



# Annual Comprehensive Financial Report

Year Ended June 30, 2025



South Coast Air Quality Management District  
Diamond Bar, California



## MISSION STATEMENT

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

*South Coast*  
*Air Quality Management District*

Diamond Bar, California

Annual Comprehensive Financial Report  
Year Ended June 30, 2025

Prepared by:  
Finance Office  
Sujata Jain, Chief Financial Officer

Annual Comprehensive Financial Report  
Year Ended June 30, 2025

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**Table of Contents**

---

|  | <b>PAGE</b> |
|--|-------------|
| <b>INTRODUCTORY SECTION</b>  |             |
| Governing Board .....  | i           |
| Letter of Transmittal .....  | ii          |
| Government Finance Officers Association Certificate of Achievement for<br>Excellence in Financial Reporting .....  | ix          |
| Organizational Chart .....   | x           |
| <b>FINANCIAL SECTION</b>   |             |
| Independent Auditor’s Report .....   | 1           |
| Management’s Discussion and Analysis .....   | 4           |
| Basic Financial Statements:  |             |
| Government-wide Financial Statements:  |             |
| Statement of Net Position .....  | 21          |
| Statement of Activities .....  | 22          |
| Fund Financial Statements:   |             |
| Governmental Funds:  |             |
| Balance Sheet .....  | 23          |
| Reconciliation of the Governmental Funds Balance Sheet to the<br>Government-wide Statement of Net Position .....   | 24          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances .....  | 25          |
| Reconciliation of the Governmental Funds Statement of Revenues,<br>Expenditures, and Changes in Fund Balances to the Government-wide<br>Statement of Activities..... | 26          |
| Notes to the Basic Financial Statements .....  | 27          |
| Required Supplementary Information:  |             |
| General Fund – Budget and Actual (Non-GAAP Budgetary Basis) Schedule .....   | 67          |
| Schedule of South Coast AQMD's Proportionate Share of Net Pension<br>Liability – Last 10 Fiscal Years .....  | 68          |
| Schedule of South Coast AQMD's Contributions – Pensions –<br>Last 10 Fiscal Years.....   | 69          |
| Schedule of Changes in the South Coast AQMD's Net OPEB Liability and Related<br>Ratios – Last 10 Fiscal Years .....  | 70          |

## Table of Contents

---

|  |    |
|--|----|
| Schedule of South Coast AQMD's Contributions – OPEB – Last 10 Fiscal Years ..... | 71 |
| Notes to Required Supplementary Information.....                                 | 72 |
| Other Supplementary Information:   |    |
| Nonmajor Governmental Funds .....  | 74 |
| Combining Balance Sheet.....   | 81 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....  | 91 |

### STATISTICAL SECTION:

|   |     |
|---|-----|
| Schedule 1 – Net Position by Component – Last Ten Fiscal Years (accrual basis of accounting) .....  | 101 |
| Schedule 2 – Changes in Net Position – Last Ten Fiscal Years – (accrual basis of accounting) .....  | 102 |
| Schedule 3 – Fund Balances of Governmental Funds – Last Ten Fiscal Years – (modified accrual basis of accounting) .....                           | 104 |
| Schedule 4 – Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years – (modified accrual basis of accounting).....                 | 105 |
| Schedule 5 – Expenditures by Major Object – General Fund (Budgetary Basis) – Last Ten Fiscal Years.....   | 106 |
| Schedule 6 – Expenditures by Major Object – General Fund (GAAP Basis) – Last Ten Fiscal Years.....  | 107 |
| Schedule 7 – Debt Capacity – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years – (amounts expressed in thousands) .....                  | 108 |
| Schedule 8 – Revenues by Major Source – General Fund – Last Ten Fiscal Years.....   | 109 |
| Schedule 9 – Revenues by Fee Source – General Fund – Last Ten Fiscal Years .....  | 110 |
| Schedule 10 – Emission Fee Revenues – Last Ten Fiscal Years .....   | 111 |
| Notes Associated with Financial Charts.....   | 112 |
| Schedule 11 – Revenue Capacity – Largest Payers of Emission-Based Fees at a Single Location – Current Year and Ten Years Ago .....                | 116 |
| Key Air Quality and Demographic Information Regarding the Region Included in the South Coast Air Quality Management District .....                | 117 |
| Schedule 12 – South Coast Air Basin Smog Trend – Last Ten Calendar Years.....   | 118 |
| Schedule 13 – Four-County Area Population – Last Ten Calendar Years .....   | 119 |
| Schedule 14 – Los Angeles, Orange, Riverside, San Bernardino Counties, and State of California Civilian Employment – Last Ten Calendar Years..... | 120 |
| Schedule 15 – Vehicle Registrations (Automobiles and Trucks) for Four County Area – Last Ten Calendar Years .....                                 | 121 |
| Schedule 16 – Full-time Equivalent South Coast AQMD Employees by Function/Program – Last Ten Fiscal Years .....                                   | 122 |
| Schedule 17 – Operating Indicators by Function – Last Ten Fiscal Years.....   | 123 |
| Schedule 18 – Capital Assets Statistics by Function/Program – Last Ten Fiscal Years.....  | 124 |
| Demographic and Miscellaneous Statistics .....  | 125 |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**GOVERNING BOARD**  
**June 30, 2025**

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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](http://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.

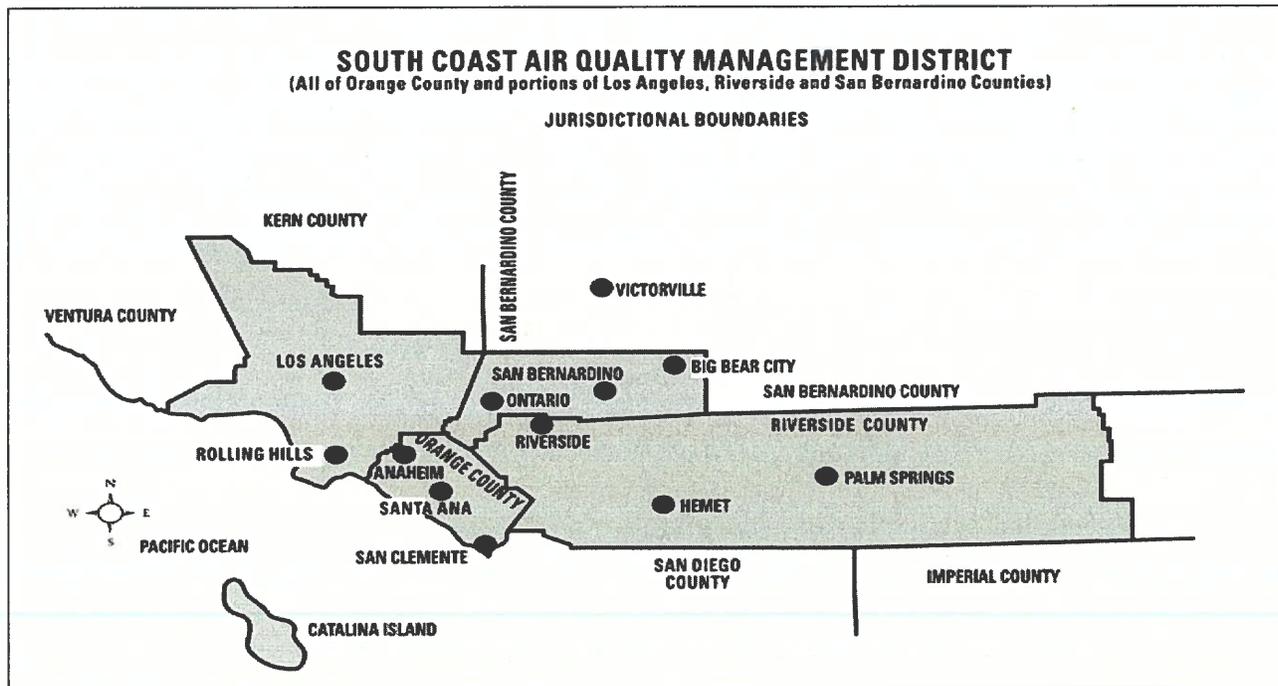
The independent audit of the financial statements of South Coast AQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal

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

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**South Coast Air Quality Management District  
California**

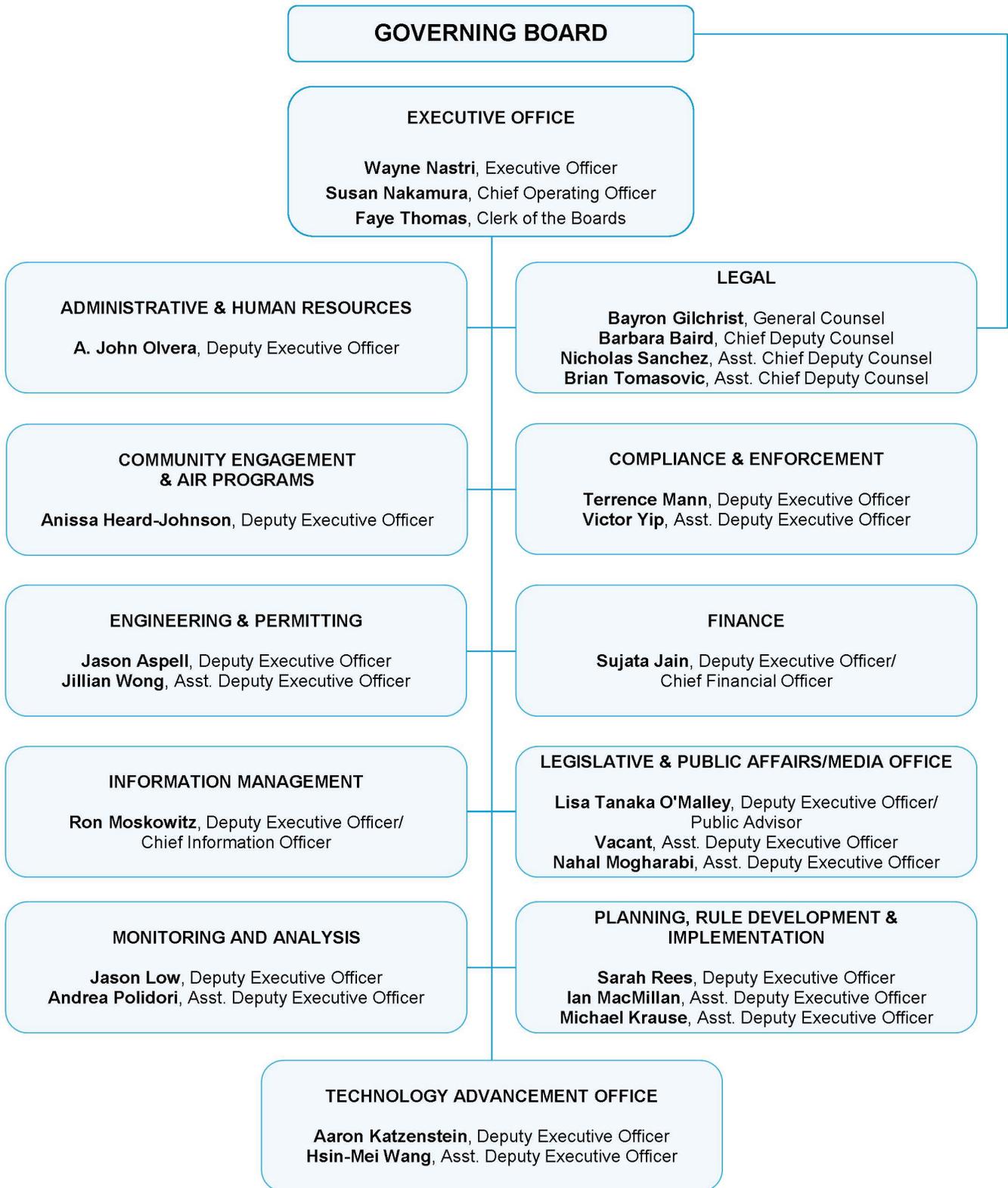
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

