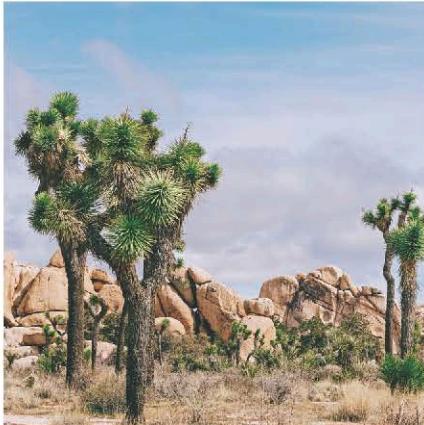




Popular Annual Financial Report

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

Popular Annual Financial Report
Year Ended June 30, 2025

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

June 30, 2025

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

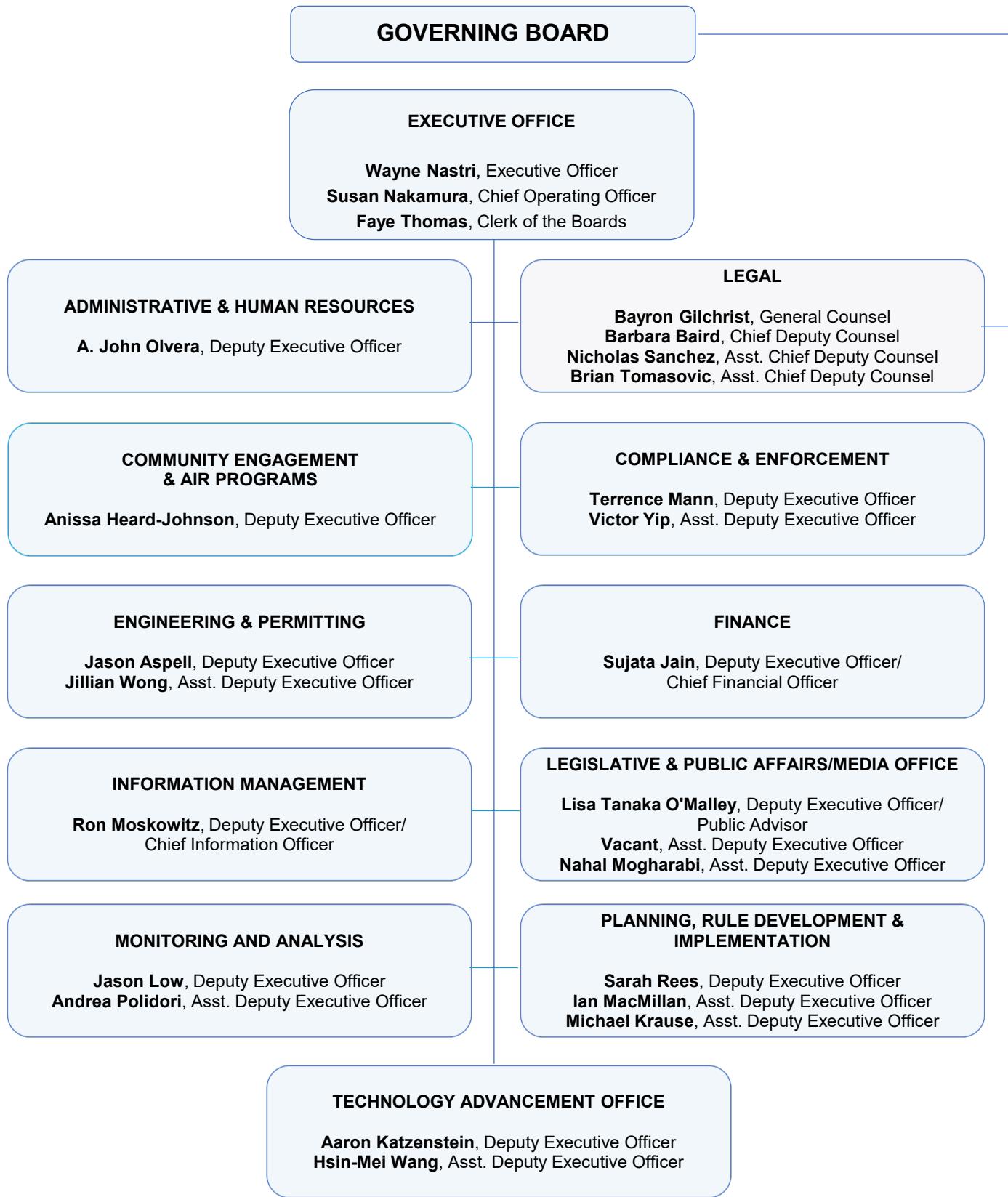
Cities of Orange County Representative

VACANT

Governor's Representative

South Coast Air Quality Management District, California

Organization Chart June 30, 2025



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

A Note From The Chief Financial Officer

June 30, 2025

We are pleased to present the South Coast Air Quality Management District's (South Coast AQMD) Popular Annual Financial Report for the fiscal year ended June 30, 2025. This report makes our South Coast AQMD's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

