u>Debt</u> Service Fund	<u>Component Unit</u> SCAQMD Building Corporation	<u>Total</u>
Cash and cash equivalents	\$ 575,556	\$ 962,766	\$ 1,667,974	\$ 188,578	\$ 700,001,710
Investments	-	-	4,949,953	-	34,649,670
Interest receivable	1,909	8,398	15,264	-	5,457,067
Due from other governmental agencies	-	-	-	-	9,455,988
Due from other funds	-	-	-	-	8,518,420
Accounts receivable, net	10,400	-	-	-	6,706,536
Total assets	<u>\$ 587,865</u>	<u>\$ 971,164</u>	<u>\$ 6,633,191</u>	<u>\$ 188,578</u>	<u>\$ 764,789,391</u>
Combined assets and deferred outflow of resources	<u>\$ 587,865</u>	<u>\$ 971,164</u>	<u>\$ 6,633,191</u>	<u>\$ 188,578</u>	<u>\$ 764,789,391</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 3,870	\$ 17,436,600
Due to other funds	-	-	-	-	13,066,287
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,870</u>	<u>30,502,887</u>
 <u>Deferred Inflow of Resources</u>					
Long-term receivables	-	-	-	-	22,620
 Fund Balances:					
Restricted	-	-	6,633,191	-	362,560,223
Committed	-	2,970	-	-	26,800,642
Assigned	587,865	968,194	-	184,708	344,903,019
Unassigned	-	-	-	-	-
Total fund balances	<u>587,865</u>	<u>971,164</u>	<u>6,633,191</u>	<u>184,708</u>	<u>734,263,884</u>
Total liabilities and fund balances	<u>\$ 587,865</u>	<u>\$ 971,164</u>	<u>\$ 6,633,191</u>	<u>\$ 188,578</u>	<u>\$ 764,789,391</u>

	Special Revenue				
	Air Toxics	Advanced Tech	Air Quality	Air Quality	Mobile Sources
	Fund	Outreach & Education Fund	Assistance Fund	Improvement Fund	Air Pollution Reduction Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	16,687,945
Air Toxics "Hot Spots"	133,464	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	15,443,716	-	-	-
State grant	-	-	-	-	-
Interest revenue	164,944	301,536	75,977	95,136	4,750,536
Penalties and settlements	-	-	-	-	-
Other revenues	892	-	-	-	-
Total revenues	<u>299,300</u>	<u>15,745,252</u>	<u>75,977</u>	<u>95,136</u>	<u>21,438,481</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	6,233	16,874,635	-	-	13,637,767
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	6,166	-	-	-	808,161
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>12,399</u>	<u>16,874,635</u>	<u>-</u>	<u>-</u>	<u>14,445,928</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>286,901</u>	<u>(1,129,383)</u>	<u>75,977</u>	<u>95,136</u>	<u>6,992,553</u>
Other Financing Sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>286,901</u>	<u>(1,129,383)</u>	<u>75,977</u>	<u>95,136</u>	<u>6,992,553</u>
Fund balances, July 1, 2024, as previously reported	\$ 3,333,030	\$ 9,229,483	\$ 1,810,888	\$ 62,215	\$ 121,636,590
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>3,333,030</u>	<u>9,229,483</u>	<u>1,810,888</u>	<u>62,215</u>	<u>121,636,590</u>
Fund balances, June 30, 2025	<u>\$ 3,619,931</u>	<u>\$ 8,100,100</u>	<u>\$ 1,886,865</u>	<u>\$ 157,351</u>	<u>\$ 128,629,143</u>

	Special Revenue				
	Air Quality Investment	Clean Fuels Program	Lower-Emission School Bus	Zero Emission Vehicle Incentive	AES Settlement Projects
	Fund	Fund	Fund	Fund	Fund
<u>Revenues:</u>					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	8,608,766	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	1,619,928	-	-	-
State grant	-	-	-	-	-
Interest revenue	4,401,176	3,790,152	369,437	28,888	4,260
Penalties and settlements	-	-	-	-	-
Other revenues	1,213,049	-	-	-	-
Total revenues	<u>5,614,225</u>	<u>14,018,846</u>	<u>369,437</u>	<u>28,888</u>	<u>4,260</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	1,494,679	4,112,587	-	-	64,202
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,494,679</u>	<u>4,112,587</u>	<u>-</u>	<u>-</u>	<u>64,202</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>4,119,546</u>	<u>9,906,259</u>	<u>369,437</u>	<u>28,888</u>	<u>(59,942)</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	-	-	-
Transfers out	(666,667)	(2,683,103)	-	-	-
Total other financing sources (uses)	<u>(666,667)</u>	<u>(2,683,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>3,452,879</u>	<u>7,223,156</u>	<u>369,437</u>	<u>28,888</u>	<u>(59,942)</u>
Fund balances, July 1, 2024, as previously reported	\$ 115,995,919	\$ 96,037,138	\$ 9,776,843	\$ 764,482	\$ 113,119
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>115,995,919</u>	<u>96,037,138</u>	<u>9,776,843</u>	<u>764,482</u>	<u>113,119</u>
Fund balances, June 30, 2025	<u>\$ 119,448,798</u>	<u>\$ 103,260,294</u>	<u>\$ 10,146,280</u>	<u>\$ 793,370</u>	<u>\$ 53,177</u>

Continued

	Special Revenue			
	Rule 1309.1	CARB ERC	LADWP	State-Emissions
	Priority	Bank	Settlement	Mitigation
<u>Revenues:</u>	<u>Reserve Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Emission fees	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-
Mitigation fees	-	-	-	-
Remediation program	-	-	-	-
Federal grant	-	-	-	-
State grant	-	-	-	-
Interest revenue	201,070	16,251	11,449	4,452
Penalties and settlements	-	-	-	-
Other revenues	-	-	478,125	-
Total revenues	201,070	16,251	489,574	4,452
<u>Expenditures:</u>				
Salaries and employee benefits	-	-	-	-
Insurance	-	-	-	-
Rent	-	-	-	-
Supplies	-	-	-	-
Contract and special services	175,109	323,000	-	-
Maintenance	-	-	-	-
Travel and auto	-	-	-	-
Utilities	-	-	-	-
Communications	-	-	-	-
Uncollectible accounts	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
<u>Debt service:</u>				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	175,109	323,000	-	-
Excess (deficiency) of revenues over (under) expenditures before transfers	25,961	(306,749)	489,574	4,452
<u>Other Financing Sources (uses):</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	25,961	(306,749)	489,574	4,452
Fund balances, July 1, 2024, as previously reported	\$ 5,320,566	\$ 643,229	\$ 24,100	\$ 117,809
Change from nonmajor to major fund	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>5,320,566</u>	<u>643,229</u>	<u>24,100</u>	<u>117,809</u>
Fund balances, June 30, 2025	<u>\$ 5,346,527</u>	<u>\$ 336,480</u>	<u>\$ 513,674</u>	<u>\$ 122,261</u>

	Special Revenue				
	State BUG Program Fund	Rule 1173 Mitigation Fee Fund	CBE/OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund	Health Effects Research Fund
<u>Revenues:</u>					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	947	119,612	-	25,049	189,528
Penalties and settlements	-	-	-	-	-
Other revenues	-	625,000	-	-	-
Total revenues	<u>947</u>	<u>744,612</u>	<u>-</u>	<u>25,049</u>	<u>189,528</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	10,000	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>947</u>	<u>744,612</u>	<u>(10,000)</u>	<u>25,049</u>	<u>189,528</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(206,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,000)</u>	<u>-</u>
Net change in fund balance	<u>947</u>	<u>744,612</u>	<u>(10,000)</u>	<u>(180,951)</u>	<u>189,528</u>
Fund balances, July 1, 2024, as previously reported	\$ 25,052	\$ 3,158,889	\$ 210,183	\$ 680,150	\$ 5,015,687
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>25,052</u>	<u>3,158,889</u>	<u>210,183</u>	<u>680,150</u>	<u>5,015,687</u>
Fund balances, June 30, 2025	<u>\$ 25,999</u>	<u>\$ 3,903,501</u>	<u>\$ 200,183</u>	<u>\$ 499,199</u>	<u>\$ 5,205,215</u>

Continued

	Special Revenue				
	CEQA Green House Gas Mitigation Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	HEROS II Fund	AB 1318 Mitigation Fees Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	10,420,000	-
Interest revenue	5,402	39	808,627	521,757	116,851
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	115,400	-
Total revenues	5,402	39	808,627	11,057,157	116,851
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	991,626	17,590,327	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	991,626	17,590,327	-
Excess (deficiency) of revenues over (under) expenditures before transfers	5,402	39	(182,999)	(6,533,170)	116,851
Other Financing Sources (uses):					
Transfers in	-	-	-	206,000	-
Transfers out	-	-	-	(956,372)	-
Total other financing sources (uses)	-	-	-	(750,372)	-
Net change in fund balance	5,402	39	(182,999)	(7,283,542)	116,851
Fund balances, July 1, 2024, as previously reported	\$ 142,960	\$ 1,031	\$ 21,785,988	\$ 19,350,501	\$ 3,092,587
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	142,960	1,031	21,785,988	19,350,501	3,092,587
Fund balances, June 30, 2025	\$ 148,362	\$ 1,070	\$ 21,602,989	\$ 12,066,959	\$ 3,209,438

	Special Revenue				
	Voucher Incentive Program (VIP)	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Rule 1420.1 Special Revenue Fund	Rule 1304.1 Special Revenue Fund
	Fund	Fund	Fund	Fund	Fund
<u>Revenues:</u>					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	611,674	69,701	103,686	3,889	4,670,920
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>611,674</u>	<u>69,701</u>	<u>103,686</u>	<u>3,889</u>	<u>4,670,920</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>611,674</u>	<u>69,701</u>	<u>103,686</u>	<u>3,889</u>	<u>4,670,920</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>611,674</u>	<u>69,701</u>	<u>103,686</u>	<u>3,889</u>	<u>4,670,920</u>
Fund balances, July 1, 2024, as previously reported	16,139,479	\$ 1,687,127	\$ 2,743,957	\$ 102,910	\$ 119,341,590
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>16,139,479</u>	<u>1,687,127</u>	<u>2,743,957</u>	<u>102,910</u>	<u>119,341,590</u>
Fund balances, June 30, 2025	<u>\$ 16,751,153</u>	<u>\$ 1,756,828</u>	<u>\$ 2,847,643</u>	<u>\$ 106,799</u>	<u>\$ 124,012,510</u>

Continued

	Special Revenue				
	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
<u>Revenues:</u>					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	3,505,330	-	-	-	-
Interest revenue	199,998	7,587	49,686	58,044	2,961
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>3,705,328</u>	<u>7,587</u>	<u>49,686</u>	<u>58,044</u>	<u>2,961</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	9,040,095	-	-	17,550	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>9,040,095</u>	<u>-</u>	<u>-</u>	<u>17,550</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(5,334,767)</u>	<u>7,587</u>	<u>49,686</u>	<u>40,494</u>	<u>2,961</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	-	-	-
Transfers out	(101,067)	-	-	-	-
Total other financing sources (uses)	<u>(101,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(5,435,834)</u>	<u>7,587</u>	<u>49,686</u>	<u>40,494</u>	<u>2,961</u>
Fund balances, July 1, 2024, as previously reported	\$ 7,336,065	\$ 200,776	\$ 1,314,932	\$ 1,532,411	\$ 78,348
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>7,336,065</u>	<u>200,776</u>	<u>1,314,932</u>	<u>1,532,411</u>	<u>78,348</u>
Fund balances, June 30, 2025	<u>\$ 1,900,231</u>	<u>\$ 208,363</u>	<u>\$ 1,364,618</u>	<u>\$ 1,572,905</u>	<u>\$ 81,309</u>

	Special Revenue				
	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
	Revenue Fund	Revenue Fund	Fund	Special Rev Fund	Revenue Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	-	-	-	-
Remediation program	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	40,913	-	1,913,791	59,067	205,582
Penalties and settlements	-	-	-	-	-
Other revenues	4,897,319	-	-	-	-
Total revenues	4,938,232	-	1,913,791	59,067	205,582
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	2,300,000	879,500	347,507
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	2,300,000	879,500	347,507
Excess (deficiency) of revenues over (under) expenditures before transfers	4,938,232	-	(386,209)	(820,433)	(141,925)
Other Financing Sources (uses):					
Transfers in	-	-	-	666,667	-
Transfers out	(3,137,326)	-	-	(117,469)	(180,724)
Total other financing sources (uses)	(3,137,326)	-	-	549,198	(180,724)
Net change in fund balance	1,800,906	-	(386,209)	(271,235)	(322,649)
Fund balances, July 1, 2024, as previously reported	\$ 69,184	\$ 40,958,514	\$ 51,241,598	\$ 659,969	\$ 5,569,695
Change from nonmajor to major fund	-	(40,958,514)	-	-	-
Fund balances, July 1, 2024, as adjusted	69,184	-	51,241,598	659,969	5,569,695
Fund balances, June 30, 2025	\$ 1,870,090	\$ -	\$ 50,855,389	\$ 388,734	\$ 5,247,046

Continued

	Special Revenue				
	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
<u>Revenues:</u>					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Mitigation fees	-	30,790,477	-	-	-
Remediation program	-	-	-	19,183,044	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	50,674	1,404,959	166,195	88,687	663
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	<u>50,674</u>	<u>32,195,436</u>	<u>166,195</u>	<u>19,271,731</u>	<u>663</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	353,446	-	115,314	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	552,435	-	-	-
Other expenditures	-	636,331	-	-	-
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>353,446</u>	<u>1,188,766</u>	<u>115,314</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(302,772)</u>	<u>31,006,670</u>	<u>50,881</u>	<u>19,271,731</u>	<u>663</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	-	-	-
Transfers out	(20,624)	-	(4,745)	-	-
Total other financing sources (uses)	<u>(20,624)</u>	<u>-</u>	<u>(4,745)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(323,396)</u>	<u>31,006,670</u>	<u>46,136</u>	<u>19,271,731</u>	<u>663</u>
Fund balances, July 1, 2024, as previously reported	\$ 1,400,536	\$ 31,304,353	\$ 4,398,295	\$ 541,184	\$ -
Change from nonmajor to major fund	-	-	-	-	-
Fund balances, July 1, 2024, as adjusted	<u>1,400,536</u>	<u>31,304,353</u>	<u>4,398,295</u>	<u>541,184</u>	<u>-</u>
Fund balances, June 30, 2025	<u>\$ 1,077,140</u>	<u>\$ 62,311,023</u>	<u>\$ 4,444,431</u>	<u>\$ 19,812,915</u>	<u>\$ 663</u>

	Special Revenue	Capital Project		Component Unit	
	Rule 2305	Infrastructure	Debt	SCAQMD	
	Penalty Special	Improvement	Service	Building	
Revenues:	Revenue Fund	Fund	Fund	Corporation	Total
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	25,296,711
Air Toxics "Hot Spots"	-	-	-	-	133,464
Mitigation fees	-	-	-	-	30,790,477
Remediation program	-	-	-	-	19,183,044
Federal grant	-	-	-	-	17,063,644
State grant	-	-	-	-	13,925,330
Interest revenue	1,914	36,610	251,348	7,744	26,009,369
Penalties and settlements	585,951	-	-	-	585,951
Other revenues	-	47,150	-	-	7,376,935
Total revenues	<u>587,865</u>	<u>83,760</u>	<u>251,348</u>	<u>7,744</u>	<u>140,364,925</u>
<u>Expenditures:</u>					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	-	-	-	68,333,577
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	552,435
Other expenditures	-	-	-	3,870	1,454,528
Capital outlay	-	-	-	-	-
<u>Debt service:</u>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,870</u>	<u>70,340,540</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>587,865</u>	<u>83,760</u>	<u>251,348</u>	<u>3,874</u>	<u>70,024,385</u>
<u>Other Financing Sources (uses):</u>					
Transfers in	-	-	2,000,000	-	2,872,667
Transfers out	-	(224,000)	-	-	(8,298,097)
Total other financing sources (uses)	<u>-</u>	<u>(224,000)</u>	<u>2,000,000</u>	<u>-</u>	<u>(5,425,430)</u>
Net change in fund balance	<u>587,865</u>	<u>(140,240)</u>	<u>2,251,348</u>	<u>3,874</u>	<u>64,598,955</u>
Fund balances, July 1, 2024, as previously reported	\$ -	\$ 1,111,404	\$ 4,381,843	\$ 180,834	710,623,443
Change from nonmajor to major fund	-	-	-	-	(40,958,514)
Fund balances, July 1, 2024, as adjusted	<u>-</u>	<u>1,111,404</u>	<u>4,381,843</u>	<u>180,834</u>	<u>669,664,929</u>
Fund balances, June 30, 2025	<u>\$ 587,865</u>	<u>\$ 971,164</u>	<u>\$ 6,633,191</u>	<u>\$ 184,708</u>	<u>\$ 734,263,884</u>