**South Coast Air Quality Management District, California**  
**Organizational Chart**  
**June 30, 2025**





## 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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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 |                     |
|--|-------------------------|---------------------|
|  | FY 2024-25              | FY 2023-24          |
| Current and other assets                             | \$ 1,758,005            | \$ 1,647,112        |
| Capital assets                                       | 41,845                  | 39,749              |
| 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                   | 165                     | 193                 |
| Total deferred outflow of resources                  | <u>78,399</u>           | <u>88,074</u>       |
| Other liabilities                                    | 91,706                  | 108,052             |
| Long-term liabilities                                | 218,401                 | 230,924             |
| 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                  | 265                     | 309                 |
| 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   | (76,223)                | (99,163)            |
| 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 and deferred outflow of resources exceeded liabilities and deferred inflow of resources 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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

|  | Governmental Activities |                     |
|--|-------------------------|---------------------|
|  | <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   | <u>500,438</u>          | <u>637,830</u>      |
| 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   | <u>357,845</u>          | <u>321,965</u>      |
| 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)                               | <u>\$ 1,510,331</u>     | <u>\$ 1,367,738</u> |

### **Governmental Activities**

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

The Statement of Activities presents information showing how South Coast AQMD's net position changed during fiscal year 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:

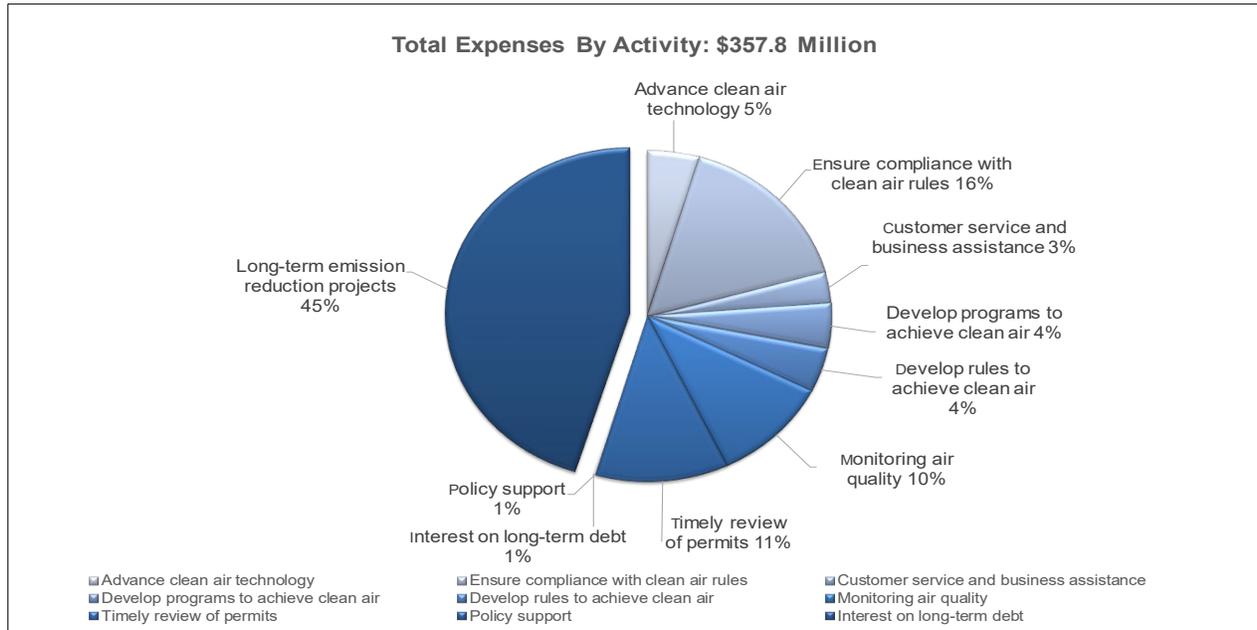
- **Carl Moyer Program Fund** – This fund is to account for activities related to the administration of state funds set aside for the replacement of diesel-powered vehicles with cleaner-technology vehicles. In fiscal year 2024-2025, the state grant decreased by \$90.9 million. South Coast AQMD received 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## EXPENSES BY ACTIVITY

June 30, 2025

### Government Activities FY 2024-25

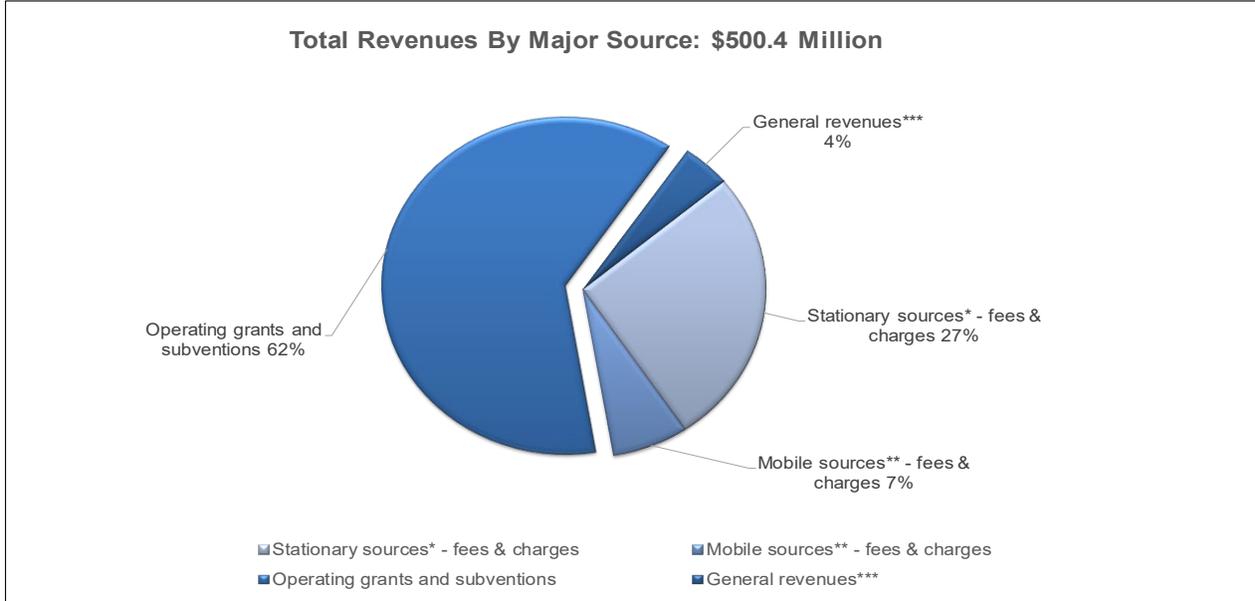


| Activity                                 | FY 24-25             | FY 23-24             | FY 22-23             | FY 21-22             | FY 20-21             | FY 19-20             |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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          |
| <b>Total</b>                             | <b>\$357,844,495</b> | <b>\$321,964,564</b> | <b>\$315,681,977</b> | <b>\$302,062,209</b> | <b>\$433,443,666</b> | <b>\$387,268,726</b> |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**REVENUE BY MAJOR SOURCE**  
**June 30, 2025**

**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            |
| <b>Total</b>                         | <b>\$ 500,438,209</b> | <b>\$ 637,830,092</b> | <b>\$ 381,682,688</b> | <b>\$ 513,928,151</b> | <b>\$ 449,015,659</b> | <b>\$ 457,558,496</b> |

- \* **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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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

## GOVERNMENTAL ACTIVITIES

### Net (Expense) Revenue (amounts expressed in thousands)

|  | FY 2024-25                          |                                   |
|--|-------------------------------------|-----------------------------------|
|  | Total Cost of<br>Program Activities | Net Cost of<br>Program Activities |
| 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                                    | \$ 357,845                          | \$ 120,986                        |

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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- **Develop Programs to Achieve Clean Air** - Develop a regional Air Quality Management Plan (AQMP) to achieve federal and state ambient air quality standards and to meet all other requirements of the federal and California Clean Air Acts. Analyze air quality data and provide an estimate of pollutant emissions by source category. Develop pollutant control strategies and project future air quality using computer models and statistical analysis of alternative control scenarios.
- **Develop Rules to Achieve Clean Air** - Develop emission reduction regulations for sulfur dioxide, nitrogen dioxide, organic gases, particulate matter, toxics, and other pollutants to implement the regional AQMP, Tanner Air Toxics Process (AB 1807), National Emission Standards for Hazardous Air Pollutants (NESHAPS), and Prevention of Significant Deterioration (PSD) requirements.
- **Monitoring Air Quality** - Operate and maintain within 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2025**

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| 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>                  |
| <b>TOTAL ASSETS</b>   | <u>1,799,850,301</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                                    |
| Deferred outflow of resources-pension                         | 78,234,080                         |
| Deferred outflow of resources-OPEB                            | 165,275                            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u>78,399,355</u>                  |
| <b>LIABILITIES</b>  |                                    |
| 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>                 |
| <b>TOTAL LIABILITIES</b>                                      | <u>310,107,654</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                                    |
| 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                            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                    | <u>57,810,530</u>                  |
| <b>NET POSITION</b>   |                                    |
| Net investment in capital assets                              | 35,394,499                         |
| Restricted for:   |                                    |
| Long-term emission-reduction projects                         | 1,551,160,251                      |
| Unrestricted  | (76,223,278)                       |
| <b>TOTAL NET POSITION</b>                                     | <u>\$ 1,510,331,472</u>            |

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2025**

| Functions/ Programs  | Program Revenues      |                       |                      |                                  | Net (Expense) Revenue and Changes in Net Position |
|--|-----------------------|-----------------------|----------------------|----------------------------------|---|
|  | Expenses              | Fees and Charges      |                      | Operating Grants and Subventions |   |
|  |                       | Stationary Sources ** | Mobile Sources       |                                  |   |
| <b>Governmental Activities:</b>  |                       |                       |                      |                                  |   |
| 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                                       |
| <b>Total governmental activities</b>   | <b>\$ 357,844,495</b> | <b>\$ 133,699,442</b> | <b>\$ 33,655,280</b> | <b>\$ 311,476,121</b>            | <b>\$ 120,986,348</b>                             |
| <b>General Revenues **</b>   |                       |                       |                      |                                  |   |
| 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   |
| <b>Total general revenues and transfers</b>                                    |                       |                       |                      |                                  | <b>21,607,366</b>                                 |
| 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   |                       |                       |                      |                                  | <b>\$ 1,510,331,472</b>                           |

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

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

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

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2025**

| <u>Assets</u>  | <u>General<br/>Fund</u> | <u>Carl Moyer<br/>Program<br/>Fund</u> | <u>CAP<br/>AB 134<br/>Fund</u> | <u>VW Mitigation<br/>Special<br/>Revenue Fund</u> | <u>CMP<br/>AB 923<br/>Fund</u> | <u>Other<br/>Governmental<br/>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> |
| <br>   |                         |  |                                |   |                                |   |                         |
| <u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>   |                         |  |                                |   |                                |   |                         |
| 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>      |
| <br>   |                         |  |                                |   |                                |   |                         |
| <u>Deferred Inflow of Resources</u>                                  |                         |  |                                |   |                                |   |                         |
| 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>          |
| <br>   |                         |  |                                |   |                                |   |                         |
| <u>Fund Balances:</u>  |                         |  |                                |   |                                |   |                         |
| 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>    |
| <br>   |                         |  |                                |   |                                |   |                         |
| 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> |

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**June 30, 2025**

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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 | \$1,510,331,472 |
|---|-----------------|

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | General<br>Fund       | Carl Moyer<br>Program<br>Fund | CAP<br>AB 134<br>Fund | VW Mitigation<br>Special<br>Revenue Fund | CMP<br>AB 923<br>Fund | Other<br>Governmental<br>Funds | Total                   |
|--|-----------------------|-------------------------------|-----------------------|--|-----------------------|--------------------------------|-------------------------|
| <b>Revenues:</b>   |                       |                               |                       |  |                       |                                |                         |
| 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>      |
| <b>Expenditures:</b>   |                       |                               |                       |  |                       |                                |                         |
| 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<br>over (under) expenditures<br>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>      |
| <b>Other Financing Sources (uses):</b>   |                       |                               |                       |  |                       |                                |                         |
| 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<br>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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025**

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|  |                       |
|--|-----------------------|
| 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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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### 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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(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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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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          |

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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### 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.

### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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



## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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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:

| <b>Major Governmental Funds</b>        |                     |                                    |                            |   |                           |   |                  |
|--|---------------------|------------------------------------|----------------------------|---|---------------------------|---|------------------|
| <b>Fund Balance</b>                    | <b>General Fund</b> | <b>Carl Moyer<br/>Program Fund</b> | <b>CAP AB 134<br/>Fund</b> | <b>VW Mitigation<br/>Special<br/>Revenue Fund</b> | <b>CMP AB923<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total</b>     |
| <b>Nonspendable:</b>                   |                     |                                    |                            |   |                           |   |                  |
| Inventory                              | \$ 79,835           | \$ -                               | \$ -                       | \$ -  | \$ -                      | \$ -                                    | \$ 79,835        |
| Total nonspendable                     | 79,835              | -                                  | -                          | -   | -                         | -                                       | 79,835           |
| <b>Restricted:</b>                     |                     |                                    |                            |   |                           |   |                  |
| 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                       | -                   | 208,789,586                        | 289,740,090                | 128,614,179                                       | 189,752,515               | 362,560,223                             | 1,179,456,593    |
| <b>Committed:</b>                      |                     |                                    |                            |   |                           |   |                  |
| 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                        | 16,477,730          | -                                  | -                          | -   | -                         | 26,800,642                              | 43,278,372       |
| <b>Assigned:</b>                       |                     |                                    |                            |   |                           |   |                  |
| 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                         | 6,149,673           | -                                  | -                          | -   | -                         | 344,903,019                             | 351,052,692      |
| <b>Unassigned:</b>                     |                     |                                    |                            |   |                           |   |                  |
| General Purpose                        | 92,172,632          | -                                  | -                          | -   | -                         | -                                       | 92,172,632       |
| Total unassigned                       | 92,172,632          | -                                  | -                          | -   | -                         | -                                       | 92,172,632       |
| <b>Total fund balances</b>             | \$ 114,879,870      | \$ 208,789,586                     | \$ 289,740,090             | \$ 128,614,179                                    | \$ 189,752,515            | \$ 734,263,884                          | \$ 1,666,040,124 |

# NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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## E. Use of Estimates

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

## F. Adoption of New GASB Pronouncements

### **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> |

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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#### **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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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- 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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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)                 | <u>40,221,213</u>       | <u>40,221,213</u>       | <u>-</u>              |
| 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 | \$ 114,117,760        | \$ -        | \$ -        |
| 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended June 30, 2025

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#### **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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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### 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> |

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

### 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.

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

| <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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

### 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<br>June 30, 2024 | Increase            | Decrease           | Balance<br>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> |

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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

| <b>Governmental Activities:</b> | <u>Balance<br/>July 1, 2024</u> | <u>Addition</u>     | <u>Reduction</u>    | <u>Balance<br/>June 30, 2025</u> | <u>Due Within<br/>One Year</u> | <u>Due in<br/>More Than<br/>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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

### 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:

|  | <b>General<br/>Liability</b> | <b>Workers’<br/>Compensation</b> | <b>Totals</b>       |
|--|------------------------------|----------------------------------|---------------------|
| 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> |

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

### 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:

|                        | <b>Balance</b>      |                     |                     | <b>Balance</b>       | <b>Due</b>          | <b>Due in</b>       |
|------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
|                        | <b>July 1, 2024</b> | <b>Addition</b>     | <b>Reduction</b>    | <b>June 30, 2025</b> | <b>Within</b>       | <b>More Than</b>    |
|                        |                     |                     |                     |                      | <b>One Year</b>     | <b>One Year</b>     |
| 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 equipment, printing equipment, and vehicles. 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

The future lease payments under lease agreements are as follow:

| Year Ending<br>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        |
|                        | \$ 2,587,284 | \$ 280,185 | \$ 2,867,469 |

### 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<br>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    |
|                        | \$ 289,273 | \$ 22,800 | 312,073   |

### **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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

The future subscription payments under SBITA are as follows:

| Year Ending<br>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<br>As Previously<br>Reported | Change in<br>Accounting<br>Principle<br>(GASB 101) | Changes to<br>or within the<br>Financial<br>Reporting<br>Entity | June 30, 2024<br>As Restated/<br>Adjusted |
|---------------------------------|--|--|---|---|
| <b>Government-Wide</b>          |  |  |   |   |
| 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>                      |
| <b>Governmental Funds</b>       |  |  |   |   |
| 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                               |
| <b>Total Governmental Funds</b> | <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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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](http://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  |
|--|--|---|
| <b>Final Average Compensation</b>  | Highest 12 months  | Highest 36 months   |
| <b>Normal Retirement Age</b>   | Age 55   | Age 55  |
| <b>Early Retirement: Years of service required and/or age eligible for</b> | Age 70 any years   | Age 70 any years  |
|  | 10 years age 50  | 5 years age 52  |
|  | 30 years any age   | N/A   |
| <b>Benefit percent per year of service for normal retirement age</b>       | 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 |
| <b>Benefit adjustments</b>   | Reduced before age 55, increased after 55 up to age 65   | Reduced before age 67   |
| <b>Final Average Compensation Limitation</b>                               | 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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:

| <b>Actuarially Determined Required<br/>Contribution Percentages</b> | <b>Employer Contribution Rates</b> |                           |
|---|------------------------------------|---------------------------|
|   | <b>Tier 1<br/>Members</b>          | <b>Tier 2<br/>Members</b> |
|   | <b>Total</b>                       | <b>Total</b>              |
| 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 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:

|   | <b>Deferred<br/>Outflows of<br/>Resources*</b> | <b>Deferred<br/>Inflows of<br/>Resources*</b> |
|---|--|---|
| 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                                     | -   |
| <b>Total</b>  | <b>\$ 78,234,080</b>                           | <b>\$ 57,398,825</b>                          |

\*See note VI for summary

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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 <sup>(1)</sup>  | 7.25%   |
| Inflation                                 | 2.50%   |
| Projected Salary increases <sup>(2)</sup> | 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                                |

<sup>(1)</sup> Net of pension investment expense, including inflation.

<sup>(2)</sup> 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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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

### SBCERA’s Long-Term Expected Real Rate of Return

| Asset Class                    | Investment Classification                     | As of June 30, 2023<br>Valuation Date |  |
|--------------------------------|---|---------------------------------------|--|
|                                |   | Target Allocation<br>(1)              | Long-Term<br>Expected Real<br>Rate of Return<br>(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%  |
| <b>Total</b>                   |   | <b>100.00%</b>                        |  |

(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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

### Sensitivity Analysis

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

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**  
As of June 30, 2024

|   | 1% Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1% Increase<br>(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](http://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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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](http://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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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](http://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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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<br>Outflows of<br>Resources* | Deferred<br>Inflows of<br>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 | 165,275                               | -                                    |
| 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                 | -           |

# NOTES TO THE BASIC FINANCIAL STATEMENTS

## For the Year Ended June 30, 2025

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### 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:

|                          | <b>FY 2024<br/>to<br/>FY 2025</b> |
|--------------------------|-----------------------------------|
| 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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### 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:

|                    | <u>1% Decrease<br/>(2.93%)</u> | <u>Current Discount<br/>Rate<br/>(3.93%)</u> | <u>1% Increase<br/>(4.93%)</u> |
|--------------------|--------------------------------|--|--------------------------------|
| 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:

|                    | <u>1% Decrease</u> | <u>Current Healthcare<br/>Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|--|--------------------|
| 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](http://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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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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.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) SCHEDULE**  
**For the Year Ended June 30, 2025**

|  | Budgeted Amounts |                | Actual Amounts<br>Budgetary Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------------|-----------------------------------|---|
|  | Original         | Final          |                                   |   |
| <b>Revenues:</b>   |                  |                |                                   |   |
| 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   |
| <b>Expenditures:</b>   |                  |                |                                   |   |
| 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<br>(under) expenditures | (3,057,395)      | (10,230,668)   | (2,226,358)                       | 8,004,310   |
| <b>Other Financing Sources (Uses)</b>                        |                  |                |                                   |   |
| 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.

## Required Supplementary Information

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

| <b>SBCERA Pension Plan</b>   | <b>Measurement Date**</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <b>June 30, 2024</b>      | <b>June 30, 2023</b> | <b>June 30, 2022</b> | <b>June 30, 2021</b> | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>June 30, 2018</b> | <b>June 30, 2017</b> | <b>June 30, 2016</b> | <b>June 30, 2015</b> |
| 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%               |
| <b>LACERA Pension Plan</b>   | <b>Measurement Date**</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>June 30, 2024</b>   | <b>June 30, 2023</b>      | <b>June 30, 2021</b> | <b>June 30, 2021</b> | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>June 30, 2018</b> | <b>June 30, 2017</b> | <b>June 30, 2016</b> | <b>June 30, 2015</b> |                      |
| 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.

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

| <u>SBCERA Pension Plan</u>  | Reporting Date**  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | June 30, 2025     | June 30, 2024     | June 30, 2023     | June 30, 2022     | June 30, 2021     | June 30, 2020     | June 30, 2019     | June 30, 2018     | June 30, 2017     | June 30, 2016     |
| 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>       |
| 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** |               |               |               |               |               |               |               |               |               |
|---|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | June 30, 2025    | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 |
| 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.

# Required Supplementary Information

## Schedule of Changes in the South Coast AQMD's Total OPEB Liability and Related Ratios

### Last 10 Fiscal Years\*

| <b>LACERA OPEB Plan***</b>                                | <b>Measurement Date**</b> |                      |                      |                      |                      |                      |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <b>June 30, 2024</b>      | <b>June 30, 2023</b> | <b>June 30, 2022</b> | <b>June 30, 2021</b> | <b>June 30, 2020</b> | <b>June 30, 2019</b> |
| 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

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

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

|   | Reporting Date ** |                  |                  |                  |                  |                  |                  |                  |                  |  |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|
|   | June 30, 2025     | June 30, 2024    | June 30, 2023    | June 30, 2022    | June 30, 2021    | June 30, 2020    | June 30, 2019    | June 30, 2018    | June 30, 2017    |  |
| <b>LACERA OPEB Plan</b>   |                   |                  |                  |                  |                  |                  |                  |                  |                  |  |
| 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.

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2025

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### 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 \$542 million and over 16,600 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 5,591 lawn mowers were exchanged and \$1,210,284 spent, resulting in 0.39 tons per year of NO<sub>x</sub> and 2.12 tons per year of ROG in emission reductions.

- RECLAIM AQIP – Established in fiscal year 2001 to separately account for the generation of NO<sub>x</sub> (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<sub>x</sub>) 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<sub>x</sub> 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, 2021, except for mobile home furnaces. For FY 24-25, manufacturers paid mitigation fee for mobile home furnaces. The mitigation fee option for mobile home furnaces will end on September 30, 2025.
- 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 1,586 projects totaling \$273.4 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 \$372 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  $\leq 10$  microns (PM<sub>10</sub>) credits. Due to the state energy crisis in 2001, Rule 1309.1 was amended to allow new electric generating facilities temporary access to South Coast AQMD's Priority Reserve Account to offset their PM<sub>10</sub> 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.

## OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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- 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<sub>M10</sub> (Particulate Matter ≤ 10 microns) and/or N<sub>ox</sub> (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.

## OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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- 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

## OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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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

## OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue     |   |                             |                              |   |
|---|---------------------|---|-----------------------------|------------------------------|---|
|   | Air Toxics Fund     | Advanced Tech Outreach & Education Fund | Air Quality Assistance Fund | Air Quality Improvement Fund | Mobile Sources Air Pollution Reduction Fund |
| <u>Assets</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>              |                     |   |                             |                              |   |
| <u>Liabilities:</u>                               |                     |   |                             |                              |   |
| 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                             | -                   | -                                       | -                           | -                            | -   |
| <u>Fund Balances:</u>                             |                     |   |                             |                              |   |
| 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>                       |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                   |                                |                                      |  |                                    |
|---|-----------------------------------|--------------------------------|--------------------------------------|--|------------------------------------|
|   | Air Quality<br>Investment<br>Fund | Clean Fuels<br>Program<br>Fund | Lower-Emission<br>School Bus<br>Fund | Zero Emission<br>Vehicle Incentive<br>Fund | AES Settlement<br>Projects<br>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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                         |                          |                             |                                       |
|---|---|--------------------------|-----------------------------|---------------------------------------|
|   | Rule 1309.1<br>Priority<br>Reserve Fund | CARB ERC<br>Bank<br>Fund | LADWP<br>Settlement<br>Fund | State-Emissions<br>Mitigation<br>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>                     |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue              |                                     |   |  |                                    |
|---|------------------------------|-------------------------------------|---|--|------------------------------------|
|   | State BUG<br>Program<br>Fund | Rule 1173<br>Mitigation Fee<br>Fund | CBE/OCE<br>Settlement<br>Agreement Fund | BP ARCO<br>Settlements<br>Project Fund | Health Effects<br>Research<br>Fund |
| <u>Assets</u>                                     |                              |                                     |   |  |                                    |
| 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                             | -                            | -                                   | -                                       | -                                      | -                                  |
| 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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                            |  |                                 |                      |                                    |
|---|--|--|---------------------------------|----------------------|------------------------------------|
|   | CEQA Green<br>House Gas<br>Mitigation Fund | Emission<br>Reduction and<br>Outreach Fund | Rule 1118<br>Mitigation<br>Fund | HEROS II<br>Fund     | AB 1318<br>Mitigation Fees<br>Fund |
| <u>Assets</u>                                     |  |  |                                 |                      |                                    |
| 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>                |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

| <u>Assets</u>                                     | Special Revenue                            |   |                                     |  |  |
|---|--|---|-------------------------------------|--|--|
|   | Voucher Incentive<br>Program (VIP)<br>Fund | Advanced<br>Technology Goods<br>Movement Fund | Rule 1470<br>Risk Reduction<br>Fund | Rule 1420.1<br>Special Revenue<br>Fund | Rule 1304.1<br>Special Revenue<br>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                             | -  | -   | -                                   | -                                      | -                                      |
| 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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                                   |  |   |                           |   |
|---|---|--|---|---------------------------|---|
|   | GHG Reduction<br>Projects Special<br>Revenue Fund | ExxonMobil<br>Settlements Projects<br>Special Rev Fund | LADWP<br>Variance Special<br>Revenue Fund | Air<br>Filtration<br>Fund | SoCal Gas<br>Settlement Special<br>Revenue Fund |
| <u>Assets</u>                                     |   |  |   |                           |   |
| 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>                                |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                      |                                   |  |  |
|---|--------------------------------------|-----------------------------------|--|--|
|   | Rule 1180<br>Special<br>Revenue Fund | Prop 1B<br>Goods Movement<br>Fund | Clean Shipping<br>Tech Demos<br>Special Rev Fund | Aliso Canyon Air<br>Filtration Special<br>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                             | -                                    | -                                 | -  | -  |
| 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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

|   | Special Revenue                                    |   |                                     |                                     |                     |
|---|--|---|-------------------------------------|-------------------------------------|---------------------|
|   | Aliso Fund Porter<br>Ranch Special<br>Revenue Fund | Rule 2305<br>Mitigation Fee<br>Alternate Fund | CARB SEP<br>Special Revenue<br>Fund | At Berth Reg<br>Remediation<br>Fund | US EPA<br>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>   |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

| <u>Assets</u>                                     | <u>Special Revenue</u><br>Rule 2305<br>Penalty Special<br>Revenue Fund | <u>Capital Project</u><br>Infrastructure<br>Improvement<br>Fund | <u>Debt</u><br>Service<br>Fund | <u>Component Unit</u><br>SCAQMD<br>Building<br>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> |
| <br><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>     |
| <br><u>Deferred Inflow of Resources</u>           |  |   |                                |  |                       |
| Long-term receivables                             | -  | -   | -                              | -  | 22,620                |
| <br>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> |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue    |   |                                   |                                    |   |
|--|--------------------|---|-----------------------------------|------------------------------------|---|
|  | Air Toxics<br>Fund | Advanced Tech<br>Outreach &<br>Education Fund | Air Quality<br>Assistance<br>Fund | Air Quality<br>Improvement<br>Fund | Mobile Sources<br>Air Pollution<br>Reduction Fund |
| <b>Revenues:</b>   |                    |   |                                   |                                    |   |
| 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                | -   | -                                 | -                                  | -   |
| <b>Total revenues</b>  | <b>299,300</b>     | <b>15,745,252</b>                             | <b>75,977</b>                     | <b>95,136</b>                      | <b>21,438,481</b>                                 |
| <b>Expenditures:</b>   |                    |   |                                   |                                    |   |
| 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   | -                  | -   | -                                 | -                                  | -   |
| <b>Debt service:</b>   |                    |   |                                   |                                    |   |
| Principal  | -                  | -   | -                                 | -                                  | -   |
| Interest   | -                  | -   | -                                 | -                                  | -   |
| <b>Total expenditures</b>  | <b>12,399</b>      | <b>16,874,635</b>                             | <b>-</b>                          | <b>-</b>                           | <b>14,445,928</b>                                 |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | 286,901            | (1,129,383)                                   | 75,977                            | 95,136                             | 6,992,553   |
| <b>Other Financing Sources (uses):</b>   |                    |   |                                   |                                    |   |
| Transfers in   | -                  | -   | -                                 | -                                  | -   |
| Transfers out  | -                  | -   | -                                 | -                                  | -   |
| <b>Total other financing sources (uses)</b>                                      | <b>-</b>           | <b>-</b>                                      | <b>-</b>                          | <b>-</b>                           | <b>-</b>  |
| Net change in fund balance   | 286,901            | (1,129,383)                                   | 75,977                            | 95,136                             | 6,992,553   |
| 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   | 3,333,030          | 9,229,483                                     | 1,810,888                         | 62,215                             | 121,636,590                                       |
| Fund balances, June 30, 2025   | \$ 3,619,931       | \$ 8,100,100                                  | \$ 1,886,865                      | \$ 157,351                         | \$ 128,629,143                                    |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue           |                        |                              |                                    |                            |
|--|---------------------------|------------------------|------------------------------|------------------------------------|----------------------------|
|  | Air Quality<br>Investment | Clean Fuels<br>Program | Lower-Emission<br>School Bus | Zero Emission<br>Vehicle Incentive | AES Settlement<br>Projects |
|  | Fund                      | Fund                   | Fund                         | Fund                               | Fund                       |
| <b>Revenues:</b>   |                           |                        |                              |                                    |                            |
| 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>               |
| <b>Expenditures:</b>   |                           |                        |                              |                                    |                            |
| 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   | -                         | -                      | -                            | -                                  | -                          |
| <b>Debt service:</b>   |                           |                        |                              |                                    |                            |
| 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<br>over (under) expenditures<br>before transfers | <u>4,119,546</u>          | <u>9,906,259</u>       | <u>369,437</u>               | <u>28,888</u>                      | <u>(59,942)</u>            |
| <b>Other Financing Sources (uses):</b>   |                           |                        |                              |                                    |                            |
| 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<br>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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue                         |                          |                             |                                       |
|--|---|--------------------------|-----------------------------|---------------------------------------|
|  | Rule 1309.1<br>Priority<br>Reserve Fund | CARB ERC<br>Bank<br>Fund | LADWP<br>Settlement<br>Fund | State-Emissions<br>Mitigation<br>Fund |
| <b>Revenues:</b>   |   |                          |                             |                                       |
| 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                                 |
| <b>Expenditures:</b>   |   |                          |                             |                                       |
| 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   | -                                       | -                        | -                           | -                                     |
| <b>Debt service:</b>   |   |                          |                             |                                       |
| Principal  | -                                       | -                        | -                           | -                                     |
| Interest   | -                                       | -                        | -                           | -                                     |
| Total expenditures   | 175,109                                 | 323,000                  | -                           | -                                     |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | 25,961                                  | (306,749)                | 489,574                     | 4,452                                 |
| <b>Other Financing Sources (uses):</b>   |   |                          |                             |                                       |
| 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   | 5,320,566                               | 643,229                  | 24,100                      | 117,809                               |
| Fund balances, June 30, 2025   | \$ 5,346,527                            | \$ 336,480               | \$ 513,674                  | \$ 122,261                            |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2025**

|  | Special Revenue              |                                     |   |  |                                    |
|--|------------------------------|-------------------------------------|---|--|------------------------------------|
|  | State BUG<br>Program<br>Fund | Rule 1173<br>Mitigation Fee<br>Fund | CBE/OCE<br>Settlement<br>Agreement Fund | BP ARCO<br>Settlements<br>Project Fund | Health Effects<br>Research<br>Fund |
| <b>Revenues:</b>   |                              |                                     |   |  |                                    |
| 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   | 947                          | 744,612                             | -                                       | 25,049                                 | 189,528                            |
| <b>Expenditures:</b>   |                              |                                     |   |  |                                    |
| 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   | -                            | -                                   | -                                       | -                                      | -                                  |
| <b>Debt service:</b>   |                              |                                     |   |  |                                    |
| Principal  | -                            | -                                   | -                                       | -                                      | -                                  |
| Interest   | -                            | -                                   | -                                       | -                                      | -                                  |
| Total expenditures   | -                            | -                                   | 10,000                                  | -                                      | -                                  |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | 947                          | 744,612                             | (10,000)                                | 25,049                                 | 189,528                            |
| <b>Other Financing Sources (uses):</b>   |                              |                                     |   |  |                                    |
| Transfers in   | -                            | -                                   | -                                       | -                                      | -                                  |
| Transfers out  | -                            | -                                   | -                                       | (206,000)                              | -                                  |
| Total other financing sources (uses)   | -                            | -                                   | -                                       | (206,000)                              | -                                  |
| Net change in fund balance   | 947                          | 744,612                             | (10,000)                                | (180,951)                              | 189,528                            |
| 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   | 25,052                       | 3,158,889                           | 210,183                                 | 680,150                                | 5,015,687                          |
| Fund balances, June 30, 2025   | \$ 25,999                    | \$ 3,903,501                        | \$ 200,183                              | \$ 499,199                             | \$ 5,205,215                       |

