



COMPREHENSIVE ANNUAL
FINANCIAL
REPORT
YEAR ENDED JUNE 30, 2013

Cleaning the air that we breathe...™



South Coast
Air Quality Management District
Diamond Bar, California



MISSION STATEMENT

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

South Coast
Air Quality Management District

Diamond Bar, California

Comprehensive Annual Financial Report
Year Ended June 30, 2013

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Comprehensive Annual Financial Report
Year Ended June 30, 2013

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

June 30, 2013

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

DENNIS YATES
Vice Chair
County of San Bernardino
Cities Representative

MICHAEL D. ANTONOVICH
County of Los Angeles Representative

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

JOHN BENOIT
County of Riverside Representative

JUDY MITCHELL
County of Los Angeles
Cities Representative
Western Region

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

SHAWN NELSON
County of Orange Representative

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

JAN PERRY
City of Los Angeles Representative

JOSIE GONZALES
County of San Bernardino Representative

MIGUEL A. PULIDO
County of Orange
Cities Representative

BEN BENOIT
County of Riverside
Cities Representative

BARRY R. WALLERSTEIN, D.Env.
Executive Officer



South Coast Air Quality Management District

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

October 18, 2013

Chairman, Governing Board and Residents
Of the South Coast Air Quality Management District

State law requires that local governments publish within six 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, 2013.

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

SCAQMD's financial statements have been audited by Simpson & Simpson, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SCAQMD for the fiscal year ended June 30, 2013 are free of material misstatements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (clean) opinion that SCAQMD's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

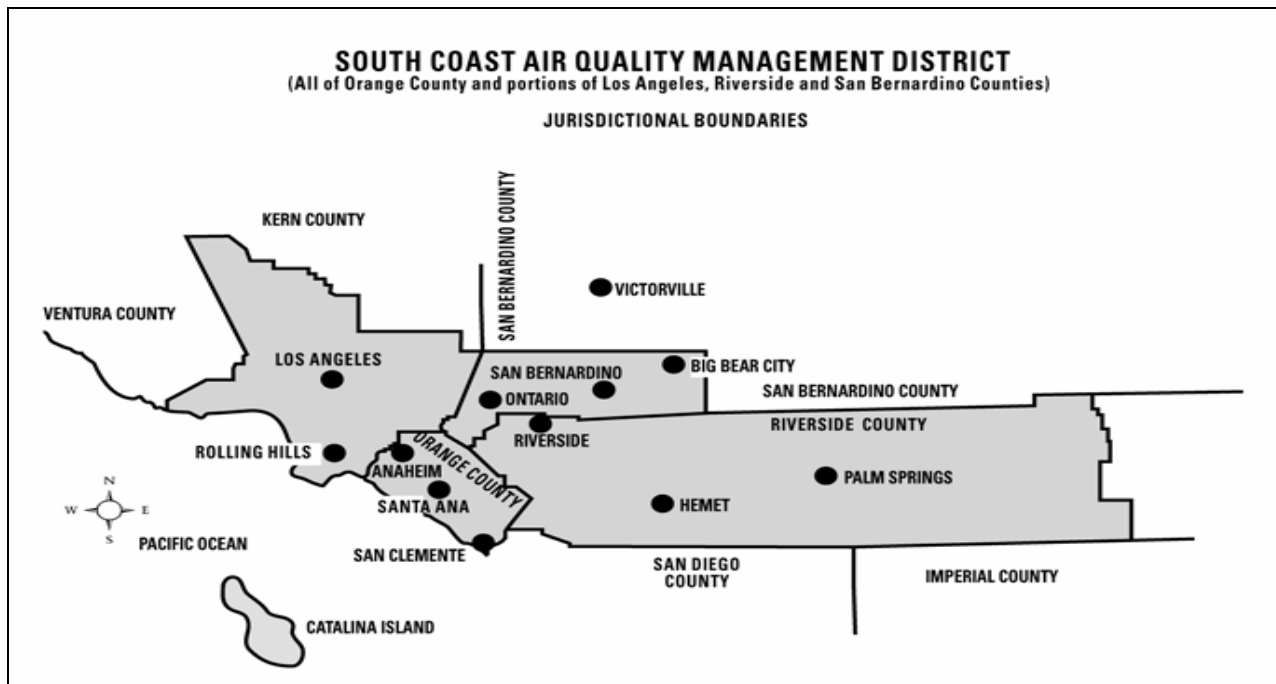
The independent audit of the financial statements of SCAQMD was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent

auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in SCAQMD's separately issued Single Audit Report.

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

Profile of the South Coast Air Quality Management District

The South Coast Air Quality Management District began operation on February 1, 1977 as a regional governmental agency established by the California Legislature pursuant to the Lewis Air Quality Management Act. SCAQMD encompasses all of Orange County and parts of Los Angeles, San Bernardino and Riverside Counties, representing over 16 million residents. It succeeded the Southern California Air Pollution Control District and its predecessor four county air pollution control districts, of which the Los Angeles County Air Pollution Control District was the oldest in the nation, having been formed in 1947.



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

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

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

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

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

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

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

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

Factors Affecting Financial Condition

SCAQMD is a fee-supported agency and does not receive sales or property tax support. Approximately 74% of its General Fund revenue is derived from permit evaluation fees, annual permit renewal fees, emission fees, Hearing Board fees, penalties and settlements, interest earnings, and other revenues. The remaining 26% of its General Fund revenue is derived from federal grants, state grants, California Air Resources Board (CARB) subvention funds, and motor vehicle fees.

To meet its program commitments, despite new federal and state mandates, increased workload complexity, and ongoing cost containment efforts, SCAQMD continues to streamline many of its operations. Compared to the 1991-92 fiscal year, 2012-13 reflects funded staffing levels that are 31% (365 FTEs) below 1991-92 levels and expenditures, when adjusted for inflation, that are approximately 29% less than the 1991-92 period.

Government-wide revenues during this fiscal year decreased by 10% as compared to the prior fiscal year, primarily due to timing of receipts from the state Proposition 1B Goods Movement program. General Fund revenues increased by 7% as compared to the prior fiscal year, primarily due to an increase in penalties and settlements paid by non-compliant entities, combined with stable permit, renewal, and emission fees. Future changes in government-wide revenue are highly dependent on the timing of receipts and continuation of state and federal grant funding, while General Fund revenues are

expected to continue to remain stable through the following fiscal year due to the strengthening of the economic environment.

Government-wide expenses were approximately 7% higher as compared to the prior fiscal year, primarily due to the timing of Proposition 1B Goods Movement program and other grant program expenses. General Fund expenditures were stable (within 1.1%) as compared to the prior fiscal year, primarily due to increased retirement contribution rates and capital outlays along with savings measures resulting in decreased services and supplies costs. Future changes in government-wide expenses are highly dependent on the timing of receipts and continuation of state and federal grant funding, while General Fund expenditures are expected to decrease through the following fiscal year due to the continued cost-containment measures incorporated into the fiscal year 2013-14 General Fund budget. These measures include increased position vacancy rate, no ongoing salary increases over the last several years, reduced services and supplies costs, and the early retirement of debt associated with the Headquarters building.

Long-term Financial Planning

In addressing long-term program costs, SCAQMD has pursued actions over the past several years including legislative changes to the employee retirement plan and the use of one-time revenues to lower its long-term retirement costs and economically defease a portion of its current debt service. Statewide pension reform legislation was signed into law in September 2012, which enacts broad changes to SCAQMD's retirement plan for most new employees. As of June 30, 2013, funds were deposited with the trustee to legally defease the Installment Sale Revenue Bonds to retire them one year in advance. The impact for fiscal year 2013-14 is interest savings and an approximate \$3.4 million net decrease in debt service payments from the General Fund. During the current fiscal year and beyond, SCAQMD continues to look for cost savings and operational efficiencies as a means of balancing revenues and expenditures to ensure long term financial sustainability.

Relevant Financial Policies

In recent fiscal years, SCAQMD's Governing Board has designated and/or assigned significant portions of the General Fund balance in anticipation of retirement cost increases, potential state and federal funding declines, and Other Post Employment Benefits (OPEB) obligations inherited as part of the consolidation of the four county Air Pollution Control Districts in 1977.

During the fiscal year 2010-11, SCAQMD's Governing Board approved a rule which provides that certain fees would automatically be 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.

Major Initiatives

The mission of SCAQMD is to protect public health from air pollution with sensitivity to the impacts of its actions on the community, public agencies and businesses. To carry out this mission, SCAQMD has developed the following goals:

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

During the current and upcoming fiscal year, SCAQMD highlighted several projects which are particularly important to achieving our mission and goals, including: implementation of the 2012 Air Quality Management Plan (AQMP) and initial development of the 2015/16 AQMP, demonstration projects to achieve near zero and zero tailpipe emissions container transport, completing the Multiple Air Toxics Exposure Study (MATES IV), implementation of the AB 1318 Mitigation Program in the Coachella Valley, reauthorization of AB 923 and AB 118 funding to allow continued implementation of Carl Moyer projects to achieve emission reductions included in the AQMP, increased communication between SCAQMD and members of the public, and continued timely response to community complaints.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Coast Air Quality Management District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of our comprehensive annual financial report was made possible by the dedicated services of the accounting, financial services, and management staff of the Finance Office. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support and to all employees of SCAQMD who continue to push technology and improve operations to accomplish SCAQMD's mission of protecting public health from air pollution with sensitivity to the impacts of its actions on the community and businesses.

Respectfully submitted,



Barry R. Wallerstein, D.Env.
Executive Officer



Michael B. O'Kelly, CPA
Chief Financial Officer



Government Finance Officers Association

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

Presented to

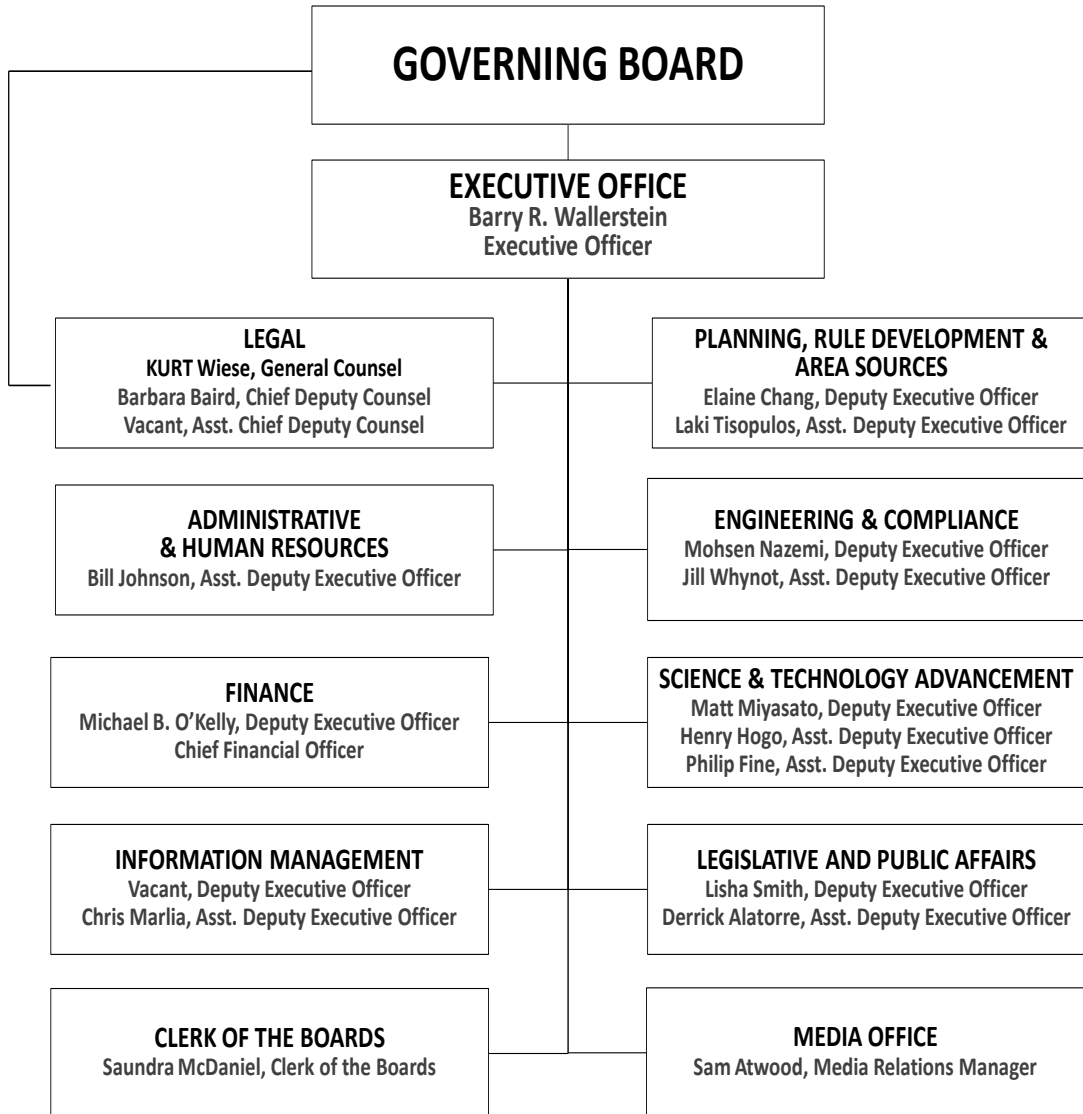
**South Coast Air Quality
Management District (AQMD)
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

**South Coast Air Quality Management District, California
Organizational Chart
June 30, 2013**





SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Governing Board of
South Coast Air Quality Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the **South Coast Air Quality Management District (SCAQMD)**, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the SCAQMD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component unit, each major fund, and the aggregate remaining fund information of the SCAQMD, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-21 and 66-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCAQMD's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the SCAQMD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCAQMD's internal control over financial reporting and compliance.

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

Los Angeles, California
October 18, 2013

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

As management of the South Coast Air Quality Management District (SCAQMD), we offer readers of SCAQMD's financial statements this narrative overview and analysis of the financial activities of SCAQMD for fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

A. Financial Highlights

- Total assets of SCAQMD exceeded its total liabilities at the close of the most recent fiscal year by \$595.5 million (net position). Of this amount, \$22.3 million (unrestricted net position), may be used to meet SCAQMD's ongoing obligations to creditors.
- SCAQMD's total net position increased by \$10.9 million. Total revenues from all sources were \$297.9 million and total expenses for all functions/programs were \$286.8 million.
- As of the close of the fiscal year, SCAQMD's governmental funds reported combined ending fund balances of \$569.1 million, a decrease of \$5.1 million in comparison to the prior year. Of the \$569.1 million combined ending fund balances, \$38.6 million represents the fund balance of the General Fund.
- Out of the general fund balance of \$38.6 million at the end of the fiscal year, \$71,968 was nonspendable, \$6.6 million was committed, \$12.2 million was assigned and \$19.8 million was unassigned, which is 14.8% of the general fund expenditures.
- SCAQMD's capital assets decreased by \$1.2 million from the prior year.
- SCAQMD's long term debt decreased by \$18.1 million or 33.9% of the long term debt outstanding.

B. Overview of the Financial Statements

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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SCAQMD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SCAQMD can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Governmental Funds

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

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

SCAQMD maintains 43 individual special revenue funds, one debt service fund and a blended component unit in addition to the General Fund. Three of the special revenue funds are considered major funds. The information for the major special revenue funds is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balances. Data for the other 40 non-major special revenue funds, debt service fund and blended component unit are combined into a single, aggregated presentation. Individual fund data for each of the 40 non-major governmental funds, debt service fund and blended component unit, is reported in the Other Supplementary Information section of this report.

SCAQMD adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This is presented in the Required Supplementary Information section of this report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary Funds represent Agency Funds and Retirement Benefit Trust Fund which are custodial in nature and do not involve measurement of results of operations. SCAQMD's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These statements are excluded from SCAQMD's other financial statements because the resources of fiduciary funds, by definition, cannot be used to support SCAQMD's own programs. SCAQMD is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

SCAQMD's Fiduciary Fund Financial Statements for the Agency Funds and Retirement Benefit Trust Fund are presented under the Fund Financial Statements section.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information section concerning the General Fund's budgetary comparison schedule and budgetary reconciliation.

Individual fund data for each of the non-major governmental funds is included in the Other Supplementary Information section.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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The Statistical section provides readers with information covering financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

C. Government-wide Financial Analysis

Our analysis focuses on the net position and changes in net position of SCAQMD's governmental and business-type activities.

The schedule below presents a condensed Statement of Net Position as of June 30, 2013 compared with the prior fiscal year.

	Net Position (amounts expressed in thousands)					
	Governmental Activities		Business-Type Activities		TOTAL	
	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>
Current and other assets	\$ 625,240	\$ 612,888	\$ 757	\$ 539	\$ 625,997	\$ 613,427
Prepaid pension assets	42,167	43,543	-	-	42,167	43,543
Capital assets	39,667	40,827	-	-	39,667	40,827
Total assets	<u>707,074</u>	<u>697,258</u>	<u>757</u>	<u>539</u>	<u>707,831</u>	<u>697,797</u>
Long-term liabilities	53,329	71,434	-	-	53,329	71,434
Other liabilities	58,950	41,687	10	14	58,960	41,701
Total liabilities	<u>112,279</u>	<u>113,121</u>	<u>10</u>	<u>14</u>	<u>112,289</u>	<u>113,135</u>
Net Position:						
Net Investment in capital assets	39,667	25,697	-	-	39,667	25,697
Restricted for:						
Pension assets	3,032	1,362	-	-	3,032	1,362
Restricted for long-term emission-reduction projects	530,541	527,549	-	-	530,541	527,549
Unrestricted	21,555	29,529	747	525	22,302	30,054
Total net position	<u>\$ 594,795</u>	<u>\$ 584,137</u>	<u>\$ 747</u>	<u>\$ 525</u>	<u>\$ 595,542</u>	<u>\$ 584,662</u>

As noted earlier, net position may serve over time as a useful indicator of SCAQMD's financial position. At the close of the most recent fiscal year, SCAQMD's assets exceeded liabilities by \$595.5 million.

The largest portion of SCAQMD's net position (89.1%) 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 6.7% of SCAQMD's net position reflect its investment in capital assets used by SCAQMD (e.g. land, buildings, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. SCAQMD uses these capital assets in carrying out its mission of protecting public health while being sensitive to the

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economic needs of local businesses. Consequently, these assets are not available for future spending. Although SCAQMD's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The debt service installment schedules for the 1995 and 2004 Pension Obligation Bonds will be fully paid by 2022 and 2024 respectively.

SCAQMD executed a Guaranteed Investment Contract (GIC) and Escrow Agreement in December 2006 to economically defease a portion of its debt. With the downgrading of the GIC provider rating during the current weak economic condition, SCAQMD in February 2009 terminated its GIC agreement without penalty. A Debt Service Fund was set up to provide debt service payments through 2014. As of June 30, 2013, all debt related to Installment Sale Revenue Bonds in the Debt Service Fund was defeased.

The remaining portion of SCAQMD's net position (3.7%) are unrestricted and may be used to meet SCAQMD's ongoing operations and obligations to creditors. At the end of the current fiscal year, SCAQMD is able to report positive balances in all three categories of net position and positive fund balance in unrestricted category for the business-type activities.

The net position for governmental activities increased by \$10.7 million compared with the prior fiscal year. Most of the increase was due to increase in one-time penalties and settlements.

Program revenues decreased by approximately \$37.1 million, 11.6% change from the prior year. These are largely due to a decrease of approximately \$26.7 million in state grants in special revenue funds. General revenue increased by \$5.5 million, compared with the prior fiscal year, which is primarily attributed to a one-time increase in penalties and settlements.

Expenses increased by \$18.8 million largely due to an increase in contract expenditures in the special revenue funds in which revenues are restricted to expenditures for specific purposes; and prepayment of installment sale bonds in the amount of \$9.6 million.

A condensed Schedule of Changes in Net Position for the fiscal year ending June 30, 2013 compared with the prior fiscal year can be found on the following page.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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**Changes in Net Position
(amounts expressed in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>TOTAL</u>	
	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2011-12</u>
Revenues:						
Program Revenues:						
Fees and charges – stationary sources	\$ 85,440	\$ 82,624	\$ -	\$ -	\$ 85,440	\$ 82,624
Fees and charges – mobile sources	23,535	23,385	-	-	23,535	23,385
Operating grants and subventions	8,755	8,487	-	-	8,755	8,487
Restricted long-term project grants	164,555	204,845	-	-	164,555	204,845
General Revenues:						
Grants and subventions – not restricted to specific programs	2,889	2,890	-	-	2,889	2,890
Penalties and settlements	11,563	4,906	-	-	11,563	4,906
Interest	343	529	-	-	343	529
Other revenues	407	1,359	-	-	407	1,359
CNG fuel sales	-	-	411	291	411	291
Total revenues	<u>297,487</u>	<u>329,025</u>	<u>411</u>	<u>291</u>	<u>297,898</u>	<u>329,316</u>
Expenses:						
Advance clean air technology	6,858	6,673	-	-	6,858	6,673
Ensure compliance with clean air rules	47,418	47,026	-	-	47,418	47,026
Customer service	8,170	7,729	-	-	8,170	7,729
Develop programs to achieve clean air	12,317	12,131	-	-	12,317	12,131
Develop rules to achieve clean air	7,269	7,286	-	-	7,269	7,286
Monitoring air quality	14,265	15,930	-	-	14,265	15,930
Timely review of permits	28,621	27,241	-	-	28,621	27,241
Policy support	1,307	1,484	-	-	1,307	1,484
Interest on long-term debt	4,606	4,692	-	-	4,606	4,692
Long-term emission reduction projects	155,998	137,800	-	-	155,998	137,800
Other expenses	-	-	189	136	189	136
Total expenses	<u>286,829</u>	<u>267,992</u>	<u>189</u>	<u>136</u>	<u>287,018</u>	<u>268,128</u>
Increase in net position, before transfers	10,658	61,033	222	155	10,880	61,188
Transfers	-	-	-	-	-	-
Increase in net position	10,658	61,033	222	155	10,880	61,188
Net position beginning	<u>584,137</u>	<u>523,104</u>	<u>525</u>	<u>370</u>	<u>584,662</u>	<u>523,474</u>
Net position ending	<u>\$ 594,795</u>	<u>\$ 584,137</u>	<u>\$ 747</u>	<u>\$ 525</u>	<u>\$ 595,542</u>	<u>\$ 584,662</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

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

The Statement of Activities presents information showing how SCAQMD's net position changed during fiscal year 2013. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

The Statement of Activities distinguishes governmental activities from business type activities. Governmental activities of SCAQMD are predominantly supported by fees, grants, state subvention, penalties, and settlements. The penalties and settlements are one-time revenues which are over and above the regular revenues directly related to the programs. The primary governmental activities of SCAQMD are: Advance Clean Air Technology, Ensure Compliance with Clean Air Rules, Customer Service and Business Assistance, Develop Programs to Achieve Clean Air, Develop Rules to Achieve Clean Air, Monitoring Air Quality, Timely Review of Permits, Policy Support, and Long-Term Emission Reduction Projects.

There was a decrease in program revenues in the Restricted Special Revenues Sources. The program revenues in the long-term projects grants category are made up of revenues from several special revenue funds. Following are an explanation of the significant revenue variances from fiscal year 2011-12 to fiscal year 2012-13:

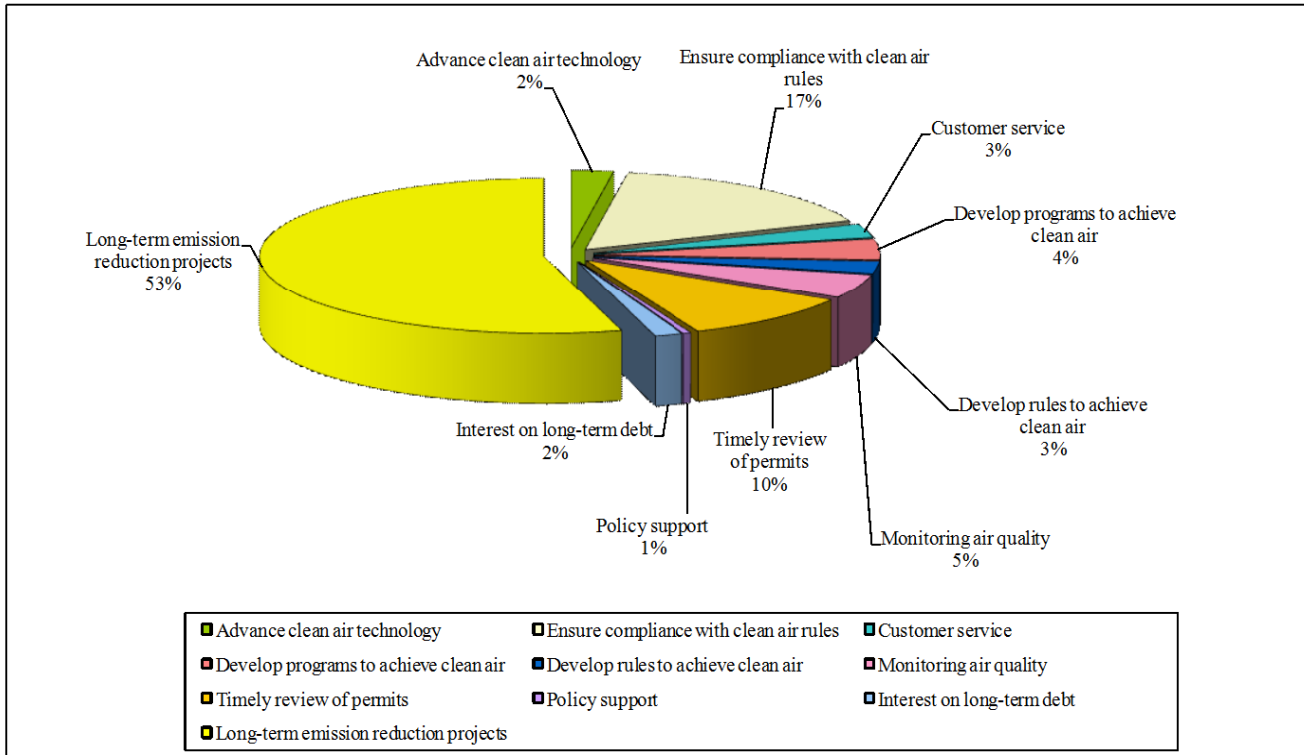
- **Mobile Sources Air Pollution Reduction Fund** – In fiscal year 2012-13 revenue decreased overall by \$598,000. The decrease is related to fewer vehicle registrations in fiscal year 2012-13.
- **Carl Moyer Program AB 923 Special Revenue Fund** – This fund was established in November 2007 to separately report the Carl Moyer AB 923 program activities. In fiscal year 2012-13 revenue decreased overall by \$529,000. The decrease is related to fewer vehicle registrations in fiscal year 2012-13.
- **Prop 1B Goods Movement Fund** – This fund was set up in fiscal year 2007-08 to receive funds from the voter approved bond funding under Proposition 1B to implement programs that reduce emissions from the movement of freight or “goods” along California’s trade corridors. In fiscal year 2012-13, this fund received \$69.7 million in state grants, a decrease of \$28.1 million.

