



Popular Annual Financial Report

Year Ended June 30, 2024



South Coast Air Quality Management District
Diamond Bar, California



MISSION STATEMENT

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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Popular Annual Financial Report
Year Ended June 30, 2024

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

June 30, 2024

VANESSA DELGADO

Chair

Senate Rules Committee Representative

MICHAELA A. CACCIOTTI

Vice-Chair

Cities of Los Angeles County

Eastern Region Representative

ANDREW DO

County of Orange Representative

CURT HAGMAN

County of San Bernardino Representative

GIDEON KRACOV

Governor's Representative

PATRICIA LOCK DAWSON

Cities of Riverside County Representative

LARRY McCALLON

Cities of San Bernardino County

Representative

HOLLY J. MITCHELL

County of Los Angeles Representative

VERONICA PADILLA-CAMPOS

Speaker of the Assembly Representative

V. MANUEL PEREZ

County of Riverside Representative

NITHYA RAMAN

City of Los Angeles Representative

CARLOS RODRIGUEZ

Cities of Orange County Representative

JOSÉ LUIS SOLACHE

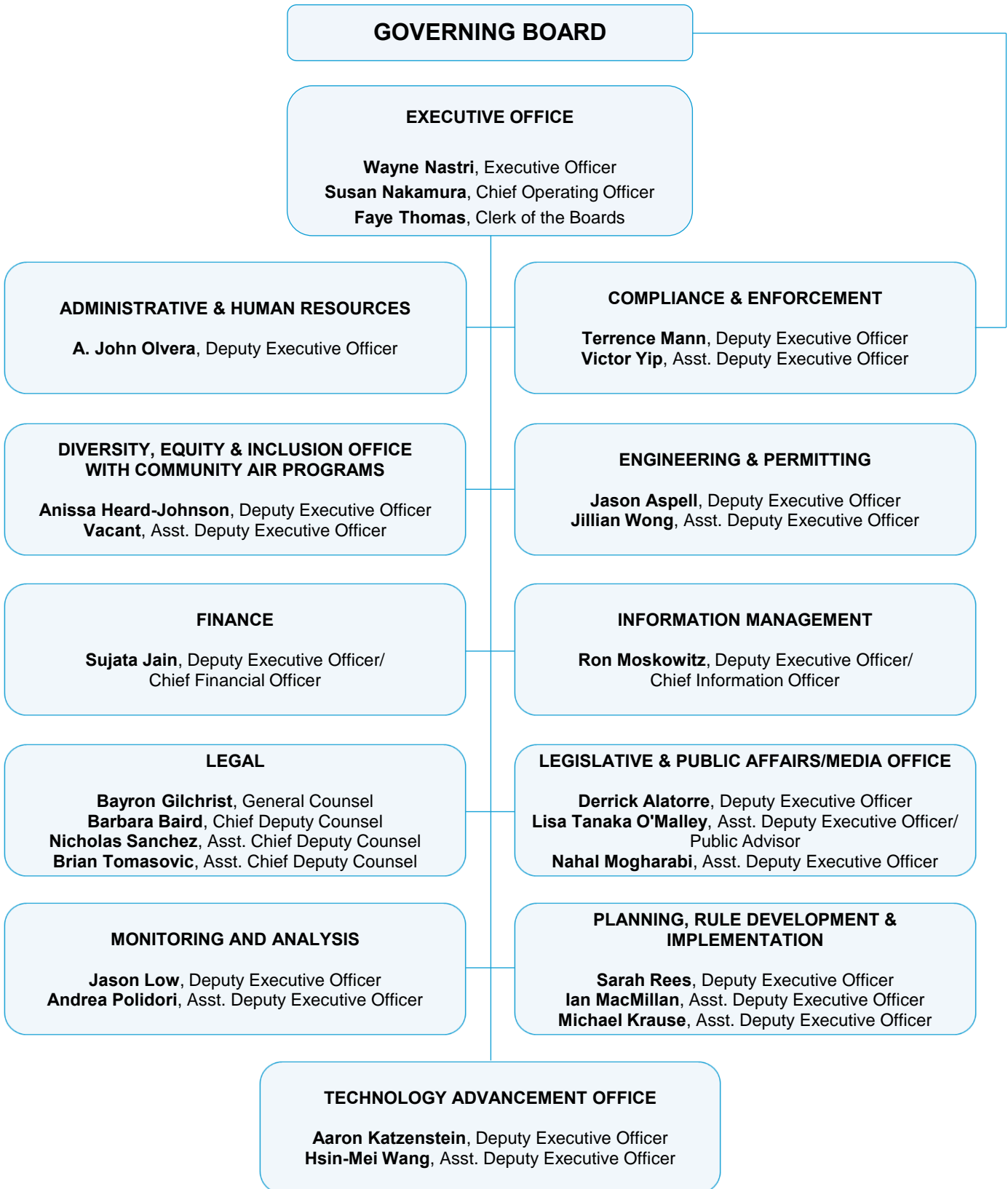
Cities of Los Angeles County

Western Region Representative

South Coast Air Quality Management District, California

Organizational Chart

June 30, 2024



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

A Note From The Chief Financial Officer June 30, 2024

We are pleased to present the South Coast Air Quality Management District's (South Coast AQMD) Popular Annual Financial Report for the fiscal year ended June 30, 2024. This report makes our South Coast AQMD's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