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue                            |  |                                 |                      |                                    |
|--|--|--|---------------------------------|----------------------|------------------------------------|
|  | CEQA Green<br>House Gas<br>Mitigation Fund | Emission<br>Reduction and<br>Outreach Fund | Rule 1118<br>Mitigation<br>Fund | HEROS II<br>Fund     | AB 1318<br>Mitigation Fees<br>Fund |
| <b>Revenues:</b>   |  |  |                                 |                      |                                    |
| 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   | <u>5,402</u>                               | <u>39</u>                                  | <u>808,627</u>                  | <u>11,057,157</u>    | <u>116,851</u>                     |
| <b>Expenditures:</b>   |  |  |                                 |                      |                                    |
| 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   | -  | -  | -                               | -                    | -                                  |
| <b>Debt service:</b>   |  |  |                                 |                      |                                    |
| Principal  | -  | -  | -                               | -                    | -                                  |
| Interest   | -  | -  | -                               | -                    | -                                  |
| Total expenditures   | <u>-</u>                                   | <u>-</u>                                   | <u>991,626</u>                  | <u>17,590,327</u>    | <u>-</u>                           |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | <u>5,402</u>                               | <u>39</u>                                  | <u>(182,999)</u>                | <u>(6,533,170)</u>   | <u>116,851</u>                     |
| <b>Other Financing Sources (uses):</b>   |  |  |                                 |                      |                                    |
| Transfers in   | -  | -  | -                               | 206,000              | -                                  |
| Transfers out  | -  | -  | -                               | (956,372)            | -                                  |
| Total other financing sources (uses)   | <u>-</u>                                   | <u>-</u>                                   | <u>-</u>                        | <u>(750,372)</u>     | <u>-</u>                           |
| Net change in fund balance   | <u>5,402</u>                               | <u>39</u>                                  | <u>(182,999)</u>                | <u>(7,283,542)</u>   | <u>116,851</u>                     |
| 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   | <u>142,960</u>                             | <u>1,031</u>                               | <u>21,785,988</u>               | <u>19,350,501</u>    | <u>3,092,587</u>                   |
| Fund balances, June 30, 2025   | <u>\$ 148,362</u>                          | <u>\$ 1,070</u>                            | <u>\$ 21,602,989</u>            | <u>\$ 12,066,959</u> | <u>\$ 3,209,438</u>                |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2025**

|  | Special Revenue      |                     |                     |                   |                       |
|--|----------------------|---------------------|---------------------|-------------------|-----------------------|
|  | Voucher Incentive    | Advanced            | Rule 1470           | Rule 1420.1       | Rule 1304.1           |
|  | Program (VIP)        | Technology Goods    | Risk Reduction      | Special Revenue   | Special Revenue       |
|  | Fund                 | Movement 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<br>over (under) expenditures<br>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<br>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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue                                   |  |   |                           |   |
|--|---|--|---|---------------------------|---|
|  | GHG Reduction<br>Projects Special<br>Revenue Fund | ExxonMobil<br>Settlements Projects<br>Special Rev Fund | LADWP<br>Variance Special<br>Revenue Fund | Air<br>Filtration<br>Fund | SoCal Gas<br>Settlement Special<br>Revenue Fund |
| <b>Revenues:</b>   |   |  |   |                           |   |
| 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>                                    |
| <b>Expenditures:</b>   |   |  |   |                           |   |
| 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   | -   | -  | -   | -                         | -   |
| <b>Debt service:</b>   |   |  |   |                           |   |
| Principal  | -   | -  | -   | -                         | -   |
| Interest   | -   | -  | -   | -                         | -   |
| Total expenditures   | <u>9,040,095</u>                                  | <u>-</u>   | <u>-</u>                                  | <u>17,550</u>             | <u>-</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | <u>(5,334,767)</u>                                | <u>7,587</u>   | <u>49,686</u>                             | <u>40,494</u>             | <u>2,961</u>                                    |
| <b>Other Financing Sources (uses):</b>   |   |  |   |                           |   |
| 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<br>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>                                |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2025**

|  | Special Revenue                      |  |                                   |  |  |
|--|--------------------------------------|--|-----------------------------------|--|--|
|  | Rule 1180<br>Special<br>Revenue Fund | VW Mitigation<br>Special<br>Revenue Fund | Prop 1B<br>Goods Movement<br>Fund | Clean Shipping<br>Tech Demos<br>Special Rev Fund | Aliso Canyon Air<br>Filtration Special<br>Revenue Fund |
| <b>Revenues:</b>   |                                      |  |                                   |  |  |
| 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                            | -  | -                                 | -  | -  |
| <b>Total revenues</b>  | <b>4,938,232</b>                     | <b>-</b>                                 | <b>1,913,791</b>                  | <b>59,067</b>                                    | <b>205,582</b>   |
| <b>Expenditures:</b>   |                                      |  |                                   |  |  |
| 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   | -                                    | -  | -                                 | -  | -  |
| <b>Debt service:</b>   |                                      |  |                                   |  |  |
| Principal  | -                                    | -  | -                                 | -  | -  |
| Interest   | -                                    | -  | -                                 | -  | -  |
| <b>Total expenditures</b>  | <b>-</b>                             | <b>-</b>                                 | <b>2,300,000</b>                  | <b>879,500</b>                                   | <b>347,507</b>   |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | 4,938,232                            | -  | (386,209)                         | (820,433)  | (141,925)  |
| <b>Other Financing Sources (uses):</b>   |                                      |  |                                   |  |  |
| Transfers in   | -                                    | -  | -                                 | 666,667  | -  |
| Transfers out  | (3,137,326)                          | -  | -                                 | (117,469)  | (180,724)  |
| <b>Total other financing sources (uses)</b>                                      | <b>(3,137,326)</b>                   | <b>-</b>                                 | <b>-</b>                          | <b>549,198</b>                                   | <b>(180,724)</b>                                       |
| <b>Net change in fund balance</b>  | <b>1,800,906</b>                     | <b>-</b>                                 | <b>(386,209)</b>                  | <b>(271,235)</b>                                 | <b>(322,649)</b>                                       |
| Fund balances, July 1, 2024, as<br>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  |
| <b>Fund balances, June 30, 2025</b>  | <b>\$ 1,870,090</b>                  | <b>\$ -</b>                              | <b>\$ 50,855,389</b>              | <b>\$ 388,734</b>                                | <b>\$ 5,247,046</b>                                    |

Continued

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

|  | Special Revenue                                    |   |                                     |                                     |                     |
|--|--|---|-------------------------------------|-------------------------------------|---------------------|
|  | Aliso Fund Porter<br>Ranch Special<br>Revenue Fund | Rule 2305<br>Mitigation Fee<br>Alternate Fund | CARB SEP<br>Special Revenue<br>Fund | At Berth Reg<br>Remediation<br>Fund | US EPA<br>CPRG Fund |
| <b>Revenues:</b>   |  |   |                                     |                                     |                     |
| 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>          |
| <b>Expenditures:</b>   |  |   |                                     |                                     |                     |
| 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   | -  | -   | -                                   | -                                   | -                   |
| <b>Debt service:</b>   |  |   |                                     |                                     |                     |
| 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<br>over (under) expenditures<br>before transfers | <u>(302,772)</u>                                   | <u>31,006,670</u>                             | <u>50,881</u>                       | <u>19,271,731</u>                   | <u>663</u>          |
| <b>Other Financing Sources (uses):</b>   |  |   |                                     |                                     |                     |
| 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>       |

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2025**

|  | Special Revenue   | Capital Project   |                     | Component Unit    |                       |
|--|-------------------|-------------------|---------------------|-------------------|-----------------------|
|  | Rule 2305         | Infrastructure    | Debt                | SCAQMD            |                       |
|  | Penalty Special   | Improvement       | Service             | Building          |                       |
|  | Revenue Fund      | Fund              | Fund                | Corporation       | Total                 |
| <b>Revenues:</b>   |                   |                   |                     |                   |                       |
| 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>    |
| <b>Expenditures:</b>   |                   |                   |                     |                   |                       |
| 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   | -                 | -                 | -                   | -                 | -                     |
| <b>Debt service:</b>   |                   |                   |                     |                   |                       |
| Principal  | -                 | -                 | -                   | -                 | -                     |
| Interest   | -                 | -                 | -                   | -                 | -                     |
| Total expenditures   | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>3,870</u>      | <u>70,340,540</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before transfers | <u>587,865</u>    | <u>83,760</u>     | <u>251,348</u>      | <u>3,874</u>      | <u>70,024,385</u>     |
| <b>Other Financing Sources (uses):</b>   |                   |                   |                     |                   |                       |
| 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.

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

|   | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                    | 2024                    | 2025                    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| <b>Governmental Activities:</b>                         |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| 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<br>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<br>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> |
| <b>Business-type Activities:*</b>                       |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| Unrestricted  | \$ 1,235,284          | \$ 1,253,178          | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                    | \$ -                    | \$ -                    |
| Total business-type activities net<br>position          | <u>\$ 1,235,284</u>   | <u>\$ 1,253,178</u>   | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ -</u>             |
| <b>Primary Government:</b>                              |                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |
| 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<br>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<br>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 Activates section reports transactions relating to the CNG fueling station. The CNG fueling station was closed in fiscal year 2017-2018.

## Schedule 2

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

|   | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenses</b>                                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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           |
| <b>Total governmental activities expenses</b>       | <b>\$ 214,485,609</b> | <b>\$ 240,519,877</b> | <b>\$ 248,019,533</b> | <b>\$ 327,515,357</b> | <b>\$ 387,268,726</b> | <b>\$ 433,443,666</b> | <b>\$ 302,062,209</b> | <b>\$ 315,681,977</b> | <b>\$ 321,964,564</b> | <b>\$ 357,844,495</b> |
| <b>Business-type Activities:*</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| CNG fueling station                                 | \$ 117,675            | \$ 128                | \$ 31                 | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| <b>Total business-type activities expenses</b>      | <b>117,675</b>        | <b>128</b>            | <b>31</b>             | <b>-</b>              |
| <b>Total primary government expenses</b>            | <b>\$ 214,603,284</b> | <b>\$ 240,520,005</b> | <b>\$ 248,019,564</b> | <b>\$ 327,515,357</b> | <b>\$ 387,268,726</b> | <b>\$ 433,443,666</b> | <b>\$ 302,062,209</b> | <b>\$ 315,681,977</b> | <b>\$ 321,964,564</b> | <b>\$ 357,844,495</b> |
| <b>Program Revenues</b>                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Fees and Charges</b>                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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           |
| <b>Total governmental activities prog. revenues</b> | <b>\$ 237,432,896</b> | <b>\$ 344,436,689</b> | <b>\$ 311,749,205</b> | <b>\$ 423,427,150</b> | <b>\$ 439,286,339</b> | <b>\$ 438,678,985</b> | <b>\$ 503,217,033</b> | <b>\$ 366,751,231</b> | <b>\$ 619,289,997</b> | <b>\$ 478,830,843</b> |

## Schedule 2

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

|   | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Business-type Activities:*</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| CNG fueling station   | \$ 229,005            | \$ 18,022             | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Total business-type activities prog. revenues                                   | <u>229,005</u>        | <u>18,022</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> |
| <b>Net (Expense) Revenue</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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>              |
| 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> |
| <b>General Revenues and Other Changes in Net Position</b>                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Grants and subventions not restricted<br>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>              |
| 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>  |
| <b>Change in Net Position</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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>              |
| 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.

