



San Joaquin Valley

UNIFIED AIR POLLUTION CONTROL DISTRICT
State of California

ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2024



Prepared by
Administrative Services Department

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San Joaquin Valley Unified Air Pollution Control District

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

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INTRODUCTORY SECTION

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December 23, 2024

To the Governing Board of the San Joaquin Valley Unified Air Pollution Control District, and Citizens of the eight counties we serve,

This Annual Comprehensive Financial Report (ACFR) of the San Joaquin Valley Unified Air Pollution Control District (District) is for the fiscal year ended June 30, 2024. Responsibility for the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position, changes in financial position, and all disclosures necessary to enable the reader to gain an understanding of the District's financial activities.

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

ABOUT THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

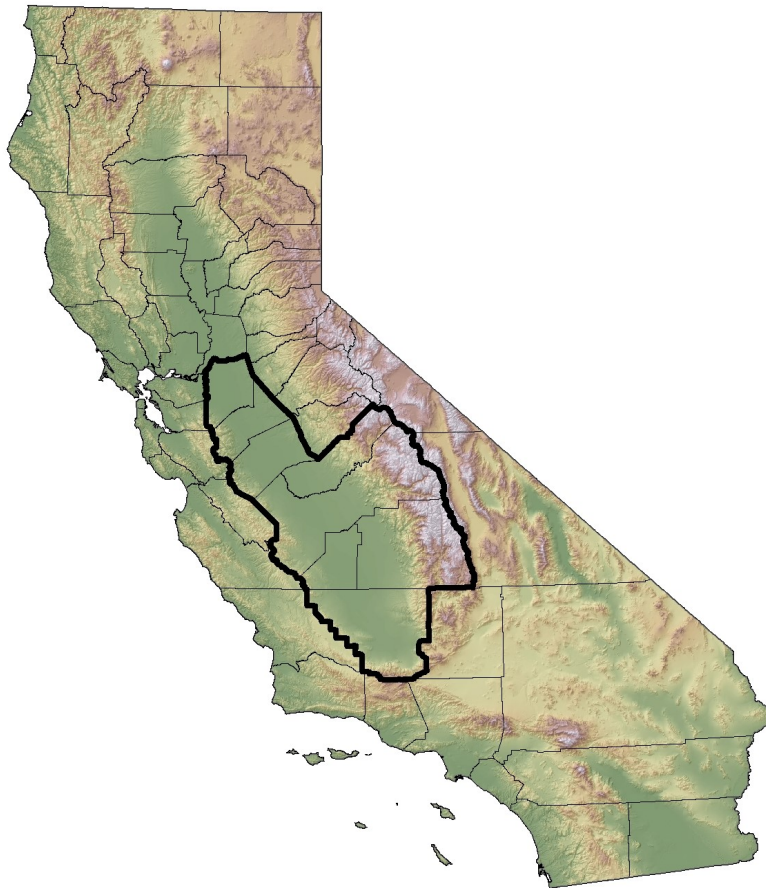
Background

The District began operation on March 20, 1991 as a unified air pollution control district operating under the provisions of Sections 40150 through 40162 of the California Health and Safety Code. The District is a regional agency responsible for air quality management in the eight counties in the San Joaquin Valley Air Basin: San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and the Valley portion of Kern. The San Joaquin Valley Air Basin is the largest air basin in California and covers about 25,000 square miles (see map next page). The San Joaquin Valley (Valley) is one of California's fastest growing population areas, with a total estimated population of about 4.2 million residents in the calendar year 2023. Major urban centers exist in Stockton, Modesto, Fresno, Visalia, and Bakersfield.

The District works with local, state and federal government agencies, the business community and the residents of the Valley to reduce emissions that create harmful air quality conditions.

The District is governed by a fifteen member Board that consists of one representative from each of the Boards of Supervisors of all eight counties, five Council Members from Valley cities and two Governor-appointed public members. These locally elected and appointed officials ensure that the implementation of state and federal air pollution mandates in the Valley are tailored to local conditions and responsive to local needs.