The Popular Annual Financial Report is intended to summarize the financial activities of South Coast AQMD and was drawn from the financial information appearing in the 2024 Annual Comprehensive Financial Report. The Popular Annual Financial Report is unaudited; however, the financial data presented in the Popular Annual Financial Report is derived from the Annual Comprehensive Financial Report and is consistent with generally accepted accounting principles. The Popular Annual Financial Report is also available on the South Coast AQMD's website at www.aqmd.gov/home/about/finance.

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

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

Respectfully submitted,



Sujata Jain, CPA
Chief Financial Officer, Finance

ABOUT THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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

South Coast AQMD's Governing Board is composed of 13 members. Ten are elected officials. Of these, four are county supervisors representing Los Angeles, Orange, Riverside, and San Bernardino counties, elected to South Coast AQMD's Board by their Boards of Supervisors. Six are City Council members representing the cities in each county (because of its size, Los Angeles County has two representatives, elected by respective city selection committees, and the City of Los Angeles has one representative, selected by the Mayor of Los Angeles). The remaining three Board members are appointed by state elected officials; one by the Governor of California, one by the Speaker of the State Assembly and one by the State Senate Rules Committee.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

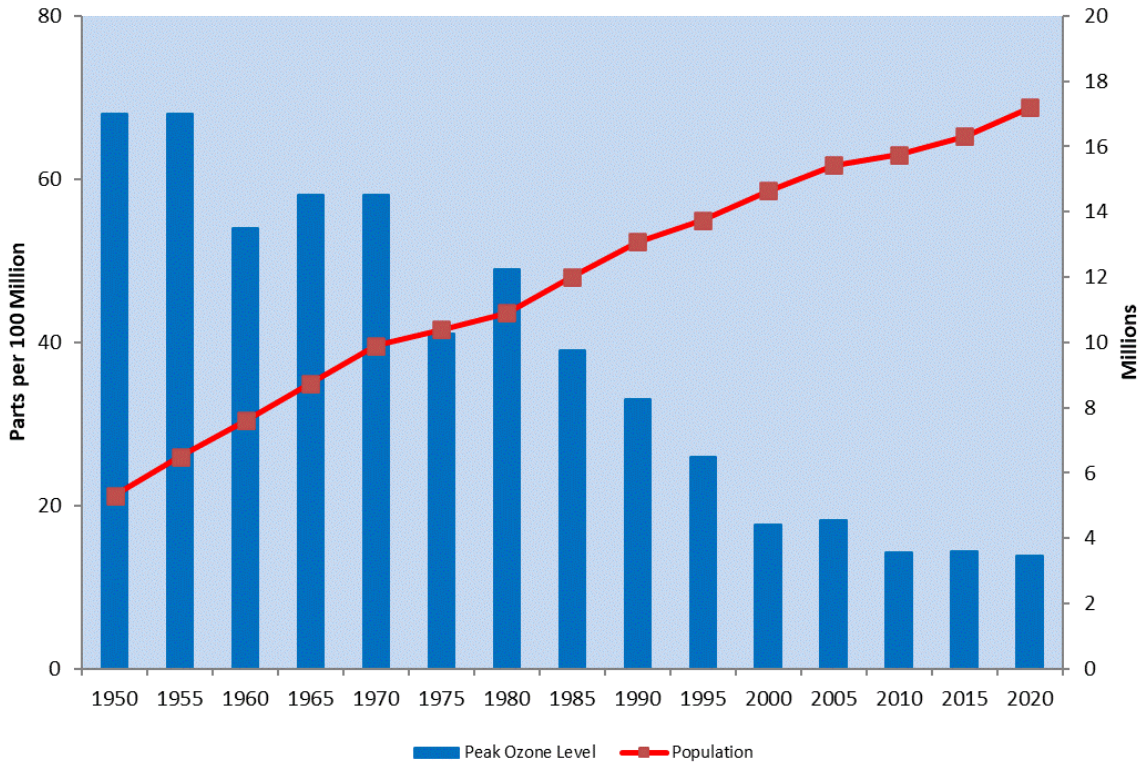
Demographic and Miscellaneous Statistics June 30, 2024