The Popular Annual Financial Report is intended to summarize the financial activities of South Coast AQMD and was drawn from the financial information appearing in the 2025 Annual Comprehensive Financial Report. The Popular Annual Financial Report is unaudited; however, the financial data presented in the Popular Annual Financial Report is derived from the Annual Comprehensive Financial Report and is consistent with generally accepted accounting principles. The Popular Annual Financial Report is also available on the South Coast AQMD's website at www.aqmd.gov/home/about/finance.

For more detailed financial information, or information on the South Coast AQMD's component unit (South Coast AQMD Building Corporation is not included in this document), a copy of the Annual Comprehensive Financial Report is available for interested users from our Finance office at 21865 Copley Drive, Diamond Bar, CA 91765. It is also available on the South Coast AQMD's website at www.aqmd.gov/home/about/finance.

Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Chief Financial Officer at (909) 396-2804 or at sjain@aqmd.gov.

Respectfully submitted,



Sujata Jain, CPA
Chief Financial Officer, Finance

ABOUT 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 approximately 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. Ten are elected officials. Of these, four are county supervisors representing Los Angeles, Orange, Riverside, and San Bernardino counties, elected to South Coast AQMD's Board by their Boards of Supervisors. Six are City Council members representing the cities in each county (because of its size, Los Angeles County has two representatives, elected by respective city selection committees, and the City of Los Angeles has one representative, selected by the Mayor of Los Angeles). The remaining three Board members are appointed by state elected officials; one by the Governor of California, one by the Speaker of the State Assembly and one by the State Senate Rules Committee.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Demographic and Miscellaneous Statistics June 30, 2025

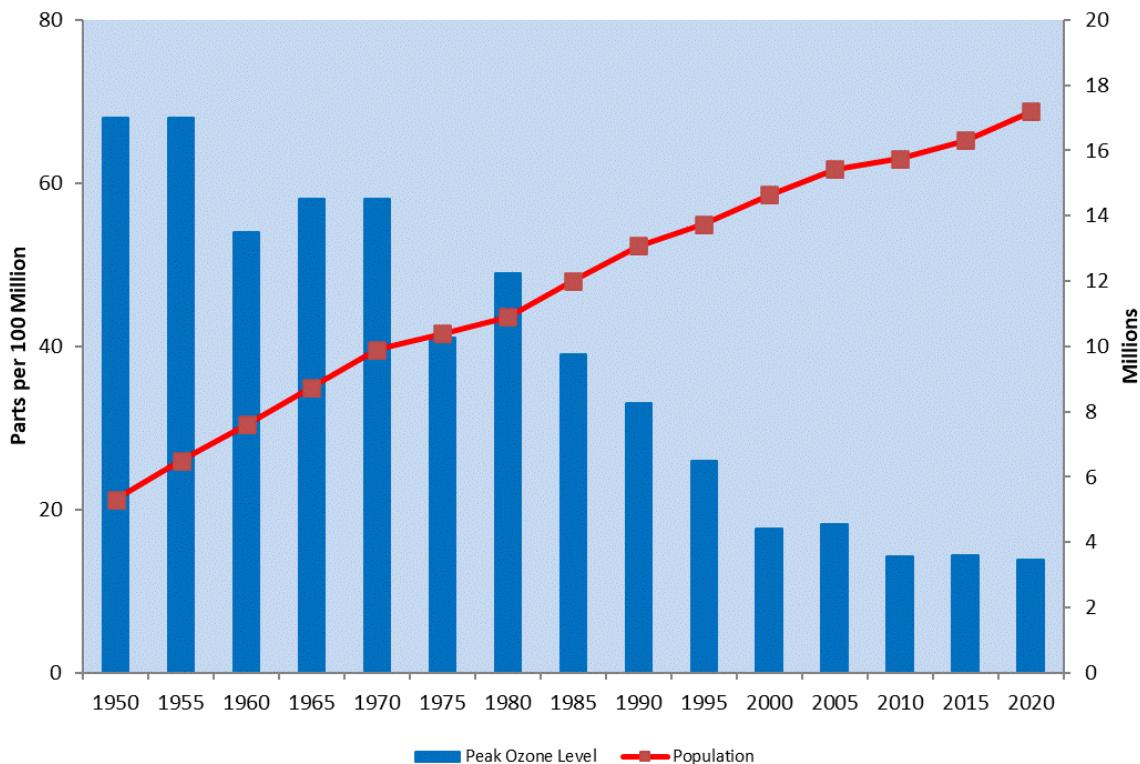
Established:	• February 1, 1977
Area Covered:	• 10,743 Square Miles
Counties Included in District:	• All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties
Population (in 2024):	• 16,620,312
Average Unemployment Rate (in 2024):	<ul style="list-style-type: none">• Los Angeles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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