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Business-type Activities

The Business-type Activities section reports transactions relating to the CNG fueling station. The CNG fueling station expenditures are reported on an accrual basis and are offset by sales. The net position of the business-type activities increased by \$222,000 from \$525,000 to \$747,000. The increase is primarily due to a federal rebate for the purchase and sale of CNG fuel, and an increase in sales.

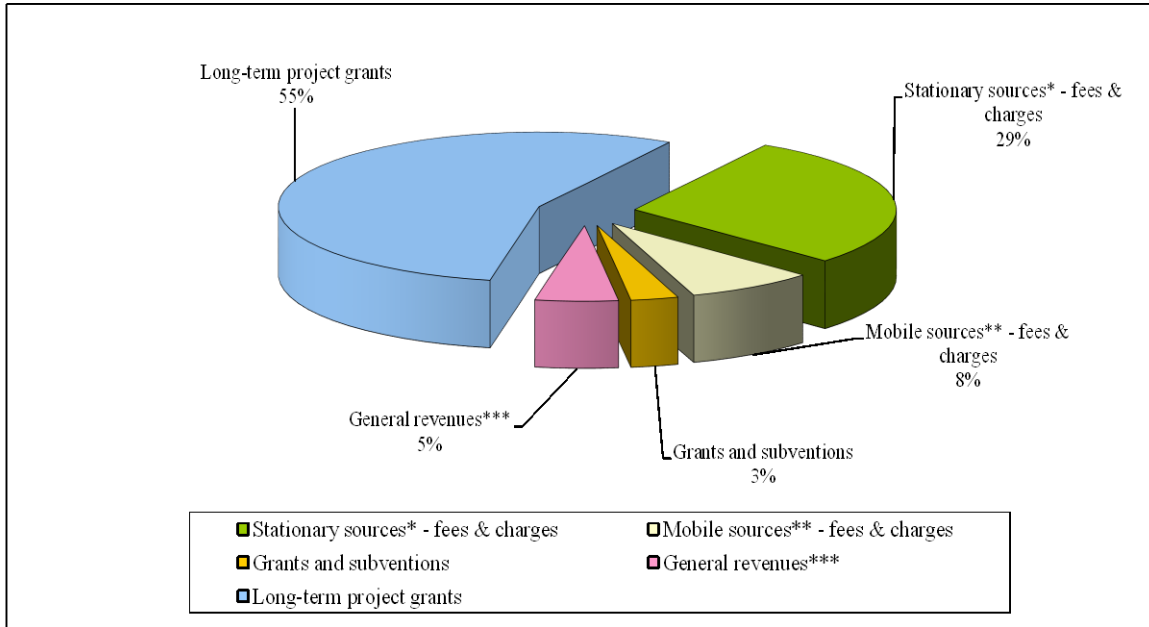
**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
EXPENSES BY ACTIVITY
Government Activities
FY 2012-13**



Activity	FY 12-13	FY 11-12	FY 10-11	FY 09-10	FY 08-09	FY 07-08
Advance clean air technology	\$ 6,857,959	\$ 6,672,977	\$ 6,398,859	\$ 6,512,144	\$ 7,111,931	\$ 7,113,642
Ensure compliance with clean air rules	47,417,956	47,026,447	46,877,017	46,154,574	43,823,112	39,463,040
Customer service	8,169,587	7,729,015	7,578,813	7,682,897	7,441,806	6,696,664
Develop programs to achieve clean air	12,317,470	12,130,832	11,780,948	10,861,040	10,216,378	7,969,413
Develop rules to achieve clean air	7,269,414	7,286,149	8,826,846	8,436,415	8,433,410	8,390,762
Monitoring air quality	14,265,601	15,930,225	15,093,093	14,239,509	14,067,041	12,866,270
Timely review of permits	28,621,527	27,241,449	28,045,891	28,530,507	26,205,282	24,580,945
Policy support	1,306,054	1,483,613	1,792,208	1,760,038	4,782,531	3,630,367
Interest on long-term debt	4,605,963	4,691,658	3,277,933	3,871,465	4,325,460	4,614,842
Long-term emission reduction projects	155,998,253	137,800,260	161,904,680	150,362,508	104,277,915	93,109,973
Total	\$ 286,829,784	\$ 267,992,627	\$ 291,576,288	\$ 278,411,097	\$ 230,684,866	\$ 208,435,918

Source: FY 2012-13 CAFR Statement of Activities

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
REVENUES BY MAJOR SOURCE
Government Activities
FY 2012-13**



Source	FY 12-13	FY 11-12	FY 10-11	FY 09-10	FY 08-09	FY 07-08
Stationary sources* - fees & charges	\$ 85,439,616	\$ 82,624,489	\$ 81,291,028	\$ 81,097,647	\$ 92,703,725	\$ 82,825,774
Mobile sources** - fees & charges	23,535,070	23,384,894	22,512,790	23,728,238	24,128,436	22,170,323
Grants and subventions	8,754,443	8,486,563	8,867,069	8,379,757	8,782,322	8,858,458
General revenues***	15,202,920	9,684,052	12,739,158	14,929,145	14,796,424	12,579,473
Long-term project grants	164,555,289	204,845,839	207,555,510	243,802,246	133,185,494	105,383,067
Total	\$ 297,487,338	\$ 329,025,837	\$ 332,965,555	\$ 371,937,033	\$ 273,596,401	\$ 231,817,095

* 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 2012-13 CAFR Statement of Activities

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following schedule presents the cost of each SCAQMD program as well as each program's net cost (total cost less revenues generated by the activities):

GOVERNMENTAL ACTIVITIES

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

	<u>FY 2012-2013</u>	
	<u>Total Cost of Program Activities</u>	<u>Net Cost of Program Activities</u>
Advance clean air technology	\$ 6,858	\$ (343)
Ensure compliance with clean air rule	47,418	(4,529)
Customer service and business assistance	8,170	(544)
Develop programs to achieve clean air	12,317	(564)
Develop rules to achieve clean air	7,269	(661)
Monitoring air quality	14,265	(510)
Timely review of permits	28,621	(1,253)
Policy support	1,307	(92)
Interest on long-term debt	4,606	(4,606)
Long-term emission reduction projects	155,998	8,557
Total	\$ <u><u>286,829</u></u>	\$ <u><u>(4,545)</u></u>

The program activities are described as follows:

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

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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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D. Financial Analysis of SCAQMD's Funds

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

Governmental Funds

The focus of SCAQMD's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SCAQMD's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, SCAQMD's governmental funds reported combined ending fund balances of \$569.1 million, a decrease of \$5.1 million in comparison with the prior year. Approximately 93.2% of these fund balances (\$530.5 million) constitutes the portion pertaining to special revenue funds. Expenditures under these funds are restricted for specific purposes. The long-term contractual commitments related to these special fund programs, such as replacement of diesel-fueled school buses, involve multiple-year spending.

- **The General Fund** is the operating fund of SCAQMD. At the end of the fiscal year, the total fund balance of the General Fund was \$38.6 million. The unassigned fund balance was \$19.8 million; assigned was \$12.2 million or 31.8% of the total fund balance. The assigned amount represent SCAQMD's intended use of the financial resources in future periods. Its components are presented under Notes to the Basic Financial Statements. 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 23.8% of total General Fund expenditures, while total fund balance represents 23.8% of the total General Fund expenditures. In the General Fund, the assigned and unassigned fund balance may serve as a useful measure of SCAQMD's net resources available for spending at the end of the fiscal year.

Overall, the fiscal year 2012-13 adopted budget represented a \$1.68 million (1.26%) increase in expenditures over the fiscal year 2011-12 adopted budget. The fiscal year 2012-13 adopted budget included a 7% salary savings (which represented 56 unfilled positions) and an increase of approximately \$1.1 million in the services, supplies and equipment budget. On a budgetary basis, actual fiscal year 2012-13 General Fund expenditures exceeded revenues by \$9.2 million.

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

- **Mobile Sources Air Pollution Reduction Fund** – The fund balance increased compared with the prior year due to revenues exceeding expenditures in fiscal year 2012-13. Many of the contracts executed in this special revenue fund are multi-year and the projects are often long-term and expenditures can vary significantly from year to year.
- **Carl Moyer Program AB 923 Fund** – The fund balance increased due to revenues exceeding expenditures in fiscal year 2012-13. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary significantly from year to year.
- **Prop 1B Goods Movement Fund** – The decrease in fund balance in fiscal year 2012-13 is due to expenditures exceeding revenues. Many of the contracts executed in this special revenue fund are multi-year and expenditures can vary from year to year.

Proprietary Funds

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

E. General Fund Budgetary Highlights

SCAQMD adopts an annual operating budget for the General Fund. During budget preparation, SCAQMD estimates its revenues using realistic but conservative methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, SCAQMD adopts budget amendments during the fiscal year to reflect availability of additional revenues for expansion of existing programs and any budget transfers between major accounts.

The fiscal year 2012-13 amended budget compared to the adopted budget reflects an increase in appropriations of \$7.4 million. The changes to the budget were the result of Governing Board actions that allocated additional funding after the budget was adopted. Also, changes can be attributed to Governing Board approved transfers from other funds and the use of a portion of unassigned fund balance for program needs that were unknown at the time the budget was developed.

Additional funding was appropriated during fiscal year 2012-13 from the following agencies:

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EPA - \$1,509,000 for the following programs: Photochemical Assessment Monitoring Stations (PAMS), PM 2.5 Monitoring, the National Air Toxics Monitoring Program, Near Road NO₂ and enhanced particulate monitoring programs, and the development of a Green House Gas (GHG) reporting system.

Department of Homeland Security - \$549,000 for an enhanced particulate monitoring program.

The following amounts were transferred from other funds and designations to the General Fund:

Clean Fuels Program Fund – \$2,262,000 to support Clean Fuels Program activities such as technical assistance, expert consultations, public outreach, technical conference sponsorships, advance technology vehicle purchases and leases, and the Multiple Air Toxics Exposure Study (MATES) IV study.

Carl Moyer Program AB 923 Fund – \$400,000 for support of various Carl Moyer Program activities such as public outreach, technical conference sponsorships, technical assistance and expert consultations.

Prop 1B Goods Movement Fund – \$450,000 to support administrative and technical assistance and other directly related Prop 1B/Goods Movement activities.

Air Quality Investment Fund – \$40,000 for the outreach and administrative expenses to implement the Mow Down Air Pollution Program 2013, which exchanged gas-powered lawn mowers with electric mowers.

Mobile Sources Air Pollution Reduction Fund – \$63,000 to facilitate reimbursement of administrative costs.

The remaining \$2,105,000 increase can be attributed to transfers from the unassigned fund balance for the following: SCAQMD Headquarters Building Electric Energy Self Sufficiency Study; Korean and Latino outreach; legislative advocacy in Washington, DC; one-year media partnerships with TV (KABC-7) and radio for daily air-quality forecasts and Check Before You Burn alerts; establish two air monitoring stations at the Salton Sea; update software for desktop workstations; and for information management system development and maintenance projects.

For fiscal year 2012-13, actual revenues exceeded the final budget by \$2,457,167 or 1.9% and expenditure savings were \$6,208,848 or 4.4%.

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Revenue exceeded the final budget primarily due to large cash penalties/settlements that were not anticipated at the time the fiscal year 2012-13 budget was prepared. In addition, mobile source/ clean fuel revenue was lower than the amount estimated due to the timing of the projects that are reimbursed for staff time working on incentive program projects.

The expenditure savings can be primarily attributed to salary savings, which was a result of filling only critical vacant positions throughout the year and having retirees exceed the number of new employees during the year. Additional significant savings were achieved in Professional and Special Services, Office Expense, Supplies and Capital Outlays through prudent purchase decisions and postponing contract work and fixed asset purchases.

F. Capital Assets and Debt Administration

Capital Assets

SCAQMD's investment in capital assets is mostly for its governmental activities. The book value was \$39.7 million (net of accumulated depreciation of \$73.9 million) as of June 30, 2013. This investment in capital assets includes land, buildings, laboratory equipment, air monitoring stations, intangible assets (internally generated software) and SCAQMD fleet vehicles. Depreciation on capital assets is recognized in the Government-wide financial statements.

Additional information on the capital assets can be found in Note V under the Notes to the Basic Financial Statements section.

Long-Term Debt

At the end of the current fiscal year, SCAQMD had a total long-term debt outstanding of \$53.3 million, including the current portion of \$4.3 million. As of June 30, 2013, the debt related to the Installment Sale Revenue Bonds issued by the SCAQMD Building Corporation (Corporation) for which SCAQMD is required to make debt service payments was defeased. The amount of \$39.1 million represents the Pension Obligation Bonds. The 1995 series (outstanding balance of \$5.5 million) and the 2004 Series issued in June 2004 with \$33.6 million outstanding balance retired the Unfunded Actuarial Accrued Liability due to San Bernardino County Employees Retirement Association as of June 30, 2004. Other long-term debt includes general liability claims and workers' compensation claims payable of \$891,987 and compensated absences of \$13.3 million.

Additional information on SCAQMD's long-term debt can be found in Note VI under the Notes to the Basic Financial Statements section of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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G. Economic Factors and Next Year's Budget and Rates

The fiscal year 2013-14 expenditure budget decreased by 8.3% compared to the fiscal year 2012-13 amended budget. The budget reflects a decrease of \$11.6 million in expenditures from the fiscal year 2012-13 Amended Budget and a \$4.2 million decrease from the fiscal year 2012-13 Adopted Budget. The decrease in expenditures from the fiscal year 2012-13 Adopted Budget can be attributed to decrease in capital expenditures, as well as a reduction in debt service payments due to an early payoff of the Installment Sale Revenue Bonds. The fiscal year 2013-14 Adopted Budget includes the full cost increase associated with SCAQMD's labor agreements, which in the long term will continue to reduce the agency's overall retirement cost by shifting a portion of the cost of retirement to its employees and reducing retirement benefits for new employees. In addition, the fiscal year 2013-14 Adopted Budget reduces the funded staffing level by one vacant position and includes a 9% vacancy factor reflecting the agency's efforts to reduce program costs.

In fiscal year 2013-14 revenues are projected to increase by approximately \$1.8 million from the fiscal year 2012-13 adopted budget. The increase in revenue can be mainly attributed to a 2.0% CPI fee increase in most stationary source fees. Estimated revenues for fiscal year 2013-14 are \$129.2 million which brings funding in balance with expenditures. Nevertheless, in recent years, SCAQMD's revenues have not kept pace with program costs mainly due to increases in retirement rates as the result of market losses to the retirement system's investments.

Moreover, since fiscal year 1991-92, the AQMD has reduced staffing and program costs despite increased program requirements. The fiscal year 2013-14 expenditure budget is \$129.2 million and includes 797 authorized positions. Compared to fiscal year 1991-92, this reflects a reduction of 31% in authorized positions. Program costs, however, will exceed by \$16.2 million (approximately 14%) of the fiscal year 1991-92 budget. Using inflation-adjusted dollars, however, this year's budget request is 35% 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 SCAQMD's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, CA 91765-4182.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2013

<u>Assets</u>	Primary Government		Total
	Governmental Activities	Business- type Activities	
Current Assets:			
Cash and cash equivalents	\$ 600,223,596	\$ 737,108	\$ 600,960,704
Interest receivable	1,017,926	1,477	1,019,403
Due from other governmental agencies	21,062,728	-	21,062,728
Accounts receivable, net	2,863,391	18,872	2,882,263
Inventories	71,968	-	71,968
Total current assets	625,239,609	757,457	625,997,066
Noncurrent Assets:			
Prepaid pension assets	42,166,777	-	42,166,777
Capital assets:			
Land	8,829,792	-	8,829,792
Depreciable building and improvements, equipment, vehicles and furniture, net	30,837,345	-	30,837,345
Total capital assets	39,667,137	-	39,667,137
Total noncurrent assets	81,833,914	-	81,833,914
Total assets	707,073,523	757,457	707,830,980
Deferred Outflow of Resources:			
Deferred outflow of resources	-	-	-
Combined Assets and Deferred Outflow of Resources	707,073,523	757,457	707,830,980
 <u>Liabilities</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	36,109,474	10,463	36,119,937
Interest payable	2,843,675	-	2,843,675
Salaries and benefits payable	7,119,946	-	7,119,946
Unearned revenue	12,876,345	-	12,876,345
Long term debt - due within one year	4,289,230	-	4,289,230
Total current liabilities	63,238,670	10,463	63,249,133
Noncurrent Liabilities:			
Long term debt - due in more than one year	49,039,981	-	49,039,981
Total noncurrent liabilities	49,039,981	-	49,039,981
Total liabilities	112,278,651	10,463	112,289,114
Deferred Inflow of Resources:			
Deferred inflow of resources	-	-	-
Combined Liabilities and Deferred Inflow of Resources	112,278,651	10,463	112,289,114
 <u>Net Position</u>			
Net investment in capital assets	39,667,137	-	39,667,137
Restricted for:			
Pension asset	3,031,890	-	3,031,890
Long-term emission-reduction projects	530,540,932	-	530,540,932
Unrestricted	21,554,913	746,994	22,301,907
Total net position	\$ 594,794,872	\$ 746,994	\$ 595,541,866

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

Functions/ Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
		Fees and Charges		Operating Grants and Subventions	Long-term project grants*	Governmental Activities **	Business-Type Activities	Total
	Stationary Sources **	Mobile Sources						
Primary Government:								
Governmental Activities:								
Advance clean air technology	\$ 6,857,959	2,556,748	3,731,949	225,727		\$ (343,535)	\$ -	\$ (343,535)
Ensure compliance with clean air rules	47,417,956	37,186,064	2,337,466	3,365,823		(4,528,603)	-	(4,528,603)
Customer service and business assistance	8,169,587	4,047,809	3,447,392	130,506		(543,880)	-	(543,880)
Develop programs to achieve clean air	12,317,470	4,198,113	7,442,669	112,612		(564,076)	-	(564,076)
Develop rules to achieve clean air	7,269,414	4,920,045	1,526,352	161,939		(661,078)	-	(661,078)
Monitoring air quality	14,265,601	5,173,245	4,519,951	4,061,883		(510,522)	-	(510,522)
Timely review of permits	28,621,527	26,672,840	-	695,953		(1,252,734)	-	(1,252,734)
Policy support	1,306,054	684,752	529,291			(92,011)	-	(92,011)
Interest on long-term debt	4,605,963					(4,605,963)	-	(4,605,963)
Long-term emission reduction projects *	155,998,253				164,555,289	8,557,036	-	8,557,036
Total governmental activities	<u>286,829,784</u>	<u>85,439,616</u>	<u>23,535,070</u>	<u>8,754,443</u>	<u>164,555,289</u>	<u>(4,545,366)</u>		<u>(4,545,366)</u>
Business-type Activities:								
CNG fueling station	189,518						(189,518)	(189,518)
Total business-type activities	<u>189,518</u>						<u>(189,518)</u>	<u>(189,518)</u>
Total primary government	\$ <u>287,019,302</u>	<u>85,439,616</u>	<u>23,535,070</u>	<u>8,754,443</u>	<u>164,555,289</u>	\$ <u>(4,545,366)</u>	\$ <u>(189,518)</u>	\$ <u>(4,734,884)</u>
General Revenues **:								
Grants and subventions - not restricted to specific stationary source programs						2,889,099		2,889,099
Interest						343,206		343,206
Penalties/ settlement						11,562,529		11,562,529
Subscriptions						1,630		1,630
Other						406,456		406,456
CNG fuel sales***							411,434	411,434
Total general revenues						<u>15,202,920</u>	<u>411,434</u>	<u>15,614,354</u>
Change in net position						10,657,554	221,916	10,879,470
Net position - July 1, 2012						584,137,318	525,078	584,662,396
Net position - June 30, 2013						\$ <u>594,794,872</u>	\$ <u>746,994</u>	\$ <u>595,541,866</u>

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

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

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

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	General Fund	Mobile Sources Air Pollution Reduction Fund	CMP AB 923 Fund	Prop 1B Goods Movement Fund	Other Governmental Funds	Total
Cash and cash equivalents	\$ 52,102,734	\$ 65,910,778	\$ 108,662,940	\$ 104,417,004	\$ 269,130,140	\$ 600,223,596
Interest receivable	86,943	95,114	181,080	174,020	480,770	1,017,926
Due from other governmental agencies	6,346,784	2,589,328	4,315,847	564,727	7,246,041	21,062,728
Due from other funds	3,164,180	-	241,108	200,131	6,762,814	10,368,233
Accounts receivable, net	2,031,393	-	-	-	831,998	2,863,391
Inventories	71,968	-	-	-	-	71,968
Total assets	<u>\$ 63,804,002</u>	<u>\$ 68,595,220</u>	<u>\$ 113,400,975</u>	<u>\$ 105,355,882</u>	<u>\$ 284,451,763</u>	<u>\$ 635,607,842</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,079,063	\$ 4,164,912	\$ 19,995	\$ 16,328,006	\$ 11,517,498	\$ 36,109,474
Salaries and benefits payable	7,119,946	-	-	-	-	7,119,946
Due to other funds	1,135,736	-	-	1,759,371	7,473,126	10,368,233
Unearned revenue	12,876,345	-	-	-	-	12,876,345
Total liabilities	<u>25,211,090</u>	<u>4,164,912</u>	<u>19,995</u>	<u>18,087,377</u>	<u>18,990,624</u>	<u>66,473,998</u>
Fund Balances:						
Nonspendable	71,968	-	-	-	-	71,968
Restricted	-	64,430,308	113,380,980	87,268,505	66,882,325	331,962,118
Committed	6,552,287	-	-	-	29,141,240	35,693,527
Assigned	12,194,651	-	-	-	169,437,574	181,632,225
Unassigned	19,774,006	-	-	-	-	19,774,006
Total fund balances	<u>38,592,912</u>	<u>64,430,308</u>	<u>113,380,980</u>	<u>87,268,505</u>	<u>265,461,139</u>	<u>569,133,844</u>
Total liabilities and fund balances	<u>\$ 63,804,002</u>	<u>\$ 68,595,220</u>	<u>\$ 113,400,975</u>	<u>\$ 105,355,882</u>	<u>\$ 284,451,763</u>	<u>\$ 635,607,842</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, 2013**

Total fund balances – total governmental funds \$ 569,133,844

Amounts reported for governmental activities in the Statement of Net Position are different because:

Pension assets and related SCAQMD costs resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the governmental funds. 42,166,777

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. These capital assets net of accumulated depreciation are reported in the Statement of Net Position as capital assets of SCAQMD as a whole. 39,667,137

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet. (2,843,675)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Long-term debt	(39,134,889)
General liability	(244,185)
Workers' compensation	(647,802)
Compensated absences	<u>(13,302,335)</u>