San Joaquin Valley Unified Air Pollution Control District Jurisdictional Boundaries



Achieving Cleaner Air in the San Joaquin Valley

Through decades of implementing innovative clean air strategies, the District has made significant strides towards achieving cleaner air in the San Joaquin Valley. In 2014, the Valley's air quality data demonstrated attainment of the federal 1-hour ozone standard, and subsequently the District submitted an official redesignation request to the California Air Resources Board (CARB) and U.S. Environmental Protection Agency (EPA) in July 2015. In July 2016, the EPA published in the Federal Register a final action determining that the San Joaquin

Valley has attained the 1-hour ozone national ambient air quality standard. By contrast, in 1996 the Valley experienced 281 individual 1-hour exceedances of this standard throughout the eight-county region. Reaching this milestone was the key focus of the Valley's air quality management strategies for more than two decades. In 2004, the U.S. EPA classified the Valley as "Extreme" nonattainment for this standard, meaning that reaching the standard at that time was deemed impossible. The Valley is the first and only region in the nation to attain a standard after being classified as "Extreme" nonattainment by EPA. Most recently on June 15, 2023, the District's Governing Board adopted the *2023 Maintenance Plan and Redesignation Request for the Revoked 1-Hour Ozone Standard*, to demonstrate continued attainment of the standard through 2036 and to demonstrate that the District meets all five criteria of section 107(d)(3)(E) of the Clean Air Act.

The Valley continues to make strides towards attainment of several PM_{2.5} standards. In light of this progress, in 2021, EPA determined that the Valley had attained the 1997 24-hour PM_{2.5} standard based on air monitoring data through the year 2020. In addition, the Valley has also made significant progress towards attaining the 1997 annual average PM_{2.5} standard. Notably, in 2023 the District had a record clean year and was well below the 1997 annual average standard. Apart from wildfire impacts, the Valley is now on the verge of attaining this standard in 2024, and making progress towards attaining the more stringent 2006 24-hour and 2012 annual PM_{2.5} standards.

In addition, despite strings of triple digit temperatures, stagnant atmospheric conditions, and added emissions from wildfires in the area, the Valley has continued to reduce ozone concentrations across the region. Outside of days impacted by wildfire emissions, the Valley is nearing attainment of the 1997 8-hour ozone standard, and making progress towards attaining the more stringent 2008 and 2015 ozone standards.

These improvements would not be possible without the success of the District's control strategy through its various attainment planning efforts, its robust incentive programs, and the commitment from the Valley's stakeholders in doing their part to reduce emissions as much as possible.

The District has the primary authority in regulating stationary sources of pollution, such as factories, businesses, and industries. Although state and federal laws preempt the District from setting new tailpipe standards for mobile sources of emissions, the District implements indirect source regulations and incentive-based programs to reduce emissions from on-road and off-road sources of air pollution. The primary authority to regulate emissions from mobile sources of air pollution, such as cars and trucks, lies with the state and federal government. In achieving clean air goals, the District partners with a number of other governmental agencies:

- The **federal government**, primarily through EPA, sets health-based standards for air pollutants. EPA also oversees state and local actions to improve air quality.
- The **state government**, through CARB and the Bureau of Automotive Repair, develops programs to reduce pollution from vehicles and consumer products. The state also oversees the actions of local air districts and city and county agencies.
- **County and city governments** are responsible for land-use planning to address issues such as “urban sprawl” as well as transportation and mass transit planning.

Progress in cleaning our air is often measured in relation to the health-based standards established by the federal government. The State of California also establishes ambient air quality standards that serve as ultimate goals in achieving clean air.

In a regulatory sense, the road to cleaner air can be described as follows:

- EPA establishes the health standards.
- EPA identifies the regions that do not meet the new standards.
- EPA establishes deadlines for meeting the new standards and for submitting plans to get there.
- In collaboration with CARB, the District develops air quality plans outlining strategies needed to reduce emissions and meet the new standards.
- CARB forwards the plans for EPA approval after it reviews, approves, and adds state strategies.
- The District, CARB, and EPA adopt and implement plan commitments.
- The District provides routine updates and progress reports.

How the District Does Its Job

The District is a public health agency whose mission is to improve the health and quality of life for all Valley residents through efficient, effective and entrepreneurial air quality-management strategies. Our Core Values have been designed to ensure that our mission is accomplished through commonsense, feasible measures that are based on sound science. Towards that end, the District conducts the following activities:

- Develops and adopts air quality plans outlining strategies needed to reduce emissions.
- Develops, adopts and implements rules and regulations to reduce emissions.
- Evaluates, develops, and implements innovative emission reduction strategies on an ongoing basis to achieve early attainment.
- Administers voluntary incentive grants offering financial assistance to reduce air pollution.