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.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net investment in capital assets	\$ 36,178,389	\$ 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
Restricted for long-term emission-reduction projects	498,119,549	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
Unrestricted	(152,854,184)	(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)
Total governmental activities net position	<u>\$ 381,443,754</u>	<u>\$ 502,024,761</u>	<u>\$ 582,912,844</u>	<u>\$ 692,285,430</u>	<u>\$ 762,575,200</u>	<u>\$ 778,147,193</u>	<u>\$ 990,013,135</u>	<u>\$ 1,056,013,846</u>	<u>\$ 1,371,879,374</u>	<u>\$ 1,510,331,472</u>
Business-type Activities:*										
Unrestricted	\$ 1,235,284	\$ 1,253,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ 1,235,284</u>	<u>\$ 1,253,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:										
Net investment in capital assets	\$ 36,178,389	\$ 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
Restricted for long-term emission-reduction projects	498,119,549	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
Unrestricted	(151,618,900)	(140,288,269)	(129,700,877)	(128,938,591)	(126,463,599)	(151,497,814)	(122,315,341)	(111,664,409)	(95,021,270)	(76,223,278)
Total primary government net position	<u>\$ 382,679,038</u>	<u>\$ 503,277,939</u>	<u>\$ 582,912,844</u>	<u>\$ 692,285,430</u>	<u>\$ 762,575,200</u>	<u>\$ 778,147,193</u>	<u>\$ 990,013,135</u>	<u>\$ 1,056,013,846</u>	<u>\$ 1,371,879,374</u>	<u>\$ 1,510,331,472</u>

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

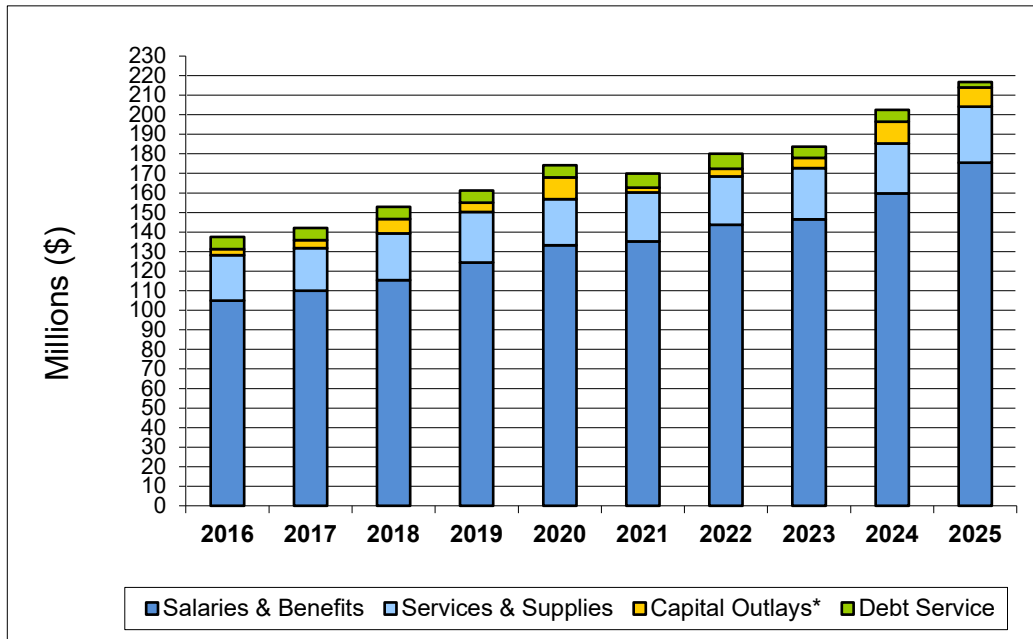
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
Advance clean air technology	\$ 7,119,417	\$ 7,825,599	\$ 9,271,026	\$ 11,520,547	\$ 12,827,393	\$ 14,560,468	\$ 11,484,237	\$ 13,897,495	\$ 15,608,973	\$ 16,266,433
Ensure compliance with clean air rules	45,622,680	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
Customer service and business assistance	8,337,319	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
Develop programs to achieve clean air	10,444,147	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
Develop rules to achieve clean air	7,566,089	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
Monitoring air quality	16,028,394	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
Timely review of permits	27,891,070	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
Policy support	511,705	885,773	667,046	1,028,495	1,945,852	1,773,352	736,426	835,445	415,034	607,085
Interest on long-term debt	3,884,990	3,906,955	3,731,589	3,605,251	3,463,254	3,302,637	700,202	353,141	230,579	255,730
Long-term emission reduction projects	87,079,799	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
Total governmental activities expenses	\$ 214,485,609	\$ 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
Business-type Activities:*										
CNG fueling station	\$ 117,675	\$ 128	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities expenses	117,675	128	31	-	-	-	-	-	-	-
Total primary government expenses	\$ 214,603,284	\$ 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
Program Revenues										
Governmental Activities:										
Fees and Charges										
Stationary sources	\$ 89,264,511	\$ 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
Mobile sources	25,743,988	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
Operating grants and subventions	122,424,397	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
Total governmental activities prog. revenues	\$ 237,432,896	\$ 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type Activities:*										
CNG fueling station	\$ 229,005	\$ 18,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities prog. revenues	<u>229,005</u>	<u>18,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government prog. revenues	<u>\$ 237,661,901</u>	<u>\$ 344,454,711</u>	<u>\$ 311,749,205</u>	<u>\$ 423,427,150</u>	<u>\$ 439,286,339</u>	<u>\$ 438,678,985</u>	<u>\$ 503,217,033</u>	<u>\$ 366,751,231</u>	<u>\$ 619,289,997</u>	<u>\$ 478,830,843</u>
Net (Expense) Revenue										
Governmental activities	\$ 22,947,287	\$ 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
Business-type activities	<u>111,330</u>	<u>17,894</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary govnt net (expenses) revenue	<u>\$ 23,058,617</u>	<u>\$ 103,934,706</u>	<u>\$ 63,729,641</u>	<u>\$ 95,911,793</u>	<u>\$ 52,017,613</u>	<u>\$ 5,235,319</u>	<u>\$ 201,154,824</u>	<u>\$ 51,069,254</u>	<u>\$ 297,325,433</u>	<u>\$ 120,986,348</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and subventions not restricted to specific stationary source programs	\$ 2,885,047	\$ 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
Interest	435,773	644,574	1,041,333	1,976,414	1,791,178	596,953	586,992	3,722,493	6,620,336	7,790,900
One time non-program penalties/settlements	5,704,685	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
Subscriptions	2,842	1,097	436	970	972	-	676	81	-	-
Other	1,120,226	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
Transfers	<u>-</u>	<u>-</u>	<u>1,253,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 10,148,573</u>	<u>\$ 16,664,195</u>	<u>\$ 20,644,444</u>	<u>\$ 13,460,793</u>	<u>\$ 18,272,157</u>	<u>\$ 10,336,674</u>	<u>\$ 10,711,118</u>	<u>\$ 14,931,457</u>	<u>\$ 18,540,095</u>	<u>\$ 21,607,366</u>
Total primary government revenue	<u>\$ 10,148,573</u>	<u>\$ 16,664,195</u>	<u>\$ 20,644,444</u>	<u>\$ 13,460,793</u>	<u>\$ 18,272,157</u>	<u>\$ 10,336,674</u>	<u>\$ 10,711,118</u>	<u>\$ 14,931,457</u>	<u>\$ 18,540,095</u>	<u>\$ 21,607,366</u>
Change in Net Position										
Governmental activities	\$ 33,095,860	\$ 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
Business-type activities*	<u>111,330</u>	<u>17,894</u>	<u>(1,253,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 33,207,190</u>	<u>\$ 120,598,901</u>	<u>\$ 83,120,938</u>	<u>\$ 109,372,586</u>	<u>\$ 70,289,770</u>	<u>\$ 15,571,993</u>	<u>\$ 211,865,942</u>	<u>\$ 66,000,711</u>	<u>\$ 315,865,528</u>	<u>\$ 142,593,714</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 65,731	\$ 63,688	\$ 56,684	\$ 64,226	\$ 65,321	\$ 70,097	\$ 62,658	\$ 56,457	\$ 97,689	\$ 79,835
Committed	6,917,075	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
Assigned	6,203,899	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
Unassigned	31,006,208	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
Total general fund	<u>\$ 44,192,913</u>	<u>\$ 52,491,499</u>	<u>\$ 66,055,806</u>	<u>\$ 71,024,318</u>	<u>\$ 84,537,226</u>	<u>\$ 89,738,802</u>	<u>\$ 93,821,307</u>	<u>\$ 100,068,068</u>	<u>\$ 106,359,568</u>	<u>\$ 114,879,870</u>
All Other Governmental Funds										
Restricted	\$ 311,026,727	\$ 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	\$ 1,179,456,592
Committed	63,076,528	54,549,958	51,447,457	67,570,416	52,652,530	63,535,402	55,115,903	49,990,744	30,408,528	26,816,867
Assigned	125,654,185	142,085,357	161,309,146	185,578,704	210,587,848	212,345,245	209,410,745	240,694,931	279,020,788	344,903,018
Unassigned	(3,518,332)	(1,554,957)	(57,656)	-	-	-	-	-	-	(16,225)
Total all other governmental funds	<u>\$ 496,239,108</u>	<u>\$ 607,438,908</u>	<u>\$ 676,857,257</u>	<u>\$ 786,115,419</u>	<u>\$ 850,523,778</u>	<u>\$ 892,386,082</u>	<u>\$ 1,076,293,986</u>	<u>\$ 1,134,391,758</u>	<u>\$ 1,432,415,844</u>	<u>\$ 1,551,160,252</u>

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Emission fees	\$ 18,984,919	\$ 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
Annual renewal fees	47,592,793	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
Area Sources	2,226,172	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
Permit processing fees	17,239,759	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
Mobile sources / Clean fuels	73,011,225	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
Air Toxics "Hot Spots"	2,373,579	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
Transportation program	891,991	840,322	845,718	977,223	1,069,607	704,936	618,838	637,405	1,094,749	795,937
Mitigation fees	-	-	-	-	-	-	-	-	-	30,790,477
Remediation program	-	-	-	-	-	-	-	-	-	19,183,044
State subvention	3,944,602	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
Federal grant	11,521,785	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
State grant	38,050,172	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
Interest revenue	4,100,302	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
Lease revenue	141,195	156,204	147,660	162,879	150,164	124,285	131,140	154,533	107,860	74,104
Source test/analysis fees	683,328	734,258	663,011	574,007	427,852	265,860	174,711	728,260	430,590	879,600
Hearing Board fees	163,960	187,733	351,979	187,308	357,937	274,352	286,331	322,319	818,469	785,375
Penalties and settlements	8,475,935	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
Subscriptions	2,842	1,097	436	970	972	-	676	81	-	-
Other revenues	18,176,910	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
Total revenues	\$ 247,581,469	\$ 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
Expenditures:										
Salaries and employee benefits	\$ 104,908,690	\$ 110,040,224	\$ 115,342,430	\$ 124,376,220	\$ 133,296,239	\$ 135,197,844	\$ 143,692,079	\$ 146,549,272	\$ 159,688,983	\$ 175,406,791
Insurance	1,148,390	1,131,980	1,503,440	1,733,653	1,059,265	1,203,093	1,815,361	1,447,642	2,288,753	2,818,507
Rent	509,395	540,386	550,641	606,592	676,950	797,754	402,588	385,583	382,239	405,636
Supplies	2,519,673	3,035,619	3,375,314	3,779,066	4,186,926	2,737,608	3,048,748	3,662,715	3,634,204	4,993,802
Contract and special services	95,288,291	108,413,444	109,427,946	172,084,692	215,238,478	241,794,852	158,176,955	144,328,551	146,409,853	170,250,564
Maintenance	1,712,754	1,287,341	1,787,868	2,109,924	1,784,818	1,938,322	1,771,200	2,354,512	2,103,225	2,306,482
Travel and auto	703,392	877,137	1,107,393	1,141,882	877,886	459,515	621,348	715,073	649,647	909,812
Utilities	1,717,980	1,411,075	1,520,114	1,427,124	1,429,880	1,542,238	1,590,643	1,599,383	1,985,398	1,872,518
Communications	679,666	577,753	614,018	647,865	821,324	1,001,554	1,213,368	1,008,959	875,776	863,121
Uncollectible accounts	444,485	400,929	412,184	479,519	590,803	691,419	957,286	667,194	928,392	1,268,688
Other expenditures	3,004,689	2,023,075	1,996,218	2,110,673	3,611,532	2,077,377	2,661,906	5,008,487	1,862,527	7,961,512
Capital outlay	4,032,806	4,669,042	4,583,914	4,973,661	8,872,504	5,316,656	3,083,193	3,880,971	6,357,220	7,120,707
Capital outlay - lease and SBITA	-	-	-	-	-	-	2,631,488	2,872,677	2,653,290	2,491,380
Debt service:										
Principal	3,235,598	3,331,010	3,432,798	3,553,110	3,686,641	3,840,443	4,006,881	3,780,000	4,010,000	-
Interest	3,954,555	3,863,482	3,756,716	3,637,290	3,503,983	3,353,106	3,186,361	348,736	118,896	-
Principal - lease and SBITA	-	-	-	-	-	-	434,423	1,541,375	1,800,730	2,520,565
Interest - lease and SBITA	-	-	-	-	-	-	43,964	59,701	225,421	247,633
Total expenditures	\$ 223,860,364	\$ 241,602,497	\$ 249,410,994	\$ 322,661,271	\$ 379,637,229	\$ 401,951,781	\$ 329,337,792	\$ 320,210,830	\$ 336,171,554	\$ 381,437,718
Excess (deficiency) of revenues over (under) expenditures	23,721,105	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
Other financing sources (uses):										
Transfer in	10,777,488	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
Transfer out	(10,777,488)	(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)
Lease and SBITA Financing	-	-	-	-	-	-	2,631,488	2,872,677	2,653,290	2,491,380
Total other financing sources (uses)	-	-	1,253,147	-	-	-	2,631,488	2,872,677	2,653,290	2,491,380
Net change in fund balances	\$ 23,721,105	\$ 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
Debt service as a percentage of noncapital expenditures	3.3%	3.0%	2.9%	2.3%	1.9%	1.8%	2.4%	1.8%	1.9%	0.7%



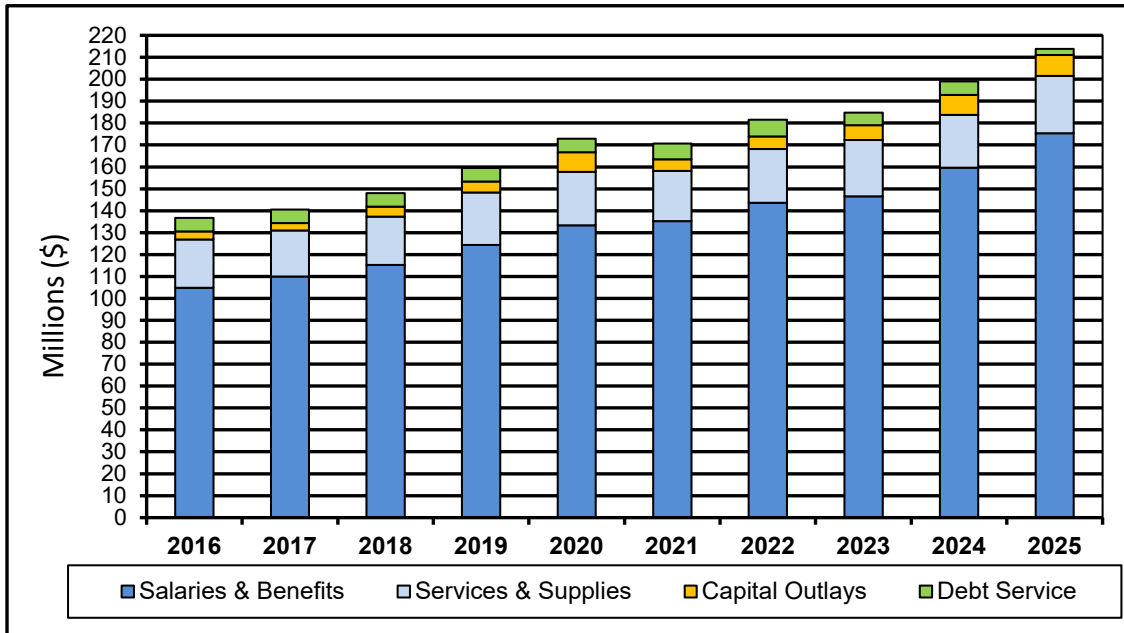
Year	Salaries & Benefits	Services & Supplies	Capital Outlays*	Debt Service	Total Expenditures
2016	\$ 104,908,689	\$ 23,338,580	\$ 3,074,374	\$ 6,190,153	\$ 137,511,796
2017	110,077,989	21,757,613	4,037,890	6,194,492	142,067,984
2018	115,425,019	23,951,490	7,301,002	6,189,514	152,867,025
2019	124,376,218	25,949,611	4,669,722	6,190,400	161,185,951
2020	133,296,238	23,474,861	11,172,630	6,190,624	174,134,353
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