Net position of governmental activities \$594,794,872

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

<u>Revenues:</u>	General Fund	Mobile Sources Air Pollution Reduction Fund	CMP AB 923 Fund	Prop 1B Goods Movement Fund	Other Governmental Funds	Total
Emission fees	\$ 20,540,391	\$ -	\$ -	\$ -	\$ -	\$ 20,540,391
Annual renewal fees	43,056,220	-	-	-	-	43,056,220
Area Sources	2,132,263	-	-	-	-	2,132,263
Permit processing fees	17,210,640	-	-	-	-	17,210,640
Mobile sources/clean fuels	19,397,116	14,813,511	24,689,485	-	8,541,434	67,441,546
Air Toxics "Hot Spots"	1,431,740	-	-	-	485,512	1,917,252
Transportation programs	927,824	-	-	-	-	927,824
State subvention	3,948,646	-	-	-	-	3,948,646
Federal grant	7,694,890	-	-	2,227,314	9,546,450	19,468,654
State grant	3,210,130	-	-	69,667,967	28,554,144	101,432,241
Interest revenue	343,206	351,775	619,421	625,053	1,738,165	3,677,620
Lease revenue	140,739	-	-	-	-	140,739
Source test/analysis fees	790,824	-	-	-	-	790,824
Hearing Board fees	277,544	-	-	-	-	277,544
Penalties and settlements	11,562,529	-	-	-	80,000	11,642,529
Subscriptions	1,630	-	-	-	-	1,630
Other revenues	265,717	-	-	-	2,615,058	2,880,775
Total revenues	<u>132,932,049</u>	<u>15,165,286</u>	<u>25,308,906</u>	<u>72,520,334</u>	<u>51,560,763</u>	<u>297,487,338</u>
 <u>Expenditures:</u>						
Current:						
Salaries and employee benefits	102,289,888	-	-	-	-	102,289,888
Insurance	1,078,546	-	-	-	-	1,078,546
Rent	620,723	-	-	-	-	620,723
Supplies	2,894,245	-	-	-	30	2,894,275
Contract and special services	7,890,631	12,559,557	860,820	90,337,518	51,023,629	162,672,155
Maintenance	1,425,557	-	-	-	-	1,425,557
Travel and auto	753,860	-	-	-	-	753,860
Utilities	1,405,249	-	-	-	-	1,405,249
Communications	580,569	-	-	-	-	580,569
Uncollectible accounts	454,094	-	-	-	-	454,094
Other expenditures	962,671	567,311	-	-	649,385	2,179,367
Capital outlay	3,261,458	-	-	-	-	3,261,458
Debt service:						
Principal	7,347,007	-	-	-	10,830,000	18,177,007
Interest	2,872,971	-	-	-	1,985,014	4,857,985
Total expenditures	<u>133,837,469</u>	<u>13,126,868</u>	<u>860,820</u>	<u>90,337,518</u>	<u>64,488,058</u>	<u>302,650,733</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(905,420)</u>	<u>2,038,418</u>	<u>24,448,086</u>	<u>(17,817,184)</u>	<u>(12,927,295)</u>	<u>(5,163,395)</u>
 <u>Other Financing Sources (uses):</u>						
Transfers in	2,217,521	-	951,760	-	35,194,853	38,364,134
Transfers out	(9,466,966)	(63,360)	(3,158,892)	(249,869)	(25,425,047)	(38,364,134)
Total other financing sources (uses)	<u>(7,249,445)</u>	<u>(63,360)</u>	<u>(2,207,132)</u>	<u>(249,869)</u>	<u>9,769,806</u>	<u>-</u>
Net change in fund balance	<u>(8,154,865)</u>	<u>1,975,058</u>	<u>22,240,954</u>	<u>(18,067,053)</u>	<u>(3,157,489)</u>	<u>(5,163,395)</u>
Fund balances, July 1, 2012	<u>46,747,777</u>	<u>62,455,250</u>	<u>91,140,026</u>	<u>105,335,558</u>	<u>268,618,628</u>	<u>574,297,239</u>
Fund balances, June 30, 2013	<u>\$ 38,592,912</u>	<u>\$ 64,430,308</u>	<u>\$ 113,380,980</u>	<u>\$ 87,268,505</u>	<u>\$ 265,461,139</u>	<u>\$ 569,133,844</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, 2013**

Net change in fund balances – total governmental funds \$(5,163,395)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays recorded in the current period.	3,261,458
Depreciation expense on capital assets is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(4,421,049)
Amortization of prepaid pension asset is reported in the Government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, amortized amount is not reported in governmental funds.	(1,376,437)
Repayment of bond principal is an expenditure in the governmental funds. For SCAQMD as a whole, principal payments reduce the liabilities in the Government-wide Statement of Net Position and do not result in an expense in the Statement of Activities and Changes in Net Position.	18,177,007
Accrued interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds. The following amount represents the change in accrued interest from the prior year.	252,017
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	98,430
General liability/workers' compensation claims	<u>(170,477)</u>
Change in net position of governmental activities	<u>\$10,657,554</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

		Business-type Activities - Enterprise Funds
<u>Assets</u>		CNG Fueling Station Fund
Current Assets:		
Cash and cash equivalents	\$	737,108
Accounts receivable, net		18,872
Interest receivable		1,477
Total current assets		757,457
Noncurrent Assets:		
Capital assets:		
Equipment		610,200
Less accumulated depreciation		(610,200)
Total capital assets, net of accumulated depreciation		-
Total noncurrent assets		-
Total assets		757,457
 <u>Liabilities</u>		
Current Liabilities:		
Accounts payable and accrued liabilities		10,463
Total liabilities		10,463
 <u>Net Position</u>		
Unrestricted		746,994
Total net position	\$	746,994

See accompanying notes to the basic financial statements.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

		Business-type Activities - Enterprise Funds
		<u>CNG Fueling Station Fund</u>
Operating revenues:		
Merchandise sales	\$	292,747
Other operating revenues		118,687
Total operating revenues		<u>411,434</u>
Operating expenses:		
Depreciation		-
Cost of goods and services		189,518
Total operating expenses		<u>189,518</u>
Operating income		221,916
Total net position, July 1, 2012		<u>525,078</u>
Total net position, June 30, 2013	\$	<u>746,994</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

		<u>Business-type Activities - Enterprise Funds</u> CNG Fueling Station Fund <u>Fund</u>
<u>Cash Flows from Operating Activities:</u>		
Cash received from merchandise sales	\$	273,875
Cash payment for goods and services		(192,624)
Other operating revenues		117,770
		<u>199,021</u>
Net cash provided by operating activities		<u>199,021</u>
Beginning cash balance, July 1, 2012		<u>538,087</u>
Ending cash balance, June 30, 2013	\$	<u><u>737,108</u></u>

Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:

Operating income	\$	<u>221,916</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		-
Increase in interest receivable		(917)
Increase in accounts receivable		(18,872)
Decrease in accounts payable and accrued liabilities		<u>(3,106)</u>
Total adjustments		<u>(22,895)</u>
Net cash provided by operating activities	\$	<u><u>199,021</u></u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

<u>Assets</u>	<u>Agency Funds</u>	<u>Retirement Benefit Trust Fund</u>
Cash and cash equivalents	\$ 135,302	\$ 690,648
Interest receivable	<u>85</u>	<u>1,295</u>
Total assets	<u>\$ 135,387</u>	<u>691,943</u>
<u>Liabilities</u>		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 135,387</u>	<u>52,401</u>
Total liabilities	<u>\$ 135,387</u>	<u>52,401</u>
<u>Net Position</u>		
Net position held in trust for retirement benefit		<u>639,542</u>
Total net position		<u>\$ 639,542</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2013**

	<u>Retirement Benefit Trust Fund</u>
<u>Additions:</u>	
Contribution	\$ 188
Interest revenue	5,279
Total additions	<u>5,467</u>
 <u>Deductions:</u>	
Other expenditures	<u>270,567</u>
Total deductions	<u>270,567</u>
Change in net position	<u>(265,100)</u>
Net position held in trust for retirement benefits, July 1, 2012	<u>904,642</u>
Net position held in trust for retirement benefits, June 30, 2013	<u>\$ 639,542</u>

See accompanying notes to the basic financial statements.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

As defined by generally accepted accounting principles (GAAP) in the United States of America that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units, which are legally separate organizations. The financial statements of SCAQMD are prepared in accordance with GAAP.

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

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

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

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

The basic financial statements of SCAQMD are composed of the following:

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

Government-wide Financial Statements

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

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

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

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

SCAQMD's functional activities are broken down into the following nine categories:

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

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

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

SCAQMD has presented all major funds that met those qualifications. These major funds are Mobile Sources Air Pollution Reduction Fund, Carl Moyer Program AB 923 Special Revenue Fund, Proposition 1B Funding-Goods Movement Fund, in addition to the General Fund.

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

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included in the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

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

Proprietary Fund Financial Statements

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

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of SCAQMD’s enterprise fund are sales of CNG fuel. Operating expenses include the cost of sales and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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Fiduciary Fund Financial Statements

Fiduciary Fund financial statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds represent agency funds which are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses or the measurement of results of operations. The reporting focus is upon net position and changes in net position. These funds are accounted for in the accrual basis of accounting.

C. Fund Types and Major Funds

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

SCAQMD reports the following major governmental funds:

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

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

- Mobile Sources Air Pollution Reduction Fund – Used to account for 30% of the revenue received by SCAQMD from the motor vehicle registration fees under the provisions of Sections 44243 and 44244 of the California Health and Safety Code. This money is used to provide grants to fund projects for the purpose of reducing air pollution from motor vehicles within the South Coast Air Basin. Total projects to date amount to over \$334 million and over 11,000 tons of emissions reduced. This special fund was established in fiscal year 1992.
- Carl Moyer Program AB 923 Special Revenue Fund - Established in fiscal year 2008 to provide additional funding for the Carl Moyer Program from an adjustment to the tire fee, and authorizes local air districts to increase motor vehicle registration fees by up to \$2 for programs to reduce air pollution. AB 923 has expanded the Carl Moyer incentive program to include agricultural sources of air pollution as well as buses, cars and on and off-road equipment. The program targets nitrogen oxide hydrocarbon, and particulate matter pollution reductions. In fiscal year 2012-13 \$34 million in AB 923 funds were approved to replace and retrofit school buses. Furthermore, about \$34 million in AB 923 funds were awarded to Metrolink for repower of locomotives to low-emitting tier 4 engines. In addition, about \$4 million per

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year in AB 923 funds are used to fund projects as match requirement to the Carl Moyer Program.

- Prop 1B Funding - Goods Movement Fund - This fund was established in fiscal year 2008 to account for voter approved transportation bond dollars. A portion of these were allocated to CARB and passed through to SCAQMD to implement programs that reduce emissions from movement of freight or “goods” along California’s trade corridors. About 1,500 new diesel and LNG drayage trucks were funded at the Ports of Los Angeles and Long Beach for about \$75 million in Proposition 1B-Goods Movement Program funds and \$27 million in other funds that were only used for the LNG trucks. In addition, about 3,000 non-drayage trucks have been funded for about \$140 million in Proposition 1B-Goods Movement Program funds.

SCAQMD reports the following major proprietary fund:

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

SCAQMD also reports the following fiduciary fund types:

- Agency Funds - Used to account for funds due to others that are not accounted for in the other funds and acts as a temporary custodian.
 - 1) Accounting Agency Fund - Used to account for unidentified payments that require additional research before final disposition.
 - 2) 457 Plan Administration Revenue Sharing Fund - Used to account for funds that, the 457 plan administrator, transfers to SCAQMD as part of a revenue-sharing agreement. After applicable expenses are paid, residual funds are returned to the 457 plan administrator to be distributed among participants based on an approved formula.
- Retirement Benefit Trust Fund - Used to account for funds contributed by SCAQMD and interest earned on its principal for the payment of medical, dental and burial costs upon retirement of SCAQMD employees who are members of the Los Angeles County Employees Retirement Association (LACERA). It operates as a cost-sharing multi-employer defined benefit plan. Note VIII contains more information about SCAQMD’s retirement plans.

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

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, SCAQMD considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within three months or less from the date they are purchased.

2. Investments

SCAQMD's investments are reported at fair value, except for certain short-term money market investments, which are reported at cost because they are not transferrable and have terms that are not affected by changes in market rates.

3. Capital Assets and Depreciation

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include land, equipment, vehicles, furniture, buildings and improvements, software and other intangible assets are reported at cost unless obtained by donation in which case the assets are recorded at the appraised value at the date of receipt. Capital asset purchases with values of at least \$5,000 and with an expected useful life of three years or more are capitalized.

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

Depreciation is charged as an expense against operations, and accumulated depreciation is reported on the respective balance sheet. Property, plant, equipment, vehicles and furniture of SCAQMD are depreciated using the straight-line method over the following useful lives:

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<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-30
Equipment, vehicles and furniture	5-7
Software and Systems	3-5

4. 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.

5. Compensated Absences

Regular full-time employees accumulate earned but unused vacation time, sick leave, compensatory time, and other leave time. Certain restrictions apply with respect to the accumulation of leave time and its payment at termination. All vacation, sick leave, compensatory time, and other leave time are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

6. Self-Insurance

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

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

9. Net Position and Fund Balances

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

Net Investment in Capital Assets

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

Restricted Net Position

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

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Unrestricted Net Position

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

In the fund financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which SCAQMD is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. SCAQMD considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which any amounts in any of the unrestricted classifications of fund balance can be used, SCAQMD considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance

Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by SCAQMD's Governing Board, SCAQMD's highest level of decision-making authority, through board resolution or action. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified uses through a new revised resolution.

Assigned Fund Balance

Amounts that are constrained by SCAQMD's intent to be used for specific purposes, but are neither restricted nor committed. For the General Fund,

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SCAQMD's Governing Board is the only authorized body to assign amounts to a specific purpose.

Unassigned Fund Balance

Amounts that are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative fund balances in all other funds.

SCAQMD's unassigned fund balance in the General Fund includes \$1,481,502 for budget stabilization which is established in the annual budget adopted by the Governing Board. The addition to and use of these funds must be approved by the Governing Board, through a board resolution or action.

The following schedule shows the details of the fund balances as of June 30, 2013:

	<u>General Fund</u>	<u>Major Governmental Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance:				
Nonspendable:				
Inventory	\$ 71,968	\$ -	\$ -	\$ 71,968
Restricted	-	265,079,793	66,882,325	331,962,118
Committed	6,552,287	-	29,141,240	35,693,527
Assigned:				
For self insurance	2,000,000	-	-	2,000,000
For litigation/enforcement	1,600,000	-	-	1,600,000
For facility refurbishment	578,289	-	-	578,289
For unemployment claims	80,000	-	-	80,000
For enhanced compliance activity	883,018	-	-	883,018
For permit streamlining	288,385	-	-	288,385
For retirement actuarial increases	3,812,463	-	-	3,812,463
For OPEB obligations	2,952,496	-	-	2,952,496
Unassigned	19,774,006		-	19,774,006
Total fund balances	<u>\$ 38,592,912</u>	<u>\$ 265,079,793</u>	<u>\$ 265,461,139</u>	<u>\$ 569,133,844</u>

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E. Use of Estimates

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

F. Adoption of New GASB Pronouncements

The GASB has Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions.”

This statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The SCAQMD implemented GASB 63 as of June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

II. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of the cash and cash equivalent balances for the primary government (including fiduciary funds) at June 30, 2013.

		Primary Government
Cash on hand	\$	450,825
Cash in bank		267,637
Cash equivalents in pooled investments		601,068,193
Cash, cash equivalents, and investments	\$	601,786,655

DEPOSITS

At June 30, 2013, the carrying amount of SCAQMD’s bank deposits was \$267,637 and the bank balance was \$287,652. The entire amount was covered by Federal Deposit Insurance Corporation (FDIC). The amount was insured up to \$250,000 by FDIC. Management believes that SCAQMD is not exposed to any significant credit risk related to cash in bank.

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INVESTMENTS

At June 30, 2013 the carrying amount of SCAQMD's cash equivalents held in Los Angeles County's Pooled Surplus Investment Fund and State of California Local Agency Investment Fund amounting to \$601,068,193 is stated at fair value.

Changes in 1996 to the California Government Code require that a statement of investment policy be transmitted annually to the oversight committee and legislative body of a local agency for consideration at a public meeting. California Government Code Section 53607 requires that a local agency's legislative body annually renews its delegation of authority to its treasurer to invest or to reinvest funds of the local agency.

For the past 36 years, the County of Los Angeles has provided treasury management services to SCAQMD. These services are limited to the processing of payroll and accounts payable warrants and the investment of available cash balances. Annually, the Governing Board reviews the treasury management options available to SCAQMD and renews its delegation of authority to its appointed Treasurer to invest or re-invest SCAQMD funds.

Available cash is invested in investments legally allowable under state law. Income from such investments is allocated on the basis of average monthly cash balances to the respective funds based on the source of funds invested.

In accordance with the State of California Government Code, SCAQMD adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms. Statutes and investment policy authorize SCAQMD to invest in:

- U.S. Treasuries
- Federal agencies and U.S. government sponsored enterprises
- Los Angeles County Pooled Surplus Investment Portfolio
- State of California Local Agency Investment Fund
- State of California and local agency obligations – not allowed as Special Purpose Investments.
- Shares of money market mutual funds – shall be limited to ratings of AAA by two nationally recognized statistical rating organizations (NRSRO) or managed by an investment advisor registered with the Securities Exchange Commission with not less than five years experience and with assets under management in excess of \$500 million and such investment may not represent more than 10% of the total assets in the money market fund.
- Bankers acceptances – with maximum maturities of 180 days, must be issued by national or state-chartered branch or a state licensed branch of a foreign bank.

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Eligible banker's acceptance should have the highest rankings in the highest letter and number rating as provided for by the NRSRO.

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

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due to changes in a base or benchmark rate. Investments in floating rate securities must utilize commercially available U.S. denominated indices such as U.S. Treasury bills of Federal Funds. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes

Variable and Floating Rate Securities that are priced based on a single common index are not considered derivative securities.

- Derivative securities – not allowed as Special Purpose Investments

The following table summarizes SCAQMD’s cash, cash equivalents and investments at June 30, 2013. The pooled investments are 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. Investments held are stated at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of SCAQMD’s position as one of the participants is the same as the value of the pool shares.

	Investment Maturities		
	Fair Value	<1 Year	1-2 years
Cash:			
On hand	\$ 450,825	\$ -	\$ -
In bank	267,637	-	-
Total cash	<u>718,462</u>	<u>-</u>	<u>-</u>
Cash equivalents:			
Investment in Los Angeles County’s			
Pooled Surplus Investment (PSI) Fund	561,771,823	359,533,967	202,237,856
Investment in Local Agency			
Investment Fund	39,296,370	39,296,370	-
Total cash equivalents	<u>601,068,193</u>	<u>398,830,337</u>	<u>202,237,856</u>
Total cash, cash equivalents, & investments	<u>\$ 601,786,655</u>	<u>\$ 398,830,337</u>	<u>\$ 202,237,856</u>

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, SCAQMD investment policy limits its investment portfolio of Pooled Surplus Investments (PSI) with the County of Los Angeles to maturities of less than five years at time of purchase. The maximum maturity of any SPI (Special Purpose Investments) shall be five years. The weighted average maturity of the SPI separate account portfolio may not exceed

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three years. SCAQMD did not have any investment portfolio of SPI with the County of Los Angeles during the fiscal year ending June 30, 2013.

Credit Risk

Credit risk is the risk of default or the inability of an issuer of an investment to fulfill its obligation to the holder of the investment. SCAQMD mitigates its credit risk generally by following its three primary investment objectives, in order of safety, liquidity, and yield. SCAQMD's policy further restricts the investing in only permitted investments. The portfolio is diversified so that no one type of issuer or issue will have a disproportionate impact on the portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that SCAQMD will not be able to recover the value of its investment securities that are in the possession of an outside party. As of June 30, 2013, none of SCAQMD's deposits or investments were exposed to custodial credit risk.

State Treasurer's Local Agency Investment Fund

SCAQMD is a voluntary participant in the California State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. At June 30, 2013, SCAQMD had \$39,296,370 deposited in LAIF. The amount invested is unrated as to credit quality.

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

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

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III. DUE FROM OTHER GOVERNMENT AGENCIES AND ACCOUNTS RECEIVABLE

Due from other government agencies at June 30, 2013 consists of the following:

Department of Motor Vehicles AB 2766	\$15,093,546
Environmental Protection Agency Advanced Maritime Emissions Control System	425,000
Section 105 Base Grant	785,555
Section 105 PAMS Grant	370,248
Section 103 PM 2.5 Grant	2,184,651
Section 103 Community Scale Air Toxics Grant	987,000
Department of Homeland Security Special Monitoring	417,000
Department of Energy ZECT (Zero Emission Cargo Transport)	235,000
Liquified Natural Gas Truck Replacement Grant	134,573
California Energy Commission Truck Replacement Grant	<u>430,155</u>
Total	<u>\$21,062,728</u>

Accounts Receivable consists of the following at June 30, 2013:

Air Toxics "Hot Spots", Emission Fees, Permits, Annuals and Source Testing	\$3,300,978
Clean Fuels/Stationary Sources	275,708
Miscellaneous Receivables	<u>482,542</u>
Subtotal	4,059,228
Less: Allowance for Doubtful Accounts	<u>(1,195,837)</u>
Total	<u>\$2,863,391</u>

IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Interfund Receivables and Payables for year ending June 30, 2013 are as follows:

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IV. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Due to/from other funds:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 3,164,180	Debt Service Fund	\$ 17,329
		Air Quality Investment Fund	21,789
		Clean Fuels Program Fund	134,705
		Carl Moyer Fund	1,225,273
		Voucher Incentive Program Fund	5,713
		Prop 1B Funding– Goods Movement	<u>1,759,371</u>
	<u>\$ 3,164,180</u>		<u>\$ 3,164,180</u>
Clean Fuels Program Fund	\$ 6,762,814	General Fund	\$ 694,497
		Advanced Technology, Outreach & Education Fund	3,053,006
		(DOE ARRA) Plug-In Hybrid Electric Vehicles Fund	3,000,000
		DOE PEV Infrastructure Planning Fund	<u>15,311</u>
	<u>\$ 6,762,814</u>		<u>\$ 6,762,814</u>
Carl Moyer Program AB923 Fund	\$ 241,108	General Fund	\$ 241,108
Prop 1B Funding – Good Movement	\$ 200,131	General Fund	\$ 200,131
Total Receivables	<u><u>\$ 10,368,233</u></u>		<u><u>\$ 10,368,233</u></u>

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

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Fund Transferred From	Fund Transferred To										Total
	General Fund	Infrastructure Improvement Fund	Debt Service Fund	Clean Fuels Conference Fund	Natural Gas Vehicle Partnership Fund	Hydrogen Fueling Station Fund	Voucher Incentive Program Fund	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Program Fund	Carl Moyer AB923 Fund	
General Fund	\$	\$ 2,896,952	\$ 6,415,014	\$ 155,000	\$	\$	\$	\$	\$	\$	\$ 9,466,966
Debt Service Fund	17,329										17,329
Mobile Sources Air Pollution Reduction Fund	63,360										63,360
Air Quality Investment Fund	30,748								2,500,000		2,530,748
Clean Fuels Program Fund	1,697,323				25,000	275,000		16,917,887			18,915,210
Carl Moyer Fund							3,000,000				3,000,000
Natural Gas Vehicle Partnership Fund				10,000							10,000
Carl Moyer AB 923 Fund	158,892						3,000,000				3,158,892
Prop 1B Funding - Goods Movement	249,869										249,869
Prop 1B Funding - Lower Emission School Bus										951,760	951,760
	\$ 2,217,521	\$ 2,896,952	\$ 6,415,014	\$ 165,000	\$ 25,000	\$ 275,000	\$ 6,000,000	\$ 16,917,887	\$ 2,500,000	\$ 951,760	\$ 38,364,134

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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SCAQMD's Governing Board approved the following:

- Transfer of \$63,360 from the Mobile Sources Air Pollution Reduction Fund to the General Fund to facilitate the payment of MSRC miscellaneous direct and travel costs.
- Transfer of \$30,748 from the Air Quality Investment Fund to the General Fund to carry out the 2013 Lawnmower Exchange Program.
- Transfer of \$158,892 from the Carl Moyer AB923 Program Fund to the General Fund to support directly-related activities for demonstration and incentive programs.
- Transfer of \$3,000,000 from the Carl Moyer AB923 Fund to the Voucher Incentive Program (VIP) Fund to fund truck replacement projects.
- Transfer of \$249,869 from the Prop 1B Goods Movement Fund to the General Fund to cover expenses for administrative, outreach, education and other directly-related activities.
- Transfer of \$2,896,952 from the General Fund to the Infrastructure Improvement Fund for building improvement projects.
- Transfer of \$6,415,014 from the General Fund to the Debt Service Fund for prepayment of the remaining installment purchase payments for the SCAQMD Headquarters Facility.
- Transfer of \$17,329 from Debt Service Fund to General Fund for return of residual funds.
- Transfer of \$155,000 from the General Fund to the Clean Fuels Conference Fund to conduct a regional conference for high school students to foster awareness and increased understanding of air quality, climate change and sustainability issues.
- Transfer of \$10,000 from the Natural Gas Vehicle Partnership Fund to the Clean Fuels Conference Fund for sponsorship of the "A World We Can Change" High School Conference & Expo.
- Transfer of \$1,697,323 from the Clean Fuels Program Fund to the General Fund for technology advancement and demonstration projects.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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- Transfer of \$25,000 from the Clean Fuels Program Fund to the Natural Gas Vehicle Partnership Fund to contribute for the two-year membership for projects that promote greater deployment of natural gas vehicles in California.
- Transfer of \$275,000 from the Clean Fuels Program Fund to the Hydrogen Fueling Station Fund for the ongoing operation and maintenance for the Burbank hydrogen fueling station.
- Transfer of \$3,000,000 from the Carl Moyer Fund to the Voucher Incentive Program (VIP) Fund to fund truck replacement projects.
- Transfer of \$16,917,887 from the Clean Fuels Program Fund to the Advanced Technology Goods Movement Fund for various advanced technology development projects.
- Transfer of \$2,500,000 from the Air Quality Investment Fund to the Rule 1470 Risk Reduction Fund to assist with control equipment costs for public agencies that are required to install control equipment on new emergency back-up generators.
- Transfer of \$951,760 from the Prop 1B Funding – Lower Emission School Bus to the Carl Moyer Program AB923 Fund to repay loan from prior year.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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V. CAPITAL ASSETS

In compliance with GASB Statement No. 34 reporting, SCAQMD has reported all capital assets in the Government-wide Statement of Net Position. Capital asset activities for the year ended June 30, 2013 were as follows:

	Balance July 1, 2012	Increase	Decrease	Balance June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,829,792	\$ -	\$ -	\$ 8,829,792
Total capital assets not being depreciated	<u>8,829,792</u>	<u>-</u>	<u>-</u>	<u>8,829,792</u>
Capital Assets being depreciated:				
Buildings and improvements	74,735,210	561,345		75,296,555
Intangibles (software)	2,306,041	790,812	-	3,096,853
Equipment, vehicles and furniture	25,645,229	1,909,301	(1,190,729)	26,363,801
Total capital assets being depreciated	<u>102,686,480</u>	<u>3,261,458</u>	<u>(1,190,729)</u>	<u>104,757,209</u>
Governmental Activities:				
Less Accumulated Depreciation for:				
Buildings and improvements	(50,265,785)	(2,517,590)	-	(52,783,375)
Intangibles (software)	(183,684)	(110,887)	-	(294,571)
Equipment, vehicles and furniture	(20,240,075)	(1,792,572)	1,190,729	(20,841,918)
Total accumulated depreciation	<u>(70,689,544)</u>	<u>(4,421,049)</u>	<u>1,190,729</u>	<u>(73,919,864)</u>
Net capital assets being depreciated	31,996,936	(1,159,591)	-	30,837,345
Net capital assets, governmental activities	<u>\$ 40,826,728</u>	<u>\$ (1,159,591)</u>	<u>\$ -</u>	<u>\$ 39,667,137</u>
Business-type Activities:				
Compressed natural gas				
Fueling station	\$ 610,200	\$ -	\$ -	\$ 610,200
Total capital assets being depreciated	<u>610,200</u>	<u>-</u>	<u>-</u>	<u>610,200</u>
Less accumulated depreciation	(610,200)	-	-	(610,200)
Net capital assets, business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended June 30, 2013, the depreciation expense of \$4,421,049 was charged to SCAQMD's functions/programs in the governmental activities as follows:

Advance clean air technology	\$ 159,504
Ensure compliance with clean air rules	1,776,325
Customer service and business assistance	303,052
Develop programs to achieve clean air	285,956
Develop rules to achieve clean air	144,509
Monitoring air quality	1,064,468
Timely review of permits	620,655
Policy support	<u>66,580</u>
Total depreciation expense	<u>\$4,421,049</u>

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VI. LONG-TERM DEBT

The following is a summary of long-term obligation transactions of SCAQMD for the year ended June 30, 2013:

	Balance <u>July 1, 2012</u>	<u>Addition</u>	<u>Reduction</u>	Balance <u>June 30, 2013</u>	Amounts Due Within <u>One Year</u>	Amounts Due in More Than <u>One Year</u>
Governmental Activities:						
Claims payable:						
General liability	\$ 330,000	\$ 23,421	\$ 109,236	\$ 244,185	\$ 33,685	\$ 210,500
Workers' compensation	391,510	492,431	236,139	647,802	278,691	369,111
Compensated absences	13,400,765	732,006	830,436	13,302,335	877,829	12,424,506
Installment Sale Obligation:						
Building	15,130,000	-	15,130,000	-	-	-
Pension Obligation Bonds	<u>42,181,896</u>	<u>-</u>	<u>3,047,007</u>	<u>39,134,889</u>	<u>3,099,025</u>	<u>36,035,864</u>
Total	<u>\$71,434,171</u>	<u>\$1,247,858</u>	<u>\$19,352,818</u>	<u>\$53,329,211</u>	<u>\$4,289,230</u>	<u>\$49,039,981</u>

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

1995 Pension Obligation Bonds

On December 1, 1995, SCAQMD, jointly with the County of San Bernardino, issued bonds to retire the Unfunded Actuarial Accrued Liability (UAAL) due to San Bernardino County Employees' Retirement Association (SBCERA). SCAQMD issued a \$34,261,896 aggregate principal amount to refund its portion of the obligation to SBCERA. The interest rates range from 5.68% to 7.70% with maturity date of August 1, 2021. The purpose of this refunding was to lower the cost to SCAQMD through the issuance of bonds at rates that are lower than those assessed by SBCERA and to restructure its debt service from an ascending to a level-debt-service schedule. At the time of refunding these changes were expected to result in estimated total gross debt service savings of \$20,151,420 through June 30, 2022. During the fiscal year ended June 30, 2013, \$892,007 in principal and \$2,172,993 in interest were paid on the bonds. The principal balance outstanding at June 30, 2013 amounted to \$5,509,889.