- Administers an efficient and comprehensive permitting system for stationary sources and offers meaningful business assistance to the regulated community in meeting applicable regulations.
- Maintains and updates an inventory of emissions from various Valley sources on an ongoing basis.
- Maintains an active and effective enforcement program.
- Operates an extensive air monitoring network to measure air pollutants throughout the Valley and track air quality improvements.
- Conducts comprehensive public education and outreach.
- Continues to set high standards in legal activities.
- Collaborates with state and local agencies.
- Conducts public workshops with an engaging and robust public process.

MAJOR ACCOMPLISHMENTS FOR 2023-24

Air Quality Plans

The District has written several air quality plans (State Implementation Plans, or SIPs) over the years that serve as road maps for effective measures needed for the Valley to attain federal air quality standards. The District continues to implement commitments in previously adopted air quality plans, bringing additional emissions reductions and improved air quality to the Valley.

The District's air quality plans include emissions inventories showing the sources of air pollutants, evaluations of how well different control methods have achieved reductions, and a strategy for emissions to be further reduced. The air quality plans also use complex computer modeling to estimate future levels of pollution and to ensure that the Valley will meet air quality goals as expeditiously as practicable. The Governing Board approved the *Initial SIP Requirements for the 2012 Annual PM2.5 Standard* on October 19, 2023. Additionally, the District's Governing Board adopted the *2024 Plan for the 2012 Annual PM2.5 Standard* on June 20, 2024, which addressed the remaining planning requirements for this standard. This Plan uses extensive science and research, state of the art air quality modeling, and the best available information in developing a strategy to attain the federal 2012 annual PM2.5 standard by 2030. In addition, the District continued to collaborate with CARB and EPA to ensure approval of the Valley's SIP elements for federal PM2.5 standards. The District will continue to make progress with its planning efforts to meet the ongoing ozone and PM2.5 federal standard requirements.

Rules and Regulations

The District continues its leadership in developing groundbreaking regulatory strategies to reduce emissions. During this past year, the District Governing Board adopted new rules and amendments to existing rules, as summarized below:

Rule 2520 (Federally Mandated Operating Permits)

On June 20, 2024, the District Governing Board adopted amendments to Rule 2520. Due to recent EPA actions to remove emergency affirmative defense provisions from Title V operating permit regulations, the District adopted revisions to Rule 2520 to remove the emergency affirmative defense provisions in Section 13.4.1 to make this rule consistent with federal regulations.

Rule 3171 (Federally Mandated Ozone Nonattainment Fee – 1997 8-Hour Standard)

On October 19, 2023, the District Governing Board adopted Rule 3171. The purpose of District Rule 3171 is to satisfy requirements specified in CAA section 185 and section 182(f). CAA section 185 requires that “Severe” or “Extreme” ozone nonattainment areas implement penalty fees that apply to major sources of NOx and VOC. However, CAA and EPA guidance allow alternative fee programs to satisfy CAA section 185 requirements. This Rule will only become applicable if and when EPA has made the finding that the District has failed to attain the 1997 8-Hour Ozone standard. The fees implemented are required to be collected until the area reaches attainment of the standard.

Rule 3172 (Federally Mandated Ozone Nonattainment Fee – 2008 8-Hour Standard)

On December 21, 2023, the District Governing Board adopted Rule 3172. The purpose of District Rule 3172 is to satisfy requirements specified in CAA section 185 and section 182(f). CAA section 185 requires that “Severe” or “Extreme” ozone nonattainment areas implement penalty fees that apply to major sources of NOx and VOC. This Rule will only become applicable if and when EPA has made the finding that the District has failed to attain the 2008 8-Hour Ozone standard. The fees implemented are required to be collected until the area reaches attainment of the standard.

Rule 3173 (Federally Mandated Ozone Nonattainment Fee – 2015 8-Hour Standard)

On December 21, 2023, the District Governing Board adopted Rule 3173. The purpose of District Rule 3173 is to satisfy requirements specified in CAA section 185 and section 182(f). CAA section 185 requires that “Severe” or “Extreme” ozone nonattainment areas implement penalty fees that apply to major sources of NOx and VOC. This Rule will only become applicable if and when EPA has made the finding that the District has failed to attain the 2015 8-Hour Ozone standard. The fees implemented are required to be collected until the area reaches attainment of the standard.