*For year 2015-2023, 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



Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2016	\$ 104,908,690	\$ 22,007,495	\$ 3,674,227	\$ 6,190,153	\$ 136,780,565
2017	110,040,224	20,903,669	3,455,686	6,194,492	140,594,071
2018	115,342,430	21,995,126	4,579,695	6,189,514	148,106,765
2019	124,376,220	23,933,151	4,973,661	6,190,400	159,473,432
2020	133,296,239	24,470,945	8,872,504	6,190,624	172,830,312
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

See Notes Associated with Financial Charts page 112

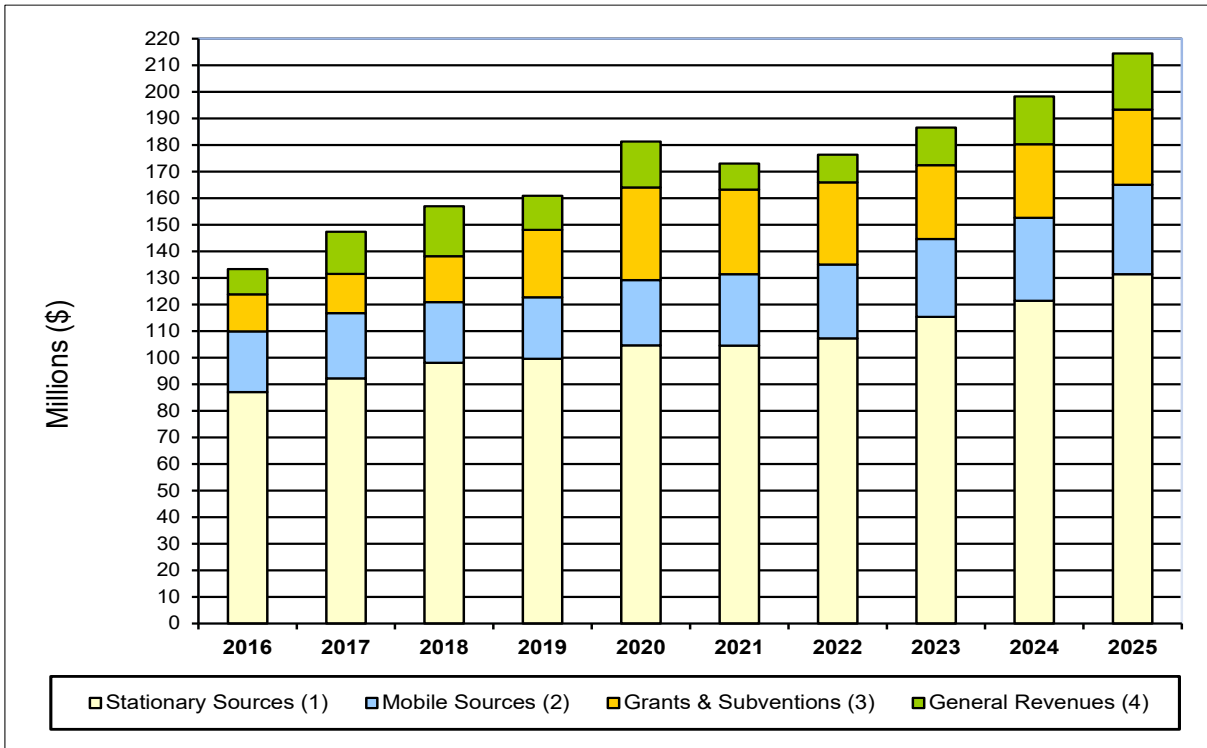
Source: South Coast Air Quality Management District Audited Financial Statements

<u>Fiscal Year</u>	<u>Pension Obligation Bonds</u>	<u>Lease Liability</u>	<u>Subscription Liability</u>	<u>Total Primary Government</u>	<u>Percentage of Total Revenues (*)</u>	<u>Number of Customers</u>	<u>Per Customer</u>
2016	29,641	-	-	29,641	22.23%	27	1
2017	26,310	-	-	26,310	17.86%	26	1
2018	22,877	-	-	22,877	14.58%	27	1
2019	19,324	-	-	19,324	12.04%	27	1
2020	15,637	-	-	15,637	8.63%	26	1
2021	11,797	-	-	11,797	6.82%	25	1
2022	7,790	2,197	-	9,987	5.66%	26	1
2023	4,010	2,298	1,311	7,619	4.08%	25	1
2024	-	3,316	1,121	4,437	2.24%	25	1
2025	-	2,587	1,941	4,528	2.15%	26	1

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

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

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



Year	Stationary Sources (1)	Mobile Sources (2)	Grants & Subventions (3)	General Revenues (4)	Total Revenues
2016	\$ 87,038,338	\$ 22,859,620	\$ 13,934,946	\$ 9,489,698	133,322,602
2017	92,189,311	24,574,498	14,768,699	15,810,131	147,342,639
2018	98,060,961	22,861,428	17,207,484	18,805,726	156,935,599
2019	99,546,576	23,198,491	25,350,511	12,853,554	160,949,132
2020	104,590,911	24,587,585	34,848,083	17,251,668	181,278,247
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

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

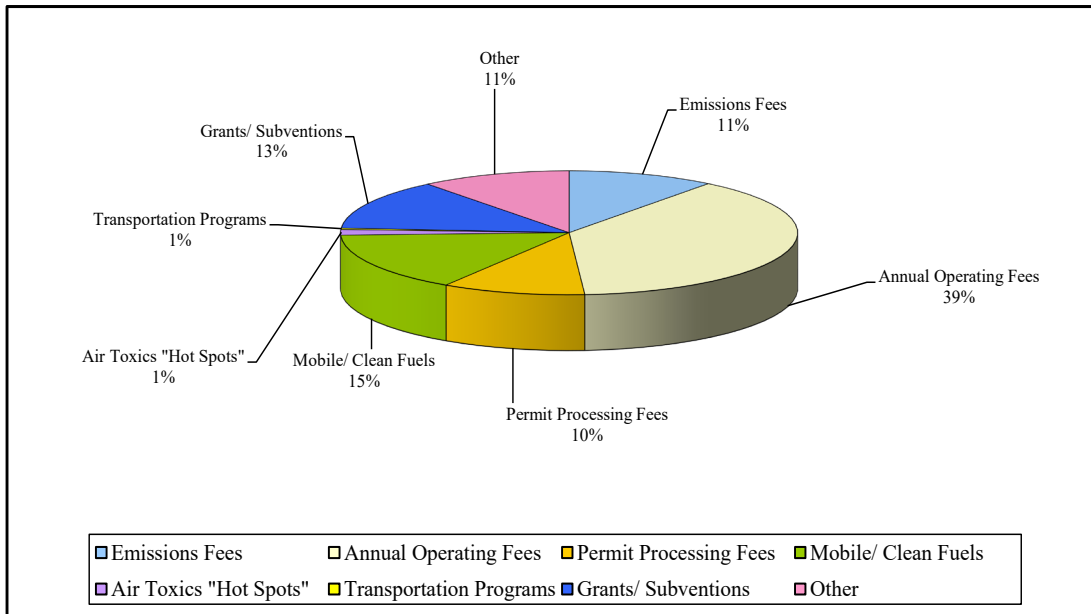
(2) Includes AB2766 Mobile Source, Clean Fuels, and Transportation Programs revenues

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

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

See Notes Associated with Financial Charts page 113

Source: South Coast Air Quality Management District Audited Financial Statements

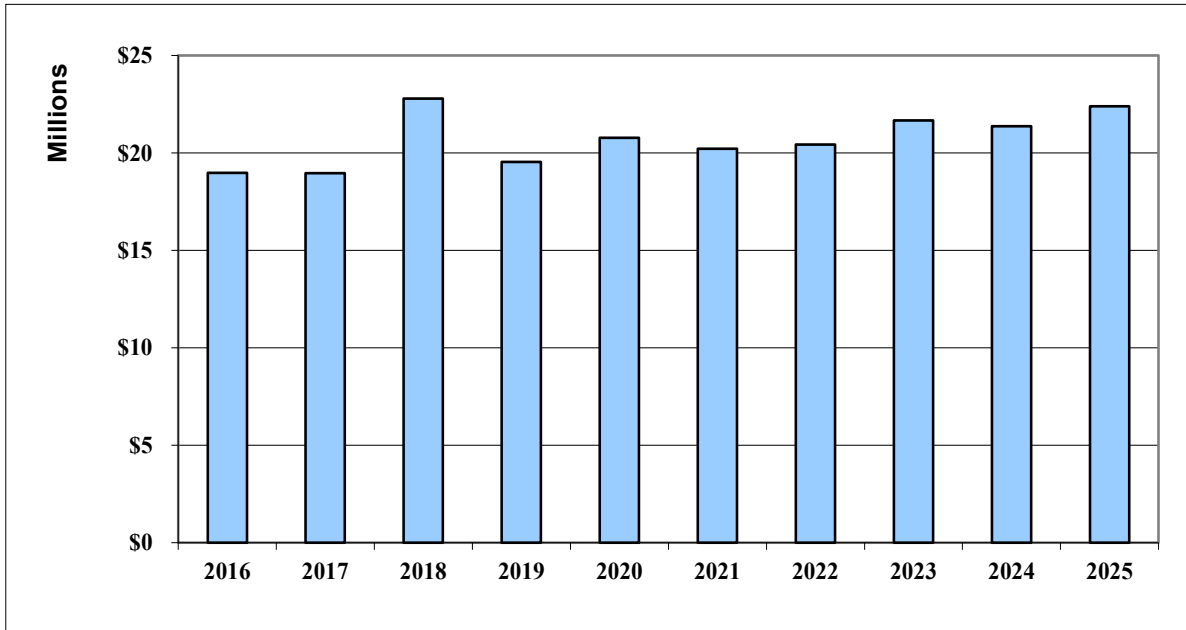


Fee Source Revenue									
Year	Emissions Fees	Annual Operating Fees	Permit Processing Fees	Mobile/ Clean Fuels	Air Toxics "Hot Spots"	Transportation Programs	Grants/ Subventions	Other	Total
2016	\$18,984,919	\$47,592,793	\$17,239,759	\$21,967,629	\$ 2,373,579	\$ 891,991	\$ 13,934,946	\$10,336,986	\$133,322,602
2017	18,964,371	48,930,776	20,729,207	23,734,176	2,642,966	840,322	14,768,699	16,732,122	147,342,639
2018	22,786,661	52,182,769	19,538,295	22,015,710	2,538,246	845,718	17,207,484	19,820,716	156,935,599
2019	19,542,168	57,028,631	20,030,307	22,221,268	2,184,155	977,223	25,350,511	13,614,869	160,949,132
2020	20,781,427	60,450,564	19,666,601	23,517,978	2,906,530	1,069,607	34,848,083	18,037,457	181,278,247
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

* 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



Year	Emission Fees
2016	\$ 18,984,919
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

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 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.
- The increase in 2016 expenditures from 2015 includes the costs associated with the three year labor agreement. The rents and leases for equipment also increased. In addition, the professional and special services increased due to new or additional projects for outside building consultants, community outreach, and planning and rule development activities.

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

- 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.
- The increase in 2016 expenditures from 2015 includes the costs associated with the three year labor agreement. The rents and leases for equipment also increased. In addition, the professional and special services increased due to new or additional projects for outside building consultants, community outreach, and planning and rule development activities.

Schedule 8 - Revenues by Major Source (General Fund)

- 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.
- The decrease in 2016 revenue from 2015 is mainly due to the decrease in Penalties & Settlements in the General Revenues category.

Schedule 9 - Revenues by Fee Source (General Fund)

- 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.
- The decrease in 2016 revenue from 2015 is mainly due to the decrease in Penalties & Settlements in the Other Revenues category.

Schedule 10 – Emission Fee Revenues

- 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.
- There was a small decrease in emission fees revenue in 2016 due to gradually decreasing emissions.

Payer	FY 2024-2025			FY 2014-2015		
	Payment	Rank	% of Total Emission Fee	Payment	Rank	% of Total Emission Fee
Tesoro Refining and Marketing *	\$ 2,516,023	1	11.3%	\$ 1,728,582	2	8.7%
Chevron Products	2,061,666	2	9.2%	1,673,979	3	8.4%
Torrance Refinery Co LLC (Formerly Exxon Mobil Corporation)	1,927,114	3	8.6%	2,192,735	1	11.1%
Tesoro Refining and Marketing (Formerly Equilon)	1,295,839	4	5.8%	1,285,914	4	6.5%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	916,349	5	4.1%	886,177	5	4.5%
Ultramar Incorporated	726,911	6	3.3%	526,272	7	2.7%
Phillips 66 Company (Formerly Conoco and formerly Tosco Refining Co)*	639,080	7	2.9%	673,833	6	3.4%
Chiquita Canyon LLC	378,984	8	1.7%	-	-	-
Equilon Enterprises, LLC, Shell Oil Products US (formerly Texaco Refining)	208,838	9	0.9%	-	-	-
Dart Container Corp of California	189,247	10	0.8%	151,132	16	0.8%
Owens-Brockway Glass Container Inc	155,393	11	0.7%	104,350	20	0.5%
SFPP, L.P.	142,544	12	0.6%	-	-	-
University of California, Los Angeles	138,354	13	0.6%	-	-	-
Beta Offshore	134,593	14	0.6%	144,995	18	0.7%
Metal Container Corp	129,636	15	0.6%	-	-	-
Southern California Edison*	125,646	16	0.6%	232,974	10	1.2%
California Steel Industries Inc.	120,210	17	0.5%	124,751	19	0.6%
AES Huntington Beach, LLC	93,942	18	0.4%	-	-	-
So Cal Edison Co*	93,082	19	0.4%	-	-	-
LA County Sanitation District	89,425	20	0.4%	193,642	13	1.0%
BP West Coast Products (formerly ARCO CQC Kiln and now Tesoro)*	-	-	-	441,626	8	2.2%
City of Long Beach, SERRF Project	-	-	-	254,202	9	1.3%
Southern California Gas Company	-	-	-	211,641	11	1.1%
Anheuser-Busch Incorporated	-	-	-	198,674	12	1.0%
Desert View Power	-	-	-	162,037	14	0.8%
Tamco	-	-	-	157,602	15	0.8%
LA City, DWP Scattergood Generating Station	-	-	-	145,385	17	0.7%
Total Paid by Largest Payers at a Single Location	\$ <u>12,082,876</u>		54.2%	\$ <u>11,490,503</u>		57.9%
Total Emissions Based Fees Paid by All Emitters	\$ <u>22,294,782</u>			\$ <u>19,838,979</u>		

*Located at separate sites.

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.

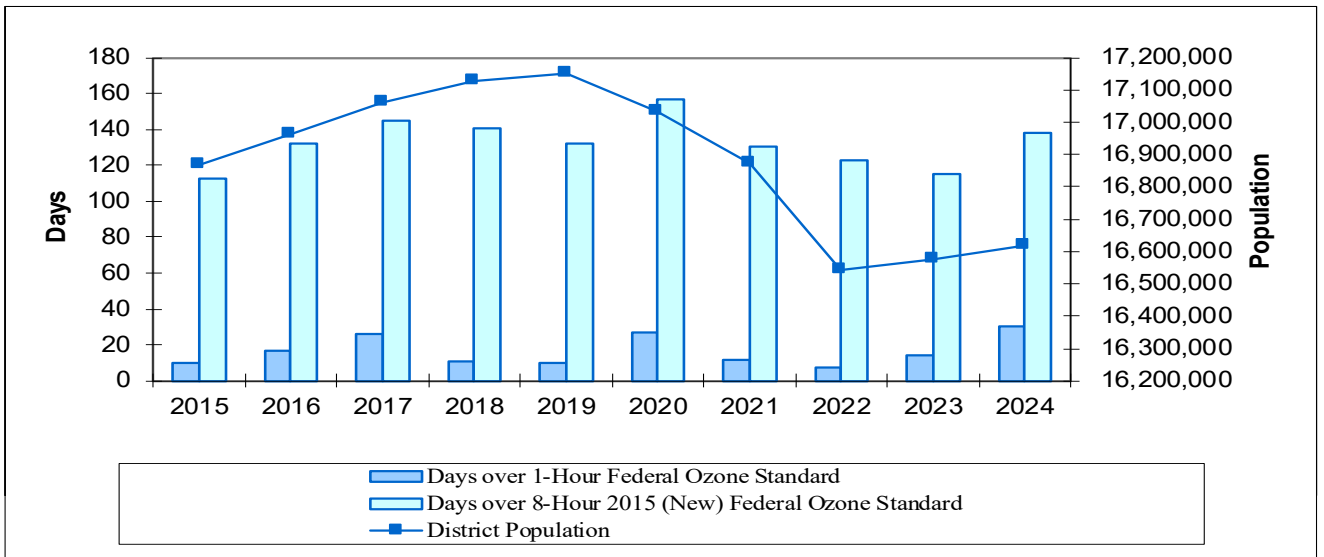
Measuring 4,084 square miles, **Los Angeles County** is one of the nation's largest counties. It is the most populated county in the state of California and contains the most populated city in the state, the City of Los Angeles. Before World War II, Los Angeles County was one of the nation's foremost 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.