70 Years of Progress In Reducing Ozone Levels

June 30, 2025

70 Years of Progress in Reducing Ozone Levels



Since the late 1940s, when the war on smog began, to 2020, the region's population has more than tripled from 4.8 million to 17.2 million; the number of motor vehicles has increased over six-fold from 2.3 million to over 14.1 million; and the area has grown into one of the most prosperous regions of the world. This phenomenal economic growth illustrates that pollution control and strong economic growth can coincide.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

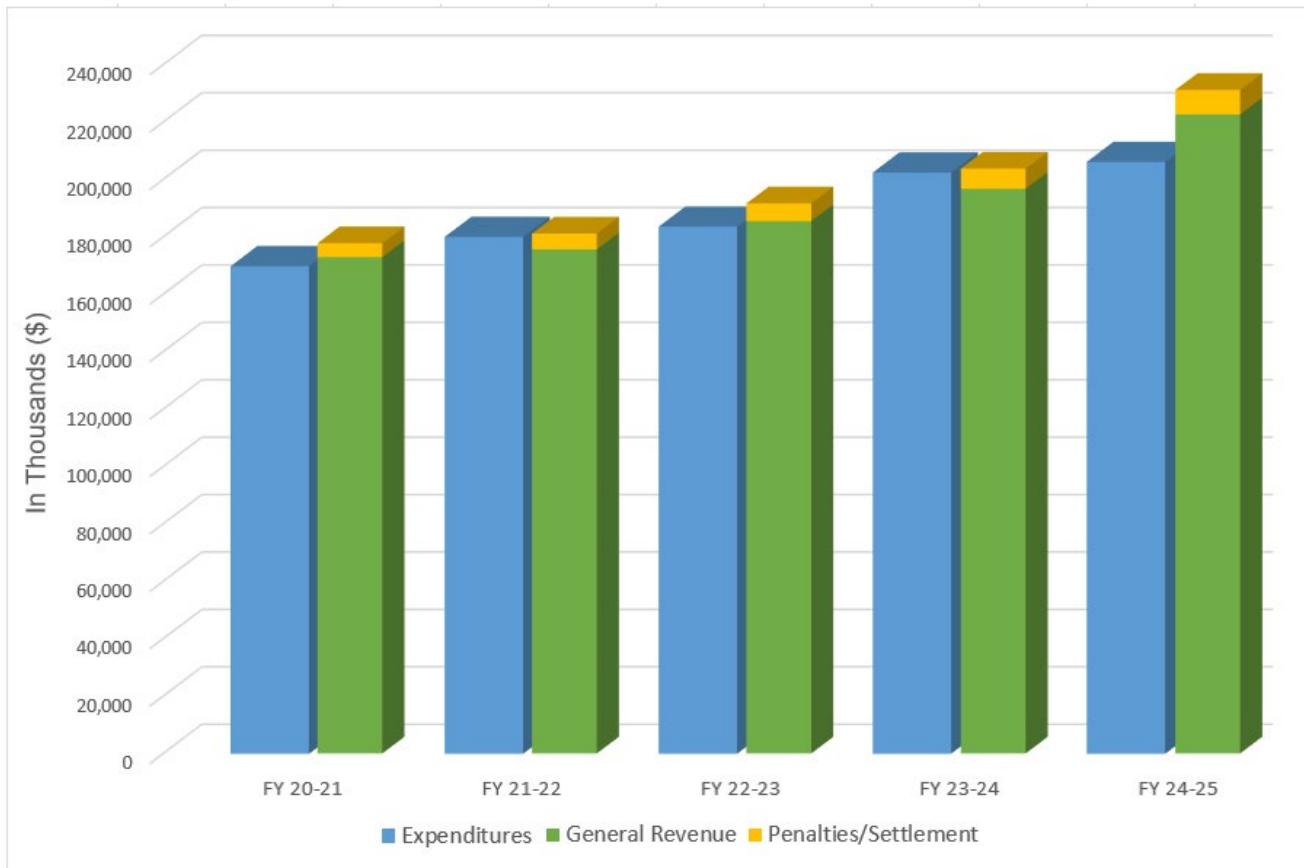
Goals and Priority Projects June 30, 2025