Rule 4402 (Crude Oil Production Sumps)

On December 21, 2023, the District Governing Board adopted amendments to Rule 4402. Following the evaluations conducted under the District’s expedited review of BARCT required by AB 617, the District started a rule making process

in 2022 for the storage and handling of produced water in sumps and ponds. Amendments to Rule 4402 included a more stringent definition of produced water to determine the maximum degree of VOC emission reductions achievable.

Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces)

On March 21, 2024, the District Governing Board adopted amendments to Rule 4905. Due to the significantly different size and design with respect to manufactured home furnaces and challenges meeting various other governmental regulations, the necessary technology has not been developed for these units to meet the 14 ng/J limit. Amendments to Rule 4905 included an extension of the emission fee period for the manufactured homes furnace category.

Rule 8051 (Open Areas)

On September 21, 2023, the District Governing Board adopted amendments to Rule 8051 to incorporate a contingency provision for the federal PM2.5 standards, as required by the Clean Air Act. The adopted contingency provision would lower the rural acreage applicability threshold within the rule, and require dust control practices for these affected properties, upon EPA approval of the amendments as satisfying contingency requirements for PM2.5, and upon final determination by EPA that the Valley failed to meet one of the contingency triggers as outlined in the Clean Air Act. Additionally, the District incorporated considerations within the Rule for fire prevention activities on rural parcels between 1 to 3 acres.

Permitting

The District has the responsibility for issuing or denying permits, registrations and plan approvals for stationary sources (facilities) that may emit air contaminants. During the fiscal year 2023-24 reporting period, permitting activities included:

- 2,253 Authority to Construct permits issued
- 247 new Title V permits issued to 2 facilities
- 4,569 Title V permit renewals issued to 36 facilities
- 102 Title V permit modification projects for 632 permits
- 258 Conservation Management Practices plans issued
- 76 Emission Reduction Credit certificates issued or transferred
- 706 toxic air contaminant risk-management reviews performed
- 368 toxic risk prioritizations for AB 2588 completed
- 5,204 annual emissions inventory statements and surveys processed
- 1,126 California Environmental Quality Act (CEQA) review requests processed
- 386 CEQA comment letters
- 263 Indirect Source Review applications processed

Enforcement

The District maintains an active and effective enforcement program to assure real and continued reductions in emissions. The District inspects sources of air pollution, including all facilities with permits issued by the District. When sources are found in violation of District rules and regulations, citations are issued and monetary fines are levied. For 2023-24:

- 34,814 units inspected
- 2,340 Notices of Violations issued
- 2,605 public complaints investigated
- 9,320 incentive funding units (i.e., trucks, engines) verified

Emission Reduction Incentive Grants

To attain the current health-based air quality standards, the Valley must achieve an additional 90% reduction in emissions from current levels. The District, however, has limited legal authority to achieve these emission reductions, as mobile sources comprise 85% of the Valley's NOx emission inventory. Thus, District regulations alone will not bring the Valley into attainment of federal air quality standards. Emission reduction incentive programs play a critical role in achieving and accelerating the reductions required for the Valley's attainment.

Since inception, over \$6.5 billion in public/private investment in clean air projects has been made through these incentive programs, resulting in more than 280,000 tons of emission reductions. During the 2023-24 fiscal year, the District executed more than 36,000 agreements for more than \$439 million. These projects are expected to reduce more than 25,000 tons of emissions.

The District's incentive program has become a model for grant programs throughout the State. In recent state audits, the District was noted for its efficient, robust and effective use of incentive grant funds in reducing air pollution. The District funds the following types of projects:

- Agriculture irrigation pump replacements
- Emerging technology demonstration projects
- Electric forklift purchases
- Bicycle path construction
- On-road and off-road vehicle replacements
- Wood-stove replacements
- Gross-polluting vehicle crushing and replacements
- New, clean vehicle purchases
- Transit pass subsidies
- Locomotive replacements
- E-mobility equipment
- Residential air filters

- Lawn and garden equipment
- Alternate fuel mechanic training
- Advanced transit and transportation
- Electric vehicle charging stations for public use
- Alternative to Open Burning Incentive Program
- Zero-Emission Ag Utility Terrain Vehicle (UTV)
- Electric School Bus Incentive Program
- Low Dust Nut Harvester Pilot Program
- Agricultural Tractor Trade-Up Program

The District has received high marks for efficiency and accountability in our administration of these programs by ARB and EPA auditors in the past. In fact, District incentive program policies and procedures are often used as examples of “best practices” that other programs throughout the State can emulate, and the District has been awarded administration of grant funds for other air agencies as a result. Recently, the California Department of Finance conducted a fiscal compliance audit of the District’s implementation of the California Air Resources Board air pollution reduction incentive programs. This comprehensive audit covered hundreds of millions of dollars of state program expenditures over a 10-year period, and resulted in a clean audit report, finding that the District had no deficiencies in internal controls.