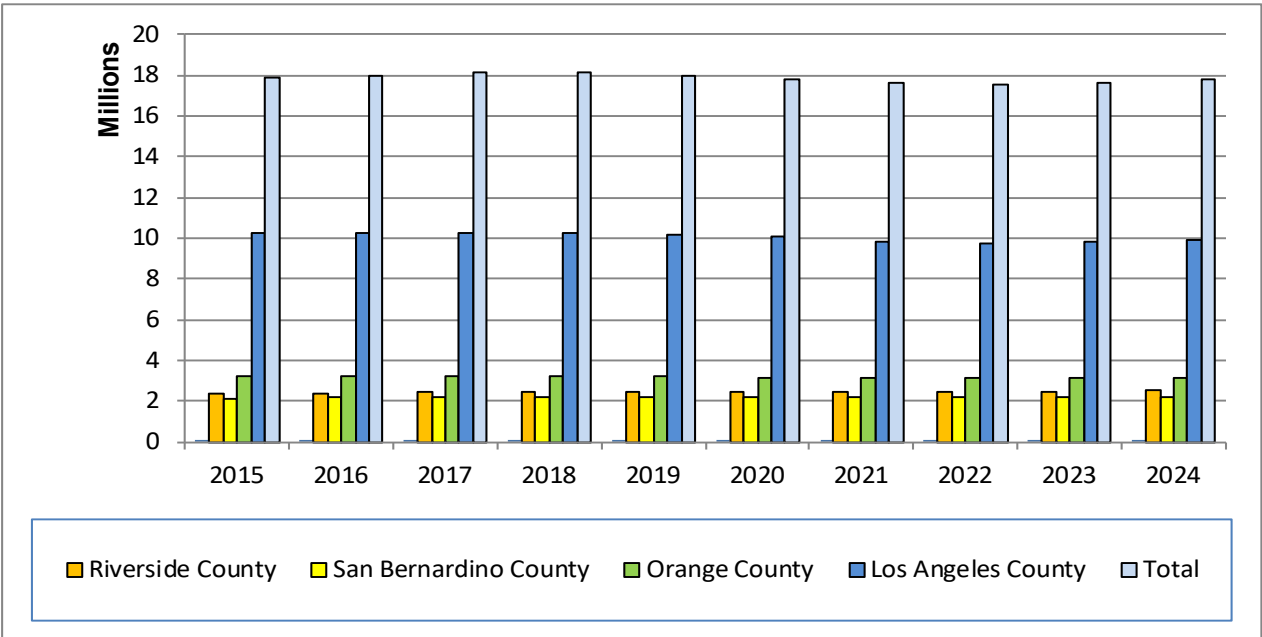
Year	Days over 1-Hour Federal Ozone Standard	Days over 8-Hour 2015 (New) Federal Ozone Standard	District Population
2015	10	113	16,866,350
2016	17	132	16,962,478
2017	26	145	17,063,249
2018	11	141	17,127,040
2019	10	132	17,150,993
2020	27	157	17,031,233
2021	12	130	16,870,867
2022	7	123	16,543,065
2023	14	115	16,578,000
2024	30	138	16,620,312

Notes:

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

Source:

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



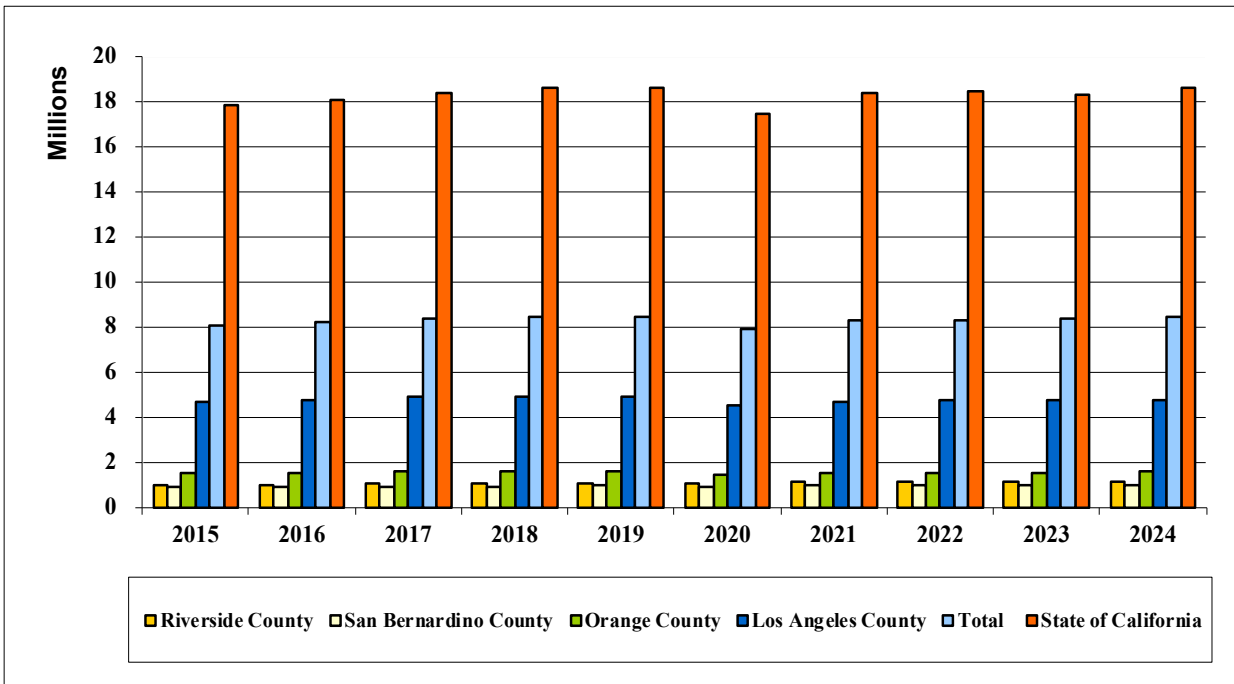
Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	% Increase
2015	2,347,828	2,139,570	3,183,011	10,241,335	17,911,744	1.21%
2016	2,384,783	2,160,256	3,194,024	10,241,278	17,980,341	0.38%
2017	2,415,955	2,174,938	3,221,103	10,283,729	18,095,725	0.64%
2018	2,440,124	2,192,203	3,222,498	10,253,716	18,108,541	0.07%
2019	2,442,304	2,180,537	3,194,332	10,172,951	17,990,124	-0.65%
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%

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

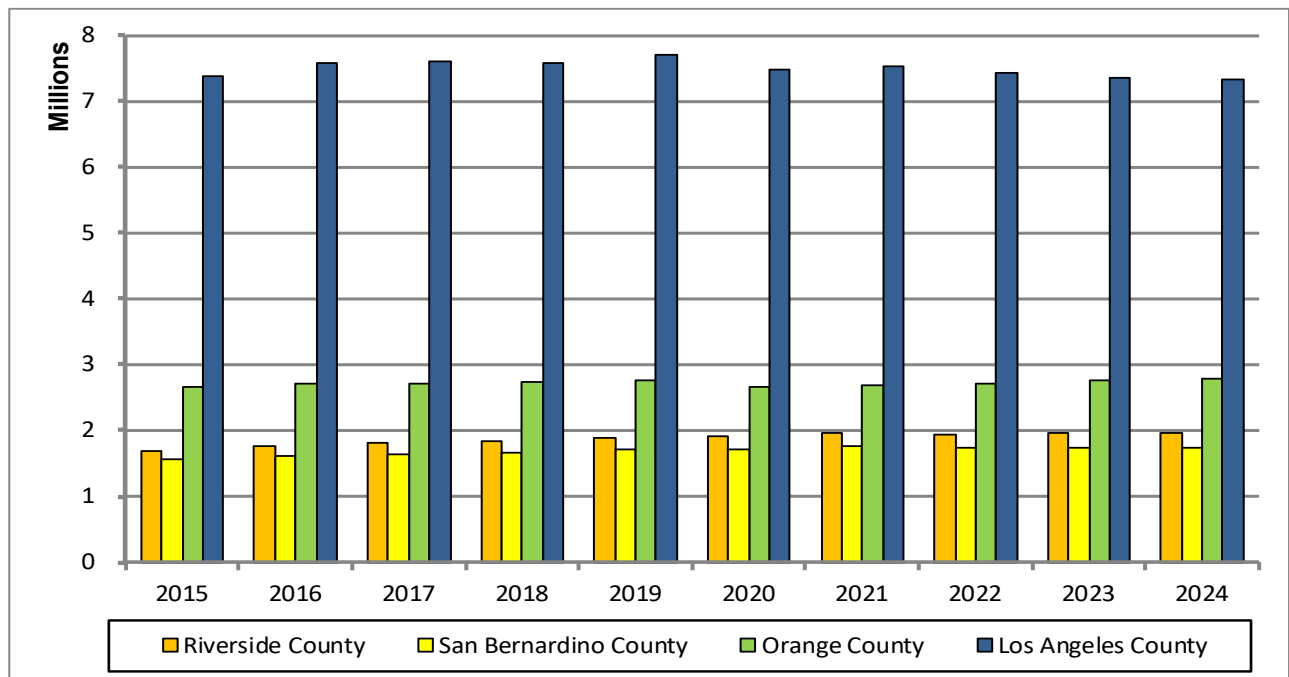


Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	State of California
2015	965,500	866,800	1,525,600	4,674,800	8,032,700	17,798,600
2016	988,000	882,200	1,538,000	4,778,800	8,187,000	18,065,000
2017	1,016,200	904,200	1,562,600	4,883,600	8,366,600	18,393,100
2018	1,044,600	922,300	1,577,900	4,896,500	8,441,300	18,582,800
2019	1,057,900	930,700	1,578,300	4,894,300	8,461,200	18,627,400
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

Source:

State of California: Employment Development Department

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



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total District
2015	1,689,523	1,557,196	2,649,420	7,368,979	13,265,118
2016	1,765,545	1,618,573	2,716,672	7,585,269	13,686,059
2017	1,799,962	1,642,888	2,713,892	7,599,579	13,756,321
2018	1,831,189	1,666,102	2,744,304	7,586,587	13,828,182
2019	1,891,381	1,713,142	2,770,175	7,704,244	14,078,942
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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUNCTION:										
Executive Office	9	6	5	5	5	7	11	8	5	6
Clerk of the Boards	6	6	5	6	5	4	3	3	3	6
Legal	29	27	28	29	25	25	28	30	29	28
Finance	40	42	44	43	40	44	47	45	46	48
Administrative & Human Resources	30	33	36	34	34	33	35	39	45	42
Information Management	47	45	47	48	52	52	52	58	63	60
Planning, Rule Development & Area Sources										
Area Sources	85	94	111	117	125	127	110	121	126	124
Legislative, Public Affairs & Media	41	44	41	43	48	51	49	49	51	49
Science & Technology Advancement *	148	145	159	160	188	187	184	209	-	-
Technology Advancement Office	-	-	-	-	-	-	-	-	68	70
Monitoring & Analysis Division	-	-	-	-	-	-	-	-	146	150
Engineering & Permitting	136	133	133	122	132	129	131	152	170	170
Compliance & Enforcement	110	127	119	129	129	120	124	134	161	155
Community Engagement Air Programs**	-	-	-	-	-	-	-	-	-	24
Total	681	702	728	736	783	779	774	848	913	932

* 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).

Program Category	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Advance Clean Air Technology										
Contracts awarded	421	403	357	564	349	385	350	308	239	265
Total Funding awarded	\$ 153,900,867	\$ 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
Ensure Compliance with Clean Air Rules										
Inspections	24,037	21,419	24,692	24,289	27,595	25,658	31,310	30,790	45,395	44,783
Notices of Violations	499	632	1,626	2,724	2,076	838	899	1,173	1,655	2,169
Hearing Board Orders for Abatement	23	27	24	29	26	13	18	19	18	23
Hearing Board Appeals	3	3	1	2	3	2	1	-	-	3
Customer Service										
Public Information Requests	4,958	5,282	4,676	4,830	3,416	241	108	1,249	2,173	2,980
Community/Public Meetings attended	239	210	156	193	144	241	143	191	215	297
Small Business Assistance Contacts	1,865	2,834	4,073	3,043	3,357	3,840	3,184	2,761	3,261	3,852
Develop Programs to Achieve Clean Air										
Transportation Plans processed	1,337	1,348	1,356	1,357	1,335	1,319	1,126	1,091	1,171	1,275
Emission Inventory Updates**	356	244	343	294	269	336	1139	5,983	933	4,679
Develop Rules to Achieve Clean Air										
Rules Developed	16	15	28	44	14	19	32	28	32	29
Monitoring Air Quality										
Samples Analyzed by the Laboratory	32,400	38,541	36,342	33,258	30,225	25,501	23,185	21,098	19,887	40,354
Source Testing Analyses/Evaluations/Reviews	936	952	714	632	562	498	495	738	624	859
Timely Review of Permits										
Applications Processed	9,482	11,780	10,913	9,463	8,345	6,727	7,391	6,230	7,716	7,491
Applications Received-Small Business	594	535	605	541	485	438	381	362	456	361
Applications Received-All Others	9,894	8,376	9,172	8,131	8,070	6,767	8,030	6,627	7,934	6,562
Policy Support										
News Releases	89	86	120	99	126	179	197	125	135	170
Media Calls	1,450	1,201	-	-	-	-	-	-	-	-
Media Inquiries Completed	1,450	1,201	-	-	-	-	-	-	-	-
News Media Interactions*	-	-	1,235	633	672	2204	1,789	1,044	1,374	3,201

* 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. 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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Function/Program</u>										
Ensure Compliance with Clean Air Rules										
Number of vehicles assigned to field inspection	100	98	100	97	105	98	96	100	117	114
Monitoring Air Quality										
Number of air monitoring stations	42	43	41	41	43	42	43	37	34	34
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	223	222	224	224	260	256	260	250	228	225

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

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 2024):	•16,620,312
Average Unemployment Rate (in 2024):	<ul style="list-style-type: none"> •Los Angeles County (6.1%) •Orange County (4.1%) •Riverside County (5.5%) •San Bernardino County (5.4%)
Transportation:	<ul style="list-style-type: none"> •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 2024):	•13,806,604
Average Daily Miles Traveled Per Vehicle (CY 2024 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:	•24,317 operating locations with 65,536 permits.
Number of Air Monitoring Stations:	•34
Full-Time Authorized Positions:	•1,034
Adopted FY 2025-26 Budget:	•\$219,628,245
Key Federal, State, and Local Air Agencies:	<ul style="list-style-type: none"> •EPA Region IX (Environmental Protection Agency) •CARB (California Air Resources Board) •CAPCOA (California Air Pollution Control Officer's Association) •NACAA (National Association of Clean Air Agencies) •ALAPCO (Association of Local Air Pollution Control Officials) •There are 35 local air pollution control districts in California.

Air Quality Historical Timeline

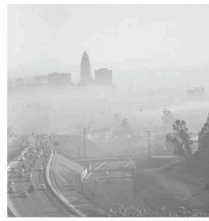


Photo courtesy of Los Angeles Times Collection, Department of Special Collections, UCLA Library

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

1943

1950

Orange County APCD established



1966



California adopts first automobile tailpipe emission standards in the nation

1970

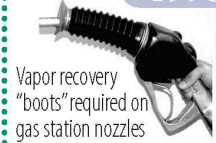
Federal Clean Air Act enacted, establishing the basic U.S. program for controlling air pollution



1975

Catalytic converters required for most gasoline-powered vehicles

1978



Vapor recovery "boots" required on gas station nozzles

1947

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



1957

San Bernardino and Riverside County APCDs formed



1968

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

1971

U.S. EPA adopts first national air quality standards



1977

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

1986

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

MATES

1989

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



1998

Carl Moyer Program established to reduce mobile source emissions



2011

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

2017

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

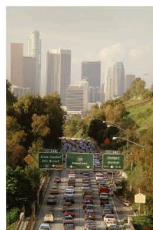
1987

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)



1990

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



2006

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



2013

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

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
AQMD

South Coast
Air Quality Management District

21865 Copley Drive
Diamond Bar, CA 91765-4178

www.aqmd.gov



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
FOR THE YEAR ENDED JUNE 30, 2025

SINGLE AUDIT REPORT

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Focused
on YOU



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Single Audit Report

For the Year Ended June 30, 2025

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Single Audit Report

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

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, and the aggregate remaining fund information of the South Coast Air Quality Management District (hereafter, the District), as of and for the year ended June 30, 2025, 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 16, 2025

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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*.



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

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
October 16, 2025

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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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the South Coast Air Quality Management District (hereafter, the District)'s 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, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Auditors' 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 the District's federal programs.

Auditors' 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



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

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.

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.



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

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 16, 2025, 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.