Established:	•February 1, 1977
Area Covered:	•10,743 Square Miles
Counties Included in District:	•All of Orange County and parts of Los Angeles, Riverside, and San Bernardino Counties
Population (in 2023):	•16,578,000
Average Unemployment Rate (in 2023):	<ul style="list-style-type: none"> •Los Angeles County (5.9%) •Orange County (4.0%) •Riverside County (5.4%) •San Bernardino County (5.2%)
Transportation:	<ul style="list-style-type: none"> •Two transcontinental railroads – Burlington Northern Santa Fe and the Union Pacific •Six Commercial Airports – Los Angeles International, Burbank, Long Beach, Ontario International, Orange County, and Palm Springs •Freeways – Three major interstate freeways including four bypass routes, U.S. 101, and nine State freeway routes •Two major adjoining ports – Port of Long Beach and Port of Los Angeles
Visitor Destinations:	•Disneyland, Knott's Berry Farm, Magic Mountain, Motion Picture and Television Studios and the Rose Bowl
Number of Registered Vehicles Within South Coast AQMD Jurisdiction (in 2023):	•13,807,215
Average Daily Miles Traveled Per Vehicle (CY 2023 data):	•26
Examples of Stationary Sources of Air Pollution Regulated:	•Oil Refineries, power plants, paint spray booths, incinerators, manufacturing facilities, dry cleaners, and service stations.
Number of Sources:	•24,317 operating locations with 65,536 permits.
Number of Air Monitoring Stations:	•34
Full-Time Authorized Positions:	•1,008
Adopted FY 2024-25 Budget:	•\$211,430,495
Key Federal, State, and Local Air Agencies:	<ul style="list-style-type: none"> •EPA Region IX (Environmental Protection Agency) •CARB (California Air Resources Board) •CAPCOA (California Air Pollution Control Officer's Association) •NACAA (National Association of Clean Air Agencies) •ALAPCO (Association of Local Air Pollution Control Officials) •There are 35 local air pollution control districts in California.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

70 Years of Progress In Reducing Ozone Levels June 30, 2024

70 Years of Progress in Reducing Ozone Levels



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

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

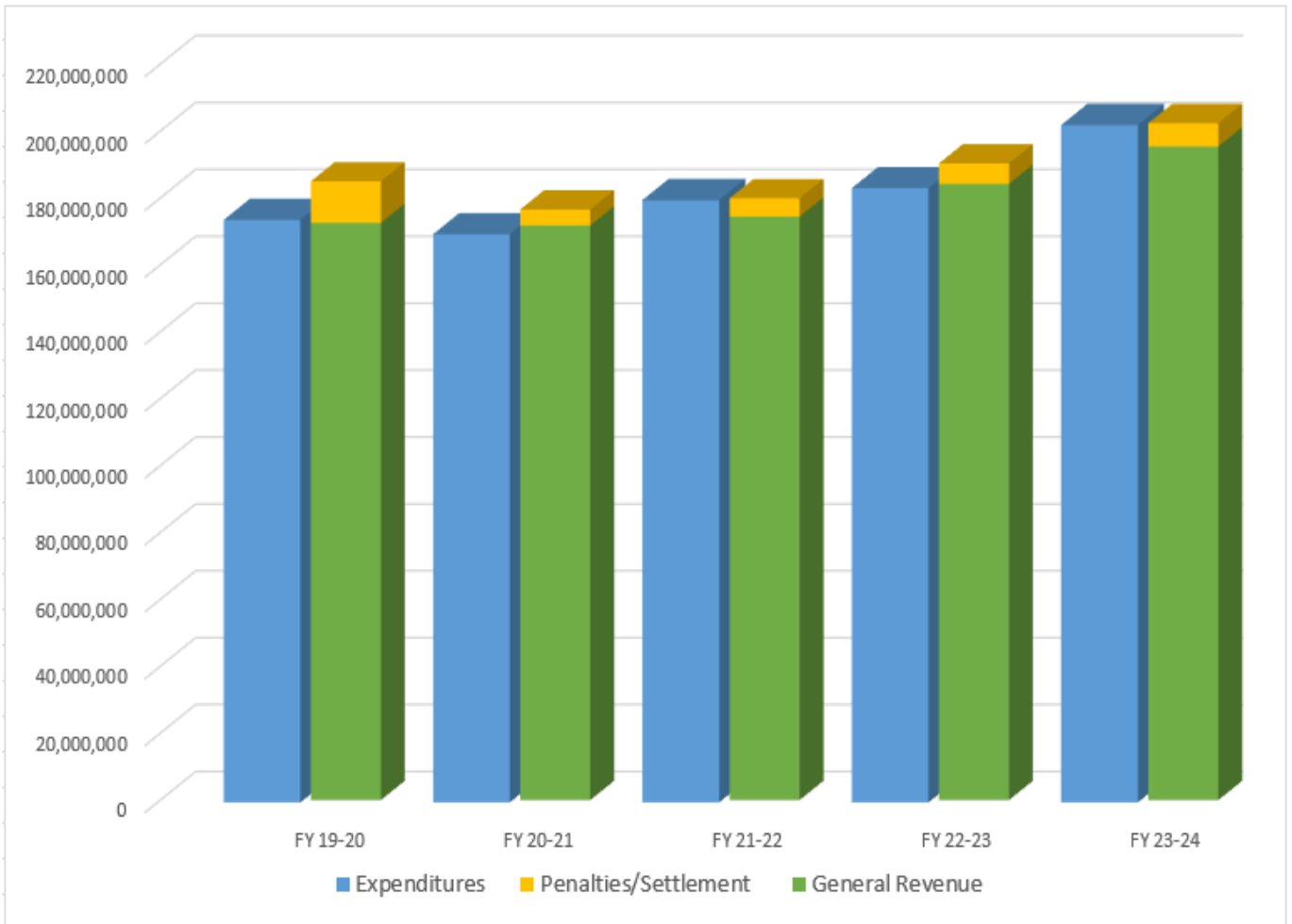
Goals and Priority Projects June 30, 2024