Comprehensive Public Education and Outreach

The District’s Outreach and Communications Department continues to set the standard for innovative, effective and efficient outreach strategies and campaigns. Operating with a budget much less than other air management agencies statewide, the District’s outreach team nonetheless is just as effective in conveying critical public information, policy and air quality news.

A highly skilled group of communications professionals with expertise in public relations, media, graphics and web design, audio-video production and event organization, the outreach team continues to expand its activities and District messaging in the Valley air basin through programs tailored to each sector in the broader community. The District outreach team continues to spearhead many important public outreach campaigns, including:

- **Residential Wood Smoke Reduction Program:** This annual multimedia, multilingual outreach campaign runs from November through the end of February, and is credited with the Valley achieving unprecedented improvements in wintertime air quality.
- **Fireplace and Woodstove Change-out Program:** This campaign focuses on encouraging residents to replace their dirty wood burning devices with cleaner gas or electric devices through the District’s recently rebranded Fireplace and Woodstove Change-out incentive program.

- **Healthy Air Living:** The summer Healthy Air Living outreach campaign focused on those voluntary action residents can collectively take “together” to reduce vehicle emissions during the important back-to-school season.
- **Drive Clean In the San Joaquin:** Under the umbrella of the Drive Clean in the San Joaquin Program, the District offers a suite of incentives to help Valley residents drive cleaner passenger vehicles. The program has options for residents to repair vehicles with emission-related issues; replace older, high-polluting vehicles with newer and cleaner alternatives; and receive rebates to reduce the cost of purchasing or leasing new zero- and near-zero emission vehicles. Through this program, Valley residents have the opportunity to select an option that works for their particular situation.
- **Wildfire Air Quality Impact Response:** During major wildfire events, the District strives to provide timely information to the public on current air quality conditions and impacts to public health through a variety of outreach tools working closely with media, schools, land management agencies, the weather service, and other partners.
- **Healthy Air Living Schools Program:** Youth and school outreach is a top priority for the District and the Healthy Air Living Schools Program focuses on protecting students during episodes of poor air quality; engaging teachers and students through the K-6 kids kit and annual kids’ calendar; and urging action by students and parents to reduce air pollution such as the “Turn the Key, Be Idle Free” no-idling program.
- **Annual Report to the Community:** Public accountability and transparency are core values that guide the District’s day-to-day conduct and activities. The purpose of the Annual Report to the Community is to provide Valley residents with a detailed account of the District’s operations in the preceding year. In contrast to the many detailed, highly scientific and technical reports regularly published by the District, this report, published in both English and Spanish, outlines the District’s goals, objectives, legal obligations, and actions in a more concise and easy-to-follow format for the general public.

FACTORS AFFECTING FINANCIAL CONDITIONS

The District’s operations are supported by a variety of operating revenues, including permit fees, vehicle registration fees, state operating grants, federal operating grants, and other revenues. In addition, the District receives penalties, settlements, interest and other miscellaneous revenues.

The District has been able to maintain low permit fees and administrative overhead through implementation of zero-based budgeting, ongoing cost-cutting efforts through efficiency and streamlining measures, and investment in technology and automation. During this period, the District continued to devise and implement a number of efficiency and streamlining measures aimed at minimizing operating costs while delivering a high level of customer service. Additionally, through strict position control, the District was able to achieve 6% in budgeted salary savings.

The District uses a combination of fees and other operating revenues to cover total program costs. The District had no fee increases in fiscal year 2023-24, but will continue to evaluate program costs to ensure sufficient fee revenues in future years.