LSL, LLP

Irvine, California, 2025

(Except for the Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, which is dated October 16, 2025)

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Department of Environmental Protection Agency Direct Programs:				
Air Pollution Control Program				
EPA Section 105 Air Grant	66.001		\$ -	\$ 3,294,582
EPA Section 105 Air Grant	66.001		180,000	1,333,525
EPA Section 105 Air Grant	66.001		-	21,868
Subtotal - ALN 66.001			<u>180,000</u>	<u>4,649,975</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:				
PM 2.5 Monitoring	66.034		-	396,353
PM 2.5 Monitoring	66.034		-	291,937
National Air Toxics Trends Stations	66.034		-	270,006
Community Scale Air Toxics Monitoring - Mobile	66.034		-	86,997
ARP PM2.5 Equipment	66.034		-	332,010
IRA Sensor Library	66.034		-	123,823
ARP PM2.5 Measurements	66.034		-	251,878
IRA Multipollutant Air Monitoring	66.034		-	216,810
Subtotal - ALN 66.034			<u>-</u>	<u>1,969,814</u>
Diesel Emission Reduction Act (DERA) National Grants				
DERA-HD Truck Replacement	66.039		-	5,101
DERA-Electricification Transport Refrigeration	66.039		-	5,661
DERA Repl Diesel Cargo Handling Equipment	66.039		-	9,479
DERA-ZE Heavy-Duty Drayage Truck Replacements	66.039		-	359
Subtotal - ALN 66.039			<u>-</u>	<u>20,600</u>
Climate Pollution Reduction Grants				
IRA-Climate Pollution Reduction Program (CPRG)	66.046		-	160,137
Subtotal - ALN 66.046			<u>-</u>	<u>160,137</u>
Clean Heavy-Duty Vehicles Program				
Clean HD Vehicle Program (CARE 4 Kids)	66.049		-	9,452
Clean HD Vehicle Program (ELECTTRIC)	66.049		-	11,248
Subtotal - ALN 66.049			<u>-</u>	<u>20,700</u>
Congressionally Mandated Projects:				
Targeted Air Shed - Yard Tractor Replacement	66.202		-	1,899,075
Targeted Air Shed - Shuttle Bus Replacement	66.202		-	2,143
Subtotal - ALN 66.202			<u>-</u>	<u>1,901,218</u>
State Environmental Justice Cooperative Agreement Program:				
State Environment Justice Cooperative Agreement-AQ Community Training	66.312		10,650	10,650
Subtotal - ALN 66.312			<u>-</u>	<u>10,650</u>
Environmental Information Exchange Network Grant Program and Related Assistance				
Title V Modernization	66.608		-	8,825
Subtotal - ALN 66.608			<u>-</u>	<u>8,825</u>
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	RN64EPNH8JC6	-	33,256
Subtotal - ALN 66.509			<u>-</u>	<u>33,256</u>
Targeted Air Shed Grant Program:				
Targeted Air Shed -Volvo BE Excavator/Whl Loadr Pr*	66.956		819,928	824,062
Targeted Air Shed - Daimler ZE Elect Delivery Truck*	66.956		800,000	803,520
Targeted Air Shed - Volvo Switch-on Elect Freight Truck*	66.956		-	9,408,481
Targeted Air Shed - Ocean Going Vessel/Buses*	66.956		-	1,129,046
Targeted Air Shed - Lawn/Garden Equip Incentive/Exchng*	66.956		-	98,165
Targeted Air Shed - Zero-Emission Freight Line-Haul Locomotive*	66.956		-	9,903
Targeted Air Shed - Electric Truck Demo/School Buses*	66.956		-	2,880,942
Targeted Air Shed - Plug in Hybrid Tugboat Project*	66.956		-	18,139
Targeted Air Shed - Heavy Duty Fuel Cell Trucks Demonstration*	66.956		-	807
Targeted Air Shed - Zero-Emission Off-Road Asphalt Compactors*	66.956		-	2,601
Subtotal - ALN 66.956			<u>1,619,928</u>	<u>15,175,666</u>
Total Department of Environmental Protection Agency Programs			<u>1,810,578</u>	<u>23,950,841</u>
Department of Homeland Security Direct Programs:				
Homeland Security Biowatch Program:				
Biowatch Program	97.051		-	1,918,024
Total Department of Homeland Security Programs			<u>-</u>	<u>1,918,024</u>
Total Expenditures of Federal Awards			<u>\$ 1,810,578</u>	<u>\$ 25,868,865</u>

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the South Coast Air Quality Management District (South Coast AQMD), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the District from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the District becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The South Coast AQMD has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.956	Target Airshed Grant Program

Dollar threshold used to distinguish between type A and type B program \$776,066

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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October 16, 2025

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

We have audited the financial statements of the governmental activities, each major fund, blended component unit, and the aggregate remaining fund information of South Coast Air Quality Management District (hereafter, the District) for the year ended June 30, 2025. 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 July 28, 2025. 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 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. 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 estimates of the net pension liability, net other post-employment benefits liability, and claims and judgments liability are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the net pension liability, net other post-employment benefits liability, and claims and judgments liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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

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. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures, corrected by management, are described in detail in our separately issued *Independent Auditors' 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* dated October 16, 2025.

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 auditors' 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 October 16, 2025.

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, the budgetary comparison schedules for the General Fund, and the required pension and other post-employment benefits schedules, 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 the combining and individual fund statements and schedules 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 introductory and statistical sections of the Annual Comprehensive Financial Report, which accompany the financial statements but are 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.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Subsequent Events*.

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,

LSL, LLP

Irvine, California



Presentation of the Annual Financial Audit for the Fiscal Year Ended June 30, 2025

November 14, 2025

Management's Responsibilities

- The preparation and fair presentation of the financial statements in accordance with US GAAP
- Design and implementation of internal controls
- Evaluate if there are any conditions which indicate doubt of continued financial viability
- Complying with the requirements of federal award programs

Auditors' Responsibilities

- Conduct the audit in accordance with:
 - Generally accepted auditing standards
 - Government Auditing Standards
 - Uniform Guidance
- Exercise professional judgment, and professional skepticism
- Conduct a risk-based approach to the audit
- Understand the entity's internal control structure
- Evaluate significant accounting estimates for reasonableness
- Evaluate if there are any conditions which indicate doubt of continued financial viability

Audit Results

- **Unmodified** auditors' opinion
- Report on Internal Controls and Compliance
 - No material weaknesses identified
 - No significant deficiencies identified
 - No material noncompliance identified
- Change in accounting policies for GASB 101, *Compensated Absences*
- Estimates are reasonable
 - Pension and OPEB liabilities
- No difficulties encountered during the audit
- No corrected or uncorrected misstatements
- No disagreements with management
- No fraud, waste, or abuse identified

Audit Results – Single Audit

Single Audit (Federal Awards)

- Total Federal awards - \$25.9M
- Major program
 - Targeted Airshed Grant Program - \$15.2M
- Unmodified opinion on compliance
- No internal control findings
- No noncompliance findings
- Schedule of Expenditures of Federal Awards

Audit Results – Status of Final Report

- The Federal Office of Management and Budget (OMB) has not finalized the 2025 Compliance Supplement.
- OMB provided audit firms a draft of the 2025 Compliance Supplement, for the purposes of planning and completing Single Audit testing (subject to possible changes)
- OMB has requested that audit firms refrain from issuing Single Audit Reports until the 2025 Compliance Supplement has finalized.
- OMB has not provided audit firms with an estimated date of finalization.
- LSL will issue the final reports as soon as OMB gives authorization.
 - While we do not expect any changes to the content of our reports; it is possible (but not probable) that OMB may add additional procedures necessary to complete the audit, beyond what was already done; and if findings occur from that additional testing, our report will be revised, as necessary.

Questions?

Contact Us



www.lslcpas.com



Ryan.Domino@lslcpas.com



(949) 829-8299



FY 2025-26 1st Quarter Budget vs. Actual (Unaudited)

Administrative Committee November 14, 2025

General Fund Overview

General Fund Budget Summary

	Fiscal Year 2025-26		
(\$ in millions)	Adopted Budget	Amended Budget	FY 2025-26 Q1 Actuals (unaudited)
Revenues/Transfers In	\$215.4	\$215.9	\$58.0
Expenditures/Transfers Out	\$219.6	\$220.1	\$46.5

Revenue Comparison

FY 2025-26 1st Quarter Budget vs. Actual & FY 2024-25 1st Quarter

Revenue Type (\$ in millions)	Fiscal Year 2025-26 Q1			Fiscal Year 2024-25 Q1	
	Amended Budget	Actuals (unaudited)	Actual % of Budget	Actuals	Actual % of Budget
Emissions Fees	\$22.0	\$9.8	44%	\$9.5	43%
Annual Operating Fees	86.0	35.3	41%	35.8	44%
Permit Fees	21.0	4.4	21%	5.0	25%
Mobile Sources/Transportation	35.4	0.3	1%	0.4	1%
Other*	46.0	5.9	13%	5.4	11%
Area Sources	2.2	0.0	0%	0.0	0%
Transfers In	<u>3.3</u>	<u>2.3</u>	71%	<u>3.1</u>	89%
Total	<u>215.9</u>	<u>58.0</u>	27%	<u>\$59.2</u>	28%

Expenditure Comparison

FY 2025-26 1st Quarter Budget vs. Actual & FY 2024-25 1st Quarter

Major Object (\$ in millions)	Fiscal Year 2025-26 Q1			Fiscal Year 2024-25 Q1	
	Amended Budget	Actuals (unaudited)	Actuals % of Budget	Actuals	Actuals % of Budget
Salaries & Benefits	\$183.4	\$35.6	19%	\$34.9	20%
Services & Supplies	33.1	8.8	27%	9.3	29%
Capital Equipment	1.6	0.1	6%	0.4	10%
Transfers Out	<u>2.0</u>	<u>2.0</u>	100%	<u>2.0</u>	100%
Total	<u>\$220.1</u>	<u>46.5</u>	21%	<u>\$46.6</u>	22%

Board Approved Use of Fund Balance FY 2025-26 1st Quarter

Board Letter Approval	Use	Amount
4/4/25, #4	Rule 1180 Activities	\$24,826
Total:		<u>\$24,826</u>

FY 2024-25 Unaudited and Five-Year Projection

(\$ in millions)	FY 24-25 Unaudited	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected
Authorized Staffing	1,029	1,034	1,034	1,034	1,034	1,034
Vacancy Rate	13%	13%	13%	13%	13%	13%
Funded Staffing	895	900	900	900	900	900
Revenues **	\$221.9	\$215.9	\$217.8	\$219.8	\$222.0	\$224.6
Program Costs	\$216.2	\$220.1	\$230.4	\$235.5	\$236.5	\$237.0
Changes in Fund Balance	\$5.7	\$(4.2)	\$(12.6)	\$(15.7)	\$(14.5)	\$(12.4)
Unreserved Fund Balance (at Year-End)	\$98.3	\$94.1	\$81.5	\$65.8	\$51.3	\$38.9
% of Revenue	44%	44%	37%	30%	23%	17%

CPI projections include the following: FY 2025-26 – 3.0% & 1.5% on Annual Operating & Permit Fees; FY 2026-27 – 2.5%; FY 2027-28 – 2.6%, FY 2028-29 – 2.6% & FY 2029-30 2.6%.

Questions?

Administrative Committee

November 14, 2025

*Dr. Cessa Heard-Johnson
Deputy Executive Officer
Community Engagement and Air Programs*



FABULOUS FEMALE FRIDAY

Katsi Cook

Midwife, Environmental Justice and Indigenous Rights Activist

- Founder of the “Woman Is the First Environment” Collaborative and the Mother’s Milk Monitoring Project, linking Polychlorinated Biphenyls (PCB) contamination to Indigenous maternal health
- Mobilized the Akwesasne community in the 1980s around pollution of the St. Lawrence River, revealing its impact on fishing, culture, and health
- Served as a bridge between Indigenous communities, scientists, and policymakers, advancing environmental health equity
- Advocates that protecting clean water, air, and land is essential to Indigenous sovereignty, cultural health, and future generations





STATEWIDE ENGAGEMENT PRACTITIONERS MEETING

Bay Area Air District

- Reviving ally training and developing environmental justice curricula for staff (targeting Summer 2026 rollout).

California Air Resources Board

- Forming engagement taskforce, expanding Native American Heritage Month programming, and enhancing inclusive communication initiatives.

Department of Toxic Substances Control

- Establishing an Environmental Justice Advisory Council and finalizing training modules.

San Joaquin Valley Air Pollution Control District

- Increasing engagement with heritage events and implementing mandatory training with third-party facilitators.

Santa Barbara County Air Pollution Control District

- Encouraging staff to visit the new Chumash Tribe Museum in Solvang.

MEETING DATE

Tuesday, October 28, 2025

Attendees:

- Bay Area Air District
- California Air Resources Board
- Department of Toxic Substances Control
- San Joaquin Valley Air Pollution Control District
- Santa Barbara Air Pollution Control District
- South Coast Air Quality Management District

EMPLOYEE RESOURCE GROUP UPDATES

Community Engagement and Air Programs

ALL ERG MEETING

A strategic planning, professional development, and team building meeting for all current and prospective Employee Resource Group Members.

FRIDAY
OCT 31 | 10:15AM - 12:00PM
VIRTUAL MEETING (ZOOM)
<https://scaqmd.zoom.us/j/98932340966>

EMPLOYEE RESOURCE GROUPS

Our Employee Resource Groups (ERGs) contribute to fostering a more inclusive and supportive workplace environment. ERGs provide a platform for staff to connect, collaborate, and advocate for diverse communities within our organization. We invite you to explore the wide range of ERGs available. Your involvement in these ERGs is crucial as we work together to foster an educational and supportive work environment for everyone. We encourage you to join us in building a stronger and more vibrant community at South Coast AQMD.

Cross ERG collaboration

- Strengthened coordination among all ERGs to align with South Coast AQMD's clean air and public health mission
- Day of Service focused events (Martin Luther King Jr. Day, Cesar Chavez Day)
- Inclusion of donation drives (Farmworker Awareness)
- Elevation of community speakers at in-person events

Strategic Planning

- Established 2026 ERG calendar, engagement goals, and metrics for recruitment, retention, and inter-ERG collaboration

Updates from ERGs

- Black Employees Resource of Change: Assisting in planning for in-person African American Heritage Month
- Persian: Planning for in-person Nowruz event

JEDI THINK TANK

October 7 and 16, 2025 | 58 Total Attendees

- Focused on reframing conflict as an opportunity for growth, collaboration, and innovation
- Featured the video "Conflict – Use It, Don't Defuse It" (TEDx)
- Explored how biases and perspectives shape our approach to conflict
- Facilitated small-group discussions on transforming tension into trust and creativity
- Attendance reflected strong cross-divisional engagement and interest in conflict literacy

"I liked today's topic. More of it will be great as it seems conflict is strongly coming out in many areas of our lives impacting negatively."



TUESDAY, OCTOBER 7, 2025 • 1:00PM - 2:00PM

Zoom Link: <https://scaqmd.zoom.us/j/94872854144> • Meeting ID: 948 7285 4144

Conflict is often seen as negative—but when approached constructively, it can foster creativity, strengthen relationships, and drive meaningful change. Join us for the first session in our three-part Justice and Educational Development Initiatives (J.E.D.I.) Think Tank series, where we'll re-frame conflict as opportunity, explore how our biases shape engagement, and build skills to navigate difficult conversations in our community engagement work.

J.E.D.I. Think Tanks are a peer-led, cross-division forum that creates collaborative space to explore justice and educational development topics within the context of community engagement to generate practical ideas for inclusive and best practices we can all apply to our community engagement and day-to-day work. Participants are guided through a session where they will engage with media or a presentation (often a short video). This is followed by facilitated intergroup dialogue where we can build shared language, practical micro-skills, and relationships that strengthen our mission and support community-centered communication.

This new J.E.D.I. Think Tank series bundles three connected sessions centering the broader topic of conflict as it arises in community engagement. This series will begin in October with additional installments in November and December. Each J.E.D.I. Think Tank in this conflict series will build on the last, to equip staff with practical tools for collaboration, resilience, and culture change in service of effective community engagement.

Be part of this journey—your perspective matters!