South Coast AQMD goals have many important objectives, but South Coast AQMD highlighted the following three priority projects which are identified as being critical to meeting South Coast AQMD's mission and goals in fiscal year 2024-2025:

GOAL	PERFORMANCE MEASUREMENT
Achieve Clean Air Standards 	<ol style="list-style-type: none">1. Adherence to development, adoption and implementation of Air Quality Management Plans (AQMP) by completing 6 rule adoptions and/or actions that result in achievements towards 2016 and 2022 AQMP emissions reductions.2. Secure \$250 Million funding sources for pollution reduction projects.3. Implementation of air monitoring and emissions reduction plans for the six AB617 designated communities.4. Ensure efficient air monitoring and laboratory operations by achieving acceptable valid data completion submitted to U.S. EPA before deadline.5. Complete 100% Title V Inspections.6. Increase permitting productions.7. Support development of cleaner advanced technology by funding \$10 Million of Clean Fuels program projects.8. Contract 50% of grant money within six months after receipt of funds.9. Begin air toxics monitoring at 10 fixed sites for MATES VI and conduct at least one MATES VI Technical Advisory Group meeting
Enhance Public Education and Equitable Treatment for All Communities 	<ol style="list-style-type: none">1. Evaluate and post results of 75% of low-cost air quality sensors that have reached the market.2. Conduct/participate in four community outreach events.3. Timely investigation of community complaints by contacting 100% of complainants by next business day.4. Increase impressions and engagement on posts and/or campaigns with a monthly average goal of 4,000 LinkedIn / 2,400 Instagram / 8,000 Facebook / 48,000 X impressions on posts.5. Developing and providing curriculum to school for educational outreach.6. Conduct / participate in at least 1 interagency coordination meeting per quarter and joint investigation with other governmental agencies.7. External outreach to Community event, training facilitation, YLAC and statewide stakeholder meeting
Operate Efficiently and Transparently 	<ol style="list-style-type: none">1. Ensure transparent governance by posting 100% of Committee and Board meeting agendas with materials which are made available to the public one week prior to the meeting.2. Posting 100% of Stakeholder and Working Group meeting agendas with materials made available to the public three days prior to the meeting.3. Conduct 24 equity-related events for all staff.4. Partner with Public agencies, stakeholder groups, and business by conducting 6 meetings of the Permit Streamlining Task Force subcommittee and stakeholders.5. Submit quarterly budgetary financial reports to the Governing Board within 6 working days of the end of the quarter.6. Facilitation of Employee Resource Groups (ERG).7. Conduct 2 trainings, 5 J.E.D.I. Think Tanks and 2 Book Club per year.8. Initiated the recruitment process such that if all positions were filled.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Financial Performance June 30, 2025 Budget Surplus/Deficit – 5-Year History Non-GAAP Budgetary Basis (General Fund)



General Fund revenues increased as compared to the prior fiscal year. The increase in 2025 revenue is mainly due to annual operating and permit renewal fees are increased based on 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. Mobile Source / Clean Fuels increased because of reimbursement to the general fund expenditures. The increase in 2025 salaries and benefits expenditures is mainly due to cost increases associated with labor agreement