Long-term Financial Planning

The District's permit fee and DMV revenues are relatively stable, but operating costs continue to grow due to inflation and increased state and federal mandates. As new mandates and programs are established that increase District costs, the District continues to advocate for the state and federal resources to offset these costs. During the 2024-25 fiscal year, the state faced a \$46.8 billion deficit. Even with this budget challenge, air districts successfully secured ongoing clean air incentive and implementation funding in 2024-25, particularly Community Air Protection funding provided through CARB. While the District has been effective in securing state funding for clean air programs, the state's upcoming 2025-26 budget is projected to face a roughly \$2 billion deficit. While considerably lower than the 2024-25 deficit, the State of California's Legislative Analyst's Office (LAO) warns that without further budgetary adjustments, significantly larger operating deficits—ranging from \$20 billion to \$30 billion annually—could emerge in the subsequent fiscal years. In light of these challenges, ongoing advocacy for critical funding—such as FARMER, cap-and-trade funds, alternatives to burning, AB 617 implementation, and other resources—will remain vital to ensure the continued and successful implementation of the District's programs.

Over the past several years, the District has placed a high priority on addressing pension costs and unfunded pension liability. As a first step, the District negotiated with employees to add a second retirement tier for new employees hired on or after July 31, 2012. In 2015, the District took significant steps to reduce the District's future unfunded pension obligations by transitioning to an employee contribution of a 50% share of total normal retirement costs resulting in a reduction in employer contribution rates, which was achieved in 2017. Additionally, during the 2016-17 Budget process, to address the District's share of Kern County Employees' Retirement Association Unfunded Accrued Actuarial Liability (UAAL), the Governing Board approved funding a new Pension Stabilization Reserve Fund of \$1,250,000, which equaled to 2% of the District's share of Kern County Employees' Retirement Association Unfunded Accrued

Actuarial Liability (UAAL) as of June 30, 2016, and an additional annual contribution equivalent to 1% of the UAAL balance each year thereafter. The Pension Stabilization Reserve Fund balance is \$7,300,000 as of June 30, 2024. The Pension Stabilization Reserve Fund can be utilized to fund the District's Employer Required Contribution in circumstances of large unexpected Retirement Rate increase or for funding District's UAAL. Future funding and utilization of the Pension Stabilization Reserve Fund will require the Governing Board's approval. The District will continue to look for additional opportunities within the bounds of applicable laws to reduce the District's long-term pension costs.

To safeguard long-term financial stability, the District continues to recognize cost savings and operational efficiencies through its Zero-Based Budgeting process as a means to continue balancing revenues and expenditures. The District's General Reserve Policy of 20% of operating expenditures allows for the planning of potential future uncertainties and is reflected in the 2023-24 ACFR.

FINANCIAL CONTROLS

Annual and Independent Audit

It is the policy of the District to have an annual audit performed by an independent certified public accounting firm appointed by the District's Governing Board. Price Paige and Company conducted the independent audit of the District's financial statements for the fiscal year ended June 30, 2024. The auditor's unmodified opinion on the basic financial statements is included in the Financial Section of this report.

As part of the District's annual audit engagement, the auditors review the District's internal control structure, as well as compliance with applicable laws and regulations. The results of the District's annual audit for the fiscal year ended June 30, 2024 provided no instances of material weaknesses in connection with the internal control structure or violations of applicable laws and regulations.

As a recipient of federal and state financial resources, the District is required to undergo an annual single audit. The information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued report.

Relevant Financial Policies

The District's budget process is mandated by Section 40131 of the Health and Safety Code. Section 40131 places the following three requirements on the adoption of the District's annual budget:

1. The District shall notice and hold a public hearing for the exclusive purpose of allowing the public an opportunity to comment on the Budget. This hearing must be separate from the hearing at which the District adopts the Budget.
2. The District must have summary information regarding the Budget available to the public at least 30 days prior to the public hearing.
3. The District must notify each person subject to fees imposed by the District in the preceding year of the availability of the Budget summary information.

In addition to Health and Safety Code, the District Administrative Code requires the Executive Director/Air Pollution Control Officer to present the recommended budget to the Board prior to June 30th.

Internal Accounting Controls

Management of the District is responsible for establishing, maintaining and evaluating the District's accounting system with an emphasis on the adequacy of an internal control structure. The internal accounting controls are designed to ensure that the assets of the District are protected against loss, theft or misuse; ensure the reliability of adequate accounting data for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America; and provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived from it and that the evaluation of costs and benefits require estimates and judgment be made by management.

The District's internal control evaluations occur within the above framework, which ensures adequate safeguard of the District's assets and reasonable assurance of proper recording of financial transactions.