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

Year Ending		Principal		Interest		Total
June 30						
2014	\$	824,025	\$	2,240,975	\$	3,065,000
2015		759,384		2,305,616		3,065,000
2016		700,598		2,364,402		3,065,000
2017		646,010		2,418,990		3,065,000
2018		597,798		2,467,202		3,065,000
2019-2022		1,982,074		10,277,926		12,260,000
Total	\$	<u>5,509,889</u>	\$	<u>22,075,111</u>	\$	<u>27,585,000</u>

Series 2004 Pension Obligation Bonds

On June 29, 2004, SCAQMD issued and sold taxable pension obligation bonds to retire the Unfunded Actuarial Accrued Liability (UAAL) due to the SBCERA. At the time of issuance, it was estimated that the issuance and sale of \$47,030,000 was expected to result in estimated total gross debt service savings of \$22.4 million through August 1, 2023.

The Series 2004 Pension Obligation Bonds are payable on a parity with the 1995 Pension Obligation Bonds. SCAQMD may, from time to time, enter into supplemental indentures without the consent of the Bond Owners of the 1995 Bonds or Series 2004 Bonds for the purpose of providing for the issuance of additional series of Pension Obligation Bonds or to refund any other evidences of indebtedness of SCAQMD arising pursuant to the Retirement Law. The interest rates range from 5.27% to 5.93% with maturity date of August 1, 2023. During the fiscal year ended June 30, 2013, \$2,155,000 in principal and \$1,971,893 in interest were paid on the bonds. The principal balance outstanding at June 30, 2013 amounted to \$33,625,000.

The annual payment requirements under pension bond obligation, Series 2004, are as follows:

Year Ending		Principal		Interest		Total
June 30						
2014	\$	2,275,000	\$	1,853,683	\$	4,128,683
2015		2,400,000		1,726,378		4,126,378
2016		2,535,000		1,590,152		4,125,152
2017		2,685,000		1,444,492		4,129,492
2018		2,835,000		1,289,514		4,124,514
2019-2023		16,885,000		3,751,550		20,636,550
2024		4,010,000		118,897		4,128,897
Total	\$	<u>33,625,000</u>	\$	<u>11,774,666</u>	\$	<u>45,399,666</u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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Installment Sale Revenue Bonds

On September 1, 1989, the Corporation issued Installment Sale Revenue Bonds, 1989 Series B in the amount of \$60,000,000. The bonds are secured by a pledge of the semiannual payments to be made by SCAQMD pursuant to an Installment Sale Purchase Agreement between the Corporation and SCAQMD, whereby SCAQMD is required to make debt service payments on the Corporation's bonds. The principal portion of these payments was used for the purchase of furnishings and equipment for SCAQMD in conjunction with the construction of its new headquarters. Title to such assets transferred to SCAQMD simultaneously with the Corporation's purchase. As of June 30, 2009, the 1989 Series B bonds were fully paid.

The Series 1992 Installment Sale Revenue Bonds, original issuance amount of \$69,745,000 were issued on December 1, 1992, to refund portions of the 1988 Series A and 1989 Series B bonds. The remaining balance in the amount of \$3,240,000 was paid on August 1, 2011. Interest is payable on each February 1st and August 1st and is computed based upon a 6% interest rate.

On June 1, 2002, the Corporation issued \$26,820,000 in Installment Sale Revenue Bonds with interest rates ranging from 2.75% to 4.25% to refund \$25,460,000 of the Series 1992 bonds with interest rates ranging from 4.00% to 6.00%. During fiscal year 2012-13 the scheduled principal payment of \$5,515,000 was paid leaving a balance of \$9,615,000 due in 2014 and 2015.

In accordance with the Installment Sale Purchase Agreement and the bond indenture, on June 18, 2013 SCAQMD exercised their option to prepay with no premium, the outstanding bonds in full by depositing cash in the irrevocable trust to prepay the unpaid principal and interest due on the next scheduled Installment Sale Purchase Date of July 25, 2013 in an amount of \$9,615,000 and \$200,013, respectively.

Accordingly, as of June 30, 2013, the 2002 Series Installment Sale Bonds were legally defeased. Due to the early defeasance, the savings to SCAQMD was \$164,680 in interest expense.

Allocation of Interest Expenses

Total interest expenses on long-term debt for the year ended June 30, 2013 amounted to \$4,605,963. These interest expenses on long-term debt are not meaningfully associated with individual functional activities. Hence, this is considered an indirect expense and should be reported in the Statement of Activities as a separate line.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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VII. RISK MANAGEMENT

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

SCAQMD carries \$150 million of All Risk property insurance including business income, boiler and machinery (with \$25 million of earthquake and flood coverage), \$10 million for Public Officials and Errors and Omissions liability (including employment practices liability) with the following self insured retentions: \$50,000 for errors and omissions, \$100,000 for employment liability and \$250,000 for bodily injury, property/personal or combination thereof, \$1 million for employee dishonesty and theft, \$10 million for excess general and \$1 million employer's liability losses in excess of self-insured/retained amount of \$250,000 and \$25 million excess workers' compensation for losses over \$750,000. In addition, SCAQMD maintains \$1 million automobile liability/physical damage coverage for hybrid and alternate fuel vehicles under its possession.

As of June 30, 2013, \$244,185 and \$647,802, respectively, had been accrued for general liability claims and workers' compensation.

An appropriate amount has been recorded in the General Fund's financial statements to the extent that SCAQMD anticipates that these amounts will be paid from current resources. While the ultimate amount of losses incurred through June 30, 2013 is dependent on future development based upon information from the independent claims' administrator and others involved with the administration of the programs, SCAQMD management believes that the aggregate accrual is adequate to cover such losses.

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

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The following represents changes in the aggregate liabilities for claims of SCAQMD's general liability and workers' compensation for the years ended June 30, 2012 and 2013:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Totals</u>
Claims payable, July 1, 2011	\$ 100,000	\$ 553,782	\$ 653,782
Current year claims and changes in estimates	353,884	163,824	517,708
Claims payments	(123,884)	(326,096)	(449,980)
Claims payable, June 30, 2012	<u>\$ 330,000</u>	<u>\$ 391,510</u>	<u>\$ 721,510</u>
Claims payable, July 1, 2012	\$ 330,000	\$ 391,510	\$ 721,510
Current year claims and changes in estimates	23,421	492,431	515,852
Claims payments	(109,236)	(236,139)	(345,375)
Claims payable, June 30, 2013	<u>\$ 244,185</u>	<u>\$ 647,802</u>	<u>\$ 891,987</u>

VIII. RETIREMENT PLANS

Substantially all of SCAQMD's employees are members of either the Los Angeles County Employees' Retirement Association (LACERA) or the San Bernardino County Employees' Retirement Association (SBCERA). Benefits are funded by SCAQMD and employee contributions. SCAQMD's contributions for the fiscal year ended June 30, 2013 amounted to \$20,306,848 (\$12,489 to LACERA and \$20,294,359 to SBCERA).

In 1977, SCAQMD employees who were members of the LACERA system were given the option to transfer to the SBCERA system. Some employees decided to stay with LACERA. Most have already left employment and during fiscal year 2013 there was only one active LACERA member.

Los Angeles County Employees' Retirement Association

SCAQMD contributes to the LACERA, a cost-sharing multi-employer defined benefit plan established under the Los Angeles County Employees' Retirement Law of 1937. This public employee retirement system acts as a common investment and administrative agent for the County of Los Angeles and other participating agencies including SCAQMD. SCAQMD's payroll for the one employee covered by LACERA for the fiscal year ended June 30, 2013 was \$58,597. SCAQMD's contribution for the same period was \$12,489. Copies of LACERA's annual financial report may be obtained from their executive office: 300 N. Lake Avenue, Pasadena, CA 91101.

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Three-Year Trend Information for the Plan

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>
2013	\$ 12,489	100%
2012	11,768	100%
2011	23,218	100%

San Bernardino County Employees' Retirement Association

Plan Description

SCAQMD contributes to the SBCERA, a cost-sharing multiple-employer defined benefit pension plan operating under the California County Employees Retirement Act of 1937. SBCERA is controlled by its own board, the Board of Retirement. It acts as a fiduciary agent for the accounting and control of employer and employee contributions, and investment income for San Bernardino County and other participating members including SCAQMD. SBCERA issues a separate comprehensive annual financial report. Copies of SBCERA's annual financial report may be obtained from their executive office: 348 W. Hospitality Lane – 3rd Floor, San Bernardino, CA 92415.

All full-time employees become eligible to participate in SBCERA and related benefits, on their first day of regular employment and become fully vested after five years of service. General members are eligible for retirement benefits upon completion of ten years of service and attaining age 50, or 30 years of service regardless of age. For participants before January 1, 2013, retirement benefits are calculated at 2% of final compensation for each completed year of service based on a retirement age of 55. For participants after December 31, 2012, retirement benefits are calculated at 2.5% of final compensation for each completed year of service based on a retirement age of 67. The plan also provides disability benefits to members and death benefits to beneficiaries of members.

Funding Policy

Participants before January 1, 2013 are required to contribute a percentage of their annual compensation to the plan based on the participant's age at entry into the plan, while participants after December 31, 2012 are required to contribute a percentage of their annual compensation to the plan based on an actuarially determined amount equal to 50% of the normal cost, currently 7.75%. SCAQMD contributes an amount based on actuarial assumptions that, together with employee contributions, is intended to provide sufficient reserves for payment of all prospective benefits to

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
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members. SCAQMD is required to contribute at an actuarially-determined rate, which for the fiscal year ended June 30, 2013, were 29.49% for Management, Confidential and Professional Employee Association (PEA) employees and 32.44% for Office, Clerical, and Maintenance (OCM) employees who started before July 1, 1979, 26.10% for all non-OCM employees who started on or after July 1, 1979, and 29.05% for OCM employees who started on or after July 1, 1979.

During fiscal year ended June 30, 2013, the SCAQMD Governing Board bargained for employees hired after June 30, 2012 to pay their full actuarially determined employee contribution. For such employees, the required employer contribution rate is 23.15%.

Also during fiscal year ended June 30, 2013, the Governor of California signed the Public Employees Pension Reform Act into law, requiring new participants after December 31, 2012 to pay at least 50% of the normal cost of retirement benefits. For such employees, the required employer contribution rate is 20.68%.

Annual Pension Cost

For the fiscal year ended June 30, 2013, SCAQMD's annual pension cost and actual contributions for its 709 employees who are SBCERA members were \$20,306,848 compared with \$17,795,644 the previous year. SCAQMD employee contributions to the plan amounted to \$4,058,381. The required contributions for the fiscal year ended June 30, 2013 were determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

The actuarial value of the Plan's assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five year period (smoothed market value). Components of SBCERA's unfunded actuarial accrued liability (UAAL) prior to June 30, 2002 are amortized as a level percentage of payrolls over a twenty-year period. Any new UAAL after June 30, 2002 will be amortized over a twenty-year period effective with that valuation.

Three-Year Trend Information for the Plan

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>
2013	\$ 20,306,848	100%
2012	17,795,644	100%
2011	15,437,821	100%

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IX. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Starting July 2007, SCAQMD has reimbursed LACERA for the employer portion of health care costs provided to SCAQMD retirees who retired from LACERA. The cost of the LACERA OPEBs is recognized in the Retirement Trust Fund when SCAQMD makes its monthly payment to LACERA based on subsidy allocation as calculated by LACERA. For fiscal year ended June 30, 2013, total payments amounted to \$270,567.

At June 30, 2013, SCAQMD's Retirement Benefit Trust Fund has a balance of \$639,542 to cover the OPEB costs of 68 SCAQMD retirees who retired from LACERA. As of June 30, 2013, there is only one active member.

The OPEB Actuarial Valuation Report in effect as of July 1, 2012 covering the retiree medical, dental/vision and life insurance benefits was issued in conjunction with LACERA actuarial valuation to establish SCAQMD's actuarial liability. The actuarial assumptions used in OPEB actuarial valuations are intended to estimate the future experience of the eligible members for benefit payments and the projected benefit flow and anticipated investment earnings.

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

Activated Cost Method	Projected Unit Credit Actuarial Cost Method
Amortization Method	Rolling 30-year amortization
Actuarial Assumptions	
Investment Rate of Return	4.35%
Projected Salary Increases	3.85%
Implied Inflation Rate	3.35%
Records and Data	Medical, Dental, and Vision Premiums, Financial Information, and the Age, Service and Income Records for Active and Inactive Members and their Survivors
Growth in Membership	No growth in the Active Membership of LACERA

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SCAQMD's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan for fiscal years 2013, 2012 and 2011 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost Required Contribution	Percentage of Annual OPEB Cost Contributed
2013	\$ 270,567	100%
2012	221,184	100%
2011	216,069	100%

The Schedule of Funding Progress below shows the information from the Actuarial Valuation Report as of July 1, 2012. SCAQMD has its Actuarial Valuation through LACERA every two years.

Actuarial Valuation Date	Accrued Liabilities (a)	Value of Assets (b)	Unfunded Liabilities (UL) (a-b)	Funded Ratio (b/a)	Annual Covered Payroll (c)	UL As a % of Payroll ([a-b]/c)
July 1, 2012	\$4,406,255	\$639,542	\$3,766,713	14.51%	\$60,063	6271%

X. DEFERRED COMPENSATION PLAN

SCAQMD offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

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

Effective January 1, 1999, federal legislation requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. SCAQMD's deferred compensation administrator Hartford Life Insurance Co. qualifies as the plan trustee to meet the federal requirements. In accordance with GASB Statement No. 32, SCAQMD no longer reports the plan assets and liabilities in its financial statements. As of June 30, 2013, investments with a fair value of \$111,290,410 are held in trust.

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XI. HEALTH REIMBURSEMENT ARRANGEMENT PLAN

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

Initially, the program was be 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, 2013, Executive Officer, General Counsel and Designated Deputies were the eligible employee classifications that were set up and approved by SCAQMD. Contributions are 100% vacation and sick leave payouts at termination and/or compensation payout at termination per existing leave payment policy. Eligibility shall commence upon termination of employment on account of retirement (whether through disability or service).

XII. COMMITMENTS

Guaranteed Loans

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

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

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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 \$1,551,490 at fiscal year ended June 30, 2013.

Operating Leases

Rental expense for non-cancelable operating leases was \$180,661 for the year ended June 30, 2013. Future minimum lease payments under non-cancelable operating leases of SCAQMD total as follows:

Year Ending	
<u>June 30</u>	<u>Amount</u>
2014	\$ 186,324
2015	188,780
2016	169,045
2017	<u>60,801</u>
Total	\$ <u>604,950</u>

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

XIII. PENDING LITIGATION

A number of other lawsuits and claims are pending against SCAQMD for alleged damages to persons and property and for other alleged liabilities arising out of its normal operations. SCAQMD's management believes that any liability that may arise from the ultimate resolution of such legal actions will not have a material adverse impact on the financial position as of June 30, 2013.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GENERAL FUND - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) SCHEDULE
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final	Budgetary Basis	
Revenues:				
Emission fees	\$ 20,401,917	\$ 20,401,917	\$ 20,540,391	\$ 138,474
Annual renewal fees	44,240,697	44,240,697	43,056,220	(1,184,477)
Area Sources	2,200,576	2,200,576	2,132,263	(68,313)
Permit processing fees	16,746,850	16,746,850	17,210,640	463,790
Mobile sources / clean fuels	23,740,194	23,740,194	19,397,116	(4,343,078)
Air toxics "Hot Spots"	1,515,446	1,515,446	1,431,740	(83,706)
Transportation programs	921,600	921,600	927,824	6,224
State subvention	3,900,000	3,900,000	3,948,646	48,646
Federal grant	5,678,786	8,143,168	7,694,890	(448,278)
State grant	-	-	3,210,130	3,210,130
Interest revenue	561,406	561,406	343,206	(218,200)
Lease revenue	124,071	124,071	140,739	16,668
Source test/analysis fees	657,365	657,365	790,824	133,459
Hearing Board fees	215,654	215,654	277,544	61,890
Penalties/settlements	4,900,000	4,900,000	11,562,529	6,662,529
Other revenue	1,594,687	2,205,937	267,347	(1,938,590)
Total revenues	\$ 127,399,249	\$ 130,474,881	\$ 132,932,049	\$ 2,457,168
Expenditures:				
Current:				
Salaries and employee benefits	\$ 104,533,326	\$ 104,635,354	\$ 102,289,888	\$ 2,345,466
Insurance	1,097,400	1,081,723	1,146,926	(65,203)
Rent	426,180	841,080	626,723	214,357
Supplies	2,409,174	3,496,887	2,896,710	600,177
Contract and special services	6,426,410	10,857,654	8,800,467	2,057,187
Maintenance	1,357,269	1,647,047	1,383,195	263,852
Travel and auto	694,587	949,143	753,860	195,283
Utilities	1,591,881	1,374,494	1,405,249	(30,755)
Communications	623,436	687,886	580,569	107,317
Uncollectible accounts	-	-	454,094	(454,094)
Other expenditures	991,559	1,326,715	1,005,020	321,695
Capital outlays	3,075,000	3,707,321	3,053,754	653,567
Debt service:				-
Principal	7,347,007	7,347,007	7,347,007	-
Interest	2,872,971	2,872,971	2,872,971	-
Total expenditures	\$ 133,446,200	\$ 140,825,282	\$ 134,616,433	\$ 6,208,849
Excess of expenditures over revenues	\$ (6,046,951)	\$ (10,350,401)	\$ (1,684,384)	\$ 8,666,017
Other Financing Sources/(Uses)				
Transfers in	\$ -	\$ 3,215,180	\$ 2,217,521	\$ (997,659)
Transfers out	-	(9,466,966)	(9,466,966)	-
Total other financing uses	\$ -	\$ (6,251,786)	\$ (7,249,445)	\$ (997,659)
Net change in budgetary fund balances	\$ (6,046,951)	\$ (16,602,187)	\$ (8,933,829)	\$ 7,668,358

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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

Following input from the public, Budget Advisory Committee, and Governing Board, the draft budget for fiscal year 2012-13 was prepared and subsequently adopted at the May 2012 meeting of the Governing Board. The fiscal year 2012-13 Adopted Budget and the final fee schedules became effective on July 1, 2012.

SCAQMD's annual budget is adopted for the General Fund at the Major Object levels of Salaries & Employee Benefits, Services & Supplies, Capital Outlays, and Building Remodeling. The Governing Board has delegated expenditure authority to the Executive Officer for all budgeted expenditures of \$75,000 or less within a major object. All appropriations to the budget and transfers between major objects must be approved by the Governing Board. Transfers within a major object are delegated to the Executive Officer. Monthly expenditure reports are issued to each Office. The Governing Board receives detailed semi-annual reports regarding contract activity, budget transfers, and Board appropriations.