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

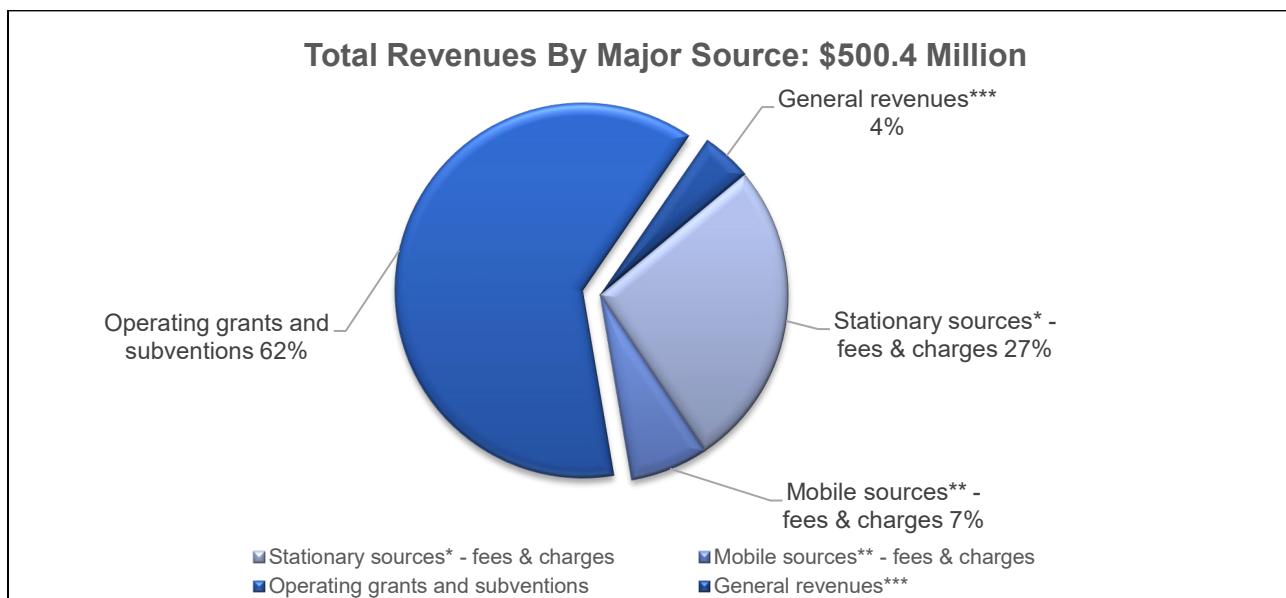
Where the Money Came From Our Revenues & Resources

South Coast AQMD is a fee-supporting agency and does not receive sales or property tax support. South Coast AQMD General Fund is the primary operating fund 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.

On a government-wide basis (including all funds), approximately 38% revenues of this fiscal year are derived from permit evaluation fees, annual permit operating fees, emission fees, Hearing Board fees, penalties and settlements, interest earnings, and other revenues. The remaining 62% of the revenue is derived from federal grants, state grants, California Air Resources Board (CARB) subvention funds, and motor vehicle fees.

Government-wide revenues during this fiscal year were approximately 22% lower as compared to the prior fiscal year primarily 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 increase by \$3.1 million, compared with the prior fiscal year primarily due to higher interest revenue and non-program penalties and settlements.

FY 2024-2025 Revenues by Major Source – Governmental Activities



*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

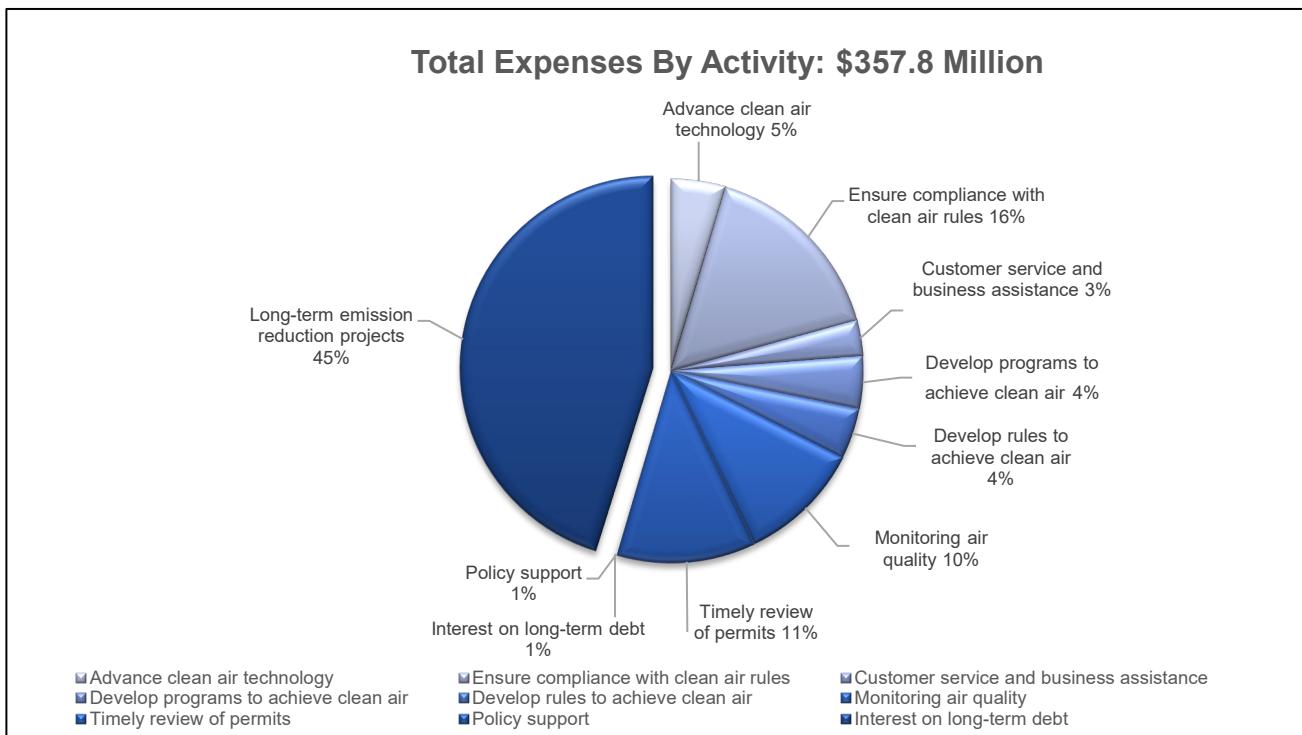
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Where the Money Went Our Expenses & Services