Budgetary Control

In accordance with the provisions of the State Health and Safety Code Section 40131, the District's Formation Agreement, and the District's Administrative Code, the District prepares and legally adopts a final balanced budget on or before June 30 of each fiscal year. The final adopted budget is available for review on the District's Website, www.valleyair.org.

Budgetary control is exercised at the object level. All amendments or transfers of appropriations between these levels are authorized by the Executive Director/Air Pollution Control Officer (APCO) and must be approved by the District Governing Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

Expenditures, except for capital outlays, are controlled at the object level for all program budgets within the District. Capital outlays are controlled at the sub-object level. There are no excess expenditures over the related appropriations in any object. Budgeted amounts are reported as amended.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate effective cash planning and control.

Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as assigned fund balance for subsequent year expenditures.

The accounting principles applied in developing budgetary expenditures data differ from the amount reported on the financial statements in conformity with accounting principles generally accepted in the United States of America. Reconciliation of the differences is presented in the Required Supplementary Information section of this report.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Joaquin Valley Unified Air Pollution Control District for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the eleventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The California DOF recently completed a fiscal compliance audit of the District's implementation of CARB air pollution reduction incentive programs to determine whether the incentive programs' revenues, expenditures and balances were in

compliance with applicable grant agreements, guidelines, and statutes. The audit scope consisted of eight air pollution reduction incentive programs over a 10-year period, from June 30, 2011, to June 30, 2021, and covering \$491 million in state grant funding administration. The DOF establishes appropriate fiscal policies to carry out the state's programs and serves as the Governor's chief fiscal policy advisor and promotes long-term economic sustainability and responsible resource allocation. The DOF's final audit report came back as a clean audit that did not identify any deficiencies in internal controls. This audit once again demonstrated that the District continues to be good stewards of public funds, and reaffirmed the District's focus on robust fiscal controls, accountability, and transparency in the use of public funds in support of clean air programs.

The dedicated services of the District's Finance team made the preparation of our annual comprehensive financial report possible.

Recognition is also given to the Governing Board for their leadership and support and to all employees of the District who continue to promote technology and improve operations to accomplish the District's mission of protecting public health from air pollution in an efficient and cost effective manner.

Respectfully submitted,



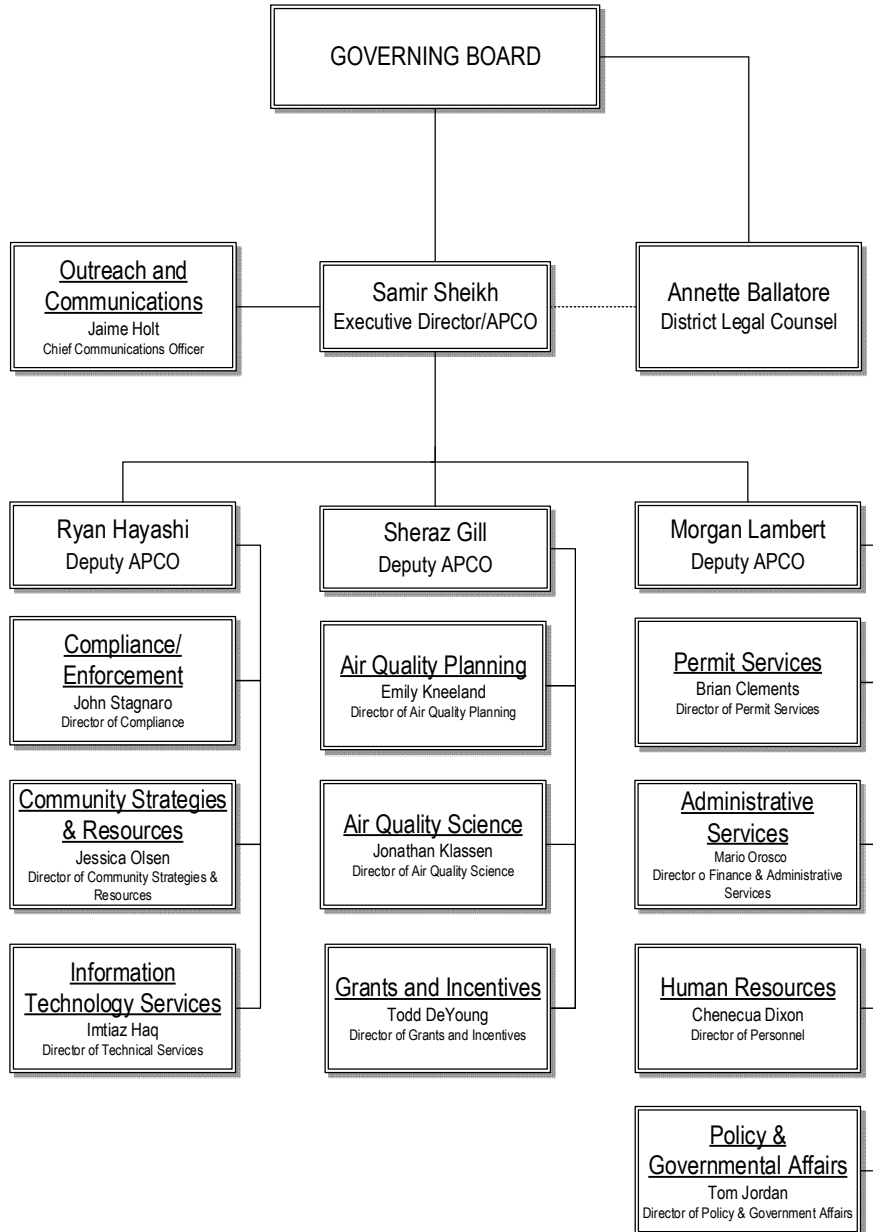
Samir Sheikh
Executive Director/Air
Pollution Control Officer