South Coast AQMD goals have many important objectives, but South Coast AQMD highlighted the following three priority projects which are identified as being critical to meeting South Coast AQMD’s mission and goals in fiscal year 2023-2024:

GOAL	PERFORMANCE MEASUREMENT
<p>Achieve Clean Air Standards</p> 	<ol style="list-style-type: none"> 1. Adherence to development, adoption and implementation of Air Quality Management Plans (AQMP) by completing 6 rule adoptions and/or actions that result in achievements towards 2016 and 2022 AQMP emissions reductions. 2. Secure \$250 Million funding sources for pollution reduction projects. 3. Implementation of air monitoring and emissions reduction plans for the six AB617 designated communities. 4. Ensure efficient air monitoring and laboratory operations by achieving acceptable valid data completion submitted to U.S. EPA before deadline. 5. Ensure timely complete 100% Title V inspections. 6. Timely processing of permit applications within 180 days of being deemed complete. 7. Support development of cleaner advanced technology by funding \$10 Million of clean technology projects. 8. Contract 50% of grant money within six months after receipt of funds.
<p>Enhance Public Education and Equitable Treatment for All Communities</p> 	<ol style="list-style-type: none"> 1. Evaluate and post results of 75% of low-cost air quality sensors that have reached the market. 2. Conduct/participate in four community outreach events. 3. Timely investigation of community complaints by contacting 100% of complainants by the close of business on the next business day. 4. Increase social medial impressions and engagement on posts and/or campaigns with a monthly average goal of 4,000 LinkedIn / 2,400 Instagram/ 8,000 Facebook / 48,000 Twitter impressions on posts. 5. Promote curriculum to school, youth group and other organizations for educational outreach. Hold annual Earth Day webinars. 6. Conduct / Participate in at least one interagency coordination meeting per quarter with local, state and/or federal agency partners.
<p>Operate Efficiently and Transparently</p> 	<ol style="list-style-type: none"> 1. Ensure transparent governance by posting 100% of Committee and Board meeting agendas with materials which are made available to the public one week prior to the meeting. 2. Posting 100% of Stakeholder and Working Group meeting agendas with materials made available to the public three days prior to the meeting. 3. Conduct 24 equity-related events and provide 12 monthly DEI infographics for all staff. 4. Partner with Public agencies, stakeholder groups, and business by conducting 2 meetings of the Permit Streamlining Task Force subcommittee and stakeholders. 5. Submit quarterly budgetary financial reports to the Governing Board within 6 working days of the end of the quarter. 6. Support Employee Resource Groups (ERG) by attending 6 bi-monthly meetings and development of internal online resources. 7. Conduct 2 DEI related training and professional development per year. 8. Fill position to reduce the vacancy rate to 11%.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Financial Performance June 30, 2024 Budget Surplus/Deficit – 5-Year History Non-GAAP Budgetary Basis (General Fund)