Excluding the long-term emission reduction project expenses, which are restricted in their use, the three major expense functions for Governmental Activities are Compliance, Permitting, and Air Monitoring. Combined, these account for 55% of the South Coast AQMD's total General Fund Expenses for the year ended June 30, 2025.

On a government-wide basis (including all funds), expenses increased approximately 11% as compared to the prior fiscal year primarily due to higher salaries and employee benefits and higher contract expenditures for long-term emission reduction projects can vary because they are for multi-year contract.

FY 2024-2025 Expenses by Program Category – Governmental Activities



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

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Financial Summary As of June 30, 2025, 2024 and 2023

FINANCIAL POSITION STATEMENT FOR THE YEARS ENDED JUNE 30, 2025, 2024, AND 2023 (In Thousands)

	<u>FY 2024-25</u>	<u>FY 2023-24</u>	<u>FY 2022-23</u>
ASSETS:			
Current and other assets	\$ 1,758,005	\$ 1,647,112	\$ 1,314,867
Capital assets	41,845	39,749	37,537
Total Assets	<u>1,799,850</u>	<u>1,686,861</u>	<u>1,352,404</u>
Deferred outflows (DO) of resources	78,399	88,075	82,450
Total Assets and DO of resources	<u>1,878,249</u>	<u>1,774,936</u>	<u>1,434,854</u>
LIABILITIES:			
Long-term liabilities	218,401	230,924	243,023
Short-term liabilities	91,706	108,052	80,135
Total Liabilities	<u>310,107</u>	<u>338,976</u>	<u>323,158</u>
Deferred inflows (DI) of resources	57,810	64,080	55,682
Total Liabilities and DI of resources	<u>367,917</u>	<u>403,056</u>	<u>378,840</u>
ASSETS AND DO OF RESOURCES OVER LIABILITIES AND DI OF RESOURCES	<u><u>\$ 1,510,332</u></u>	<u><u>\$ 1,371,880</u></u>	<u><u>\$ 1,056,014</u></u>

The Financial Position Statement, known in accounting terms as the "Balance Sheet," provides the financial benefits (assets) available to the South Coast AQMD to provide services, while liabilities describe the amount the South Coast AQMD owes in providing those services.

Current and other assets: Highly liquid assets such as cash and other assets that are expected to be received within a year.

Capital assets: Items such as buildings, equipment, vehicles that have a useful life of more than a year and cost more than \$5,000.

Total assets: Assets owned by the South Coast AQMD that has an economic value whose benefits can be derived in the future.

Deferred outflows of resources: Represent a consumption of net assets that applies to future periods.

Long-term liabilities: Debt owed by the South Coast AQMD to others such as net pension liability and net OPEB liability that are expected to be paid over a period of greater than one year.