JUSTICE AND EDUCATIONAL DEVELOPMENT INITIATIVES



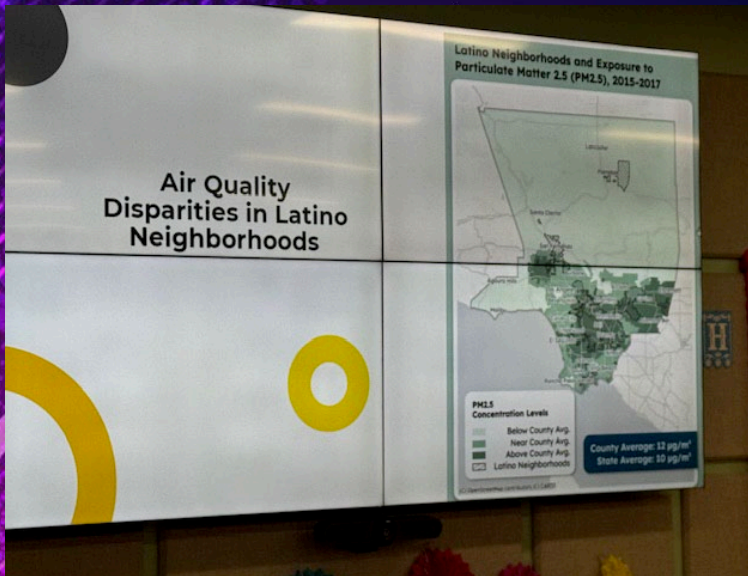
For more information on this or other events contact:
ceap@aqmd.gov

HISPANIC HERITAGE MONTH CELEBRATION



October 8, 2025

- Co-hosted by JEDI and HALOS ERG
- 177 employees attended
- Featured Mexican cuisine and traditional dance performances
- Highlighted guest speaker and PSR-LA community member Estephanie Garcia, who addressed air quality disparities in Latino communities



"I had a lovely time sharing the culture with the agency! I loved the educational aspect with guest speaker Estephanie who shared her experiences with air quality justice. She also gave a brief overview of the differences between Hispanic and Latino/a, which I appreciated. Overall, a beautiful event with amazing flow. Thank you CEAP!"

INFOGRAPHICS (1 OF 2)

FILIPINO AMERICAN HISTORY MONTH

BACKGROUND

Filipino American History Month is celebrated annually in October to honor the rich history, culture, and impact of Filipino Americans. It commemorates the arrival of the first Filipinos in the U.S. on October 10, 1567, in Morro Bay, California.


Historic Timeline

- 1920s-30s: The term "Manong" refers to the early generation of Filipino immigrants who were instrumental in forming early labor movements and worker organizations to fight for better working conditions and wages in agriculture.
- 1930s-1940s: Over 250,000 Filipinos fought under the U.S. flag in WWII – many awaited decades for recognition.
- 1950s: Filipino Americans also served in large numbers in the Korean War.
- 1960s: The Immigration and Nationality Act of 1965 was enacted that ended discriminatory restrictions that excluded Asians, Africans and Latin Americans. This increased Filipino immigration and ongoing contributions to the labor movement with major efforts being spearheaded by Filipino American union organizer, Larry Itliong.
- 1970s – Present: There is continued focus on issues of ethnic identity, activism, and social justice within the Filipino American community, as referenced by some of the few remarkable figures listed below.

NOTABLE FIGURES

LARRY ITLIONG

Larry Itliong, a central leader of the farmworkers movement, was a Filipino farmworker who had been organizing laborers for years throughout the west coast. In the summer of 1965 in Delano, California, he saw an opportunity to fight for better working conditions and organized the Manongs to strike against the farm owners. This meant that they would stop working until the owners listened to their demands for more rights. While they were on strike, Mexican-American farmworkers were laboring on these same farms. Itliong recognized that if Filipinos did not work in solidarity with Mexican-Americans, all farmworkers would not be able to gain better wages and more fair treatment. He saw the importance of working together across racial differences to achieve common goals. Thus, Itliong and Cesar Chavez formed a coalition to strike for better working conditions. Together, they created the United Farm Workers Union and led a grape boycott that spread nationwide.

[Click Here](#)

Community Engagement and Air Programs

ITALIAN AMERICAN HERITAGE MONTH



Background

October honors the rich legacy of Italian Americans and their enduring contributions to U.S. culture, history, and society.

Historical Highlights

1982: First official proclamation of Italian-American Heritage Month by President George H.W. Bush

2000: Wartime Violation of Italian American Civil Liberties Act was considered during Congress to acknowledge and report injustices suffered by Italian Americans during WWII.



FACT

Fun Fact: America is named after the Italian explorer who mapped the New World, Amerigo Vespucci!

[Click Here](#)

COMMUNITY ENGAGEMENT AND AIR PROGRAMS



Mehregan: The Persian Festival of Autumn and Light

On Thursday, October 2, 2025–196 days after the spring equinox–Persians around the world will celebrate Mehregan, a festival that honors the beauty of nature's renewal, the warmth of human connection, and the radiant power of the Sun.

Mehr and Mithra: Symbols of Light and Love

At the heart of Mehregan lies Mehr, a symbol of the Sun, believed to be the eye of Mithra for Mithra and the divine force behind the natural world. In ancient Persia, Mithra embodied light, truth, and justice. As such, Mehregan became a time to cherish faith, friendship, kindness, and love—values that still resonate deeply today.

A TABLE OF HARMONY AND REFLECTION

Much like other Persian celebrations, Mehregan features an elaborate table display, rich with symbolic offerings. These include:

- Fresh fruits and vegetables
- Dried nuts and sweets
- Rosewater and lotus seeds
- Silver coins and a scale to mark the fall equinox
- Mirrors for self-reflection and spiritual clarity

Ceremonies begin with heartfelt prayers of gratitude, spoken before the mirror. Families and friends gather, exchanging warm embraces and sharing seasonal treats in a spirit of joy and unity.

A Wish for Peace and Solidarity

As we honor Mehregan this year, may its message of light and compassion extend beyond borders. In a world still grappling with injustice, this festival reminds us of the enduring power of friendship, peace, and solidarity.

For more information, please check out this nine minute [video](#) about Mehregan.

[Click Here](#)

INFOGRAPHICS (2 OF 2)

INDIGENOUS PEOPLES' DAY

MONDAY, OCTOBER 13, 2025

Indigenous Peoples' Day honors the histories, cultures, and perspectives of Indigenous people and their ancestors on the land that is now known as North America. As many states and communities celebrate this day in place of or alongside Columbus Day, it is also a time to recognize the hardships brought to the Americas through the interactions of European explorers with Indigenous people. Although Indigenous Peoples' Day is not a federal holiday, in 2021 President Biden became the first president to issue a proclamation recognizing Indigenous Peoples' Day.

TIMELINE

- 1912** Dr. Arthur Caswell Parker, member of the Seneca Nation, convinced the Boy Scouts of America to observe a day for "First Americans" from 1912-1915.
- 1914** Reverend Red Fox James, presumed to be a member of the Blackfeet Nation, campaigned over 4,000 miles on horseback for a national holiday to honor Indigenous peoples receiving endorsements from 24 governors.
- 1915** The President of the American Indian Association declared "American Indian Day" on the second Saturday of May. New York became first state to officially proclaim this observance in 1916.
- 1977** "International Day of Solidarity with the Indigenous Peoples of the Americas" proposed as a national holiday during the United Nations International Conference on Discrimination Against Indigenous Populations in the Americas.
- 1990** South Dakota became the first state to replace Columbus Day with Native American's Day as an official state holiday.
- 1992** Berkeley, California becomes the first city to officially observe Indigenous Peoples' Day.
- 2022** Growing list of state and local governments have acknowledged Indigenous Peoples' Day, including Alabama, Alaska, California, Hawaii, Michigan, Minnesota, New Mexico, Oregon, South Dakota, Texas, Vermont, Virginia, and Wisconsin.

[Click Here](#)

Diwali

FESTIVAL OF LIGHTS

SATURDAY, OCTOBER 18 – THURSDAY, OCTOBER 23, 2025

WHAT IS DIWALI?

In 2025, Diwali spans five days: Dhanteras (Oct 18), Naraka Chaturdashi (Oct 20), Lakshmi Puja/Diwali (Oct 21), Govardhan Puja (Oct 22), and Bhai Dooj (Oct 23). Diwali is celebrated by Hindus, Jains, Sikhs, and beyond—across India and many diaspora communities. The word "Diwali" comes from the Sanskrit dipavali, meaning "row of lights." Celebrated in homes, streets, and temples, lighting small earthen oil lamps (diyas) symbolizes the triumph of light over darkness, good over evil, and knowledge over ignorance. The celebrations vary by region, but are united by themes of renewal, gratitude, and community.

FESTIVAL DAYS & TRADITIONS

DAY 1 – DHANTERAS (OCT 18)
Houses are cleaned and prepared. Many buy new utensils, metals, or gold—symbolizing prosperity. Rangoli designs made from colored rice, sand, or flowers decorate entrances.

DAY 2 – NARAKA CHATURDASHI (CHOTI DIWALI, OCT 20)
Ritual cleansing and ancestral remembrance. It's also believed this is when evil was vanquished. Early morning oil baths and lighting of diyas mark the day.

DAY 3 – LAKSHMI PUJA / DIWALI (OCT 21)
The main festival night: families perform puja (worship) of Goddess Lakshmi, place diyas, offer sweets, and often set off fireworks. The streets and homes glow with lights.

DAY 4 – GOVARDHAN PUJA (OCT 22)
Celebrates Lord Krishna lifting Govardhan Hill to protect villagers from storm. Food offerings (Annakut) and symbolic worship of the earth and nature are common.

DAY 5 – BHAI DOOJ / BHAI TIKA (OCT 23)
Dedicated to sibling bonds. Sisters apply tika on their brothers' foreheads and pray for their well-being. Gifts and sweets are exchanged in a joyous celebration.

[Click Here](#)

COMMUNITY ENGAGEMENT AND AIR PROGRAMS

INTERNATIONAL DAY OF CLIMATE ACTION

FRIDAY
OCT. 24

Restore.
Regenerate.
Rise.

The [International Day of Climate Action](#) was first launched on October 24, 2009 by the global environmental organization 350.org, founded by author and activist Bill McKibben. The date was chosen to spotlight the need to reduce atmospheric carbon dioxide levels to 350 parts per million—a threshold scientists consider safe for the planet. That inaugural day saw over 5,000 events in more than 180 countries, making it one of the most widespread environmental mobilizations in history. Since then, the day has evolved into an annual rallying point for climate advocates, youth movements, and communities worldwide to demand bold policy changes, promote sustainable practices, and raise awareness about the escalating climate crisis.

South Coast AQMD offers a [range of incentives and programs](#) to help achieve cleaner air quality for all. Some programs for individuals, business community, organizations and local governments include:

- Replace Your Ride
- Old Vehicle Scrapping
- Residential and Commercial Electric Lawn & Garden Exchange and Rebate
- GO ZERO (building appliances rebates for Residents and Property Owners)
- Employee Rideshare Incentives
- Carl Moyer Program
- Clean School Bus
- Community Air Protection Program Incentives
- And More!

[Click Here](#)

DÍA DE MUERTOS

SATURDAY, NOVEMBER 1 - SUNDAY, NOVEMBER 2

ABOUT DÍA DE LOS MUERTOS

Día de los Muertos (Day of the Dead) is a community-centered tradition with roots in Mesoamerica that honors loved ones who have died through remembrance, story, food, music, and color. Families and communities create ofrendas (altars) with photos, cempeasúchil marigolds, candles, papel picado, water, and favorite items of those remembered. In many places, November 1 is dedicated to children and November 2 to adults, blending Indigenous and Catholic practices into a celebration that is reflective and joyful rather than mournful.

CELEBRATE AND REMEMBER

Contribute to the South Coast AQMD Ofrenda

For the fourth year, we invite you to build a collective ofrenda hosted by Community Engagement & Air Programs (CEAP). All staff are welcome to participate.

WHAT TO BRING:

- A 4x6 photo of a loved one (family, friend, mentor, or community figure).
- Optional: a brief note (one sentence) about who you're honoring.

LABELING:

Please write your name and department on the back of your photo to ensure easy return.

CHOOSE YOUR FRAME:

Stop by the CEAP Center to select a 4x6 frame from several designs (first-come, first-served).

DISPLAY DETAILS:

The ofrenda will be on display starting Wednesday, October 22 - Wednesday, November 5, 2025. Staff are welcome to place their framed photos on the ofrenda throughout this time frame.

PICK-UP:

Retrieve photos from the CEAP Center starting Wednesday, November 12, 2025.

[Click Here](#)

BOARD MEETING DATE: December 5, 2025

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 14, 2025, 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

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	In Progress
Percentage complete	80%
LAST 30 days	<ul style="list-style-type: none"> User Acceptance Testing and Training
NEXT 30 days	<ul style="list-style-type: none"> Conduct Parallel Validation Testing
Original estimated go-live date	11/15/24
Current estimated go-live date	1/30/26
Go-live date	N/A
Notes	The schedule has been extended to accommodate additional testing and end-user adoption

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	60%
LAST 30 days	<ul style="list-style-type: none"> System Development in Progress
NEXT 30 days	<ul style="list-style-type: none"> System Development in Progress
Original estimated go-live date	3/14/25
Current estimated go-live date	1/23/26
Go-live date	N/A
Notes	Schedule extended to accommodate additional requirements

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	70%
LAST 30 days	<ul style="list-style-type: none"> System Development in Progress
NEXT 30 days	<ul style="list-style-type: none"> System Development in Progress
Original estimated go-live date	2/28/25
Current estimated go-live date	4/14/26
Go-live date	N/A
Notes	The schedule has been extended to accommodate an additional phase for system integration and end-user adoption.

Carl Moyer Program GMS Phase III	
Brief description:	Develop Contracting, Invoicing, and Annual Reporting modules for Carl Moyer Program web application. This system will include integration with internal South Coast AQMD systems.
Estimated project cost	\$200,000
Overall project status	In Progress
Percentage complete	80%
LAST 30 days	<ul style="list-style-type: none"> Working on going live
NEXT 30 days	<ul style="list-style-type: none"> Post-Production Support
Original estimated go-live date	4/10/25
Current estimated go-live date	12/26/25
Go-live date	N/A
Notes	Schedule has been extended to accommodate additional 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	45%
LAST 30 days	<ul style="list-style-type: none"> System Development in progress
NEXT 30 days	<ul style="list-style-type: none"> System Development in progress
Original estimated go-live date	4/22/26
Current estimated go-live date	4/22/26
Go-live date	N/A
Notes	Project is on schedule.

Title V Modernization	
Brief description:	Expedite and expand Title V data gathering and reporting to ICIS-Air by reusing EPA's VES service and use Shared CROMERR Services to enable a CROMERR compliant e-submittal portal.
Estimated project cost	\$75,700
Overall project status	In Progress
Percentage complete	30%
LAST 30 days	<ul style="list-style-type: none"> System Development in progress
NEXT 30 days	<ul style="list-style-type: none"> System Development in progress
Original estimated go-live date	8/4/26
Current estimated go-live date	8/4/26
Go-live date	N/A
Notes	Project is on schedule.

Zoom for Government	
Brief description:	Transitioning Zoom Commercial subscription to Zoom for Government for better security and compliance with federal standards.
Estimated project cost	\$110,000
Overall project status	In Progress
Percentage complete	95%
LAST 30 days	<ul style="list-style-type: none"> • Post-Production Support • System is live
NEXT 30 days	<ul style="list-style-type: none"> • Post Migration Support
Original estimated go-live date	10/31/25
Current estimated go-live date	10/31/25
Go-live date	10/31/25
Notes	Project is on schedule.

Projects that have been completed within the last 12 months are shown below

COMPLETED PROJECTS

PROJECT	DATE COMPLETED
ELECTRIC - Clean Heavy-Duty Vehicles (CHDV) Grant Program Phase 1.2	September 30, 2025
AirNet Upgrade	August 17, 2025
ELECTRIC - Clean Heavy-Duty Vehicles (CHDV) Grant Program Phase 1.1	August 15, 2025
Invest Clean	August 15, 2025
New Timecard	July 23, 2025
WAIRE POP Phase V	June 26, 2025
Methyl Bromide Web Application	June 6, 2025
Digiforms	May 13, 2025
IDF Network Switch Refresh Phase 5	May 4, 2025
South Coast AQMD Mobile Application Phase 6	April 30, 2025
South Coast AQMD Telephone Directory	March 28, 2025
Website Upgrade	March 24, 2025
Forms Approval Workflow	March 11, 2025
Position Management	March 4, 2025
Rideshare Matching Application	February 26, 2025
Wildfire Monitoring	February 21, 2025
School Bus GMS	February 5, 2025
West KM	January 24, 2025
Rule 1109.1 - B-Cap Reporting	January 16, 2025
AB2766 for reporting year 2024	December 31, 2024
Annual Emissions Reporting for reporting year 2024	December 31, 2024

BOARD MEETING DATE: December 5, 2025

AGENDA NO.

PROPOSAL: Authorize Multi-Year Purchase Order With Pitney Bowes for Lease and Maintenance of Mailing System Equipment

SYNOPSIS: South Coast AQMD's mailing system equipment lease and maintenance purchase order with Pitney Bowes Inc. is set to expire on December 31, 2025. This action is to issue a new five-year lease and maintenance purchase order to upgrade the United States Postal Service compliant mailing system, which includes equipment for folding, inserting, and addressing mail. The purchase order would begin January 1, 2026, and would have a total not to exceed cost of \$245,500. Funding has been included in the FY 2025-26 budget and will be requested in successive fiscal years.