SCAQMD presents a comparison of annual budget to actual results for the General Fund. The budgeted expenditure amounts represent the adopted budget adjusted for Governing Board approved supplemental appropriations. The budgeted revenue amounts represent the adopted budget modified for Governing Board approved adjustments which were based upon new or additional revenue sources. Supplemental expenditure appropriations of \$7,379,082 and revenue adjustments of \$3,075,632 were approved by the Governing Board in fiscal year 2012-13.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013**

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, 2013:

Expenditures and encumbrances (budgetary basis), June 30, 2013	\$134,616,433
Add: payments on encumbrances open at July 1, 2012	3,367,900
Less: encumbrances open at June 30, 2013	<u>(4,146,864)</u>
Expenditures (GAAP basis), June 30, 2013	<u>\$133,837,469</u>

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

NOTE 3 – USE OF FUND BALANCE TO BALANCE BUDGET

When the fiscal year 2012-13 budget was adopted the Governing Board approved the use of \$6,046,951 from prior-year revenue from Unassigned Fund Balance along with prior year revenue that was designated for Permit Streamlining and Retirement Actuarial Increases to balance the budget. Mid-year adjustments appropriated an additional \$10,555,236 from Unassigned Fund Balance.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013**

The following schedule details the use of fund balance.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>
Net change in budgetary fund balances	\$ (6,046,951)	\$ (16,602,187)	\$ (8,933,829)
Other financing uses:			
Assigned for retirement actuarial increases	\$ (2,687,971)	\$ (2,687,971)	\$ (2,687,970)
Assigned for permit streamlining	(211,615)	(211,615)	(211,615)
Unassigned fund balance	(3,147,365)	(13,702,601)	(6,034,244)
Total financing uses	<u>\$ (6,046,951)</u>	<u>\$ (16,602,187)</u>	<u>\$ (8,933,829)</u>

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

Non-major Governmental Funds

Special Revenue Funds:

- Air Quality Studies Fund - Used to account for contributions made by outside organizations to fund various air quality studies. An independent Planning Review Panel recommends the types of studies to be undertaken and the Executive Officer approves all studies prior to funding. The purpose of the studies is to quantify the cost effectiveness of air pollution control measures.
- Air Toxics Fund - Used to account for fees received from industrial toxic air emitters. These funds are spent on planning and performing health risk evaluations for the purpose of developing a toxic emissions inventory for the South Coast Air Basin.
- Advanced Technology, Outreach and Education Fund - Used to account for monies contributed by companies in lieu of paying fines for violating SCAQMD rules. Contributed amounts must be used to pay costs associated with SCAQMD-sponsored research and development in cleaner burning fuels and other advanced technologies and public outreach and education related to advanced technology and air pollution and its impacts.
- Air Quality Assistance Fund - Used to account for funds set aside for the purpose of underwriting, guaranteeing, or otherwise participating in the provision of financial assistance to small businesses as required by Section 40448.7 of the California Health and Safety Code. (This legislation was repealed by its own terms January 1, 1999). In June 2000, the Governing Board authorized staff to revise the program to increase participation of small businesses. Certain revisions, including participation in the California Capital Access Program (CalCAP) to assist small businesses, were implemented in June 2001.
- Air Quality Improvement Fund – Used to account for 40% of the revenue received by the 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.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

- Clean Fuels Conference Fund - Used to account for monies received to fund all Clean Fuels related conferences. These conferences are held to facilitate the development of hydrogen-powered technologies, including motor vehicles, refueling infrastructure, and stationary applications.
- Air Quality Investment Fund – To account for revenue from employers with 250 or more employees at a worksite who are subject to Rule 2202. This revenue is used to purchase emissions reductions credits to meet the required target. To date, \$47.4 million in projects have been awarded to purchase over 33,970 tons of emission reductions. During fiscal year 2013, one contract was awarded in the amount of \$269,925.
 - RECLAIM AQIP - Established in fiscal year 2001 to separately account for the generation of NO_x (Oxides of Nitrogen) credits at stationary and mobile sources for use by certain small or new RECLAIM (Regional Clean Air Incentives Market) participants. AQIP stands for Air Quality Investment Program.
 - RECLAIM and Executive Order Mitigation - Established in fiscal year 2001 to account for mitigation fee payments made by power generators in lieu of emission offsets. Proceeds are used to generate RECLAIM Trading Credits (RTCs) to offset excess emissions.
 - Rule 1121 Mitigation Fee Program - Established in fiscal year 2004 to issue program announcements for projects under the Rule 1121 Mitigation Fee Program. Under Rule 1121 - Control of Nitrogen Oxides (NO_x) from Residential Type, Natural Gas Fired Water Heaters, emission mitigation fees are collected from water heater manufacturers to fund stationary and mobile source emission reduction projects targeted at offsetting NO_x emission.
- Clean Fuels Program Fund - Established as a special revenue fund in fiscal year 2000 to account for contract activities and revenues of the Clean Fuels Program. These are activities associated with implementing Clean Fuels stationary source and mobile source research, development, demonstration and deployment projects approved by the Governing Board. Since 1988, the Clean Fuels Program has provided funds for 1,147 projects totaling \$182 million.
- Carl Moyer Program Fund – Established in fiscal year 1999 to account for activities related to the administration of state funds set aside for the replacement of diesel-powered vehicles with cleaner-technology vehicles. It has funded over 8,500 vehicles and about 30 infrastructure/charging stations, totaling \$329 million. It provides incentive funds for the replacement of diesel-fueled on- and off-road vehicles such as refuse haulers, heavy duty trucks, transit and school buses, construction equipment, and marine vessels.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

- Lower-Emission School Bus Fund – Established in fiscal year 2001 to administer state funds set aside in the South Coast Air Basin for the replacement and retrofit of high-emitting diesel-fueled school buses. Between fiscal years 2000 and 2008, \$85 million of Lower Emissions School Bus funds were spent on the replacement of school buses, and the retrofit of newer diesel buses with PM traps. In total, nearly 500 old buses were replaced by brand new, primarily CNG school buses, and nearly 2,700 newer diesel school buses were retrofitted with PM traps. In addition, Lower Emissions School Bus Program provided funds to help school districts to install retrofit trap devices on 11 stationary back-up generators on or near school property. On June 30, 2008, CARB allocated \$898,000 to SCAQMD under EPA’s American Recovery and Reinvestment Act (ARRA) and Diesel Emission Reduction Act (DERA) programs to install 43 PM traps and purchase trap cleaners. In January 2012, the SCAQMD Board has approved \$600,000 in total funds, to help school districts in Los Angeles Basin that have an emergency to replace their CNG tanks.
- Zero Emission Vehicle Incentive Program - Established in fiscal year 2001 to administer the State funds set aside for the implementation of the Zero Emission Vehicle (ZEV) Incentive Program.
- AES Settlement Projects Fund - Established in fiscal year 2001 for the purpose of accounting for the one-time penalty settlement with AES Corporation for air pollution violations.
- Rule 1309.1 Priority Reserve Fund - Established in fiscal year 2001 to account for mitigation fees paid for Particulate Matter ≤ 10 microns (PM₁₀) credits. Due to the state energy crisis in 2001, Rule 1309.1 was amended to allow new electric generating facilities temporary access to SCAQMD’s Priority Reserve Account to offset their PM₁₀ emission increases provided that they meet specific criteria and pay appropriate mitigation fees.
- CARB ERC Bank Fund - Established in fiscal year 2001 to account for the proceeds from the issuance of the Emission Reduction Credits (ERCs) to natural gas turbine power plant peaker units. CARB established the ERC Bank for peaker power plants that need emission offsets to add new or expanded capacity. Proceeds from the issuance of these ERCs will fund emission reduction programs where the new or expanded facility is located.
- LADWP Settlement Fund - Established in fiscal year 2001 for the purpose of accounting for the monies received from the Los Angeles Department of Water and Power as part of the settlement agreement.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

- State-Emissions Mitigation Fund - Established during fiscal year 2002 to account for the funds received from California Air Resources Board (CARB) to fund CARB selected projects on emission reductions within the South Coast Air Basin. This is in response to the Governor's statewide program to mitigate excess emissions from peaker power generation units to alleviate the power crisis in California.
- Natural Gas Vehicle Partnership Fund - Established during fiscal year 2002 for creation of the Natural Gas Vehicle Partnership to facilitate the advancement of natural gas vehicle technology and deployment. The contributions received from participating members are accounted for in this fund as well as the expenditures for activities and projects selected by the Partnership.
- State Backup Generators (BUG) Program Fund - Established in fiscal year 2003 to account for the funds received from CARB's Diesel-Fueled Electrical Backup Generator Emissions Mitigation Program. This program funds emission related projects as part of an ongoing effort to expeditiously reduce public exposure to air toxics and other pollutants.
- Asthma and Brain Cancer Research Fund - Established in fiscal year 2003 to assist in funding research projects relating to asthma and outdoor air quality and the potential link between air pollution and brain cancer.
- Dry Cleaners Financial Incentives Grant Program - Established in fiscal year 2003 to provide financial incentives to dry cleaners to purchase non-toxic alternative dry cleaning equipment.
- Rule 1173 Mitigation Fee Fund - Established in fiscal year 2004 to account for Rule 1173 mitigation fee payments to be used in funding air quality projects which directly benefit the community surrounding the facility. Amendments in December 2002 to Rule 1173 for Refineries and Chemical Plants established a mitigation fee payment provision relating to the release of Volatile Organic Compound (VOC) from an atmospheric Pressure Relief Device (PRD).
- Communities for Better Environment (CBE)/Our Children's Earth (OCE) Settlement Agreement Fund - Established in FY 2004 as part of the settlement agreement to fund P_{M10} (Particulate Matter ≤ 10 microns) and/or N_{Ox} (Oxides of Nitrogen) reduction projects in disproportionately impacted areas.
- BP ARCO Settlement Projects Fund - Established in fiscal year 2005 to account for the \$25 million civil penalties received in 2005 as part of the settlement with BP ARCO for air pollution violations.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

- Health Effects Research Fund - The Health Effects Research Fund was established in fiscal year 2008 to receive 20% of all penalty/settlement monies in excess of \$4 million recognized annually in SCAQMD's General Fund beginning in fiscal year 2009, subject to annual Board approval.
- CEQA Green House Gas Mitigation Fund - This fund was established in fiscal year 2009 under Rule 2702 for Green House Gas (GHG) emission reductions. It received \$1.5 million from Chevron Products Company to offset Green House Gas emission as part of its Product Reliability and Optimization (PRO+) Project Mitigation Monitoring Plan.
- (DOE ARRA) Plug-In Hybrid Vehicles – Established in fiscal year 2010 to account for the revenue and expenditures of a project to develop a fleet of demonstration plug-in hybrid electric vehicles funded under the American Recovery and Reinvestment Act of 2009 which is coordinated through the Department of Energy.
- (DOE ARRA) LNG Corridor Expansion Fund - Established in fiscal year 2010 to account for the revenue and expenditure of a project funded under the American Recovery and Reinvestment Act of 2009 and coordinated through the Department of Energy to provide additional LNG refueling capacity for heavy-duty truck fleets operating along the Ontario-Las Vegas corridor and to support the deployment of additional LNG heavy-duty vehicles along the corridor.
- TraPac School Air Filtration Fund - This fund was established in fiscal year 2011 and received \$6,000,000 from City of Los Angeles towards installation and maintenance of air filtration systems for schools in the Wilmington area that were impacted by the expansion of the TraPac Container Terminal Project.
- Emission Reduction and Outreach Fund - This fund was established in fiscal year 2010 due to a \$1,000,000 Supplemental Environmental Project Settlement. These funds are used to enhance compliance of emission reduction policies by providing source education and consumer education.
- Rule 1118 Mitigation Fund - Established in fiscal year 2010 to account for mitigation fees from petroleum refineries that exceed sulfur dioxide emission thresholds from flares and future Rule 1118 mitigation fees and to track the projects funded through these fees.
- Hydrogen Fueling Station Special Revenue Fund - Established in fiscal year 2011 to recognize co-funding from the Department of Energy-National Renewable Energy Laboratory, CARB and CEC, for the maintenance and operation of the City of

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

Burbank hydrogen fueling station and for maintenance and data management services for the hydrogen fueling station at SCAQMD headquarters.

- HEROS II Special Revenue Fund - Established in fiscal year 2011, this fund will be used to track funds received and expenditures for the High Emitters Repair or Scrap (HEROS) II Program. This program addresses implementation of voluntary programs to reduce emissions from high-emitting light- and medium-duty vehicles in the South Coast Air Basin. Gross-polluting vehicles make up about 10 percent of the South Coast Air Basin's passenger vehicle fleet, and yet they are responsible for more than 50 percent of the air pollution from that fleet. SCAQMD has a long history implementing programs to reduce mobile source related emissions, including programs that encourage the use of low-emission vehicles for purposes of achieving state and federal ambient air quality standards.
- EL Monte Park Project Settlement Fund - Established in fiscal year 2011 for the purpose of accounting for the monies received from Gregg Industries bankruptcy estate as part of a settlement agreement to finance the construction of park improvements in the City of El Monte.
- AB 1318 Mitigation Fees Fund - Created in fiscal year 2011 to account for revenue of \$53.3 million from a mitigation fee payment for the transfer of emission credits under AB 1318.
- Voucher Incentive Program Fund (VIP) - Established in fiscal year 2012 due to transfer of funds from the Carl Moyer Multidistrict funds originally recorded in Carl Moyer Program Fund, to separately administer the On-Road Heavy-Duty Vehicle Voucher Incentive Program.
- DOE PEV Infrastructure Planning Special Revenue Fund - Established in fiscal year 2012 to account for U.S. Department of Energy (DOE) grant for Plug-In Electric Vehicle (PEV) Infrastructure planning under the DOE Clean Cities Program and for development and dissemination of a PEV readiness toolkit.
- Advanced Technology Goods Movement Fund - Established in fiscal year 2012 to administer funds received through an agreement with Port of Los Angeles and Port of Long Beach to fund projects consistent with the development and demonstration of zero emissions goods movement technologies, including the demonstration of Linear Synchronous Motor (LSM) technology to move cargo containers and the development of two discrete hybrid electric drive systems for heavy-duty vehicles.
- Rule 1470 Risk Reduction Fund – Established in fiscal year 2012 to help fund control equipment costs for public agencies, such as cities, counties, and schools,

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
OTHER SUPPLEMENTARY INFORMATION
June 30, 2013**

required to install control equipment on new emergency standby engines in order to comply with Rule 1470.

- Prop 1B Funding – Lower Emission School Bus – Established in fiscal year 2010 to account for the cost of replacing and retrofitting all the public school buses of the districts. CARB approved the allocation of \$71.2 million to SCAQMD. Along with \$12.1 million in AB923 funds, this fund has been used to purchase 467 Level 3 PM traps (Prop 1B funds only), and replace 465 pre-1987 school buses (Prop 1B and AB923 funds).
- Infrastructure Improvement Fund – Established in fiscal year 2013 to separately account for large-scale and/or multi-year infrastructure improvement projects.

Debt Service Fund - Established in 2009 to replace the terminated Guaranteed Investment Contract with the Municipal Bond Insurance Association (MBIA, Inc.) due to changes in financial markets. This is used for the defeasance of a portion of SCAQMD's debt service on Pension Obligation Bonds.

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

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue				
	Air Quality Studies Fund	Air Toxics Fund	Advanced Technology Fund	Air Quality Assistance Fund	Air Quality Improvement Fund
Cash and cash equivalents	\$ 65,714	\$ 3,706,199	\$ 3,400,315	\$ 1,549,682	\$ 1,721,469
Interest receivable	114	7,421	6,714	1,808	4,008
Due from other governmental agencies	-	-	425,000	-	3,452,437
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	293,935	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 65,828	\$ 4,007,555	\$ 3,832,029	\$ 1,551,490	\$ 5,177,914
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 339,716	\$ 432,152	\$ -	\$ 5,153,928
Due to other funds	-	-	3,053,006	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	339,716	3,485,158	-	5,153,928
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	346,871	-	23,986
Committed	-	-	-	-	-
Assigned	65,828	3,667,839	-	1,551,490	-
Unassigned	-	-	-	-	-
Total fund balances	65,828	3,667,839	346,871	1,551,490	23,986
Total liabilities and fund balances	\$ 65,828	\$ 4,007,555	\$ 3,832,029	\$ 1,551,490	\$ 5,177,914

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue				
	Clean Fuels Conference Fund	Air Quality Investment Fund	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund
	Fund	Fund	Fund	Fund	Fund
Cash and cash equivalents	\$ 94,176	\$ 24,869,161	\$ 36,559,679	\$ 45,616,993	\$ 9,050,753
Interest receivable	-	46,791	67,310	94,785	15,667
Due from other governmental agencies	-	-	3,133,604	-	-
Due from other funds	-	-	6,762,814	-	-
Accounts receivable, net	10,000	2,355	525,708	-	-
Other assets	-	-	-	-	-
Total assets	\$ 104,176	\$ 24,918,307	\$ 47,049,115	\$ 45,711,778	\$ 9,066,420
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 126,482	\$ 504,522	\$ 3,103,527	\$ -
Due to other funds	-	21,789	134,705	1,225,273	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	148,271	639,227	4,328,800	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	41,382,978	9,066,420
Committed	-	3,918,743	13,862,393	-	-
Assigned	104,176	20,851,293	32,547,495	-	-
Unassigned	-	-	-	-	-
Total fund balances	104,176	24,770,036	46,409,888	41,382,978	9,066,420
Total liabilities and fund balances	\$ 104,176	\$ 24,918,307	\$ 47,049,115	\$ 45,711,778	\$ 9,066,420

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue					
	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emission Mitigation Fund
Cash and cash equivalents	\$ 648,076	\$ 1,699,741	\$ 13,737,794	\$ 577,335	\$ 384,733	\$ 4,324,632
Interest receivable	1,118	4,997	24,767	996	664	7,462
Due from other governmental agencies	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 649,194	\$ 1,704,738	\$ 13,762,561	\$ 578,331	\$ 385,397	\$ 4,332,094
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 160,925	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	160,925	-	-	-
 Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	649,194	-	-	-	-	4,332,094
Committed	-	695,415	3,671,702	-	-	-
Assigned	-	1,009,323	9,929,934	578,331	385,397	-
Unassigned	-	-	-	-	-	-
Total fund balances	649,194	1,704,738	13,601,636	578,331	385,397	4,332,094
Total liabilities and fund balances	\$ 649,194	\$ 1,704,738	\$ 13,762,561	\$ 578,331	\$ 385,397	\$ 4,332,094

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue				
	Natural Gas Vehicle Partner Fund	State BUG Program Fund	Asthma & Brain Cancer Research Fund	Dry Cleaners Financial Incentives Grant Program Fd	Rule 1173 Mitigation Fee Fund
Cash and cash equivalents	\$ 342,911	\$ 343,404	\$ 97,294	\$ 657,647	\$ 2,668,916
Interest receivable	623	593	169	1,135	4,036
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 343,534	\$ 343,997	\$ 97,463	\$ 658,781	\$ 2,672,952
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	343,997	-	-	-
Committed	62,639	-	3,163	-	300,000
Assigned	280,895	-	94,300	658,781	2,372,952
Unassigned	-	-	-	-	-
Total fund balances	343,534	343,997	97,463	658,781	2,672,952
Total liabilities and fund balances	\$ 343,534	\$ 343,997	\$ 97,463	\$ 658,781	\$ 2,672,952

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue				
	CBE / OCE Settlement Agreement Fund	BP ARCO Settlements Project Fund	Health Effects Research Fund	CEQA Green House Gas Mitigation Fund	Plug-in Hybrid Electric Vehicles Fund
Cash and cash equivalents	\$ 223,320	\$ 18,543,057	\$ 417,704	\$ 962,387	\$ 3,026,536
Interest receivable	-	31,994	2,026	1,704	5,308
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 223,320	\$ 18,575,051	\$ 419,730	\$ 964,091	\$ 3,031,844
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	78,121	-
Due to other funds	-	-	-	-	3,000,000
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	78,121	3,000,000
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	31,844
Committed	-	800	150,000	772,998	-
Assigned	223,320	18,574,251	269,730	112,972	-
Unassigned	-	-	-	-	-
Total fund balances	223,320	18,575,051	419,730	885,970	31,844
Total liabilities and fund balances	\$ 223,320	\$ 18,575,051	\$ 419,730	\$ 964,091	\$ 3,031,844

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue			
	LNG Corridor Expansion Fund	TraPac School Air Filtration Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund
Cash and cash equivalents	\$ 879	\$ 6,109,104	\$ 83,437	\$ 3,519,929
Interest receivable	24	10,540	144	5,590
Due from other governmental agencies	-	-	-	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 903	\$ 6,119,644	\$ 83,581	\$ 3,525,519
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 458,658	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	458,658	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	903	5,660,986	-	-
Committed	-	-	-	-
Assigned	-	-	83,581	3,525,519
Unassigned	-	-	-	-
Total fund balances	903	5,660,986	83,581	3,525,519
Total liabilities and fund balances	\$ 903	\$ 6,119,644	\$ 83,581	\$ 3,525,519

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue				
	Hydrogen Fueling Station Fund	HEROS II Fund	El Monte Park Project Settlement Fund	AB 1318 Mitigation Fees Fund	Voucher Incentive Program VIP Fund
	Fund	Fund	Fund	Fund	Fund
Cash and cash equivalents	\$ 277,682	\$ 3,045,455	\$ 1,111,422	\$ 54,084,330	\$ 2,040,711
Interest receivable	102	5,564	1,918	93,317	2,959
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 277,784	\$ 3,051,019	\$ 1,113,340	\$ 54,177,647	\$ 2,043,670
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 118,967	\$ -	\$ -	\$ 805,000
Due to other funds	-	-	-	-	5,713
Unearned revenue	-	-	-	-	-
Total liabilities	-	118,967	-	-	810,713
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	277,784	2,932,052	-	-	1,232,957
Committed	-	-	-	1,885,500	-
Assigned	-	-	1,113,340	52,292,147	-
Unassigned	-	-	-	-	-
Total fund balances	277,784	2,932,052	1,113,340	54,177,647	1,232,957
Total liabilities and fund balances	\$ 277,784	\$ 3,051,019	\$ 1,113,340	\$ 54,177,647	\$ 2,043,670

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See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	Special Revenue			
	DOE PEV Infrastructure Fund	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Prop 1B Lower Emission School Bus Fund
Cash and cash equivalents	\$ 21,988	\$ 17,321,985	\$ 2,515,263	\$ 581,067
Interest receivable	1,692	13,763	422	1,223
Due from other governmental agencies	-	235,000	-	-
Due from other funds	-	-	-	-
Accounts receivable, net	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 23,680	\$ 17,570,748	\$ 2,515,685	\$ 582,290
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 235,000	\$ -	\$ -
Due to other funds	15,311	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	15,311	235,000	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	8,369	-	-	582,290
Committed	-	3,817,887	-	-
Assigned	-	13,517,861	2,515,685	-
Unassigned	-	-	-	-
Total fund balances	8,369	17,335,748	2,515,685	582,290
Total liabilities and fund balances	\$ 23,680	\$ 17,570,748	\$ 2,515,685	\$ 582,290

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

<u>Assets</u>	<u>Special Revenue</u>			<u>Total</u>
	<u>Infrastructure Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Component Unit SCAQMD Building Corporation</u>	
Cash and cash equivalents	\$ 2,896,952	\$ 17,329	\$ 212,978	\$ 269,130,140
Interest receivable	1,704	9,601	-	480,770
Due from other governmental agencies	-	-	-	7,246,041
Due from other funds	-	-	-	6,762,814
Accounts receivable, net	-	-	-	831,998
Other assets	-	-	-	-
Total assets	\$ 2,898,656	\$ 26,930	\$ 212,978	\$ 284,451,763
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 500	\$ 11,517,498
Due to other funds	-	17,329	-	7,473,126
Unearned revenue	-	-	-	-
Total liabilities	-	17,329	500	18,990,624
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	9,601	-	66,882,325
Committed	-	-	-	29,141,240
Assigned	2,898,656	-	212,478	169,437,574
Unassigned	-	-	-	-
Total fund balances	2,898,656	9,601	212,478	265,461,139
Total liabilities and fund balances	\$ 2,898,656	\$ 26,930	\$ 212,978	\$ 284,451,763

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Special Revenue				
	Air Quality Studies Fund	Air Toxics Fund	Advanced Technology Fund	Air Quality Assistance Fund	Air Quality Improvement Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	485,512	-	-	-
Federal grant	-	-	1,430,196	-	-
State grant	-	-	-	-	-
Interest revenue	418	32,011	22,346	7,250	13,942
Penalties and settlements	-	-	-	-	-
Other revenues	-	14,713	-	-	-
Total revenues	<u>418</u>	<u>532,236</u>	<u>1,452,542</u>	<u>7,250</u>	<u>13,942</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	-	8,483	1,178,323	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>8,483</u>	<u>1,178,323</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>418</u>	<u>523,753</u>	<u>274,219</u>	<u>7,250</u>	<u>13,942</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>418</u>	<u>523,753</u>	<u>274,219</u>	<u>7,250</u>	<u>13,942</u>
Fund balances, July 1, 2012	\$ 65,410	\$ 3,144,086	\$ 72,652	\$ 1,544,240	\$ 10,044
Fund balances, June 30, 2013	<u>\$ 65,828</u>	<u>\$ 3,667,839</u>	<u>\$ 346,871</u>	<u>\$ 1,551,490</u>	<u>\$ 23,986</u>

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	Special Revenue				
	Clean Fuels Conference Fund	Air Quality Investment Fund	Clean Fuels Program Fund	Carl Moyer Program Fund	Lower-Emission School Bus Fund
	Fund	Fund	Fund	Fund	Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	8,541,434	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	1,417,206	659,075	-
State grant	-	652,637	-	25,082,269	-
Interest revenue	-	157,975	286,133	312,375	58,201
Penalties and settlements	80,000	-	-	-	-
Other revenues	164,375	431,556	343,647	-	-
Total revenues	<u>244,375</u>	<u>1,242,168</u>	<u>10,588,420</u>	<u>26,053,719</u>	<u>58,201</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	30	-	-	-	-
Contract and special services	561,356	782,172	6,903,959	22,260,324	161,045
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>561,386</u>	<u>782,172</u>	<u>6,903,959</u>	<u>22,260,324</u>	<u>161,045</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(317,011)</u>	<u>459,996</u>	<u>3,684,461</u>	<u>3,793,395</u>	<u>(102,844)</u>
Other financing sources (uses)					
Transfers in	165,000	-	-	-	-
Transfers out	-	(2,530,748)	(18,915,210)	(3,000,000)	-
Total other financing sources (uses)	<u>165,000</u>	<u>(2,530,748)</u>	<u>(18,915,210)</u>	<u>(3,000,000)</u>	<u>-</u>
Net change in fund balances	<u>(152,011)</u>	<u>(2,070,752)</u>	<u>(15,230,749)</u>	<u>793,395</u>	<u>(102,844)</u>
Fund balances, July 1, 2012	\$ 256,187	\$ 26,840,788	\$ 61,640,637	\$ 40,589,583	\$ 9,169,264
Fund balances, June 30, 2013	<u>\$ 104,176</u>	<u>\$ 24,770,036</u>	<u>\$ 46,409,888</u>	<u>\$ 41,382,978</u>	<u>\$ 9,066,420</u>

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Special Revenue					
	Zero Emission Vehicle Incentive Fund	AES Settlement Projects Fund	Rule 1309.1 Priority Reserve Fund	CARB ERC Bank Fund	LADWP Settlement Fund	State-Emissions Mitigation Fund
	Fund	Fund	Fund	Fund	Fund	Fund
Revenues:						
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-	-
Federal grant	-	-	-	-	-	-
State grant	-	-	-	-	-	-
Interest revenue	4,122	20,221	94,596	3,672	2,447	27,503
Penalties and settlements	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>4,122</u>	<u>20,221</u>	<u>94,596</u>	<u>3,672</u>	<u>2,447</u>	<u>27,503</u>
Expenditures:						
Salaries and employee benefits	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Contract and special services	-	1,581,976	1,692,171	-	-	-
Maintenance	-	-	-	-	-	-
Travel and auto	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Communications	-	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,581,976</u>	<u>1,692,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>4,122</u>	<u>(1,561,755)</u>	<u>(1,597,575)</u>	<u>3,672</u>	<u>2,447</u>	<u>27,503</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,122</u>	<u>(1,561,755)</u>	<u>(1,597,575)</u>	<u>3,672</u>	<u>2,447</u>	<u>27,503</u>
Fund balances, July 1, 2012	\$ 645,072	\$ 3,266,493	\$ 15,199,211	\$ 574,659	\$ 382,950	\$ 4,304,591
Fund balances, June 30, 2013	<u>\$ 649,194</u>	<u>\$ 1,704,738</u>	<u>\$ 13,601,636</u>	<u>\$ 578,331</u>	<u>\$ 385,397</u>	<u>\$ 4,332,094</u>