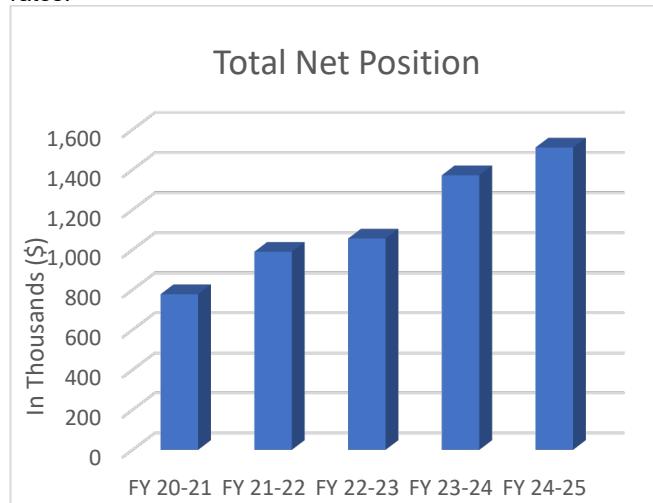
Short-term liabilities: Amounts owed by the South Coast AQMD to vendors that are expected to be paid within a year.

Total liabilities: Combined debts and obligations that South Coast AQMD owes to outside parties.

Deferred inflows of resources: Represent an acquisition of net assets that applies to future periods.

Assets and deferred outflow of resources over liabilities and deferred inflow of resources: Provides the difference between financial benefits and liabilities, ultimately showing the net worth of the South Coast AQMD.

The long-term liabilities decreased by 5% as compared to the prior fiscal year. The decrease was mainly due to decrease in pension liability. South Coast AQMD fund the pension based on the actuarial employer contribution rates.



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

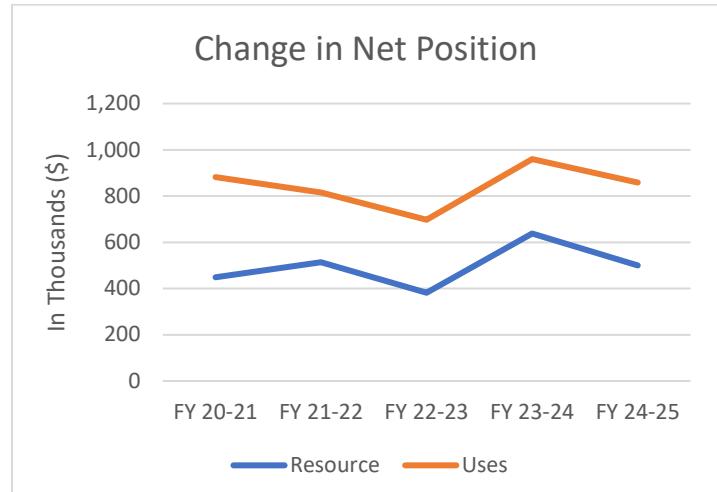
Financial Summary As of June 30, 2025, 2024 and 2023

FINANCIAL ACTIVITY STATEMENT FOR THE YEARS ENDED JUNE 30, 2025, 2024, AND 2023 (In Thousands)

	FY 2024-25	FY 2023-24	FY 2022-23
RESOURCES:			
Fees and Charges – Stationary Sources	\$ 133,699	\$ 123,623	\$ 117,310
Fees and Charges – Mobile Sources	33,655	31,231	29,309
Operating Grants and Subventions	311,476	464,436	220,132
Grants and Subventions not Restricted for Specific Programs	2,763	2,745	2,821
Penalties and Settlements	7,791	6,620	6,007
Interest	8,289	6,820	3,723
Other Revenues	2,765	2,355	2,382
Total Resources	500,438	637,830	381,684
USES:			
Advance Clean Air Technology	16,266	15,609	13,898
Ensure Compliance with Clean Air Rules	58,087	53,139	52,819
Customer Service and business assistance	10,705	11,802	13,898
Develop Programs to Achieve Clean Air	15,661	14,695	13,408
Develop Rules to Achieve Clean Air	15,392	17,096	15,885
Monitoring Air Quality	37,409	32,209	32,964
Timely Review of Permits	41,686	39,546	36,208
Policy Support	607	415	835
Interest on Long-Term Debt	256	231	353
Long-Term Emission Reduction Projects	161,776	137,223	135,414
Total Uses	357,845	321,965	315,683
RESOURCES OVER USES	\$ 142,593	\$ 315,865	\$ 66,001

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides the sources (revenues) and uses (expenses) of providing services for the South Coast Air Quality Management District.

Total revenues decreased by 22%, as compared to the prior fiscal year, primarily due to a decrease state grant revenue in long-term emission reduction projects. Some state grant revenues were not received as compared with prior fiscal year. Total expenses increased by 11%, as compared to the prior fiscal year primarily due to higher salaries and employee benefits and higher contract expenditures for long-term emission reduction projects.