### Schedule 3

## Fund Balances of Governmental Funds

### Last Ten Fiscal Years

**(modified accrual basis of accounting)**

|   | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                    | 2023                    | 2024                    | 2025                    |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>General Fund</b>                       |                       |                       |                       |                       |                       |                       |                         |                         |                         |                         |
| Nondspendable                             | \$ 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              |
| <b>Total general fund</b>                 | <b>\$ 44,192,913</b>  | <b>\$ 52,491,499</b>  | <b>\$ 66,055,806</b>  | <b>\$ 71,024,318</b>  | <b>\$ 84,537,226</b>  | <b>\$ 89,738,802</b>  | <b>\$ 93,821,307</b>    | <b>\$ 100,068,068</b>   | <b>\$ 106,359,568</b>   | <b>\$ 114,879,870</b>   |
| <b>All Other Governmental Funds</b>       |                       |                       |                       |                       |                       |                       |                         |                         |                         |                         |
| 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)                |
| <b>Total all other governmental funds</b> | <b>\$ 496,239,108</b> | <b>\$ 607,438,908</b> | <b>\$ 676,857,257</b> | <b>\$ 786,115,419</b> | <b>\$ 850,523,778</b> | <b>\$ 892,386,082</b> | <b>\$ 1,076,293,986</b> | <b>\$ 1,134,391,758</b> | <b>\$ 1,432,415,844</b> | <b>\$ 1,551,160,252</b> |

## Schedule 4

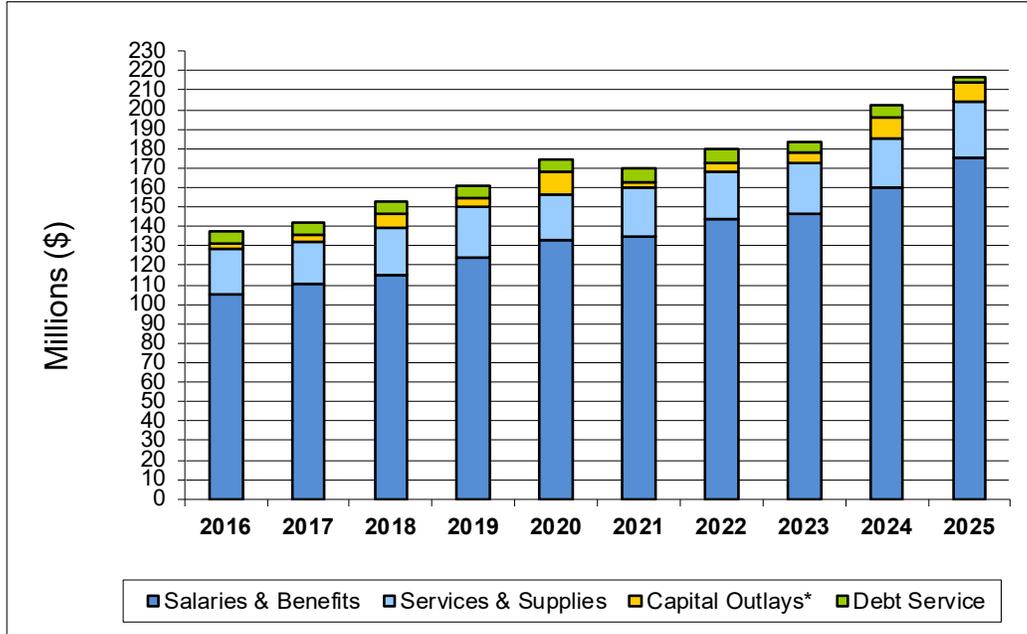
### Changes in Fund Balances of Governmental Funds

#### Last Ten Fiscal Years

#### (modified accrual basis of accounting)

|   | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues:</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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            |
| <b>Total revenues</b>                                     | <b>\$ 247,581,469</b> | <b>\$ 361,100,883</b> | <b>\$ 331,140,503</b> | <b>\$ 436,887,945</b> | <b>\$ 457,558,496</b> | <b>\$ 449,015,661</b> | <b>\$ 514,696,713</b> | <b>\$ 381,682,687</b> | <b>\$ 637,833,850</b> | <b>\$ 506,211,050</b> |
| <b>Expenditures:</b>                                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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               | 649,515               | 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             |
| <b>Debt service:</b>                                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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               |
| <b>Total expenditures</b>                                 | <b>\$ 223,860,364</b> | <b>\$ 241,602,497</b> | <b>\$ 249,410,994</b> | <b>\$ 322,661,271</b> | <b>\$ 379,637,229</b> | <b>\$ 401,951,781</b> | <b>\$ 329,337,792</b> | <b>\$ 320,210,830</b> | <b>\$ 336,171,554</b> | <b>\$ 381,437,718</b> |
| 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           |
| <b>Other financing sources (uses):</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| 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             |
| <b>Net change in fund balances</b>                        | <b>\$ 23,721,105</b>  | <b>\$ 119,498,386</b> | <b>\$ 82,982,656</b>  | <b>\$ 114,226,674</b> | <b>\$ 77,921,267</b>  | <b>\$ 47,063,880</b>  | <b>\$ 187,990,409</b> | <b>\$ 64,344,533</b>  | <b>\$ 304,315,586</b> | <b>\$ 127,264,712</b> |
| 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%                  |

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



| Year | Salaries & Benefits | Services & Supplies | Capital Outlays* | Debt Service | Total Expenditures |
|------|---------------------|---------------------|------------------|--------------|--------------------|
| 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        |

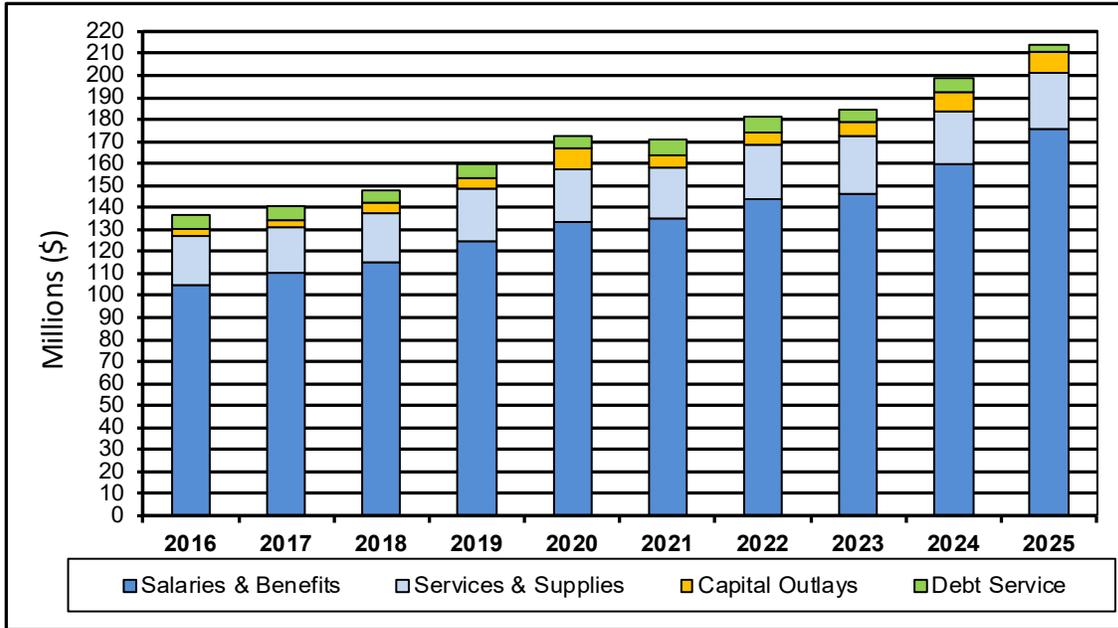
\*For year 2015-2023, capital outlays do not include GASB 87 leases and GASB 96 SBITA

See Notes Associated with Financial Charts page 112

Source:

South Coast Air Quality Management District Audited Financial Statements

**Schedule 6**  
**Expenditures by Major Object**  
**General Fund (GAAP Basis)**  
**Last Ten Fiscal Years**



| Year | Salaries & Benefits | Services & Supplies | Capital Outlays | Debt Service | Total Expenditures |
|------|---------------------|---------------------|-----------------|--------------|--------------------|
| 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

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

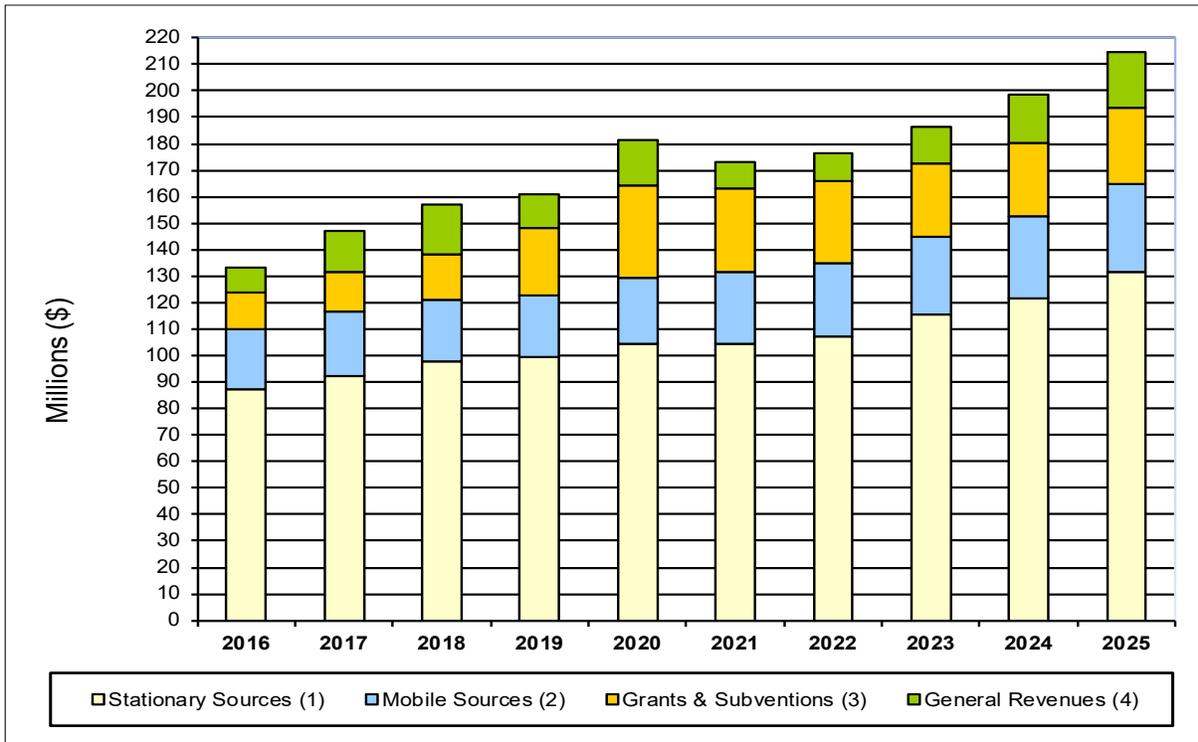
| <u>Fiscal Year</u> | <u>Pension Obligation Bonds</u> | <u>Lease Liability</u> | <u>Subscription Liability</u> | <u>Total Primary Government</u> | <u>Percentage of Total Revenues (*)</u> | <u>Number of Customers</u> | <u>Per Customer</u> |
|--------------------|---------------------------------|------------------------|-------------------------------|---------------------------------|---|----------------------------|---------------------|
| 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.