General Fund revenues increased as compared to the prior fiscal year, The increase in 2024 revenue is mainly due to annual operating permit renewal fees are increased based on a 5.6% CPI plus 2% fee increase, and Mobile Source / Transportation program increased because of reimbursement to the general fund expenditures. The increase in 2024 Capital Outlays expenditures is due to large purchases of monitoring & analyst equipment and MATES VI program.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

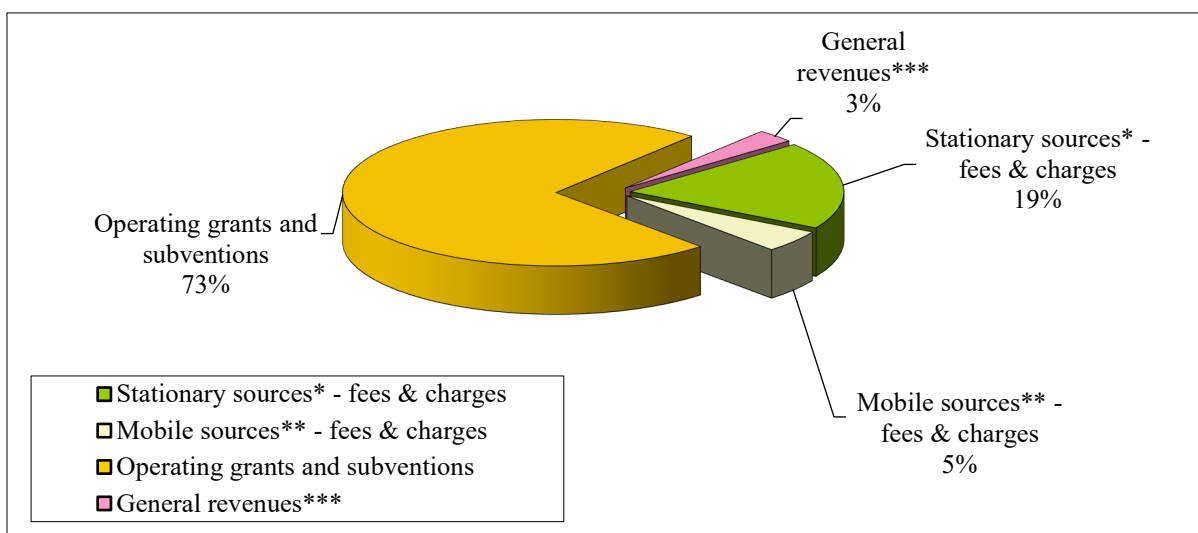
Where the Money Came From Our Revenues & Resources

South Coast AQMD is a fee-supporting agency and does not receive sales or property tax support. South Coast AQMD General Fund is the primary operating fund and is used to record transactions relating to its general business operations. It is also used to account for all revenues and expenditures that are not required to be accounted for in another fund.

On a government-wide basis (including all funds), approximately 27% revenues of this fiscal year are derived from permit evaluation fees, annual permit operating fees, emission fees, Hearing Board fees, penalties and settlements, interest earnings, and other revenues. The remaining 73% of the revenue is derived from federal grants, state grants, California Air Resources Board (CARB) subvention funds, and motor vehicle fees.

Government-wide revenues during this fiscal year were approximately 67% higher as compared to the prior fiscal year primarily due to Operating grants and subventions, which increased by 111% as compared to the prior fiscal year. The increase is primarily due to long-term emission reduction projects which was mainly due to the increase of state grants. Larger Carl Moyer and Community Air Protection AB 134 funding were received when compared with prior year.

FY 2023-2024 Revenues by Major Source – Governmental Activities



Source	FY 23-24	FY 22-23	FY 21-22	FY 20-21	FY 19-20	FY 18-19
Stationary sources* - fees & charges	\$ 123,622,856	\$ 117,309,958	\$ 109,776,713	\$ 106,917,251	\$ 106,450,095	\$ 101,804,325
Mobile sources** - fees & charges	31,230,917	29,308,987	27,772,271	26,995,162	29,214,922	26,106,160
Operating grants and subventions	464,436,224	220,132,286	365,668,049	304,766,572	303,621,322	295,516,665
General revenues***	18,540,095	14,931,457	10,711,118	10,336,674	18,272,157	13,460,793
Total	\$ 637,830,092	\$ 381,682,688	\$ 513,928,151	\$ 449,015,659	\$ 457,558,496	\$ 436,887,943