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to South Coast Air Quality Management District (South Coast AQMD) for its Popular Annual Financial Report for the fiscal year ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

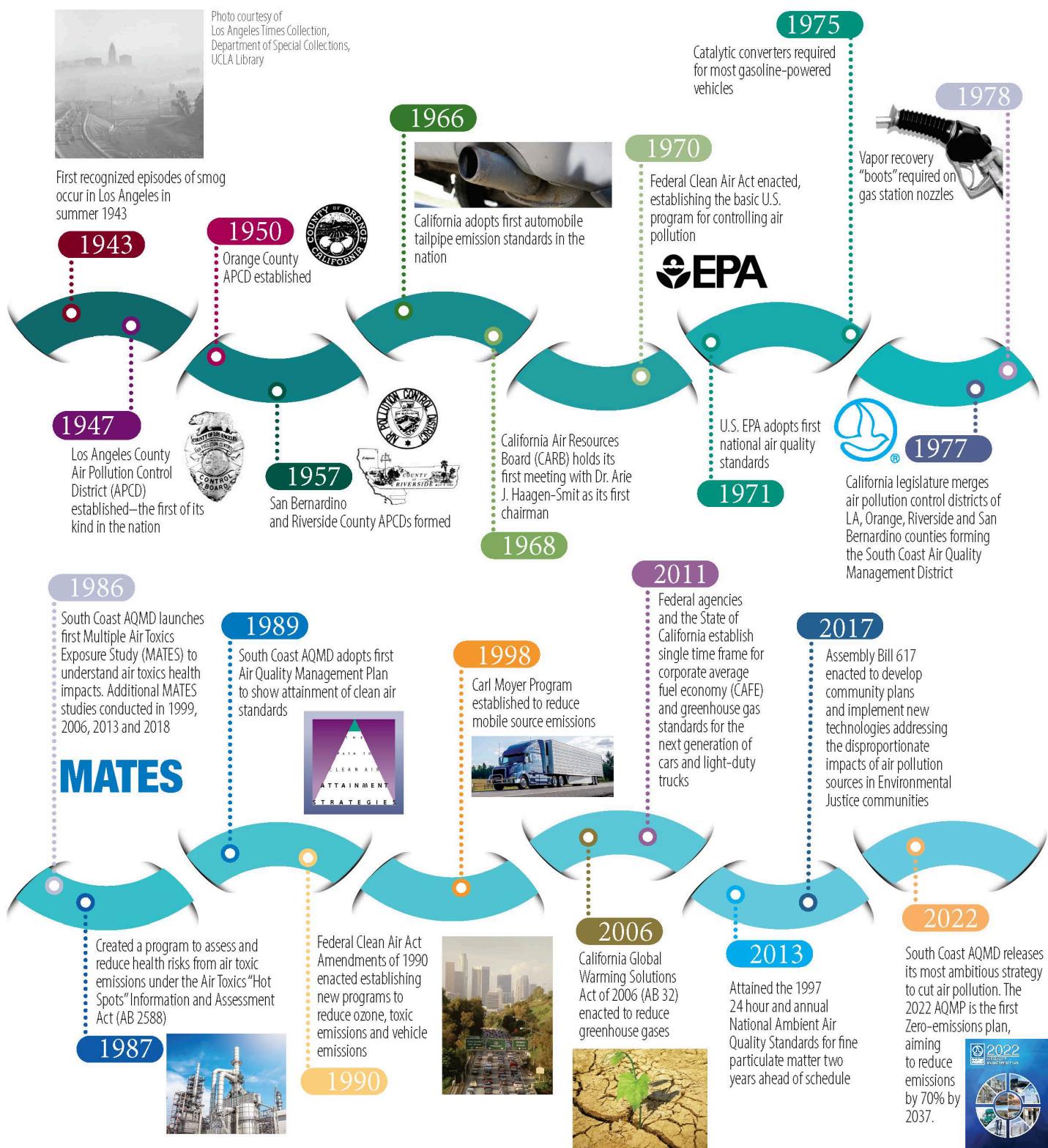
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. South Coast AQMD has received a Popular Award for the fiscal year ended June 30, 2024. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

Further, South Coast AQMD's Annual Comprehensive Financial Report for the year ended June 30, 2024, from which information on pages 7 through 11 have been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.



Air Quality Historical Timeline





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**South Coast Air Quality Management District
California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



**South Coast
Air Quality Management District**

21865 Copley Drive
Diamond Bar, CA 91765-4178

www.aqmd.gov