**Schedule 8**  
**Revenues by Major Source**  
**General Fund**  
**Last Ten Fiscal Years**



| Year | Stationary Sources (1) | Mobile Sources (2) | Grants & Subventions (3) | General Revenues (4) | Total Revenues |
|------|------------------------|--------------------|--------------------------|----------------------|----------------|
| 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

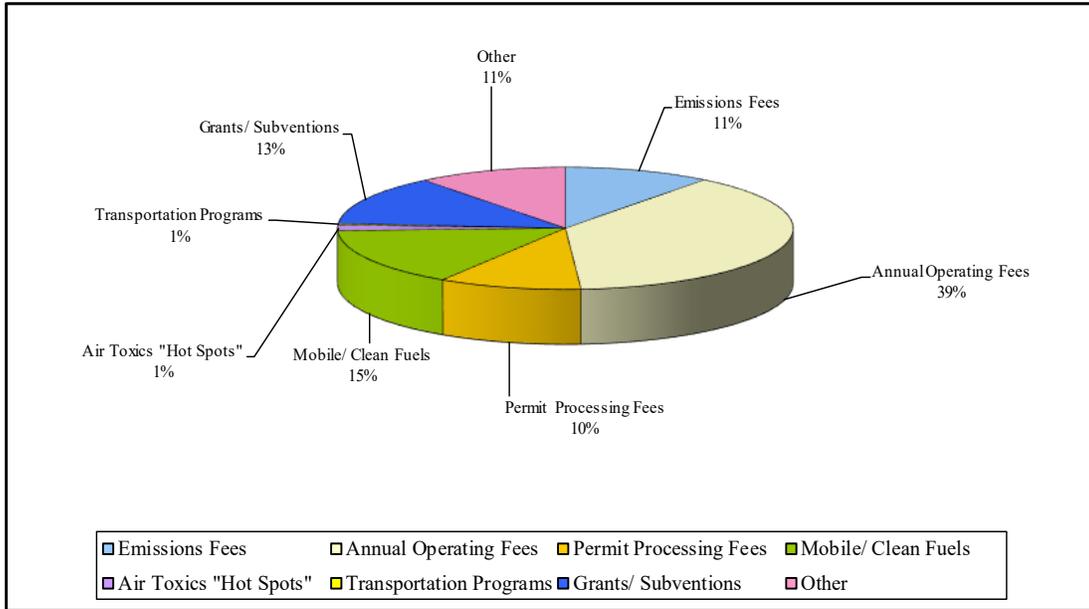
(3) Includes State Subventions, State Grants and Federal Grants

(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

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



| Fee Source Revenue |                |                       |                        |                     |                        |                         |                     |               |                |
|--------------------|----------------|-----------------------|------------------------|---------------------|------------------------|-------------------------|---------------------|---------------|----------------|
| Year               | Emissions Fees | Annual Operating Fees | Permit Processing Fees | Mobile/ Clean Fuels | Air Toxics "Hot Spots" | Transportation Programs | Grants/ Subventions | Other         | Total          |
| 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    |

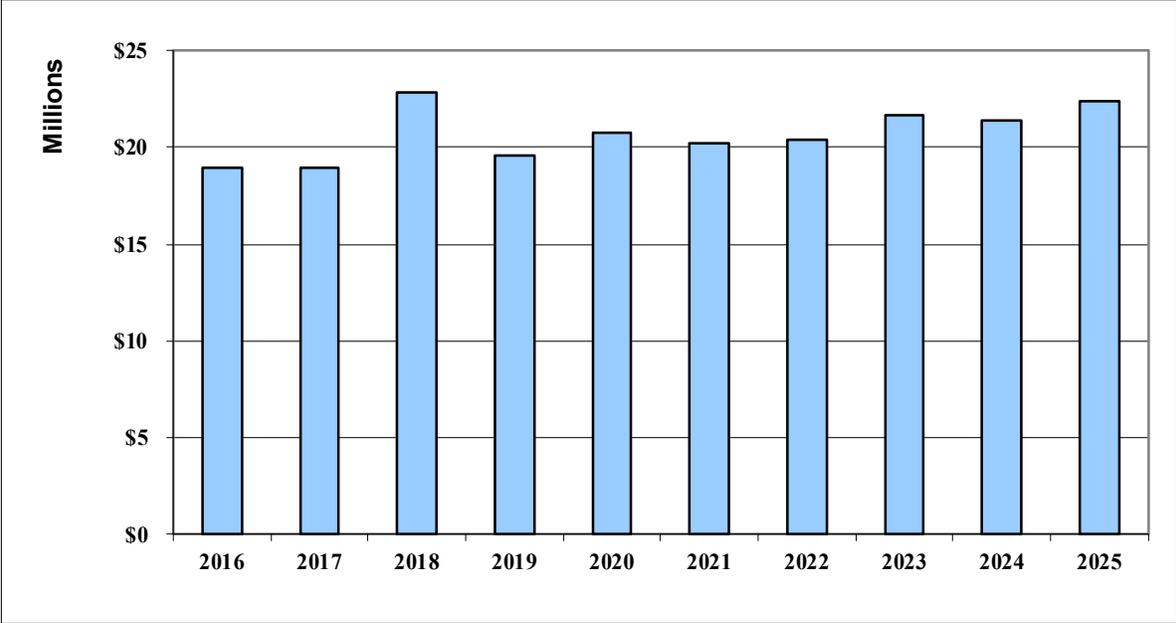
\* Other includes Area Sources, Penalties and Settlements, Interest, Source Test/Analysis Fees, Lease Revenue, Hearing Board, Other Revenue and Subscriptions.

See Notes Associated with Financial Charts page 114

Source:

South Coast Air Quality Management District Audited Financial Statements

**Schedule 10**  
**Emission Fee Revenues**  
**Last Ten Fiscal Years**



| 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.

## Notes Associated with Financial Charts

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- 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.

## Notes Associated with Financial Charts

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- 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.

## Notes Associated with Financial Charts

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- 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.

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

| 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%                    |
| <b>Total Paid by Largest Payers at a Single Location</b>                   | <b>\$ 12,082,876</b> |      | <b>54.2%</b>            | <b>\$ 11,490,503</b> |      | <b>57.9%</b>            |
| <b>Total Emissions Based Fees Paid by All Emitters</b>                     | <b>\$ 22,294,782</b> |      |                         | <b>\$ 19,838,979</b> |      |                         |

\*Located at separate sites.

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

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

Measuring 4,084 square miles, **Los Angeles County** is one of the nation's largest counties. It is the most populated county in the state of California and contains the most populated city in the state, the City of Los Angeles. Before World War II, Los Angeles County was one of the nation's foremost agricultural producers. As agricultural production declined, the economy has evolved into diverse areas that include trade, transportation, and utilities, government, educational and health services, professional and business services, and manufacturing. Tourism and entertainment as well as international trade also play a vital role in the county's economy. The county is home to the twin seaports of Los Angeles and Long Beach, together the nation's largest, as well as the single largest fixed source of air pollution in the region. The two ports are responsible for more smog-forming nitrogen oxide emissions than 6 million passenger cars.

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

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

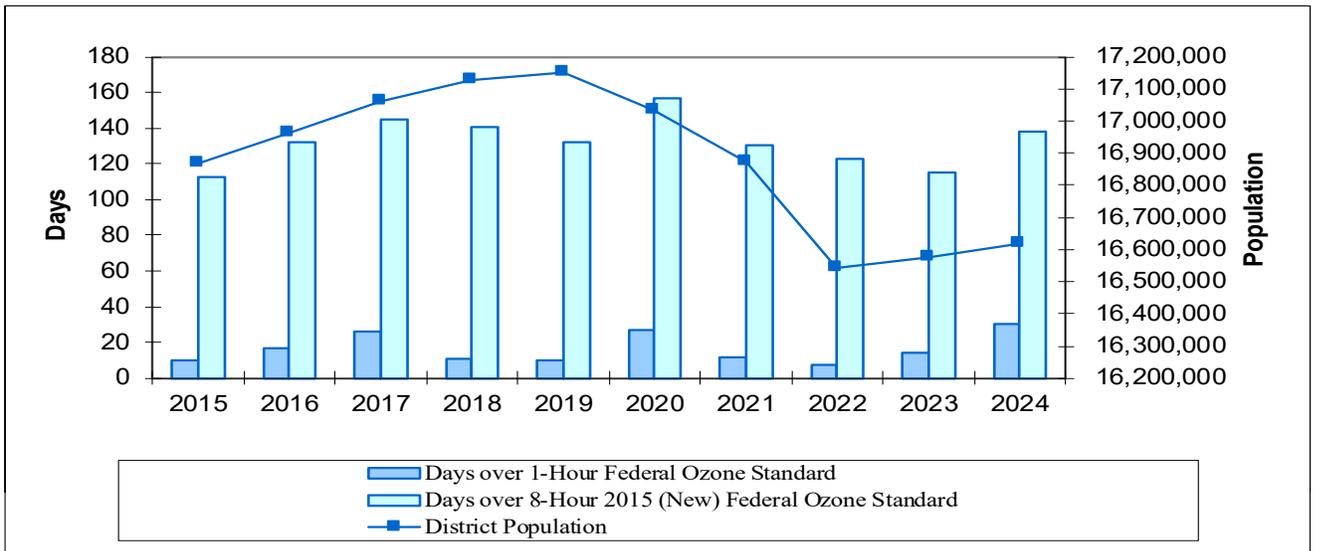
Roughly 90 percent of **San Bernardino County** is desert and the remaining portion consists of the San Bernardino Valley and San Bernardino Mountains. San Bernardino County and Riverside County are collectively known as the Inland Empire. San Bernardino population growth from 2025 to 2030 is expected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

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

## Schedule 12

### South Coast Air Basin Smog Trend

#### Last Ten Calendar Years



| Year | Days over 1-Hour Federal Ozone Standard | Days over 8-Hour 2015 (New) Federal Ozone Standard | District Population |
|------|---|--|---------------------|
| 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          |

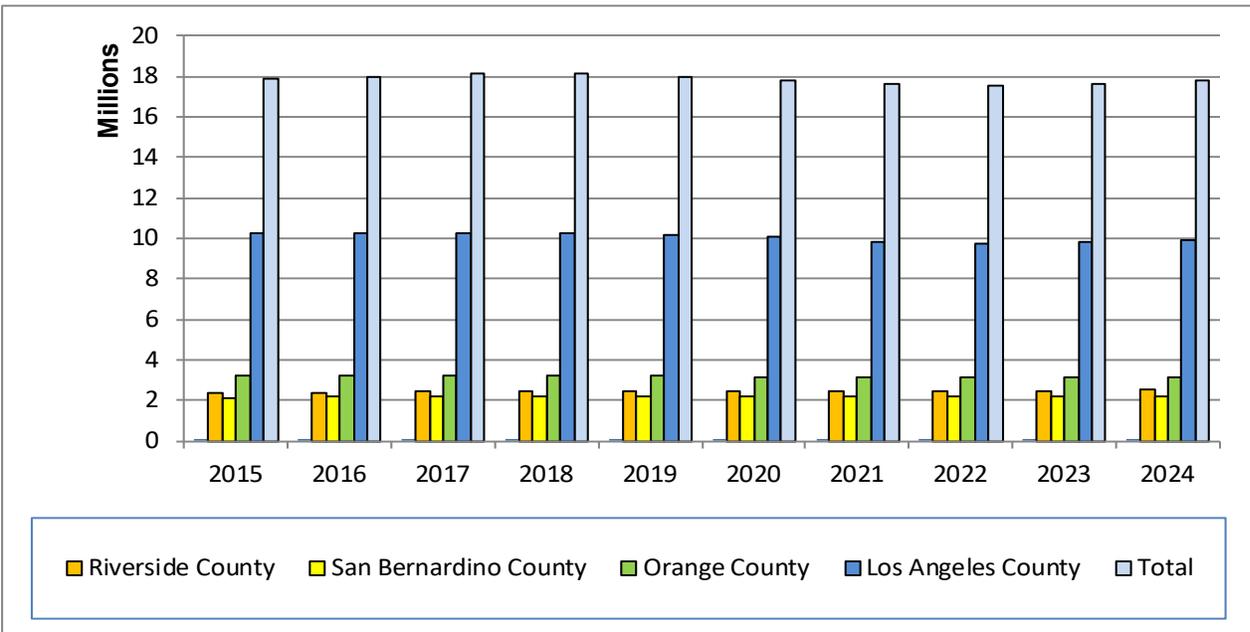
**Notes:**

- 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](http://www.aqmd.gov)); State Subvention Guidance.