COMMITTEE: Administrative, November 14, 2025; Recommended for Approval

RECOMMENDED ACTION:

Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue a multi-year lease and maintenance purchase order with Pitney Bowes Inc., for mailing, shipping, folding, inserting, and addressing equipment, beginning January 1, 2026 to December 31, 2030, for a total amount not to exceed \$245,500.

Wayne Nastri
Executive Officer

AJO:VL

Background

South Coast AQMD's current lease with Pitney Bowes, Inc. for high-volume United States Postal Service (USPS) compliant postage and shipping equipment expires December 31, 2025. The lease and maintenance agreement also includes equipment that folds, inserts, and addresses outgoing mail.

The Mail/Subscription Services staff processes all incoming and outgoing mail, including but not limited to public hearing and workshop notices, CEQA notices, Title V permit notices, rule notices, billing notices, and compliance advisories. In FY 2024-25, staff processed 263,919 pieces of outgoing mail using the postage and shipping machine, where about 85 percent of these items utilized the folding, inserting and/or addressing equipment.

Cooperative Purchase Agreement Process

South Coast AQMD's Procurement Policy and Procedure Section IV(A)(5) allows the use of cooperative purchasing programs, provided that the quality of the available goods or services meets South Coast AQMD requirements. Cooperative purchasing agreements reduce costs by aggregating the purchasing power of public agencies nationwide.

This proposal utilizes a cooperative purchasing agreement with Sourcewell, a cooperative purchasing organization for government, public and private K-12 schools, colleges, universities, and non-profit organizations. South Coast AQMD is a member of the Sourcewell program. All contracts available through Sourcewell are competitively solicited, evaluated, and awarded. Pitney Bowes, Inc. is an authorized Sourcewell provider of mailing and shipping software and solutions.

Proposal

This action is to issue a multi-year purchase order, beginning January 1, 2026 to December 31, 2030, with Pitney Bowes, Inc., for the lease and maintenance of USPS-compliant mailing equipment, as well as folding, inserting, and addressing equipment, for a total amount not to exceed \$245,500.

Pitney Bowes, Inc. is South Coast AQMD's current mailing equipment provider and meets South Coast AQMD's mailing requirements. Accordingly, the purchase order would be placed through the Sourcewell cooperative purchasing program.

Resource Impacts

The total cost of \$245,500 for the proposed lease and maintenance purchase order would be allocated as: \$24,550 for FY 2025-26, \$49,100 for FY 2026-27, \$49,100 for FY 2027-28, \$49,100 for FY 2028-29, \$49,100 for FY 2029-30, and \$24,550 for FY 2030-31.

Sufficient funds of \$24,550 are available in the FY 2025-26 Budget, and additional funds will be requested in subsequent budgets.






Proposed Revisions of Board Committees and Advisory Groups




Administrative Committee
November 2025






Chair's Initiative to Streamline Committees and Advisory Groups

- South Coast AQMD currently has 13 Board Committee and Advisory Groups
- Chair asked staff to streamline Committees and Advisory Groups to provide greater efficiency for Board Members and staff, particularly where there is redundancy with other standing Committees

Governing Board Committees and Advisory Groups



Meets Monthly				
 Administrative	 Legislative	 Mobile Source	 Stationary Source	 Technology
<ul style="list-style-type: none"> • Approves Board Agenda and fiscal items • Appoints Hearing Board members 	<ul style="list-style-type: none"> • Approves South Coast AQMD legislative positions 	<ul style="list-style-type: none"> • Staff updates on mobile source rules and policies, AQMP, and CEQA projects 	<ul style="list-style-type: none"> • Staff updates on stationary source rules and programs 	<ul style="list-style-type: none"> • Approves funding of technology advancement projects




Meets Quarterly		
 Local Government and Small Business Advisory Group	 Environmental Justice Advisory	 Investment Oversight

Ad-Hoc - Meets as Needed				
 Climate Change	 Personnel	 Finance	 Refinery	 Marine Port

Monthly Board Committees

- Committees receive critical updates and approves recommendations for financial items that will be presented at Board meetings
- Advanced Board Committee review streamlines Board Meetings
- Recommendation: No changes to Monthly Board Committees

 Administrative	 Legislative
<ul style="list-style-type: none">• Approves Board Agenda and fiscal items• Appoints Hearing Board members	<ul style="list-style-type: none">• Approves South Coast AQMD legislative positions• State and federal legislative activity updates

 Mobile Source	 Stationary Source	 Technology
<ul style="list-style-type: none">• Staff updates on mobile source rules and policies, AQMP, and CEQA projects	<ul style="list-style-type: none">• Staff updates on stationary source rules and programs	<ul style="list-style-type: none">• Approves funding of technology advancement projects

Local Government and Small Business Advisory Group (LGSBA) and Environmental Justice Advisory Group (EJAG)

- Materials presented in other South Coast AQMD meetings
- Challenges reaching quorum 2023 to 2025
 - 50% of meetings met quorum for LGSBA
 - 25% of meetings met quorum for EJAG
- Charter specifies staggered four-year terms
 - ~80% of LGSBA public members exceeded term
 - ~50% of EJAG public members exceeded term
- Recommendations:
 - Close out LGSBA and EJAG
 - Continue environmental justice work through existing programs:
 - Environmental Justice Community Partnership
 - South Coast AQMD's AB 617 program



Local Government and Small
Business Advisory Group
(LGSBA)



Environmental Justice
Advisory Group (EJAG)

Investment Oversight Committee

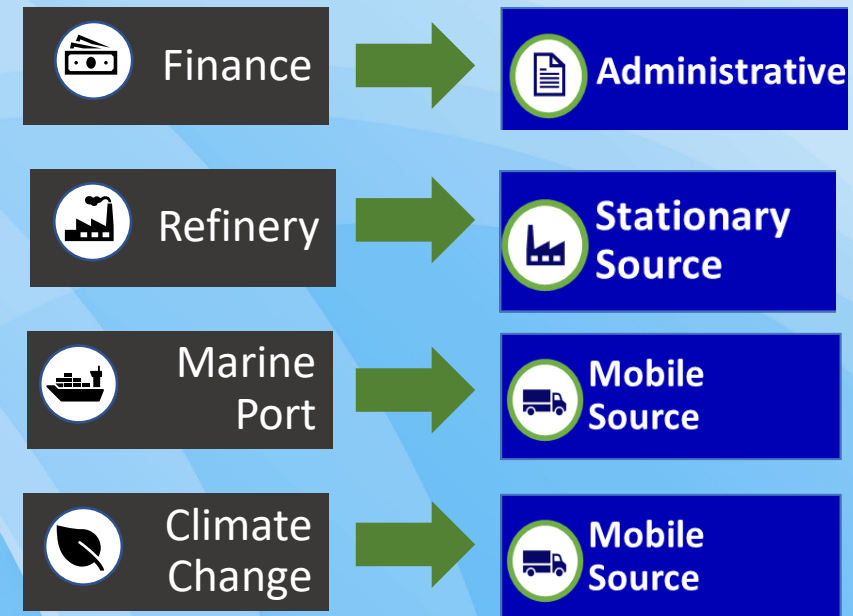
- Third party presentation of economic forecast is unique to this Committee
- Brief staff presentation on key agency-specific financial information
- Recommendation:
 - Continue Investment Oversight Committee



Investment Oversight

Climate Change, Finance, Refinery, and Marine Port Committees

- Items heard at Finance, Refinery, and Marine Port Committees are currently addressed in existing Monthly Board Committees
- Climate Change items can be covered in the Mobile Source Committee
- Recommendations: Close out Finance, Refinery, Marine Port, Mobile Source, and Climate Change Committees








Personnel Committee




- Unique Committee that primarily addresses personnel items pertaining to the Executive Officer and General Counsel
- Advanced Board Committee review streamlines Board Meetings
- Recommendation: No changes to the Personnel Committee








Personnel

Summary of Recommendations

Meets Monthly				
 Administrative	 Legislative	 Mobile Source	 Stationary Source	 Technology
<ul style="list-style-type: none"> • Approves Board Agenda and fiscal items • Appoints Hearing Board members 	<ul style="list-style-type: none"> • Approves South Coast AQMD legislative positions 	<ul style="list-style-type: none"> • Staff updates on mobile source rules and policies, AQMP, and CEQA projects 	<ul style="list-style-type: none"> • Staff updates on stationary source rules and programs 	<ul style="list-style-type: none"> • Approves funding of technology advancement projects

Meets Quarterly		
 Local Government and Small Business Advisory Group	 Environmental Justice Advisory	 Investment Oversight

Ad-Hoc - Meets as Needed				
 Climate Change	 Personnel	 Finance	 Refinery	 Marine Port

Next Steps

- Recommended action is to approve the close out of:
 - Local Government and Small Business Advisory Group
 - Environmental Justice Advisory Group
 - Finance Committee
 - Refinery Committee
 - Marine Port Committee
 - Climate Change Committee
- Bring this item to the full Board in December

BOARD MEETING DATE: December 5, 2025

AGENDA NO.

PROPOSAL: Approve Amendments to Board Member Assistant and Board Member Consultant Policy and Methodology to Determine Support Level per Board Member

SYNOPSIS: South Coast AQMD's Administrative Code provides the methodology and calculation for the amount of compensation Board Member Assistants and Consultants receive for their Board Member's participation in Board Committees, Advisory Groups, or other Board Member assignments. The current methodology is based on a point system that accounts for the level of effort. To streamline and create a more transparent approach, the methodology and calculation continue to account for the level of effort but will be based on a dollar amount per fiscal year instead of a point system.

COMMITTEE: Administrative, November 14, 2025; Recommended for Approval

RECOMMENDED ACTION:

1. Amend the Board Member Assistant and Board Member Consultant Policy and the methodology to determine the support level per Board Member and incorporate the Policy into the SCAQMD Administrative Code (Attachment A Clean Version and Attachment B Strike Out Version).
2. Approve the level of support for each Board Member for Fiscal Year 2025-26 (Attachment C).

Wayne Nastri
Executive Officer

SJ:ks

Background

Board Members must address a wide range of complex air quality issues related to the performance of their duties that require assistance. South Coast AQMD's Administrative Code Section 112 – Board Assistant and Board Member Consultant Policy provides the methodology and calculations that Board Assistants and Consultants receive. The calculation methodology uses an assignment-of-points that was approved at the July 2015

Board meeting and is incorporated into Section 112, Exhibit I of the Administrative Code. The assignment-of-points methodology is based on the level of complexity, number of meetings, and role (such as providing support for the Chair or Vice-Chair). Comments have been raised by some Board Members that the point methodology is confusing and is not transparent. As a result, the Chair requested that staff develop a more straight forward methodology for determining annual compensation for Board Assistants and Consultants, based on their Board Member's assignments to Committees, Advisory Groups, and other Board Member assignments.

Proposal

This action is to amend the Board Member Assistant and Board Member Consultant Policy and the methodology to determine the support level per Board Member. The revised methodology is based on each Board Member's assignments to Committees, Advisory Groups, and other Board Member assignments. Section 112 of the Administrative Code would retain that the Chair's and Vice Chair's Assistants and Consultants receive the maximum amount allotted, which is \$118,872. For Board Members' Assistants and Consultants, the Administrative Code would be revised to provide an annual amount for participation in Governing Board meetings, number of assignments for Committee or Advisory Groups, MSRC, Partnerships (natural gas or fuel cell), and South Coast AQMD's CARB representative. An additional annual amount is provided for those Assistants and Consultants where their Board Member is assigned to be a Chair or Vice Chair of a Committee or Advisory Group. The annual amount for the different meeting types and role of Board Members is provided in Attachment A.

Additionally, this action is to approve the support level of expenditures for Board Member Assistants and Board Member Consultants for FY 2025-26 in accordance with the amended Policy.

Resource Impacts

There is sufficient funding available in the FY 2025-26 Budget to accommodate the recommended adjustments.

Attachments

- A. Proposed Amendments to Administrative Code Section 112 Board Member Assistant and Board Member Consultant Policy
- B. Original SCAQMD Administrative Code Section 112 with Strike Out
- C. Proposed Board Member Committee/Advisory/Other Group Assignment Support Level for FY 2025-26

ATTACHMENT A

Proposed Amendments to Board Member Assistant and Board Member Consultant Policy

Section 112 – Board Member Assistant and Board Member Consultant Policy

1. That an employee classification of Board Member Assistant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of tasks ranging from liaison with constituent public entities, other Board Members, the public, and SCAQMD staff related to clerical functions. Typical functions may include preparing narrative and statistical reports, preparing correspondence, filing and maintaining records, arranging meetings and other group functions; monitoring various programs and projects; responding to inquiries from constituent public entities, SCAQMD Board Members, the public, and SCAQMD staff.

Minimum requirements: evidence of the required training and experience shall be demonstrated by coursework in business administration or a related field, and/or sufficient experience performing data analysis and adjunct clerical functions for which familiarity with personal computers is desirable.

Maximum compensation rate: up to \$31.05 per hour effective January 1, 2015; \$31.51 per hour effective January 1, 2016; and \$31.99 per hour effective January 1, 2017, and as revised by the Governing Board.

2. That an employee classification of Board Member Consultant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of professional-level assignments in the development and formulation of policy, data analysis, reports, plans, assessments, and strategies for SCAQMD programs; provides advice and recommendations to the Board Member regarding matters subject to the Board Member's decision-making authority; may provide liaison with the public on behalf of the Board Member. Typical functions may include planning, organizing, and developing a wide variety of programs on the Board Member's behalf and evaluating the effectiveness of various approaches.

Minimum requirements: evidence of the required training and experience shall be demonstrated by graduation from an accredited college or university preferably with a major in an academic discipline related to the assignment and/or sufficient experience involving technical or analytical work at a professional level which would demonstrate the required knowledge, skills, and abilities related to the assignment.

Maximum compensation rate: up to \$55.90 per hour effective January 1, 2015; \$56.73 per hour effective January 1, 2016; and \$57.59 per hour effective January 1, 2017, and as revised by the Governing Board, except for the Board Chair's Assistant/Consultant.

3. That class specifications of Board Member Assistant and Board Member Consultant be added to SCAQMD's Classification Plan at that maximum compensation rate and with the scope of duties and minimum requirements specified above.
4. That Board Member Consultants and Board Member Assistants may only be employed as SCAQMD contract employees. Board Consultants and Assistants who are employees of an entity with which the District contracts must follow the Administrative Code provisions applicable to employee Board Member Consultants.
5. Contracts for Board Consultants and Assistants shall be subject to Section 40 of SCAQMD's Administrative Code—Code of Ethics, except that they shall adhere to the work rules and performance standards established by the Board Member to whom they report.
6. That a Board Member wishing to engage the services of a person to provide assistance shall submit to the Administrative Committee a Proposal identifying the person and setting forth his or her qualifications, scope of duties, and proposed compensation. The proposal shall include a listing of other employment and/or clients sufficient to determine whether the person has existing work that conflicts directly or indirectly with his or her duties and responsibilities for SCAQMD. The Administrative Committee shall review the Proposal and determine if the proposed compensation rate is consistent with the required qualifications described above and shall, with advice of General Counsel, make a case-by-case determination of whether a person proposed to provide assistance complies with the conflict-of-interest requirements of this Policy and is a Board Member Assistant or a Board Member Consultant. All Board Member Assistants and Consultants shall be contract employees. Board Member Assistants, and Board Member Consultants are exempt from SCAQMD's Salary Resolution, Personnel Rules, and Administrative Code, except as specifically referenced in the said documents, this policy, or in his/her contract with SCAQMD.
7. That the position of Board Member Consultant and Board Member Assistant be noticed for designation in SCAQMD's Conflict of Interest Code listing classifications subject to the Code and the incumbent must disclose economic interests and comply with the Conflict of Interest provisions of the Political Reform Act.
8. That Board Member Assistants and Board Member Consultants serve at the pleasure of the Board Member to whom support services are provided and pursuant to the provisions of the contract executed between the Board Member Assistant or Board Member Consultant and SCAQMD. The Board Member served may determine whether his/her Board Member Consultant is to be paid on an hourly or a monthly basis. Board Member Assistants must be paid on an hourly basis. Board Member Assistants and Board Member Consultants who are contract SCAQMD employees and who are paid on an hourly basis shall receive overtime pay at the rate of 1.5 times the hourly rate specified in his or her contract for hours worked in excess of ten per day or forty per week provided the Board Member approves in advance in writing the working of any overtime by the Board Member Assistant or Board Member Consultant. Board Member Consultants paid on a monthly basis will be paid a pro rata share of their annual contract amount each month, provided the Board Member approves in writing, which will also cover all expense reimbursements authorized under the contract.