*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 2023-2024 Annual Comprehensive Financial Report Statement of Activities

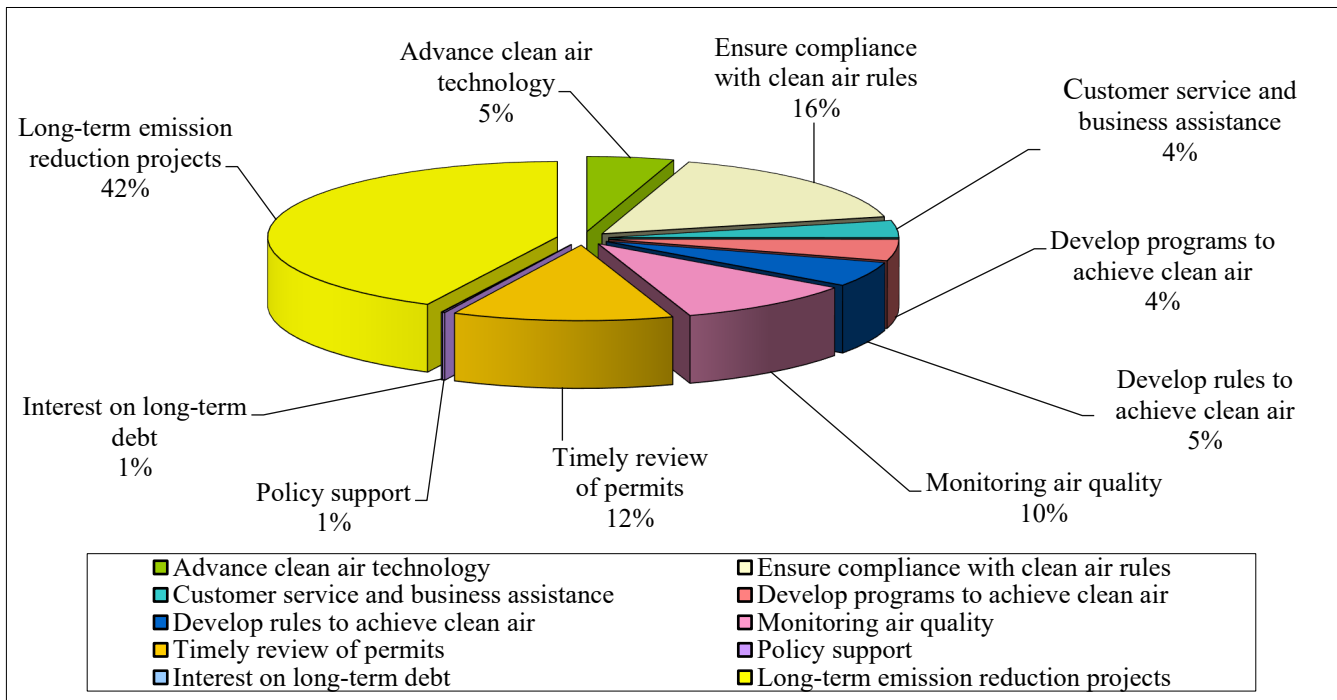
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Where the Money Went Our Expenses & Services

Excluding the long-term emission reduction project expenses, which are restricted in their use, the three major expense functions for Governmental Activities are Compliance, Permitting, and Air Monitoring. Combined, these account for 68% of the South Coast AQMD’s total General Fund Expenses for the year ended June 30, 2024.

On a government-wide basis (including all funds), expenses increased approximately 2% as compared to the prior fiscal year primarily due to expenses associated with activities for ensuring compliance with clean air rules.