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Special Revenue				
	Natural Gas Vehicle Partner Fund	State BUG Program Fund	Asthma & Brain Cancer Research Fund	Dry Cleaners Financial Incentives Grant Program Fd	Rule 1173 Mitigation Fee Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	2,428	2,184	619	4,198	14,783
Penalties and settlements	-	-	-	-	-
Other revenues	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total revenues	<u>27,428</u>	<u>2,184</u>	<u>619</u>	<u>4,198</u>	<u>364,783</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	25,000	-	-	10,000	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	67,698	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>92,698</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(65,270)</u>	<u>2,184</u>	<u>619</u>	<u>(5,802)</u>	<u>364,783</u>
Other financing sources (uses)					
Transfers in	25,000	-	-	-	-
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(50,270)</u>	<u>2,184</u>	<u>619</u>	<u>(5,802)</u>	<u>364,783</u>
Fund balances, July 1, 2012	<u>\$ 393,804</u>	<u>\$ 341,813</u>	<u>\$ 96,844</u>	<u>\$ 664,583</u>	<u>\$ 2,308,169</u>
Fund balances, June 30, 2013	<u><u>\$ 343,534</u></u>	<u><u>\$ 343,997</u></u>	<u><u>\$ 97,463</u></u>	<u><u>\$ 658,781</u></u>	<u><u>\$ 2,672,952</u></u>

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Special Revenue				
	CBE/OCE Settlement <u>Agreement Fund</u>	BP ARCO Settlements <u>Project Fund</u>	Health Effects Research <u>Fund</u>	CEQA Green House Gas <u>Mitigation Fund</u>	Plug-in Hybrid Electric Vehicles <u>Fund</u>
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	3,730,422
State grant	-	-	-	-	-
Interest revenue	-	117,926	8,597	6,622	19,706
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	36,000	-
Total revenues	<u>-</u>	<u>117,926</u>	<u>8,597</u>	<u>42,622</u>	<u>3,750,128</u>
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	100,064	-	1,000,000	210,094	3,742,457
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>100,064</u>	<u>-</u>	<u>1,000,000</u>	<u>210,094</u>	<u>3,742,457</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	<u>(100,064)</u>	<u>117,926</u>	<u>(991,403)</u>	<u>(167,472)</u>	<u>7,671</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(100,064)</u>	<u>117,926</u>	<u>(991,403)</u>	<u>(167,472)</u>	<u>7,671</u>
Fund balances, July 1, 2012	<u>\$ 323,384</u>	<u>\$ 18,457,125</u>	<u>\$ 1,411,133</u>	<u>\$ 1,053,442</u>	<u>\$ 24,173</u>
Fund balances, June 30, 2013	<u>\$ 223,320</u>	<u>\$ 18,575,051</u>	<u>\$ 419,730</u>	<u>\$ 885,970</u>	<u>\$ 31,844</u>

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See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Special Revenue				
	LNG Corridor Expansion Fund	TraPac School Air Filtration Fund	Emission Reduction and Outreach Fund	Rule 1118 Mitigation Fund	Hydrogen Fueling Station Fund
	Fund	Fund	Fund	Fund	Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	1,090,751	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	79	38,851	531	18,645	700
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	802,356	-
Total revenues	1,090,830	38,851	531	821,001	700
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	1,090,751	458,658	-	-	158,172
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,090,751	458,658	-	-	158,172
Excess (deficiency) of revenues over (under) expenditures before transfers	79	(419,807)	531	821,001	(157,472)
Other financing sources (uses)					
Transfers in	-	-	-	-	275,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	275,000
Net change in fund balances	79	(419,807)	531	821,001	117,528
Fund balances, July 1, 2012	\$ 824	\$ 6,080,793	\$ 83,050	\$ 2,704,518	\$ 160,256
Fund balances, June 30, 2013	\$ 903	\$ 5,660,986	\$ 83,581	\$ 3,525,519	\$ 277,784

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	Special Revenue				
	HEROS II	El Monte Park	AB 1318	Voucher Incentive	DOE PEV
	Fund	Project Settlement Fund	Mitigation Fees Fund	Program VIP Fund	Infrastructure Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	-	-	-	-	983,800
State grant	-	-	-	2,819,238	-
Interest revenue	21,542	7,068	343,954	11,665	5,890
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	21,542	7,068	343,954	2,830,903	989,690
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	668,887	-	-	7,351,418	843,320
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	668,887	-	-	7,351,418	843,320
Excess (deficiency) of revenues over (under) expenditures before transfers	(647,345)	7,068	343,954	(4,520,515)	146,370
Other financing sources (uses)					
Transfers in	-	-	-	6,000,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	6,000,000	-
Net change in fund balances	(647,345)	7,068	343,954	1,479,485	146,370
Fund balances, July 1, 2012	\$ 3,579,397	\$ 1,106,272	\$ 53,833,693	\$ (246,528)	\$ (138,001)
Fund balances, June 30, 2013	\$ 2,932,052	\$ 1,113,340	\$ 54,177,647	\$ 1,232,957	\$ 8,369

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	Special Revenue				
	Advanced Technology Goods Movement Fund	Rule 1470 Risk Reduction Fund	Prop 1B Lower Emission School Bus Fund	Infrastructure Improvement Fund	Debt Service Fund
	Fund	Fund	Fund	Fund	Fund
Revenues:					
Emission fees	\$ -	\$ -	\$ -	\$ -	\$ -
Mobile sources/clean fuels	-	-	-	-	-
Air Toxics "Hot Spots"	-	-	-	-	-
Federal grant	235,000	-	-	-	-
State grant	-	-	-	-	-
Interest revenue	16,310	15,685	7,840	1,704	26,440
Penalties and settlements	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	251,310	15,685	7,840	1,704	26,440
Expenditures:					
Salaries and employee benefits	-	-	-	-	-
Insurance	-	-	-	-	-
Rent	-	-	-	-	-
Supplies	-	-	-	-	-
Contract and special services	235,000	-	-	-	-
Maintenance	-	-	-	-	-
Travel and auto	-	-	-	-	-
Utilities	-	-	-	-	-
Communications	-	-	-	-	-
Uncollectible accounts	-	-	-	-	-
Other expenditures	-	-	116,664	-	-
Debt Service					
Principal	-	-	-	-	10,830,000
Interest	-	-	-	-	1,985,014
Total expenditures	235,000	-	116,664	-	12,815,014
Excess (deficiency) of revenues over (under) expenditures before transfers	16,310	15,685	(108,824)	1,704	(12,788,574)
Other financing sources (uses)					
Transfers in	16,917,887	2,500,000	-	2,896,952	6,415,014
Transfers out	-	-	(951,760)	-	(17,329)
Total other financing sources (uses)	16,917,887	2,500,000	(951,760)	2,896,952	6,397,685
Net change in fund balances	16,934,197	2,515,685	(1,060,584)	2,898,656	(6,390,889)
Fund balances, July 1, 2012	\$ 401,551	\$ -	\$ 1,642,874	\$ -	\$ 6,400,490
Fund balances, June 30, 2013	\$ 17,335,748	\$ 2,515,685	\$ 582,290	\$ 2,898,656	\$ 9,601

Continued

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013**

	Component Unit SCAQMD Building Corporation	Total
	<u>Corporation</u>	<u>Total</u>
Revenues:		
Emission fees	\$ -	\$ -
Mobile sources/clean fuels	-	8,541,434
Air Toxics "Hot Spots"	-	485,512
Federal grant	-	9,546,450
State grant	-	28,554,144
Interest revenue	988	1,738,165
Penalties and settlements	-	80,000
Other revenues	447,411	2,615,058
	<u>448,399</u>	<u>51,560,763</u>
Total revenues		
Expenditures:		
Salaries and employee benefits	-	-
Insurance	-	-
Rent	-	-
Supplies	-	30
Contract and special services	-	51,023,629
Maintenance	-	-
Travel and auto	-	-
Utilities	-	-
Communications	-	-
Uncollectible accounts	-	-
Other expenditures	465,023	649,385
Debt Service		
Principal	-	10,830,000
Interest	-	1,985,014
Total expenditures	<u>465,023</u>	<u>64,488,058</u>
Excess (deficiency) of revenues over (under) expenditures before transfers		
	<u>(16,624)</u>	<u>(12,927,295)</u>
Other financing sources (uses)		
Transfers in	-	35,194,853
Transfers out	-	(25,425,047)
	<u>-</u>	<u>9,769,806</u>
Total other financing sources (uses)		
	<u>-</u>	<u>9,769,806</u>
Net change in fund balances		
	<u>(16,624)</u>	<u>(3,157,489)</u>
Fund balances, July 1, 2012	\$ <u>229,102</u>	\$ <u>268,618,628</u>
Fund balances, June 30, 2013	\$ <u>212,478</u>	\$ <u>265,461,139</u>

See independent auditor's report.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the Year Ended June 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Accounting agency fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 134,798	\$ 319,747	\$ 348,796	\$ 105,749
Total assets	<u>\$ 134,798</u>	<u>\$ 319,747</u>	<u>\$ 348,796</u>	<u>\$ 105,749</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 134,798	\$ 1,077,697	\$ 1,106,747	\$ 105,749
Total liabilities	<u>\$ 134,798</u>	<u>\$ 1,077,697</u>	<u>\$ 1,106,747</u>	<u>\$ 105,749</u>
 <u>457 Plan Admin Revenue Sharing Fund</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 15,034	\$ 83,242	\$ 68,723	\$ 29,553
Interest receivable	14	85	14	85
Total assets	<u>\$ 15,048</u>	<u>\$ 83,327</u>	<u>\$ 68,737</u>	<u>\$ 29,638</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	15,048	\$ 113,313	\$ 98,723	\$ 29,638
Total liabilities	<u>\$ 15,048</u>	<u>\$ 113,313</u>	<u>\$ 98,723</u>	<u>\$ 29,638</u>
 <u>Total all agency funds</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 149,832	\$ 402,989	\$ 417,519	\$ 135,302
Interest receivable	14	85	14	85
Total assets	<u>\$ 149,846</u>	<u>\$ 403,074</u>	<u>\$ 417,533</u>	<u>\$ 135,387</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 149,846	\$ 1,191,010	\$ 1,205,470	\$ 135,387
Total liabilities	<u>\$ 149,846</u>	<u>\$ 1,191,010</u>	<u>\$ 1,205,470</u>	<u>\$ 135,387</u>

See independent auditor's report.

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in capital assets	\$ 5,234,119	\$ 6,048,899	\$ 7,712,415	\$ 10,938,387	\$ 12,744,539	\$ 16,757,042	\$ 19,695,092	\$ 22,777,709	\$ 25,696,728	\$ 39,667,137
Restricted for pension assets	-	-	736,200	1,926,145	3,089,145	(10,334,764)	-	-	1,361,315	3,031,890
Restricted for debt service	-	-	-	19,541,377	17,381,723	-	-	-	-	-
Restricted for specific projects/programs	195,731,559	223,952,969	253,867,453	280,754,862	291,676,023	334,362,120	411,358,339	465,789,699	527,549,463	530,540,932
Unrestricted	2,696,301	11,135,334	24,019,696	8,392,205	20,042,724	47,061,292	50,318,195	34,536,706	29,529,812	21,554,913
Total governmental activities net position	\$ 203,661,979	\$ 241,137,202	\$ 286,335,764	\$ 321,552,976	\$ 344,934,154	\$ 387,845,690	\$ 481,371,626	\$ 523,104,114	\$ 584,137,318	\$ 594,794,872
Business-type Activities										
Net Investment in capital assets	487,546	400,375	313,177	226,006	138,835	51,664	4,052	-	-	-
Unrestricted	62,362	81,160	72,947	77,947	144,388	191,356	242,921	370,087	525,078	746,994
Total business-type activities net position	\$ 549,908	\$ 481,535	\$ 386,124	\$ 303,953	\$ 283,223	\$ 243,020	\$ 246,973	\$ 370,087	\$ 525,078	\$ 746,994
Primary Government										
Net Investment in capital assets	5,721,665	6,449,274	8,025,592	11,164,393	12,883,374	16,808,706	19,699,144	22,777,709	25,696,728	39,667,137
Restricted for pension asset	-	-	736,200	1,926,145	3,089,145	(10,334,764)	-	-	1,361,315	3,031,890
Restricted for debt service	-	-	-	19,541,377	17,381,723	-	-	-	-	-
Restricted for grants and other special uses	195,731,559	223,952,969	253,867,453	280,754,862	291,676,023	334,362,120	411,358,339	465,789,699	527,549,463	530,540,932
Unrestricted	2,758,663	11,216,494	24,092,643	8,470,152	20,187,112	47,252,648	50,561,116	34,906,793	30,054,890	22,301,907
Total primary government net position	\$ 204,211,887	\$ 241,618,737	\$ 286,721,888	\$ 321,856,929	\$ 345,217,377	\$ 388,088,710	\$ 481,618,599	\$ 523,474,201	\$ 584,662,396	\$ 595,541,866

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses										
Governmental Activities										
Advance clean air technology	\$ 7,255,854	\$ 5,011,874	\$ 5,808,530	\$ 7,067,528	\$ 7,113,642	\$ 7,111,931	\$ 6,512,144	\$ 6,398,859	\$ 6,672,977	\$ 6,857,959
Ensure compliance with clean air rules	38,536,722	37,666,189	36,727,226	42,699,519	39,463,040	43,823,112	46,154,574	46,877,017	47,026,449	47,417,956
Customer service	10,965,904	10,532,066	11,592,984	8,687,842	6,696,664	7,441,806	7,682,897	7,578,813	7,729,015	8,169,587
Develop programs to achieve clean air	7,910,778	7,106,133	7,811,791	8,721,816	7,969,413	10,216,378	10,861,040	11,780,948	12,130,832	12,317,470
Develop rules to achieve clean air	7,915,483	8,130,305	8,046,177	7,350,795	8,390,762	8,433,410	8,436,415	8,826,846	7,286,149	7,269,414
Monitoring air quality	11,883,527	11,591,430	11,794,227	12,229,451	12,866,270	14,067,041	14,239,509	15,093,093	15,930,225	14,265,601
Timely review of permits	21,408,261	21,403,924	23,191,423	24,508,757	24,580,945	26,205,282	28,530,507	28,045,891	27,241,449	28,621,527
Policy support	2,523,809	2,954,538	2,948,274	3,442,207	3,630,367	4,782,531	1,760,038	1,792,208	1,483,613	1,306,054
Interest on long-term debt		-	-	-	4,614,842	4,325,460	3,871,465	3,277,933	4,691,658	4,605,963
Long-term emission reduction projects	<u>62,422,513</u>	<u>59,525,817</u>	<u>64,308,902</u>	<u>62,831,313</u>	<u>93,109,973</u>	<u>104,277,915</u>	<u>150,362,508</u>	<u>161,904,680</u>	<u>137,800,260</u>	<u>155,998,253</u>
Total govern't activities expenses	<u><u>170,822,851</u></u>	<u><u>163,922,276</u></u>	<u><u>172,229,535</u></u>	<u><u>177,539,228</u></u>	<u><u>208,435,918</u></u>	<u><u>230,684,866</u></u>	<u><u>278,411,097</u></u>	<u><u>291,576,288</u></u>	<u><u>267,992,627</u></u>	<u><u>286,829,784</u></u>
Business-type Activities:										
Clean Air Store	936	662	3,653	-						
CNG fueling station	<u>152,547</u>	<u>165,135</u>	<u>198,788</u>	<u>225,604</u>	<u>218,048</u>	<u>210,120</u>	<u>165,557</u>	<u>150,418</u>	<u>135,805</u>	<u>189,518</u>
Total business-type activities expenses	<u>153,483</u>	<u>165,797</u>	<u>202,441</u>	<u>225,604</u>	<u>218,048</u>	<u>210,120</u>	<u>165,557</u>	<u>150,418</u>	<u>135,805</u>	<u>189,518</u>
Total primary government expenses	<u><u>\$ 170,976,334</u></u>	<u><u>\$ 164,088,073</u></u>	<u><u>\$ 172,431,976</u></u>	<u><u>\$ 177,764,832</u></u>	<u><u>\$ 208,653,966</u></u>	<u><u>\$ 230,894,986</u></u>	<u><u>\$ 278,576,654</u></u>	<u><u>\$ 291,726,706</u></u>	<u><u>\$ 268,128,432</u></u>	<u><u>\$ 287,019,302</u></u>
Program Revenues										
Governmental Activities:										
Fees and Charges										
Stationary sources	\$ 61,932,425	\$ 64,925,373	\$ 68,792,294	\$ 75,200,254	\$ 82,825,774	\$ 92,703,725	\$ 81,097,647	\$ 81,291,028	\$ 82,624,489	\$ 85,439,616
Mobile sources	10,787,342	14,716,865	20,991,833	23,966,240	22,170,323	24,128,436	23,728,238	22,512,790	23,384,894	23,535,070
Operating grants and subventions	9,679,283	8,100,573	8,035,387	8,946,832	8,858,458	8,782,322	8,379,757	8,867,069	8,486,563	8,754,443
Long-term project grants	<u>60,731,099</u>	<u>87,747,227</u>	<u>94,223,386</u>	<u>92,925,386</u>	<u>105,383,068</u>	<u>133,185,494</u>	<u>243,802,246</u>	<u>207,555,510</u>	<u>204,845,838</u>	<u>164,555,289</u>
Total governmental activities prog. revenues	<u><u>143,130,149</u></u>	<u><u>175,490,038</u></u>	<u><u>192,042,900</u></u>	<u><u>201,038,712</u></u>	<u><u>219,237,623</u></u>	<u><u>258,799,977</u></u>	<u><u>357,007,888</u></u>	<u><u>320,226,397</u></u>	<u><u>319,341,784</u></u>	<u><u>282,284,418</u></u>

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Schedule 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type Activities:										
Clean Air Store/CNG fueling station	89,947	97,424	123,625	143,433	197,318	169,917	169,510	273,531	290,796	411,434
Total business-type activities prog. revenues	89,947	97,424	123,625	143,433	197,318	169,917	169,510	273,531	290,796	411,434
Total primary government prog. revenues	\$ 143,220,096	\$ 175,587,462	\$ 192,166,525	\$ 201,182,145	\$ 219,434,941	\$ 258,969,894	\$ 357,177,398	\$ 320,499,928	\$ 319,632,580	\$ 282,695,852
Net (Expense) Revenue										
Governmental activities	\$ (27,692,702)	\$ 11,567,762	\$ 19,813,365	\$ 23,499,484	\$ 10,801,705	\$ 28,115,112	\$ 78,596,791	\$ 28,650,109	51,349,157	(4,545,366)
Business-type activities	(63,536)	(68,373)	(78,816)	(82,171)	(20,730)	(40,203)	3,953	123,113	154,991	221,916
Total primary govnt net (expenses) revenue	\$ (27,756,238)	\$ 11,499,389	\$ 19,734,549	\$ 23,417,313	\$ 10,780,975	\$ 28,074,909	\$ 78,600,744	\$ 28,773,222	\$ 51,504,148	\$ (4,323,450)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Grants and subventions - restricted to non-spec. stationary source prog.	\$ 2,962,415	\$ 2,964,713	\$ 2,962,539	\$ 2,962,418	\$ 2,943,638	\$ 2,934,513	\$ 2,926,440	\$ 2,918,779	\$ 2,890,117	\$ 2,889,099
Mobile sources - restricted to non-spec. mobile source prog.	6,229,842	6,282,933	-	-	-	-	-	-	-	-
Interest	845,849	1,273,901	2,887,395	4,012,295	3,950,198	1,962,431	976,434	832,444	529,031	343,206
Lease revenue	372,707	338,961	364,326	365,559	366,924	379,440	371,104	-	-	-
Penalties/settlement	12,232,181	11,295,895	16,074,370	13,211,151	5,190,492	9,469,694	10,346,122	7,348,657	4,906,391	11,562,529
Subscriptions	36,301	29,512	19,214	22,315	11,378	15,519	10,363	7,760	6,095	1,630
Other	799,732	2,992,685	545,430	847,899	116,842	34,828	298,683	1,631,518	1,352,418	406,456
Transfers	-	-	16,595	(9,703,906)	-	-	-	-	-	-
Total governmental activities	23,479,027	25,178,600	22,869,869	11,717,731	12,579,472	14,796,424	14,929,145	12,739,158	9,684,052	15,202,920
Business-type Activities										
Interest	1,112	-	-	-	-	-	-	-	-	-
Transfers	-	-	(16,595)	-	-	-	-	-	-	-
Total business-type activities	1,112	-	(16,595)	-	-	-	-	-	-	-
Total primary government revenue	\$ 23,480,139	\$ 25,178,600	\$ 22,853,274	\$ (7,823,649)	\$ 12,579,472	\$ 14,796,424	\$ 14,929,145	\$ 12,739,158	\$ 9,684,052	\$ 15,202,920
Change in Net Position										
Governmental activities	\$ (4,213,675)	36,746,362	\$ 42,683,233	\$ 35,217,215	\$ 23,381,177	\$ 42,911,536	\$ 93,525,936	\$ 41,389,267	\$ 61,033,209	\$ 10,657,554
Business-type activities	(62,424)	(68,373)	(95,411)	(82,171)	(20,730)	(40,203)	3,953	123,113	154,991	221,916
Total primary government	\$ (4,276,099)	\$ 36,677,989	\$ 42,587,822	\$ 35,135,044	\$ 23,360,447	\$ 42,871,333	\$ 93,529,889	\$ 41,512,380	\$ 61,188,200	\$ 10,879,470

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

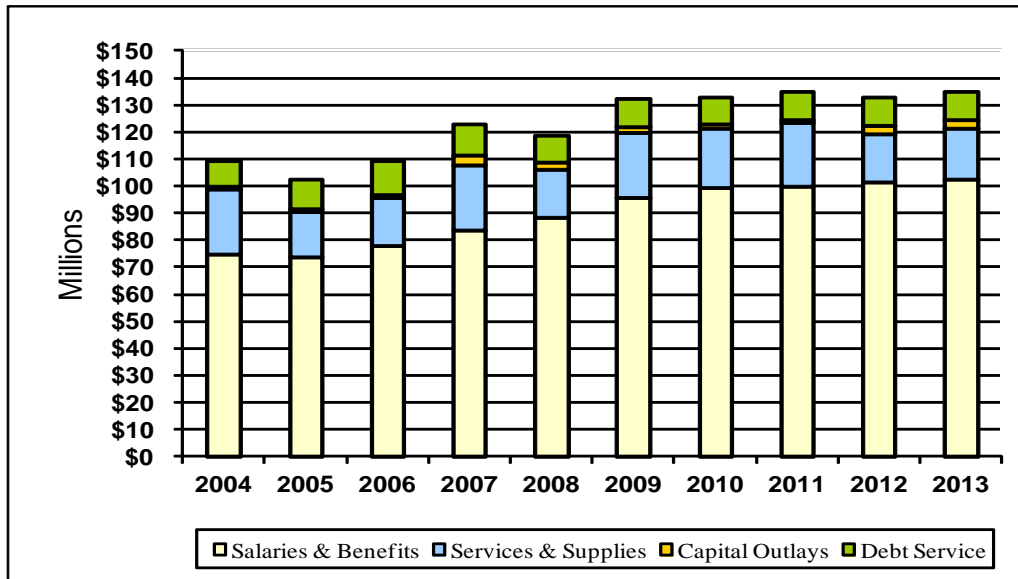
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General Fund										
Reserved	\$ 7,732,923	\$ 4,778,503	\$ 4,841,814	\$ 6,892,073	\$ 7,369,361	\$ 7,318,433	\$ 7,575,462	\$ -	\$ -	\$ -
Unreserved	33,709,091	45,023,178	56,475,321	37,287,900	46,073,449	56,309,536	52,814,783	-	-	-
Nonspendable	-	-	-	-	-	-	-	50,315	73,043	71,968
Committed	-	-	-	-	-	-	-	8,928,629	6,594,167	6,552,287
Assigned	-	-	-	-	-	-	-	17,763,384	15,390,753	12,194,651
Unassigned	-	-	-	-	-	-	-	25,858,045	24,689,814	19,774,006
Total general fund	<u>\$ 41,442,014</u>	<u>\$ 49,801,681</u>	<u>\$ 61,317,135</u>	<u>\$ 44,179,973</u>	<u>\$ 53,442,810</u>	<u>\$ 63,627,969</u>	<u>\$ 60,390,245</u>	<u>\$ 52,600,373</u>	<u>\$ 46,747,777</u>	<u>\$ 38,592,912</u>
All Other Governmental Funds										
Reserved for encumbrances	\$ 70,495,534	\$ 78,570,628	\$ 91,723,747	\$ 129,812,105	\$ 131,473,169	\$ 130,688,267	\$ 186,009,142	\$ -	\$ -	\$ -
Reserved for debt service	-	-	-	19,541,377	17,381,723	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	125,236,025	145,382,341	162,143,706	150,942,757	160,202,854	203,673,852	237,563,798	-	-	-
Restricted	-	-	-	-	-	-	-	26,138,656	191,730,455	331,962,118
Committed	-	-	-	-	-	-	-	174,297,108	127,200,107	29,141,240
Assigned	-	-	-	-	-	-	-	272,132,633	210,588,937	169,437,574
Unassigned	-	-	-	-	-	-	-	(6,778,697)	(1,970,036)	-
Total all other governmental funds	<u>\$ 195,731,559</u>	<u>\$ 223,952,969</u>	<u>\$ 253,867,453</u>	<u>\$ 300,296,239</u>	<u>\$ 309,057,746</u>	<u>\$ 334,362,119</u>	<u>\$ 423,572,940</u>	<u>\$ 465,789,700</u>	<u>\$ 527,549,463</u>	<u>\$ 530,540,932</u>