9. That the maximum support service-related expenditure SCAQMD may make for the Chair and Vice-Chair is \$118,872 per fiscal year, and as revised by the Governing Board, not including business-related expenses. That the maximum support service-related expenditure SCAQMD may make for all other Board Members, not including business-related expenses shall be calculated prior to the beginning of each fiscal year based upon the Committee/Advisory/Other Group Assignment Points Methodology and Calculation, as described in Exhibit I. That the minimum support service related expenditure SCAQMD may make for all other Board Members, is \$39,624 per fiscal year, and as revised by the Governing Board, not including business-related expenses. Effective May 1, 2009, expenses approved in advance that are associated with Board Member-approved attendance at mobile Board meetings and Board retreats will be reimbursed by SCAQMD upon presentation of expense receipts. Effective May 1, 2009, expenses approved in advance that are associated with Board Chair-approved attendance at mobile Board meetings and Board retreats will be reimbursed by SCAQMD upon presentation of expense receipts.
 - a. Board Member Assistants and Board Member Consultants will be provided vehicle mileage reimbursement, at the rate set forth in Administrative Code section 110.4, for travel within the geographical boundaries of SCAQMD for travel directly related to their duties as a Board Member Assistant or Board Member Consultant.
 - b. A Board Member Assistant or Board Member Consultant to the Board Member(s) serving as SCAQMD's CARB representative or as SCAQMD's representative to the California Fuel Cell Partnership (CaFCP) will be provided reimbursement for necessary expenses related to attending CARB or CaFCP workshops, hearings, meetings, or related events, subject to advance approval by the Board Chair.
 - c. Board Member Assistant and Board Member Consultant meal and travel expenses shall follow the reimbursement procedures described in Section 120 of the Administrative Code.
 - d. The Board Chairman may also approve other Board Member Assistant/Consultant travel for SCAQMD-related activities provided such travel is requested by their supervising Board Member and is reported to the Administrative Committee.
10. That Board Member Assistants and Board Member Consultants who work on average a minimum of 13 hours per week may elect, from among SCAQMD-sponsored health, dental, and vision insurance plans available to SCAQMD employees, SCAQMD-paid single-party coverage up to the dollar amount of the benefits cap approved by the Board for professional employees..
11. That Board Member Assistants and Board Member Consultants may elect to participate in the deferred compensation plan SCAQMD sponsors for employees, as covered under section 457 of the Federal Internal Revenue Code.
12. The total compensation provided under a contract between the Board Member Assistant or Board Member Consultant and SCAQMD for any Board Member shall not exceed the amounts specified in paragraph 9 above. At such time as the compensation for services reaches said amounts, the contract for services shall be terminated and the employment relationship between the Board Member Assistant or Board Member Consultant and SCAQMD shall be terminated.

13. That all present and future assistants to a Board Member (whether Board Member Assistant or Board Member Consultant) shall be subject to this policy.

EXHIBIT I

Committee/Advisory/Other Group Assignment Methodology and Calculation

- 1) Utilizes the Board Committee/Advisory Group/Other Group Assignment spreadsheet as maintained by the Executive Officer or his designee.
- 2) Calculation is as follows:

Meeting Type	Role	Annual Amount	Notes
Board	Member	\$24,000	
Committee or Advisory Group	Member	\$20,000	Board Member is assigned to 2 or Less Committees or Advisory Groups
Committee or Advisory Group	Member	\$32,000	Board Member is assigned to 3 or more Committees or Advisory Groups
Committee or Advisory Group	Chair of Committee	\$14,000	In addition to Committee or Advisory Group Member amount
Committee or Advisory Group	Vice Chair of Committee	\$8,000	In addition to Committee or Advisory Group Member amount
MSRC	Member	\$10,000	South Coast AQMD representative
CARB	Member	\$24,000	South Coast AQMD representative
Partnership	Member	\$8,000	Natural Gas or Fuel Cell Partnership

ATTACHMENT B

Proposed Amendments to Board Member Assistant and Board Member Consultant Policy

Section 112 – Board Member Assistant and Board Member Consultant Policy

1. That an employee classification of Board Member Assistant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of tasks ranging from liaison with constituent public entities, other Board Members, the public, and SCAQMD staff related to clerical functions. Typical functions may include preparing narrative and statistical reports, preparing correspondence, filing and maintaining records, arranging meetings and other group functions; monitoring various programs and projects; responding to inquiries from constituent public entities, SCAQMD Board Members, the public, and SCAQMD staff.

Minimum requirements: evidence of the required training and experience shall be demonstrated by coursework in business administration or a related field, and/or sufficient experience performing data analysis and adjunct clerical functions for which familiarity with personal computers is desirable.

Maximum compensation rate: up to \$31.05 per hour effective January 1, 2015; \$31.51 per hour effective January 1, 2016; and \$31.99 per hour effective January 1, 2017, and as revised by the Governing Board.

2. That an employee classification of Board Member Consultant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of professional-level assignments in the development and formulation of policy, data analysis, reports, plans, assessments, and strategies for SCAQMD programs; provides advice and recommendations to the Board Member regarding matters subject to the Board Member's decision-making authority; may provide liaison with the public on behalf of the Board Member. Typical functions may include planning, organizing, and developing a wide variety of programs on the Board Member's behalf and evaluating the effectiveness of various approaches.

Minimum requirements: evidence of the required training and experience shall be demonstrated by graduation from an accredited college or university preferably with a major in an academic discipline related to the assignment and/or sufficient experience involving technical or analytical work at a professional level which would demonstrate the required knowledge, skills, and abilities related to the assignment.

Maximum compensation rate: up to \$55.90 per hour effective January 1, 2015; \$56.73 per hour effective January 1, 2016; and \$57.59 per hour effective January 1, 2017, and as revised by the Governing Board, except for the Board Chair's Assistant/Consultant.

3. That class specifications of Board Member Assistant and Board Member Consultant be added to SCAQMD's Classification Plan at that maximum compensation rate and with the scope of duties and minimum requirements specified above.
4. That Board Member Consultants ~~may be engaged as either independent contractors or exempt SCAQMD contract employees~~ and that Board Member Assistants may only be employed as SCAQMD contract employees. Board Consultants and Assistants who are employees of an entity with which the District contracts must follow the Administrative Code provisions applicable to employee Board Member Consultants.
5. ~~That the Contracts for Board Member Consultants engaged as independent contractors shall specify that they shall not, during the term of their employment, engage in any performance of work that is in direct or indirect conflict with duties and responsibilities for SCAQMD, and that their contracts shall contain a provision so stating. Contracts for Board Consultants and Assistants engaged as contract employees~~ shall be subject to Section 40 of SCAQMD's Administrative Code—Code of Ethics, except that they shall adhere to the work rules and performance standards established by the Board Member to whom they report.
6. That a Board Member wishing to engage the services of a person to provide assistance shall submit to the Administrative Committee a Proposal identifying the person and setting forth his or her qualifications, scope of duties, and proposed compensation. The proposal shall include a listing of other employment and/or clients sufficient to determine whether the person has existing work that conflicts directly or indirectly with his or her duties and responsibilities for SCAQMD. The Administrative Committee shall review the Proposal and determine if the proposed compensation rate is consistent with the required qualifications described above and shall, with advice of General Counsel, make a case-by-case determination of whether a person proposed to provide assistance complies with the conflict-of-interest requirements of this Policy and is a Board Member Assistant or a Board Member Consultant. ~~If the determination is made that the person is a Board Member Consultant, the Administrative Committee also shall determine whether the Board Member consultant be classified as an employee or an independent contractor.~~ All Board Member Assistants and Consultants shall be contract employees. Board Member Assistants, and Board Member Consultants ~~who are SCAQMD employees,~~ are exempt from SCAQMD's Salary Resolution, Personnel Rules, and Administrative Code, except as specifically referenced in the said documents, this policy, or in his/her contract with SCAQMD.
7. That the position of Board Member Consultant (~~whether SCAQMD employee or independent contractor~~) and Board Member Assistant be noticed for designation in SCAQMD's Conflict of Interest Code listing classifications subject to the Code and the incumbent must disclose economic interests and comply with the Conflict of Interest provisions of the Political Reform Act.
8. That Board Member Assistants and Board Member Consultants serve at the pleasure of the Board Member to whom support services are provided and pursuant to the provisions of the contract executed between the Board Member Assistant or Board Member Consultant and SCAQMD. The Board Member served may determine whether his/her Board Member Consultant is to be paid on an

hourly or a monthly basis. Board Member Assistants must be paid on an hourly basis. Board Member Assistants and Board Member Consultants who are contract SCAQMD employees and who are paid on an hourly basis shall receive overtime pay at the rate of 1.5 times the hourly rate specified in his or her contract for hours worked in excess of ten per day or forty per week provided the Board Member approves in advance in writing the working of any overtime by the Board Member Assistant or Board Member Consultant. Board Member Consultants paid on a monthly basis will be paid a pro rata share of their annual contract amount each month, provided the Board Member approves in writing, which will also cover all expense reimbursements authorized under the contract.

9. That the maximum support service-related expenditure SCAQMD may make for the Chair and Vice-Chair is ~~\$116,250 for FY 2015-16; \$117,993 for FY 2015-16; and \$118,872 per fiscal year for FY 2016-17~~, and as revised by the Governing Board, not including business-related expenses. That the maximum support service-related expenditure SCAQMD may make for all other Board Members, not including business-related expenses shall be calculated prior to the beginning of each fiscal year based upon the Committee/Advisory/Other Group Assignment Points Methodology and Calculation, as described in Exhibit I. That the minimum support service related expenditure SCAQMD may make for all other Board Members, is ~~\$38,750 for FY 2015-16; \$39,331 for FY 2016-17; and \$39,624 per fiscal year for FY 2017-18~~, and as revised by the Governing Board, not including business-related expenses. Effective May 1, 2009, expenses approved in advance that are associated with Board Member-approved attendance at mobile Board meetings and Board retreats will be reimbursed by SCAQMD upon presentation of expense receipts. Effective May 1, 2009, expenses approved in advance that are associated with Board Chair-approved attendance at mobile Board meetings and Board retreats will be reimbursed by SCAQMD upon presentation of expense receipts.
 - a. Board Member Assistants and Board Member Consultants will be provided vehicle mileage reimbursement, at the rate set forth in Administrative Code section 110.4, for travel within the geographical boundaries of SCAQMD for travel directly related to their duties as a Board Member Assistant or Board Member Consultant.
 - b. A Board Member Assistant or Board Member Consultant to the Board Member(s) serving as SCAQMD's CARB representative or as SCAQMD's representative to the California Fuel Cell Partnership (CaFCP) will be provided reimbursement for necessary expenses related to attending CARB or CaFCP workshops, hearings, meetings, or related events, subject to advance approval by the Board Chair.
 - c. Board Member Assistant and Board Member Consultant meal and travel expenses shall follow the reimbursement procedures described in Section 120 of the Administrative Code.
 - d. The Board Chairman may also approve other Board Member Assistant/Consultant travel for SCAQMD-related activities provided such travel is requested by their supervising Board Member and is reported to the Administrative Committee.

10. That Board Member Assistants and Board Member Consultants ~~who are contract SCAQMD employees and~~ who work on average a minimum of 13 hours per week may elect, from among SCAQMD-sponsored health, dental, and vision insurance plans available to SCAQMD employees, SCAQMD-paid single-party coverage up to the dollar amount of the benefits cap approved by the Board for professional employees. ~~Board Member Consultants who are independent contracts are not eligible for any SCAQMD benefits.~~

11. That Board Member Assistants and Board Member Consultants ~~who are contract SCAQMD employees~~ may elect to participate in the deferred compensation plan SCAQMD sponsors for employees, as covered under section 457 of the Federal Internal Revenue Code.
12. The total compensation provided under a contract between the Board Member Assistant or Board Member Consultant and SCAQMD for any Board Member shall not exceed the amounts specified in paragraph 9 above. At such time as the compensation for services reaches said amounts, the contract for services shall be terminated and the employment relationship between the Board Member Assistant or Board Member Consultant and SCAQMD shall be terminated.
13. That all present and future assistants to a Board Member (whether Board Member Assistant or Board Member Consultant ~~and whether or not an independent contractor~~) shall be subject to this policy.

EXHIBIT I

Committee/Advisory/Other Group Assignment ~~Points~~ Methodology and Calculation

- 1) Utilizes the Board Committee/Advisory Group/Other Group Assignment spreadsheet as maintained by the Executive Officer or his designee.
- 2) Calculation is as follows:

<u>Meeting Type</u>	<u>Role</u>	<u>Annual Amount</u>	<u>Notes</u>
<u>Board</u>	<u>Member</u>	<u>\$24,000</u>	
<u>Committee or Advisory Group</u>	<u>Member</u>	<u>\$20,000</u>	<u>Board Member is assigned to 2 or Less Committees or Advisory Groups</u>
<u>Committee or Advisory Group</u>	<u>Member</u>	<u>\$32,000</u>	<u>Board Member is assigned to 3 or more Committees or Advisory Groups</u>
<u>Committee or Advisory Group</u>	<u>Chair of Committee</u>	<u>\$14,000</u>	<u>In addition to Committee or Advisory Group Member amount</u>
<u>Committee or Advisory Group</u>	<u>Vice Chair of Committee</u>	<u>\$8,000</u>	<u>In addition to Committee or Advisory Group Member amount</u>
<u>MSRC</u>	<u>Member</u>	<u>\$10,000</u>	<u>South Coast AQMD representative</u>
<u>CARB</u>	<u>Member</u>	<u>\$36,000</u>	<u>South Coast AQMD representative</u>
<u>Partnership</u>	<u>Member</u>	<u>\$8,000</u>	<u>Natural Gas or Fuel Cell Partnership</u>

~~2) Assumes various levels of effort per assignment, based on agenda size and routine/non routine nature of agenda items (Board Meetings/CARB/CACFP – 3 points, Admin/Leg/etc. – 2 points, LGSBA/IOC/BLTAP – 1 point)~~

~~3) Assumes the following points based on assignment/role:~~

- ~~a. Governing Board Meetings (12 mtgs/Yr): 4 points per meeting for Chair, 2 points for Vice Chair, 1 point per meeting for all other Governing Board Members~~
- ~~b. Committee/Advisory Group/Other Group Meetings (1-12 mtgs/Yr, depending on Comm/Advisory/Other): 2 points per meeting for Chair, 1.5 points per meeting for Vice Chair, 1 point for all other Governing Board Members~~
- ~~c. CARB Meetings (12 mtgs/Yr): 2 points per meeting for CARB representative~~
- ~~d. CA Fuel Cell partnership (2 mtgs/Yr): 2 points per meeting for CAFCP representative~~

~~4) For Committee/Advisory Group/Other Group assignments that may not have any actual meetings scheduled, it is assumed they will meet one time per year to reflect the possibility of a meeting (Refinery, Marine Port Committees, etc.)~~

ATTACHMENT C

Board Member Committee/Advisory/Other Group Assignment Points Calculation for FY 2025-26

Governing Board Member	Calculated Maximum Support Level *
Delgado (Chair)	\$118,872
Cacciotti (Vice-Chair)	\$118,872
Hagman	\$82,000
Lock Dawson	\$80,000
McCallon	\$78,000
Mitchell	\$60,000
Nguyen	\$44,000
Olmos	\$52,000
Padilla-Campos	\$56,000
Perez	\$56,000
Raman	\$44,000
Rodriguez	\$74,000
Governor's Appointee (Vacant)	\$44,000
*	The range of the Calculated Maximum Support Level is between \$39,624 and \$118,872.

Proposal to Revise Board Assistant and Consultant Allocations

Administrative Committee
November 2025

Chair's Initiative to Streamline Committees and Advisory Groups

- April 2025 Administrative Committee, Chair requested that staff simplify allocation methodology and calculation approach
- Currently allocation of funds for Board Assistants and Consultants is based on a formula that accounts for:
 - Type of Committee/Advisory Groups
 - Frequency of Meetings
 - Board member's role – Chair, Vice Chair, or Member of Committee
- Formula is somewhat complex using a point system to account for various elements

Proposed Revisions to Allocations

- Chair and Vice Chair of the Board will receive the maximum allocation of \$118,872 per fiscal year
- For other Board Members, proposing annual dollar amount based on:
 - Type of meeting (Four categories, next slide)
 - If a Board Member is the Chair or Vice Chair of the Committee Meeting
 - Number of meetings that a Board Member is assigned
 - Frequency of meetings

Proposed Meeting Categories

- Cost allocations will be provided for five meeting categories:
 - Board meetings
 - Committee Meetings
 - CARB Representative
 - MSRC
 - Fuel Cell/Natural Gas Partnerships

Proposed Board Assistant and Consultant Cost Allocations

Meeting Type	Notes	Annual
Governing Board Meeting	Member	\$24,000
Monthly Committee Meeting	Committee Chair (In addition to Member Amount)	\$14,000
	Committee Vice Chair (In addition to Member Amount)	\$8,000
	Member of 2 or Less Committees	\$20,000
	Member of 3 or More Committees	\$32,000
South Coast AQMD representative on CARB Board		\$36,000
MSRC	Member	\$10,000
Fuel Cell/Natural Gas Partnership	Member	\$8,000

Comparison Between Current and Revised Board Assistant and Consultant Allocations



Next Steps

- Recommended action:
 - Amend Administrative Code Section 112 to incorporate changes to Board Assistant and Consultant allocations as presented
 - Revisions will be incorporated for each Board Member for Fiscal Year 2025-26.