FY 2023-2024 Expenses by Program Category – Governmental Activities



Activity	FY 23-24	FY 22-23	FY 21-22	FY 20-21	FY 19-20	FY 18-19
Advance clean air technology	\$ 15,608,973	\$ 13,897,495	\$ 11,484,237	\$ 14,560,468	\$ 12,827,393	\$ 11,520,547
Ensure compliance with clean air rules	53,138,925	52,818,828	46,714,649	59,823,114	55,167,960	52,353,479
Customer service and business assistance	11,802,012	13,897,970	10,488,458	14,979,824	13,032,003	11,637,664
Develop programs to achieve clean air	14,694,946	13,408,190	12,387,784	15,522,501	12,471,639	9,407,869
Develop rules to achieve clean air	17,095,583	15,884,660	12,435,707	17,228,755	14,131,578	14,275,590
Monitoring air quality	32,209,013	32,963,667	29,106,009	36,114,354	31,910,536	26,547,245
Timely review of permits	39,546,541	36,208,322	31,042,335	38,832,790	35,511,594	33,951,378
Policy support	415,034	835,445	736,426	1,773,352	1,945,852	1,028,495
Interest on long-term debt	230,579	353,141	700,202	3,302,637	3,463,254	3,605,251
Long-term emission reduction projects	137,222,958	135,414,259	146,966,402	231,305,871	206,806,917	163,187,839
Total	\$ 321,964,564	\$ 315,681,977	\$ 302,062,209	\$ 433,443,666	\$ 387,268,726	\$ 327,515,357

Source: FY 2023-2024 Annual Comprehensive Financial Report Statement of Activities

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Financial Summary As of June 30, 2024, 2023 and 2022

FINANCIAL POSITION STATEMENT FOR THE YEARS ENDED JUNE 30, 2024, 2023, AND 2022

(In Thousands)

	<u>FY 2023-24</u>	<u>FY 2022-23</u>	<u>FY 2021-22</u>
ASSETS:			
Current and other assets	\$ 1,647,112	\$ 1,314,867	\$ 1,225,299
Capital assets	39,749	37,537	36,713
Total Assets	<u>1,686,861</u>	<u>1,352,404</u>	<u>1,262,012</u>
Deferred outflows (DO) of resources	88,075	82,450	113,464
Total Assets and DO of resources	<u>1,774,936</u>	<u>1,434,854</u>	<u>1,375,476</u>
LIABILITIES:			
Long-term liabilities	230,924	243,023	170,869
Short-term liabilities	108,052	80,135	54,462
Total Liabilities	<u>338,976</u>	<u>323,158</u>	<u>225,330</u>
Deferred inflows (DI) of resources	64,080	55,682	160,133
Total Liabilities and DI of resources	<u>403,056</u>	<u>378,840</u>	<u>385,463</u>
ASSETS AND DO OF RESOURCES OVER LIABILITIES AND DI OF RESOURCES	<u>\$ 1,371,880</u>	<u>\$ 1,056,014</u>	<u>\$ 990,013</u>

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

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

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

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

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

Long-term liabilities: Debt owed by the South Coast AQMD to others such as net pension liability, net OPEB liability, and long-term debt. Long-term debt is mainly for compensated absences.

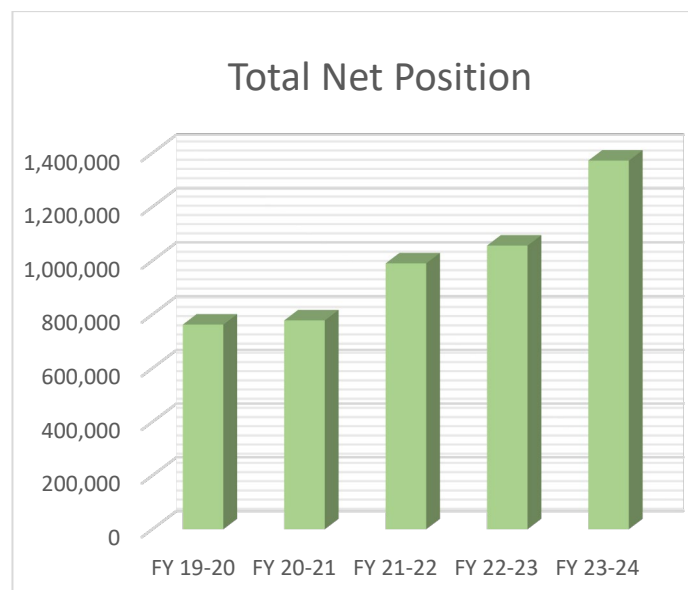
Short-term liabilities: Amounts owed by the South Coast AQMD to vendors that are expected to be paid within a year.

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

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

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

The assets and deferred outflow of resources exceeded the liabilities and deferred inflows of resources by 30% as compared to the prior fiscal year. The increase was mainly due to program revenue for operating grants and subventions in long-term emission-reduction projects.