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Emission fees	\$ 19,497,850	\$ 19,434,549	\$ 33,582,422	\$ 21,771,497	\$ 23,100,073	\$ 24,826,356	\$ 19,663,671	\$ 21,371,061	\$ 19,714,882	\$ 20,540,391
Annual renewal fees	28,487,923	28,876,817	30,991,226	34,610,682	38,970,949	43,285,892	41,191,933	41,342,340	42,189,557	43,056,220
Area Sources	-	-	-	-	-	1,226,651	1,445,715	2,503,791	2,808,927	2,132,263
Permit processing fees	11,202,036	14,114,680	14,765,144	16,120,262	18,105,901	20,396,188	16,316,076	16,007,058	15,658,916	17,210,640
Mobile sources / Clean fuels	58,177,471	65,197,128	82,389,525	67,582,066	69,028,689	66,087,019	65,843,960	63,704,363	69,689,913	67,441,546
Emission reduction fees	375,000	-	-	-	-	-	-	-	-	-
Air Toxics "Hot Spots"	1,429,658	1,614,851	1,186,492	1,897,395	1,981,259	2,026,249	1,977,074	1,824,327	1,833,488	1,917,252
Transportation program	748,006	869,554	895,194	1,145,806	914,870	894,440	836,557	885,263	848,829	927,824
State subvention	4,021,970	4,024,268	4,022,094	4,021,970	4,003,263	3,994,067	3,986,029	3,978,200	3,949,672	3,948,646
Federal grant	8,443,715	6,988,187	5,876,040	8,067,682	7,828,903	12,544,767	13,620,752	15,543,549	27,508,859	19,468,654
State grant	10,425,742	11,253,989	6,514,346	25,340,534	39,677,362	74,017,124	165,001,635	87,403,616	128,099,308	101,432,241
Interest revenue	3,678,244	5,444,958	12,087,846	17,485,429	16,899,125	10,448,326	6,224,115	6,556,895	4,962,021	3,677,620
Lease revenue	372,707	338,961	364,326	365,559	366,924	379,440	371,104	380,431	281,284	140,739
Source test/analysis fees	342,909	321,526	401,487	528,653	491,080	579,607	486,075	636,822	759,784	790,824
Hearing Board fees	373,924	251,212	655,553	469,041	411,537	436,385	327,344	201,864	221,709	277,544
Penalties and settlements	12,232,181	36,295,895	16,074,370	13,281,151	5,190,492	9,469,694	11,346,122	7,348,657	6,006,391	11,642,529
Subscriptions	36,301	29,512	19,214	22,315	11,378	15,519	10,363	7,760	6,095	1,630
RECLAIM & executive order mitigation	601,086	772,526	842,214	4,919,852	-	-	-	-	-	-
Other revenues	6,162,453	6,945,716	4,228,680	4,830,452	4,835,290	2,968,677	23,288,416	63,269,554	4,486,199	2,880,775
Total revenues	166,609,176	202,774,329	214,896,173	222,460,346	231,817,095	273,596,401	371,936,941	332,965,551	329,025,834	297,487,338
Expenditures:										
Salaries and employee benefits	74,539,634	73,791,627	77,858,212	83,488,915	88,320,801	95,793,414	99,192,010	99,773,382	101,364,885	102,289,888
Insurance	1,110,014	1,044,518	1,193,345	1,265,932	1,255,842	1,228,273	1,024,939	1,039,020	882,871	1,078,546
Rent	709,158	783,674	776,438	472,023	486,487	524,712	535,733	589,248	532,089	620,723
Supplies	2,045,772	2,235,088	2,274,844	2,890,495	3,365,065	3,035,346	2,997,815	2,600,630	2,371,901	2,894,275
Contract and special services	74,643,873	73,961,781	72,936,559	75,431,666	99,753,587	114,897,344	160,153,501	171,344,881	145,316,505	162,672,155
Maintenance	1,011,913	995,624	1,120,620	1,101,589	1,814,293	1,423,541	1,152,411	1,273,060	1,183,238	1,425,557
Travel and auto	445,745	433,606	478,091	606,658	622,446	746,705	694,696	707,050	791,042	753,860
Utilities	1,463,778	1,414,156	1,680,754	1,685,742	1,599,055	1,713,817	1,483,855	1,495,435	1,342,945	1,405,249
Communications	553,238	491,337	463,665	489,779	493,285	560,274	598,674	598,958	587,930	580,569
Uncollectible accounts	374,712	210,871	(38,037)	4,788	649,425	683,945	753,072	891,794	953,792	454,094
Other expenditures	4,201,304	(815,944)	933,008	1,441,100	1,063,386	691,833	1,303,225	2,767,725	2,544,090	2,179,367
Capital outlay	2,135,572	1,010,373	1,130,264	2,749,059	1,388,559	3,670,377	2,835,795	2,170,102	2,051,740	3,261,458
Debt service:										
Principal	6,040,000	6,350,000	7,510,000	7,870,000	8,270,000	8,695,000	9,165,000	10,090,000	10,250,000	18,177,007
Interest	2,914,873	4,286,541	5,165,067	3,967,067	4,710,521	4,442,290	4,073,116	3,540,602	2,945,639	4,857,985
Total expenditures	172,189,586	166,193,252	173,482,830	183,464,813	213,792,752	238,106,871	285,963,843	298,881,886	273,118,666	302,650,733
Excess (deficiency) of revenues over (under) expenditures	(5,580,410)	36,581,077	41,413,343	38,995,533	18,024,343	35,489,530	85,973,097	34,083,665	55,907,168	(5,163,395)
Other financing sources (uses):										
Transfer in	14,700,000	291,950	105,095	4,387,758	23,973,905	25,907,899	4,362,357	17,056,936	8,670,107	38,364,134
Transfer out	(14,700,000)	(291,950)	(88,500)	(4,091,664)	(23,973,905)	(25,907,899)	(4,362,357)	(17,056,936)	(8,670,107)	(38,364,134)
Special and extraordinary	-	-	-	(10,000,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	16,595	(9,703,906)	-	-	-	-	-	-
Net change in fund balances	\$ (5,580,410)	\$ 36,581,077	\$ 41,429,938	\$ 29,291,627	\$ 18,024,343	\$ 35,489,530	\$ 85,973,097	\$ 34,083,665	\$ 55,907,168	\$ (5,163,395)
Debt service as a percentage of noncapital expenditures	5.3%	6.4%	7.4%	6.6%	6.1%	5.6%	4.7%	4.6%	4.9%	7.7%

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



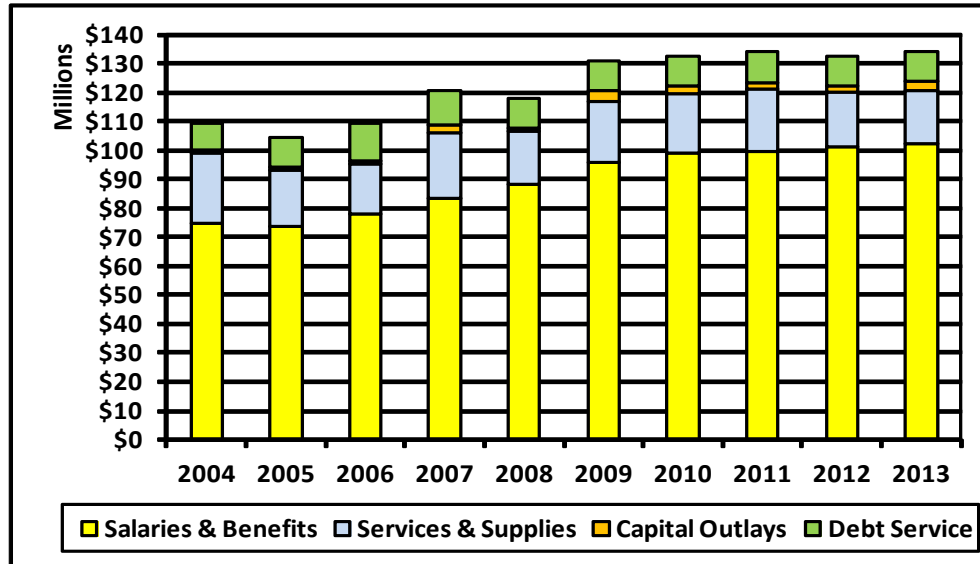
Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2004	74,539,634	24,273,579	1,266,240	8,954,873	109,034,326
2005	73,791,627	16,803,682	949,713	10,636,541	102,181,563
2006	77,858,212	17,719,906	1,100,222	12,675,067	109,353,407
2007	83,488,915	24,400,215	3,273,369	11,837,067	122,999,566
2008	88,320,801	17,937,120	2,579,407	9,980,521	118,817,849
2009	95,793,414	23,732,428	2,409,605	10,137,290	132,072,737
2010	99,192,009	21,806,505	1,592,415	10,238,116	132,829,044
2011	99,773,382	23,397,710	1,198,178	10,630,602	134,999,872
2012	101,364,885	17,799,716	3,261,876	10,195,639	132,622,116
2013	102,289,888	19,052,813	3,053,754	10,219,978	134,616,433

See Notes Associated with Financial Charts page 107.

Source:

South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 6
 Expenditures by Major Object
 General Fund (GAAP Basis)
 Last Ten Fiscal Years



Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Debt Service	Total Expenditures
2004	74,539,634	24,245,021	1,490,545	8,954,873	109,230,073
2005	73,791,627	19,191,298	942,278	10,636,541	104,561,744
2006	77,858,212	17,564,242	1,076,407	12,675,067	109,173,928
2007	83,488,915	22,558,459	2,749,059	11,837,067	120,633,500
2008	88,320,801	17,992,898	1,388,559	9,980,521	117,682,779
2009	95,793,414	21,227,874	3,670,377	10,137,290	130,828,955
2010	99,192,009	20,335,515	2,835,795	10,238,116	132,601,435
2011	99,773,382	21,403,118	2,170,102	10,630,602	133,977,204
2012	101,364,885	18,706,143	2,051,740	10,195,639	132,318,407
2013	102,289,888	18,066,145	3,261,458	10,219,978	133,837,469

See Notes Associated with Financial Charts page 107.

Source:

South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 7
Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

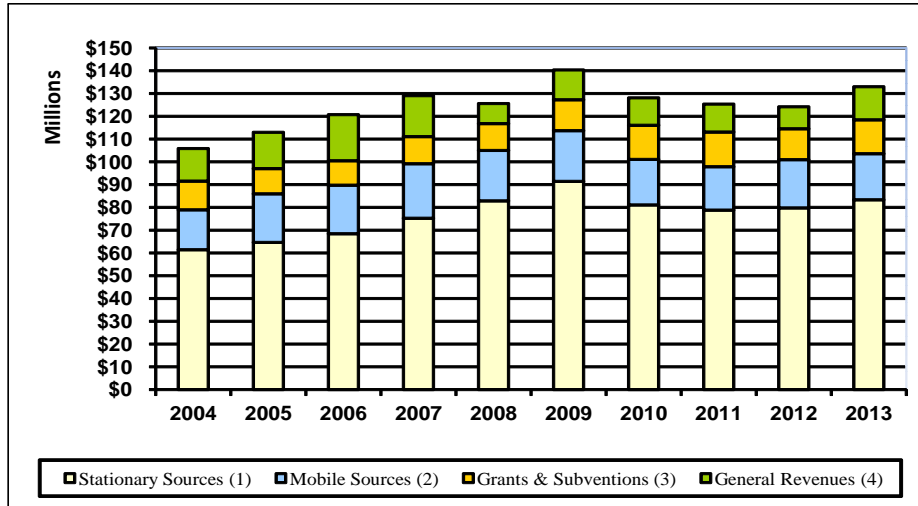
Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Total Revenues (a)	Per Capita (b)
	Installment Sale Revenue Bonds	Pension Obligation Bonds			
2004	\$ 53,250	\$ 72,262	\$ 125,512	118.54%	8
2005	48,735	70,426	119,161	105.53%	7
2006	44,195	67,457	111,652	92.52%	7
2007	39,630	64,152	103,782	80.39%	6
2008	35,035	60,477	95,512	76.05%	5
2009	30,410	56,407	86,817	61.83%	5
2010	25,745	51,907	77,652	60.60%	4
2011	20,370	47,192	67,562	53.87%	4
2012	15,130	42,182	57,312	46.15%	3
2013	0	39,135	39,135	29.48%	2

The South Coast Air Quality Management District is a regional government and is not authorized to issue long-term debt (General Obligation Bonds). The Installment Sale Revenue Bonds were issued by the South Coast Air Quality Management District Building Corporation (a component unit), secured by annual lease payments from the South Coast Air Quality Management District. The Pension Obligation Bonds are refunding bonds of outstanding debt owed the San Bernardino County Employees' Retirement Association. The South Coast Air Quality Management District has no long-term debt limits.

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

(b) See Schedule 13 for population data.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 8
 Revenues by Major Source
 General Fund
 Last Ten Fiscal Years



Year	Stationary Sources (1)	Mobile Sources (2)	Grants & Subventions (3)	General Revenues (4)	Total Revenues
2004	61,461,482	17,488,127	12,641,698	14,286,770	105,878,077
2005	64,613,635	21,311,536	11,065,286	15,930,954	112,921,411
2006	68,483,189	21,256,610	10,680,461	20,252,527	120,672,787
2007	75,200,253	23,966,240	11,909,248	18,017,839	129,093,580
2008	82,800,004	22,170,322	11,802,166	8,821,192	125,593,684
2009	91,472,243	22,166,119	13,679,151	13,093,394	140,410,907
2010	81,097,647	19,994,596	15,039,879	12,002,573	128,134,695
2011	78,787,371	19,109,043	15,189,462	12,324,164	125,410,040
2012	79,815,562	21,149,810	13,611,764	9,602,853	124,179,989
2013	83,307,359	20,324,940	14,853,666	14,446,084	132,932,049

(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

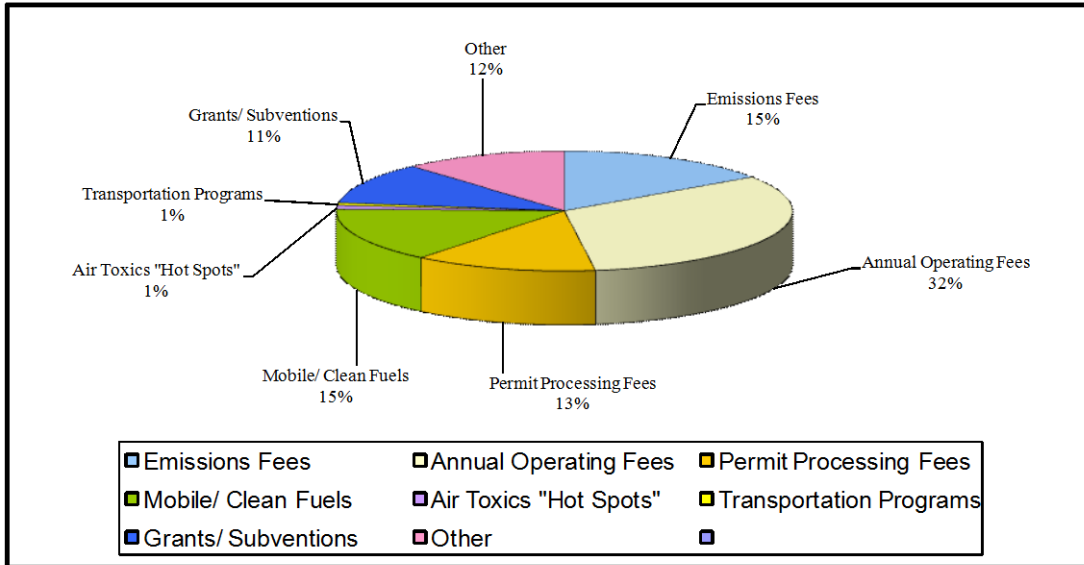
(4) Includes Area Sources, Penalties & Settlements, Interest, Lease Revenue, Other Revenue and Subscriptions

See Notes Associated with Financial Charts page 108.

Source:

South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 9
Revenues by Fee Source
General Fund
Last Ten Fiscal Years



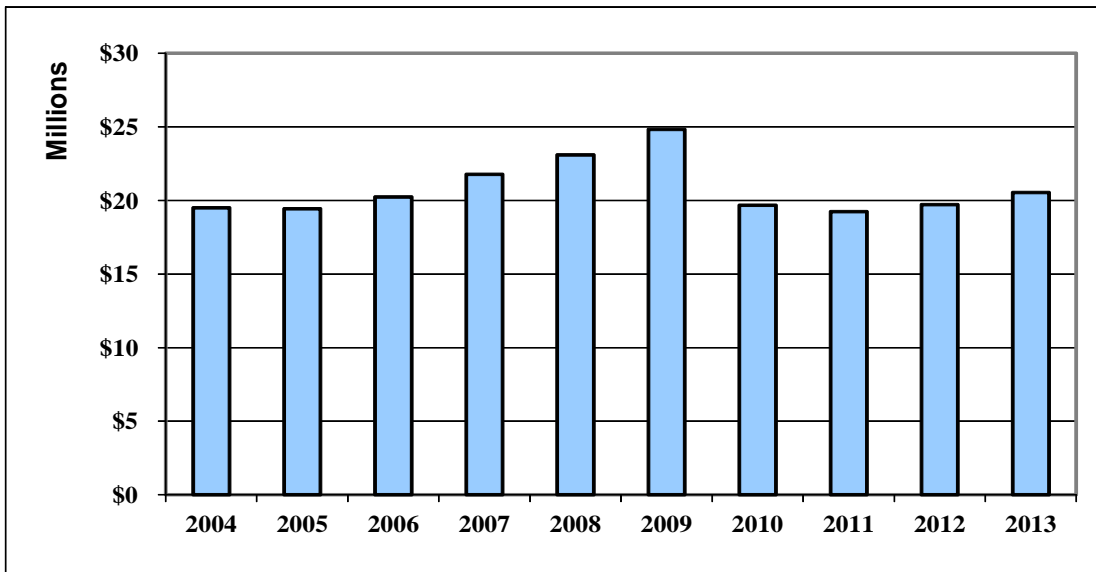
Fee Source Revenue									
Year	Emissions Fees	Annual Operating Fees	Permit Processing Fees	Mobile/ Clean Fuels	Air Toxics "Hot Spots"	Transportation Programs	Grants/ Subventions	Other	Total
2004	19,497,850	28,487,923	11,202,036	16,740,121	1,556,840	748,006	12,641,698	15,003,603	105,878,077
2005	19,434,549	28,876,817	14,114,680	20,441,982	1,614,851	869,554	11,065,286	16,503,692	112,921,411
2006	20,229,322	30,991,226	14,765,144	20,361,416	1,440,457	895,194	10,680,461	21,309,567	120,672,787
2007	21,771,497	34,610,682	16,120,262	22,820,434	1,700,118	1,145,806	11,909,248	19,015,533	129,093,580
2008	23,100,073	38,970,949	18,105,901	21,255,452	1,720,464	914,870	11,802,166	9,723,809	125,593,684
2009	24,826,356	43,285,892	20,396,188	21,271,679	1,947,813	894,440	13,679,151	14,109,387	140,410,906
2010	19,663,671	41,191,933	16,316,076	19,158,039	1,666,699	836,557	15,039,879	14,261,841	128,134,695
2011	19,246,061	41,342,340	16,007,058	18,223,780	1,353,226	885,263	15,189,462	13,162,850	125,410,040
2012	19,714,882	42,189,557	15,658,916	20,300,981	1,270,714	848,829	13,611,764	10,584,346	124,179,989
2013	20,540,391	43,056,220	17,210,640	19,397,116	1,431,740	927,824	14,853,666	15,514,452	132,932,049

* 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 108.

Source:
 South Coast Air Quality Management District Audited Financial Statements

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 10
 Emission Fee Revenues
 Last Ten Fiscal Years



Year	Emission Fees
2004	19,497,850
2005	19,434,549
2006	20,229,322
2007	21,771,497
2008	23,100,073
2009	24,826,356
2010	19,663,671
2011	19,246,061
2012	19,714,882
2013	20,540,391

See Notes Associated with Financial Charts page 109.

Source: South Coast Air Quality Management District Audited Financial Statements

Notes Associated with Financial Charts

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

- The increase in 2013 expenditures from 2012 is mainly due to the rising retirement and medical insurance costs.
- The decrease in 2012 expenditures is due to a significant reduction in Services and Supplies.
- The increase in 2011 expenditures from 2010 is mainly due to the increase in expenditures for Contract and Special Services.
- The increase in 2010 Salaries & Benefits expenditures from 2009 is mainly due to the hiring of vacant FTEs and rising retirement costs.
- The increase in 2009 expenditures from 2008 is mainly due to the hiring of vacant FTEs and rising retirement costs.
- The decrease in 2008 expenditures from the 2007 level is primarily due to a significant reduction in litigation costs.
- In 2007 the increase in Contract and Special Services of approximately \$5M is primarily due to expenditures related to railroad litigation.
- In 2007 the increase in Capitals Outlay of approximately \$2M is due mainly due to large purchases of air monitoring equipment.
- 2006 was the first year that both principal and interest expenditures were paid for 2004 Pension Obligation Bonds (POBs) issued late in FY 2003-04. (No principal was due for 2004 POBs in 2005).
- The increase in Salaries and Employee Benefits expenditures from 2005 to 2006 relates to labor contract adjustments implemented in 2006.
- Pension Obligation Bonds issued late in FY 2003-04 increased debt service expenditures in 2005.
- The increase in Services and Supplies between 2003 and 2004 relates to \$3M in litigation expense for enforcement and \$2M in one-time Federal pass-through funds for the Green Airport Initiative.
- The increase in Salaries and Benefits between 2003 and 2004 is due to rising retirement rates.

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

- The increase in 2013 expenditures from 2012 is mainly due to the rising retirement and medical insurance costs. In addition, Capital Outlays expenditures increased due to the large purchase of CNG vehicles and the replacement of some boilers and associated equipments.
- The decrease in 2012 expenditures is due to a significant reduction in Services and Supplies.
- The increase in 2011 expenditures from 2010 is mainly due to the increase in Contract and Special Services.
- The increase in 2010 expenditures from 2009 is mainly due to the hiring of vacant FTEs and rising retirement costs. In addition, Capital Outlays expenditures decreased due to asset retirements.
- The increase in 2009 expenditures from 2008 is mainly due to the hiring of vacant FTEs and rising retirement costs. In addition, Capital Outlays expenditures increased due to payments on prior year encumbrances.
- The decrease in 2008 expenditures from the 2007 level is primarily due to a significant reduction in litigation costs.
- In 2007 the increase in Contract and Special Services of approximately \$4.5M is primarily due to expenditures related to railroad litigation.
- In 2007 the increase in Capital Outlay of approximately \$1.7M is due mainly due to large purchases of air monitoring equipment.
- 2006 was the first year that both principal and interest expenditures were paid for 2004 Pension Obligation Bonds (POBs) issued late in FY 2003-04. (No principal was due for 2004 POBs in 2005).
- The increase in Salaries and Employee Benefits expenditures from 2005 to 2006 relates to labor contract adjustments implemented in 2006.

- Pension Obligation Bonds issued late in FY 2003-04 increased debt service expenditures in 2005.
- The increase in Services and Supplies between 2003 and 2004 relates to \$3M in litigation expense for enforcement and \$2M in one-time Federal pass-through funds for the Green Airport Initiative.
- The increase in Salaries and Benefits between 2003 and 2004 is due to rising retirement rates.

Schedule 8 - Revenues by Major Source (General Fund)

- Revenues increased significantly in 2013 because the AQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- The decrease in 2012 revenue is due to the decrease in Penalties & Settlements in General Revenues, and the reduction in Grants & Subventions.
- In 2011 the decrease in the Stationary Sources and Mobile Sources revenues are mainly due to the decrease in all the fee source revenues.
- The decrease in 2010 revenue is attributable to the economic downturn and declining emissions; however, the overall decline is mitigated by several large, unanticipated one time penalties/settlements.
- The increase in 2009 General Revenue reflects the fact that the number and magnitude of penalties and settlements can vary from year to year.
- The decrease in 2008 revenue from 2007 is mainly due to declining Penalties and Settlements revenues offset by a 10% increase in Emissions Fees, Annual Operating Fees, and Permit Processing Fees.
- The increase in the Stationary Sources type revenue is primarily due to a 10% increase in annual operating permit renewal fee in 2007. In addition, RECLAIM device-based annual renewal fees were billed in 2007 for the first time.
- Although SCAQMD collected approximately \$13 million in Penalties and Settlements in 2007 this was less compared to approximately \$16 million collected in 2006 hence the decrease in General Revenue in 2007.
- The increase in Stationary Sources Revenue in 2006 relates to the fee increase for Annual Operating Fees that took effect on July 1, 2005.
- General revenues increased in 2006 because the South Coast SCAQMD received several one-time large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- Mobile Sources revenue increased in 2005 due to reimbursements for Clean Fuels projects and an increase in the number of registered vehicles.
- The increase in Stationary Source revenue in 2005 relates to a permit processing fee increase, additional expedited permit processing fees, and an increase in permit processing fee adjustments over the prior year.
- The increase in General Revenues in 2004 relates to a substantial penalty settlement.

Schedule 9 - Revenues by Fee Source (General Fund)

- Other revenues increased significantly in 2013 because the AQMD received several large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- The decrease in 2012 revenue is due to the decrease in Penalties & Settlements in General Revenues, and the reduction in Grants & Subventions.
- The decrease in 2011 revenue from 2010 is mainly due to the decreases in Mobile Source revenue and Penalties and Settlements revenue.
- In 2010, all fee source revenues declined. The increase in Grants/Subventions revenue is attributable to a full year of administrative cost reimbursement for Prop 1B.
- In 2009, Annual Operating Fees and Permit Fees increased by 10% in 2009.
- The decrease in 2008 revenue from 2007 is mainly due to declining Penalties and Settlements revenues offset by a 10% increase in Emissions Fees, Annual Operating Fees, and Permit Processing Fees.