## Schedule 13 Four-County Area Population Last Ten Calendar Years



| Year | Riverside County | San Bernardino County | Orange County | Los Angeles County | Total      | % Increase |
|------|------------------|-----------------------|---------------|--------------------|------------|------------|
| 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.

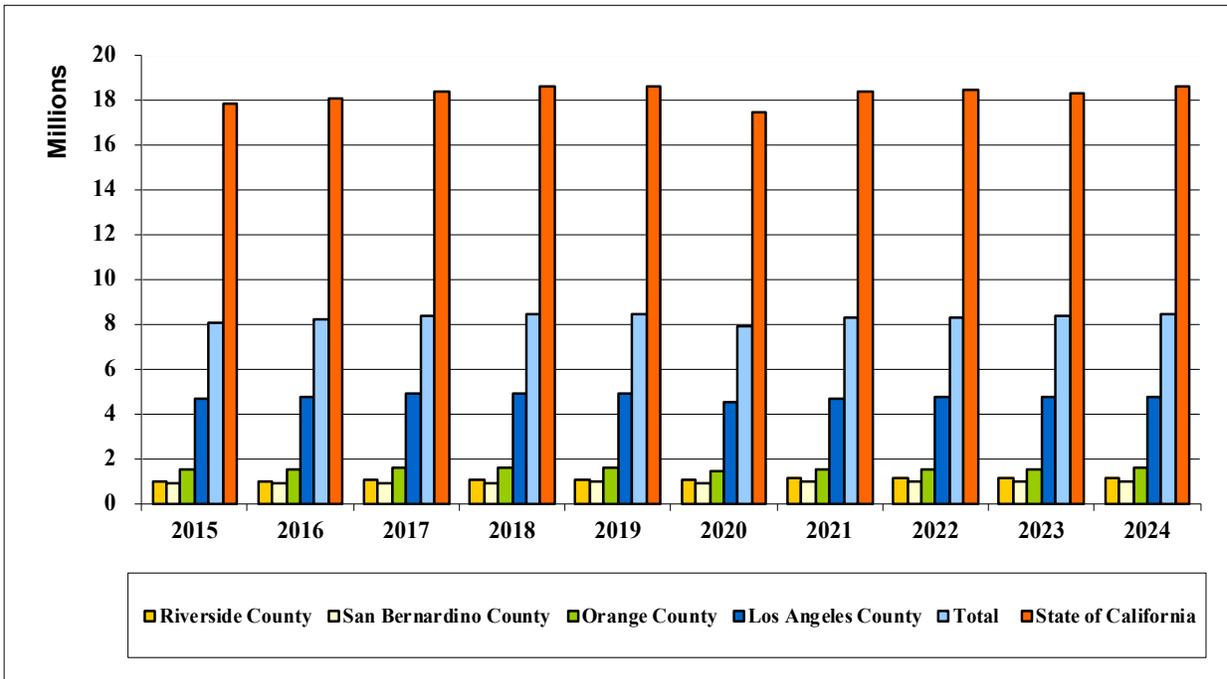
Source:

California Department of Finance - Demographic Research Unit

[www.dof.ca.gov/budgeting/documents](http://www.dof.ca.gov/budgeting/documents)

## Schedule 14

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



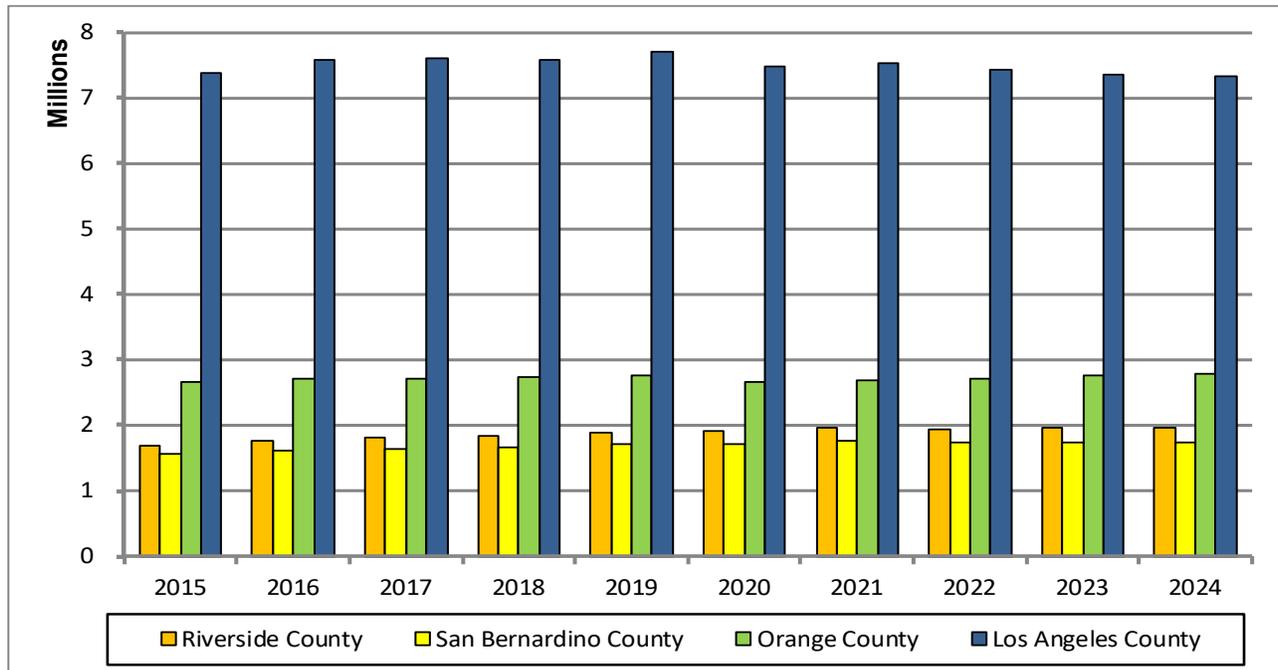
| Year | Riverside County | San Bernardino County | Orange County | Los Angeles County | Total     | State of California |
|------|------------------|-----------------------|---------------|--------------------|-----------|---------------------|
| 2015 | 965,500          | 866,800               | 1,525,600     | 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](http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis)

**Schedule 15**  
**Vehicle Registrations (Automobiles & Trucks)**  
**For Four County Area**  
**Last Ten Calendar Years**



| Year | Riverside County | San Bernardino County | Orange County | Los Angeles County | Total District |
|------|------------------|-----------------------|---------------|--------------------|----------------|
| 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

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

|   | 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         |
| <b>Total</b>                              | <b>681</b> | <b>702</b> | <b>728</b> | <b>736</b> | <b>783</b> | <b>779</b> | <b>774</b> | <b>848</b> | <b>913</b> | <b>932</b> |

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

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

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

## Schedule 17 Operating Indicators by Function Last Ten Fiscal Years

| <b>Program Category</b>                       | <b>2016</b>    | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021</b>    | <b>2022</b>    | <b>2023</b>    | <b>2024</b>   | <b>2025</b>    |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| <b>Advance Clean Air Technology</b>           |                |                |                |                |                |                |                |                |               |                |
| 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 |
| <b>Ensure Compliance with Clean Air Rules</b> |                |                |                |                |                |                |                |                |               |                |
| 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              |
| <b>Customer Service</b>                       |                |                |                |                |                |                |                |                |               |                |
| 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          |
| <b>Develop Programs to Achieve Clean Air</b>  |                |                |                |                |                |                |                |                |               |                |
| 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          |
| <b>Develop Rules to Achieve Clean Air</b>     |                |                |                |                |                |                |                |                |               |                |
| Rules Developed                               | 16             | 15             | 28             | 44             | 14             | 19             | 32             | 28             | 32            | 29             |
| <b>Monitoring Air Quality</b>                 |                |                |                |                |                |                |                |                |               |                |
| 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            |
| <b>Timely Review of Permits</b>               |                |                |                |                |                |                |                |                |               |                |
| 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          |
| <b>Policy Support</b>                         |                |                |                |                |                |                |                |                |               |                |
| 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.

Source: South Coast AQMD departments' records

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

|  | <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> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b><u>Function/Program</u></b>   |             |             |             |             |             |             |             |             |             |             |
| <b>Ensure Compliance with Clean Air Rules</b>  |             |             |             |             |             |             |             |             |             |             |
| Number of vehicles assigned to field inspection  | 100         | 98          | 100         | 97          | 105         | 98          | 96          | 100         | 117         | 114         |
| <b>Monitoring Air Quality</b>  |             |             |             |             |             |             |             |             |             |             |
| 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

# Demographic and Miscellaneous Statistics

## June 30, 2025

|  |   |
|--|---|
| <b>Established:</b>  | •February 1, 1977   |
| <b>Area Covered:</b>   | •10,743 Square Miles  |
| <b>Counties Included in District:</b>  | •All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties  |
| <b>Population (in 2024):</b>   | •16,620,312   |
| <b>Average Unemployment Rate (in 2024):</b>  | <ul style="list-style-type: none"> <li>•Los Angeles County (6.1%)</li> <li>•Orange County (4.1%)</li> <li>•Riverside County (5.5%)</li> <li>•San Bernardino County (5.4%)</li> </ul>  |
| <b>Transportation:</b>   | <ul style="list-style-type: none"> <li>•Two transcontinental railroads – Burlington Northern Santa Fe and the Union Pacific</li> <li>•Six Commercial Airports – Los Angeles International, Burbank, Long Beach, Ontario International, Orange County, and Palm Springs</li> <li>•Freeways – Three major interstate freeways including four bypass routes, U.S. 101, and nine State freeway routes</li> <li>•Two major adjoining ports – Port of Long Beach and Port of Los Angeles</li> </ul> |
| <b>Visitor Destinations:</b>   | •Disneyland, Knott's Berry Farm, Magic Mountain, Motion Picture and Television Studios and the Rose Bowl  |
| <b>Number of Registered Vehicles Within South Coast AQMD Jurisdiction (in 2024):</b> | •13,806,604   |
| <b>Average Daily Miles Traveled Per Vehicle (CY 2024 data):</b>                      | •26   |
| <b>Examples of Stationary Sources of Air Pollution Regulated:</b>                    | •Oil Refineries, power plants, paint spray booths, incinerators, manufacturing facilities, dry cleaners, and service stations.  |
| <b>Number of Sources:</b>  | •25,219 operating locations with 66,736 permits.  |
| <b>Number of Air Monitoring Stations:</b>  | •34   |
| <b>Full-Time Authorized Positions:</b>   | •1,034  |
| <b>Adopted FY 2025-26 Budget:</b>  | •\$219,628,245  |
| <b>Key Federal, State, and Local Air Agencies:</b>                                   | <ul style="list-style-type: none"> <li>•EPA Region IX (Environmental Protection Agency)</li> <li>•CARB (California Air Resources Board)</li> <li>•CAPCOA (California Air Pollution Control Officer's Association)</li> <li>•NACAA (National Association of Clean Air Agencies)</li> <li>•ALAPCO (Association of Local Air Pollution Control Officials)</li> <li>•There are 35 local air pollution control districts in California.</li> </ul>   |

# 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

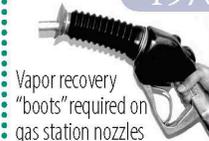
Federal Clean Air Act enacted, establishing the basic U.S. program for controlling air pollution



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  
Air Quality Management District**

21865 Copley Drive  
Diamond Bar, CA 91765-4178

[www.aqmd.gov](http://www.aqmd.gov)