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Financial Summary As of June 30, 2024, 2023 and 2022

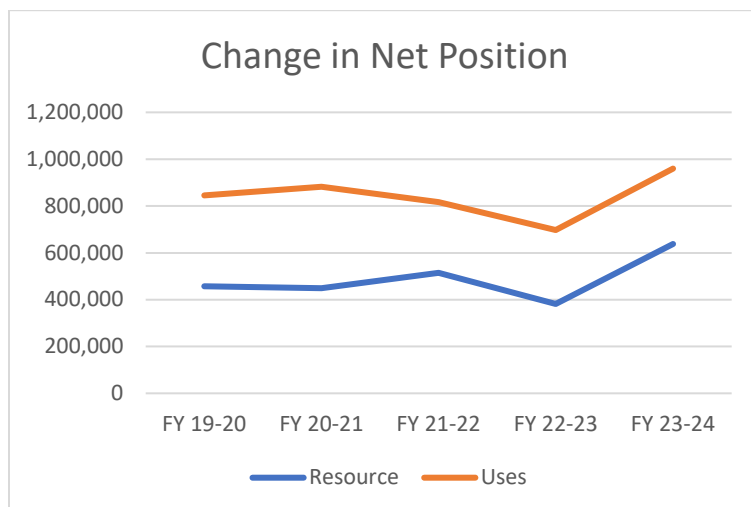
FINANCIAL ACTIVITY STATEMENT FOR THE YEARS ENDED JUNE 30, 2024, 2023, AND 2022

(In Thousands)

	FY 2023-24	FY 2022-23	FY 2021-22
RESOURCES:			
Fees and Charges – Stationary Sources	\$ 123,623	\$ 117,310	\$ 109,777
Fees and Charges – Mobile Sources	31,231	29,309	27,772
Operating Grants and Subventions	464,436	220,132	365,668
Grants and Subventions not Restricted for Specific Programs	2,745	2,821	2,858
Penalties and Settlements	6,620	6,007	5,361
Interest	6,820	3,723	587
Other Revenues	2,355	2,382	1,904
Total Resources	637,830	381,684	513,927
USES:			
Advance Clean Air Technology	15,609	13,898	11,484
Ensure Compliance with Clean Air Rules	53,139	52,819	46,715
Customer Service	11,802	13,898	10,488
Develop Programs to Achieve Clean Air	14,695	13,408	12,388
Develop Rules to Achieve Clean Air	17,096	15,885	12,436
Monitoring Air Quality	32,209	32,964	29,106
Timely Review of Permits	39,546	36,208	31,042
Policy Support	415	835	736
Interest on Long-Term Debt	231	353	700
Long-Term Emission Reduction Projects	137,223	135,414	146,966
Total Uses	321,965	315,683	302,061
RESOURCES OVER USES	\$ 315,865	\$ 66,001	\$ 211,866

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

Total revenues increased by 67%, as compared to the prior fiscal year, primarily due to an increase in revenue from special funds. Total expenses increased by 2%, as compared to the prior fiscal year primarily due to expenditures related to higher salaries, due to increase in Cost-of-Living Adjustment (COLA) from 3% to 6% for six months of the fiscal year.



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to South Coast Air Quality Management District (South Coast AQMD) for its Popular Annual Financial Report for the fiscal year ended June 30, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. South Coast AQMD has received a Popular Award for the fiscal year ended June 30, 2023. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

Further, South Coast AQMD's Annual Comprehensive Financial Report for the year ended June 30, 2023, from which information on pages 7 through 11 have been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.



Air Quality Historical Timeline

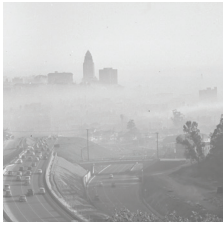


Photo courtesy of Los Angeles Times Collection, Department of Special Collections, UCLA Library

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

1943

1950

Orange County APCD established



1966



California adopts first automobile tailpipe emission standards in the nation

1970

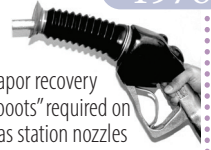
Federal Clean Air Act enacted, establishing the basic U.S. program for controlling air pollution



1975

Catalytic converters required for most gasoline-powered vehicles

1978



Vapor recovery "boots" required on gas station nozzles

1947

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



1957

San Bernardino and Riverside County APCDs formed



1968

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

1971

U.S. EPA adopts first national air quality standards



1977

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

1986

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

MATES

1989

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



1998

Carl Moyer Program established to reduce mobile source emissions



2011

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

2017

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

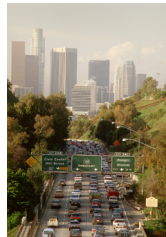
1987

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



1990

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



2006

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



2013

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

2022

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





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**South Coast Air Quality Management District
California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO



**South Coast
Air Quality Management District**

21865 Copley Drive
Diamond Bar, CA 91765-4178

www.aqmd.gov