- The increase in Annual Operating Fees is primarily due to a 10% increase in the annual operating permit renewal fee in 2007. In addition, RECLAIM device-based annual renewal fees were billed in 2007 for the first time.
- Other revenues increased in 2006 because the South Coast SCAQMD received several one-time large penalties/settlements from facilities that were found to be not in compliance with SCAQMD rules and regulations.
- Annual Operating Fees increased in 2006 due to the fee increase that took effect on July 1, 2005.
- Mobile Sources revenue increased in 2005 due to reimbursements for Clean Fuels projects and an increase in the number of registered vehicles.
- The increase in Stationary Source revenue in 2005 relates to a permit processing fee increase, additional expedited permit processing fees, and an increase in permit processing fee adjustments over the prior year.
- The increase in Other Revenues in 2004 relates to a substantial penalty settlement.
- Other Revenues decreases significantly due to the decrease in penalty settlement.

Schedule 10 – Emission Fee Revenues

- The small increase in 2013 is due to a fee increase that was effective July 1, 2012.
- In 2010, Emission Fees decreased as a result of reduced emissions at major refineries and large facilities.
- The 2009 Emission Fees increased due to a 10% fee increase; offset by continued declining emissions.
- There was an increase in Emission Fees revenue in 2008 related to a 10% fee increase. However, the impact on the revenue is lower than the 10% due to a general decline in emissions.
- The trend shows a continued reduction in emission fee revenues due to lower emissions as a result of additional emission controls placed on the Basin's emitters.
- There was an increase in Emission Fees in 2007 due to a 10% increase in rate. However, the impact on the revenue is less due to a general decrease in emissions.
- The small increase in 2006 is due to a fee increase that was effective July 1, 2005.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Schedule 11
Revenue Capacity
Largest Payers of Emission-Based Fees at a Single Location
Current Year and Ten Years Ago

Payer	FY 2012-2013			FY 2002-2003		
	Payment	Rank	% of Total Emission Fee	Payment	Rank	% of Total Emission Fee
Exxon Mobil Corporation (Formerly Mobil Oil Corporation)	\$1,986,190	1	9.7%	\$1,353,760	3	6.7%
BP West Coast Products (now Tesoro)*	1,855,727	2	9.0%	1,610,026	2	8.0%
Chevron Products	1,723,218	3	8.4%	2,106,280	1	10.5%
Tesoro Refining and Marketing (Formerly Equilon)	942,447	4	4.6%	1,183,217	4	5.9%
Conoco Phillips Company/Colton Terminal (Formerly Tosco Refining Co)*	832,387	5	4.1%	1,019,860	5	5.1%
Conoco Phillips Company (Formerly Tosco Refining Co)*	564,237	6	2.7%	412,387	10	2.0%
Ultramar Incorporated	512,797	7	2.5%	730,599	7	3.6%
BP West Coast Products (formerly ARCO CQC Kiln and now Tesoro)*	453,599	8	2.2%	154,394	15	0.8%
Rhodia Incorporated	271,334	9	1.3%			
City of Long Beach, SERRF Project	241,180	10	1.2%	154,818	14	0.8%
Southern California Edison (formerly Mountainview Generating Station)	237,919	11	1.2%			
Anheuser-Busch Incorporated	224,879	12	1.1%	139,586	18	0.7%
LA County Sanitation District	222,215	13	1.1%	130,052	20	0.6%
Southern California Gas Company	168,895	14	0.8%			
Desert View Power (formerly Colmac Energy)	157,422	15	0.8%			
Beta Offshore	149,965	16	0.7%			
Tin Inc., Temple Inland	146,093	17	0.7%			
Dart Container Corp of California	131,191	18	0.6%	147,351	16	0.7%
LA City, DWP Hayes Generating Station	122,183	19	0.6%			
Equilon Enterprises, LLC, Shell Oil Products US	109,159	20	0.5%			
Cal Portland Cement Company				859,481	6	4.3%
AES Alamos LLC				680,484	8	3.4%
MCP Foods, Inc.				487,031	9	2.4%
Tomkins Industries - Lasco Products				265,496	11	1.3%
Southern California Edison Company				238,520	12	1.2%
TABC, Inc.				214,340	13	1.1%
Owens-Brockway Glass Container, Inc.				143,869	17	0.7%
AES Redondo Beach, LLC				132,388	19	0.7%
Total Paid by Largest Payers at a Single Location	<u>\$ 11,053,037</u>		53.8%	<u>\$ 12,163,939</u>		60.5%
Total Emissions Based Fees Paid by All Emitters	<u>\$ 20,540,391</u>			<u>\$ 20,118,430</u>		

*Located at separate sites.

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

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

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

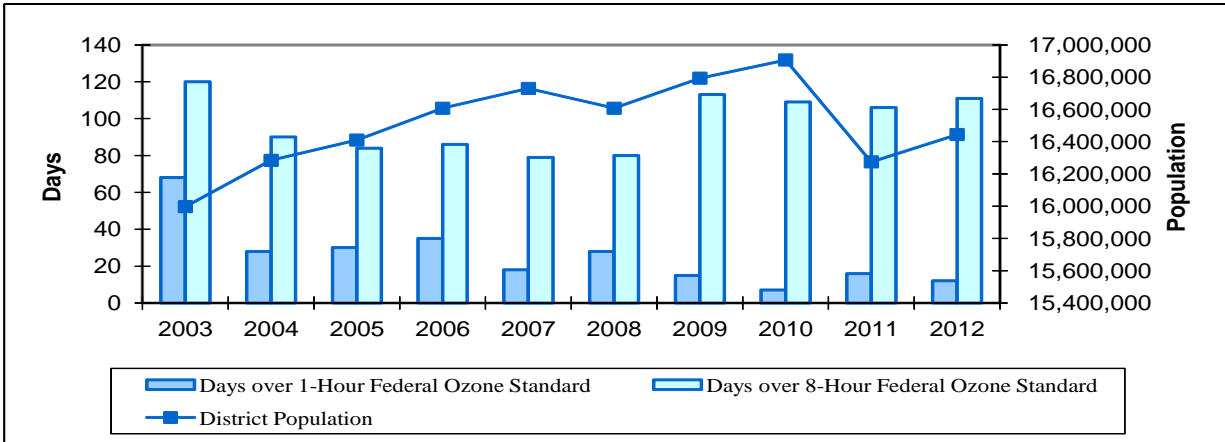
Orange County is the second most populated county in the state and lies south of Los Angeles County. When created in 1889, Orange County was named for its abundance of orange groves and thriving agricultural industry. Today, the largest industry employers are trade, transportation, and utilities, professional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

The varied topography of *Riverside County* is characterized by fertile river valleys to rolling plains and foothills to deserts below sea level and mountain peaks above 10,000 feet. Recent years have brought dramatic population growth to Riverside County. The population of Riverside County did not see a significant increase in population from fiscal year 2011 to fiscal year 2012. The county's early years were linked to the agriculture industry, but commerce, construction, manufacturing, transportation, and tourism have contributed to the county's substantial growth. The County is also a major distribution center for Southern California and the Pacific Rim.

Roughly 90 percent of *San Bernardino County* is desert and the remaining portion consists of the San Bernardino Valley and San Bernardino Mountains. San Bernardino County and Riverside County are collectively known as the Inland Empire. San Bernardino ranks as the fourth-highest populated county in California and is projected to be home to more than 2.5 million residents by 2020, an increase of 18% over current figures. The economy is led by services, government, retail trade, and manufacturing industries. Additionally, the county consistently ranks in the top fifteen agricultural-producing counties in the state.

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 12
 South Coast Air Basin Smog Trend
 Last Ten Calendar Years



Year	Days over 1-Hour Federal Ozone Standard	Days over 8-Hour Federal Ozone Standard	District Population
2003	68	120	15,997,078
2004	28	90	16,284,400
2005	30	84	16,409,969
2006	35	86	16,607,472
2007	18	79	16,730,092
2008	28	80	16,607,472
2009	15	113	16,793,784
2010	7	109	16,906,456
2011	16	106	16,274,797
2012	12	111	16,444,162

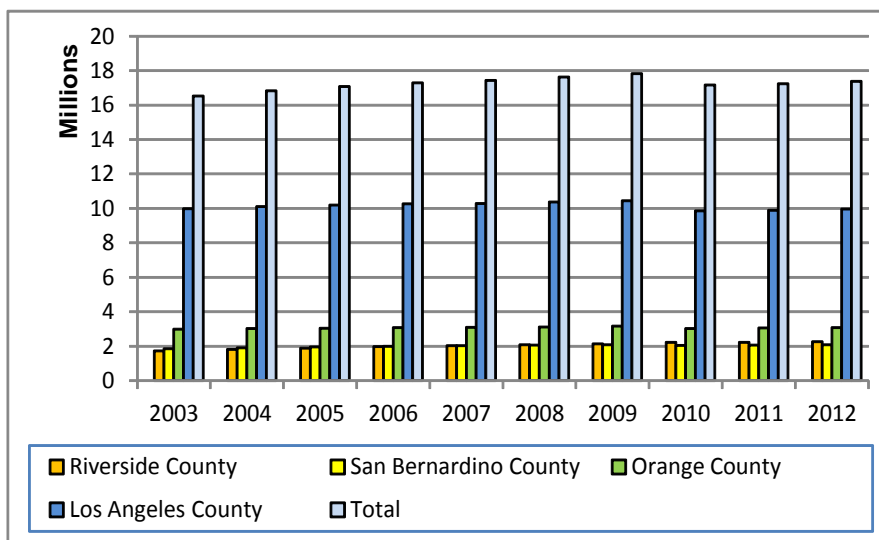
Notes:

- The average number of days in the Basin exceeding the federal standard over the three-year period of 1999-01 decreased by 80% for ozone and by 97% for carbon monoxide from the 1976-78 period.
- The average number of days in the Basin exceeding the federal PM10 standard decreased by 86% between the 1985-87 and 1999-01 periods.
- 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 2004 and 2005.
- In 2005, the federal government implemented the 8-hour ozone National Ambient Air Quality Standard.

Source:

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

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



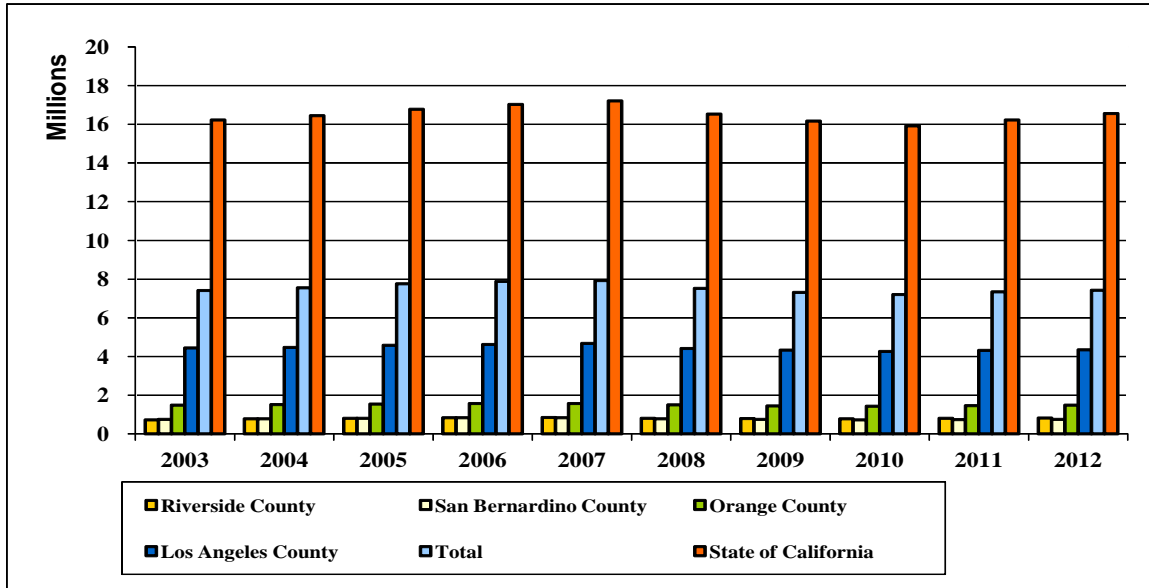
Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	% Increase
2003	1,725,900	1,842,300	2,984,300	9,980,200	16,532,700	1.94%
2004	1,805,500	1,896,200	3,021,600	10,101,500	16,824,800	1.77%
2005	1,885,600	1,948,500	3,050,400	10,191,100	17,075,600	1.49%
2006	1,966,600	1,994,000	3,071,900	10,258,000	17,290,500	1.26%
2007	2,034,840	2,026,325	3,089,707	10,275,914	17,426,786	0.79%
2008	2,088,322	2,055,766	3,121,251	10,363,850	17,629,189	1.16%
2009	2,139,535	2,073,149	3,166,461	10,441,080	17,820,225	1.08%
2010	2,217,778	2,052,397	3,029,859	9,858,989	17,159,023	-3.71%
2011	2,227,577	2,063,919	3,055,792	9,884,632	17,231,920	0.42%
2012	2,255,059	2,076,274	3,081,804	9,958,091	17,371,228	0.81%

AQMD encompasses all of Orange County and parts of the Los Angeles, Riverside, and San Bernardino Counties, representing over 17.3 million residents.

Source:

California Department of Finance - Demographic Research Unit

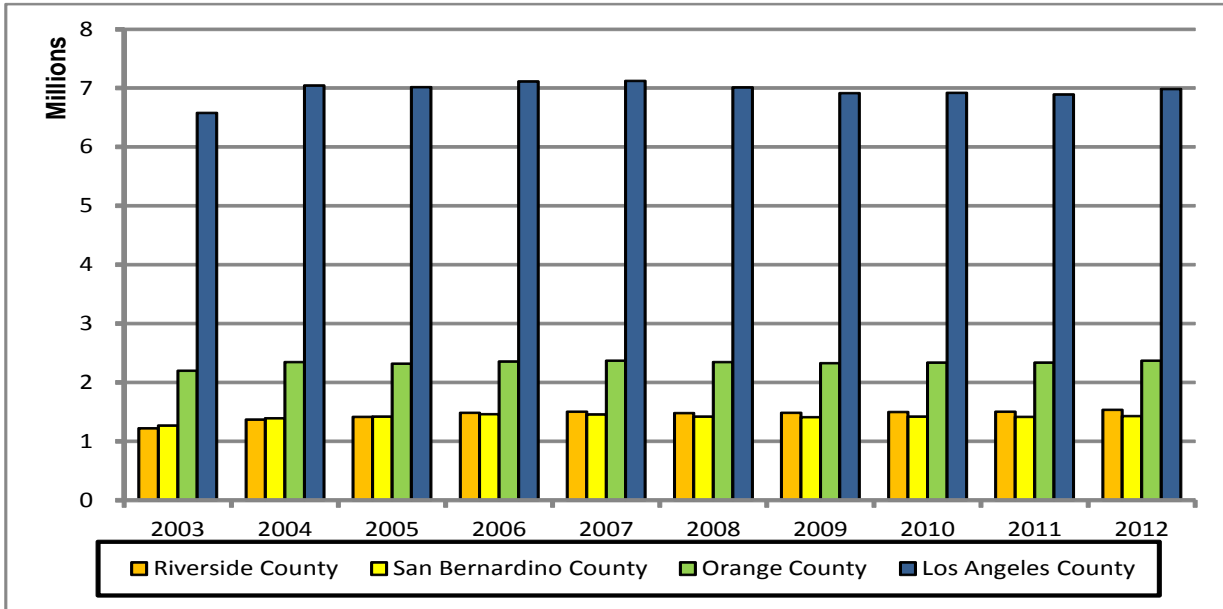
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 14
 Los Angeles, Orange, Riverside, San Bernardino
 Counties, and State of California Civilian Employment
 Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total	State of California
2003	731,500	758,300	1,484,200	4,440,800	7,414,800	16,227,000
2004	775,900	788,700	1,516,400	4,477,900	7,558,900	16,444,500
2005	816,500	816,800	1,544,800	4,581,100	7,759,200	16,782,300
2006	842,000	842,300	1,568,300	4,631,600	7,884,200	17,029,300
2007	853,800	835,100	1,568,800	4,675,300	7,933,000	17,208,900
2008	813,800	781,400	1,507,300	4,422,900	7,525,400	16,531,700
2009	790,000	751,600	1,451,000	4,328,600	7,321,200	16,163,900
2010	779,500	733,800	1,429,700	4,262,300	7,205,300	15,916,300
2011	810,600	747,100	1,464,400	4,318,900	7,341,000	16,226,600
2012	828,800	758,000	1,496,000	4,345,700	7,428,500	16,560,300

Source:
 State of California: Employment Development Department

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
 Schedule 15
 Vehicle Registrations (Automobiles & Trucks)
 For Four County Area
 Last Ten Calendar Years



Year	Riverside County	San Bernardino County	Orange County	Los Angeles County	Total District
2003	1,221,720	1,266,233	2,196,060	6,578,648	11,262,661
2004	1,365,087	1,391,982	2,346,741	7,044,975	12,148,785
2005	1,411,893	1,417,323	2,317,229	7,014,718	12,161,163
2006	1,482,716	1,458,344	2,352,832	7,111,211	12,405,103
2007	1,498,957	1,453,252	2,367,673	7,121,385	12,441,267
2008	1,476,725	1,418,934	2,345,325	7,012,263	12,253,247
2009	1,480,616	1,410,411	2,327,428	6,913,586	12,132,041
2010	1,497,595	1,417,354	2,337,837	6,920,671	12,173,457
2011	1,502,571	1,412,652	2,336,315	6,892,687	12,144,225
2012	1,532,040	1,428,725	2,367,745	6,984,730	12,313,240

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

Source:

California Department of Motor Vehicles - Estimated Fee Paid Vehicle Registrations by County

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
FUNCTION:										
Executive Office	11	11	11	10	10	9	10	10	10	9
Clerk of the Boards	6	6	6	6	6	5	6	6	6	6
District Counsel	10	10	10	10	11	13	13	12	11	11
District Prosecutor	23	22	21	20	19	19	19	20	21	18
Finance	44	45	43	43	44	44	45	43	42	41
Administrative & Human Resources	34	34	34	35	36	37	36	34	32	32
Information Management	47	45	45	48	50	49	48	49	48	47
Planning, Rule Development & Area Sources	116	110	108	109	102	108	105	103	96	88
Legislative and Public Affairs	36	34	36	35	37	42	42	40	39	40
Science & Technology	136	132	136	145	151	160	156	146	143	144
Engineering & Compliance	289	284	293	289	304	310	299	300	286	273
Total	<u>752</u>	<u>733</u>	<u>743</u>	<u>750</u>	<u>770</u>	<u>796</u>	<u>779</u>	<u>763</u>	<u>734</u>	<u>709</u>

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

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

<u>Program Category</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Advance Clean Air Technology									
Contracts awarded	263	180	304	295	292	530	526	556	938
Total Funding awarded	\$ 54,723,323	\$ 79,893,504	\$ 133,603,750	\$ 91,309,725	\$ 89,421,125	\$ 180,669,515	\$ 131,399,287	\$ 82,536,619	207,181,573
Ensure Compliance with Clean Air Rules									
Inspections	45,702	35,161	35,039	33,742	40,558	33,735	33,560	34,191	32,535
Notices of Violations	2,412	1,759	1,407	1,321	1,908	1,530	1,254	1,211	965
Hearing Board Orders for Abatement	81	61	49	30	36	35	47	69	51
Hearing Board Appeals	23	12	12	22	19	20	2	7	3
Customer Service									
Public Information Requests	5,477	4,956	4,651	3,528	4,962	3,821	3,410	3,543	3,460
Community/Public Meetings attended	92	118	182	145	198	202	190	274	294
Small Business Assistance Contacts	3,641	1,812	2,289	2,680	2,662	2,578	2,497	2,574	2,266
Develop Programs to Achieve Clean Air									
Transportation Plans processed	1,402	1,426	1,502	1,534	1,412	1,372	1,385	1,392	1,371
Emission Inventory Updates	359	229	284	439	586	703	521	530	408
Develop Rules to Achieve Clean Air									
Rules Developed	59	35	24	29	32	15	40	8	20
Monitoring Air Quality									
Samples Analyzed by the Laboratory	34,174	37,889	14,683	31,530	25,400	29,685	28,915	29,520	32,520
Source Testing Analyses/Evaluations/Reviews	706	598	830	794	718	740	1,030	952	1,035
Timely Review of Permits									
Applications Processed	11,459	9,747	9,481	9,599	11,564	9,627	13,044	12,225	14,153
Applications Received-Small Business	-	-	-	-	627	694	798	732	615
Applications Received-All Others	10,996	9,222	8,261	9,297	10,954	10,941	10,769	11,682	11,709
Policy Support									
News releases	34	48	44	51	76	69	64	57	61
Media Calls	1,400	n/a	643	684	334	313	252	520	1,131
Media Inquiries Completed	n/a	268	604	684	334	313	252	520	1,131

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function/Program</u>					
Ensure Compliance with Clean Air Rules					
Number of vehicles assigned to field inspection	135	125	127	121	121
Monitoring Air Quality					
Number of air monitoring stations	37	43	43	42	40
Number of air monitoring instruments installed in the air monitoring stations to measure air quality	267	283	283	249	292

South Coast Air Quality Management District

Demographic and Miscellaneous Statistics

<u>Established:</u>	February 1, 1977
<u>Area Covered:</u>	10,743 Square Miles
<u>Counties Included in District:</u>	All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties
<u>Population:</u>	16,444,162 (In 2012)
<u>Average Unemployment Rate:</u>	Los Angeles County (10.99%), Orange (7.6%), Riverside (12.2%), and San Bernardino (12.0%) counties (In 2012)
<u>Transportation:</u>	Two transcontinental railroads – Burlington Northern Santa Fe and the Union Pacific Six Commercial Airports – Los Angeles International, Burbank, Long Beach, Ontario International, Orange County, and Palm Springs Freeways – Three major interstate freeways including four bypass routes, U.S. 101, and nine State freeway routes Two major adjoining ports – Port of Long Beach and Port of Los Angeles
<u>Visitor Destinations:</u>	Disneyland, Knott’s Berry Farm, Magic Mountain, motion picture and television studios and the Rose Bowl
<u>Number of Registered Vehicles Within AQMD Jurisdiction:</u>	12,313,240 (In 2012)
<u>Average Daily Miles Traveled Per Vehicle:</u>	30 (CY 2012 data)
<u>Examples of Stationary Sources of Air Pollution Regulated:</u>	Oil Refineries, power plants, paint spray booths, incinerators, manufacturing facilities, dry cleaners, and service stations.
<u>Number of Sources:</u>	27,535 operating locations with 74,292 permits.
<u>Number of Air Monitoring Stations:</u>	40
<u>Full-time Authorized Positions:</u>	796
<u>Adopted FY 2013-14 Budget:</u>	\$129,202,928
<u>Key Federal, State, and Local Air Agencies:</u>	EPA Region IX (Environmental Protection Agency), CARB (California Air Resources Board), CAPCOA (California Air Pollution Control Officer’s Association), NACAA (National Association of Clean Air Agencies), ALAPCO (Association of Local Air Pollution Control Officials). There are 35 local air pollution control districts in California.

Key Historical Dates in Southland Smog Control

- **1945** City of Los Angeles establishes Bureau of Smoke Control.
- **1947** Governor Earl Warren signs AB 1, allowing county air pollution control districts (APCD). L.A. County establishes APCD requiring permits for all major industries.
- **1950** Orange County APCD established.
- **1955** Highest ozone level ever recorded in Southland - .68 parts per million.
- **1955** Los Angeles APCD launches Smog Emergency Warning System.
- **1956** Los Angeles establishes first air quality monitoring network of 15 stations.
- **1957** San Bernardino and Riverside County APCDs formed.
- **1963** First Federal Clean Air Act enacted.
- **1967** California Air Resources Board (CARB) created. Federal Air Quality Act allows California to set and enforce more stringent auto standards than the rest of the nation.
- **1969** First state ambient air quality standards enacted.
- **1970** U.S. Environmental Protection Agency created. In 1970 the Federal Clean Air Act becomes a cornerstone of modern air pollution control.
- **1977 South Coast Air Quality Management District formed through merger of Los Angeles, Orange, Riverside, and San Bernardino APCDs.**
- **1984** California's Smog Check program takes effect.
- **1987** SCAQMD establishes ridesharing requirements for region's employers.
- **1988** California Clean Air Act adopted. Last Stage 2 episode recorded.
- **1989** SCAQMD adopts first Air Quality Management Plan (AQMP) to show attainment of clean air standards.
- **1990** Federal Clean Air Act Amendments require new programs for smog, toxics and protection of the Earth's ozone layer.
- **1993** RECLAIM (REgional CLean Air Incentives Market) emissions trading program adopted.
- **1997** SCAQMD adopts Environmental Justice Initiatives.
- **2000** SCAQMD adopts Air Toxics Control Plan and first series of Clean Fleet Rules.
- **2001** SCAQMD implements the State's Lower Emission School Bus Program.
- **2002** SCAQMD adopts phase-out of toxic chemical at dry cleaners.
- **2005** The Southland achieves federal carbon monoxide standards.
- **2006** SCAQMD approves \$36M to clean up port pollution.
- **2007** The Southland experiences one of the cleanest smog seasons on record.
- **2008** SCAQMD website added an interactive map, providing advisories, air quality data and forecasts.
- **2009** Release of the nation's first fully featured Smartphone application for a wide range of air quality information.
- **2011** SCAQMD Premiered its first signature documentary film "The Right to Breathe,"



**South Coast
Air Quality Management District**

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