Mario Orosco
Director of Finance and
Administrative Services

San Joaquin Valley Unified Air Pollution Control District Organizational Chart

June 30, 2024



San Joaquin Valley Unified Air Pollution Control District

Governing Board

June 30, 2024

Vito Chiesa, Chair
Supervisor, Stanislaus County

Deborah Lewis, Vice Chair
Councilmember, City of Los Banos

David Couch
Supervisor, Kern County

Rosa Escutia-Braaton
Councilmember, City of Modesto

Bobby Macaulay
Supervisor, Madera County

Buddy Mendes
Supervisor, Fresno County

Tania Pacheco-Werner, Ph.D
Appointed by Governor

Lloyd Pareira
Supervisor, Merced County

Alvaro Preciado
Mayor, City of Avenal

Gilberto Reyna
Councilmember, City of Wasco

Robert Rickman
Supervisor, San Joaquin County

Rusty Robinson
Supervisor, Kings County

Alexander C. Sherriffs, M.D.
Appointed by Governor

Amy Shuklian
Supervisor, Tulare County

Liz Wynn
Councilmember, City of Visalia

Samir Sheikh
Executive Director - Air Pollution Control Officer



Government Finance Officers Association

Certificate of
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Reporting

Presented to

**San Joaquin Valley
Unified Air Pollution Control District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the
San Joaquin Valley Unified Air Pollution Control District
Fresno, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General fund of the San Joaquin Valley Unified Air Pollution Control District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General fund of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Clovis, CA 93611

tel 559.299.9540
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
December 23, 2024

San Joaquin Valley Unified Air Pollution Control District

Management's Discussion and Analysis

June 30, 2024

Our discussion and analysis of the San Joaquin Valley Unified Air Pollution Control District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the transmittal letter and the basic financial statements.

A. Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$980.6 million (*net position*). Of this amount, \$911.5 million is restricted for specific purposes, \$12.9 million represents the net investment in capital assets and \$56.2 million (*unrestricted net position*) may be used to finance the District's day-to-day operations without constraints established by legal requirements.
- The District's total net position increased \$28.6 million as compared to the prior fiscal year. The majority of this increase was related to special revenue sources, such as State Cap and Trade and Air Quality Improvement Program and increase in State Operating Grants, EPA 103 Grant revenue, and increased penalties and settlement fees received this year in comparison to last year. There was also a 24.2% increase, or \$1.2 million, in non-restricted interest for general revenues.
- At the close of the current fiscal year, the District's Governmental Fund reported a total fund balance of \$1.06 billion at year-end, a \$32.4 million increase as compared to the prior year-end balance. Approximately 5.38% of this amount (\$57.2 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *assigned* and *unassigned* components of *fund balance*) for the general fund was \$150.7 million, or approximately 14.19% of total general fund expenditures.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. The District's Annual Comprehensive Financial Report (ACFR) also includes required supplementary

Management's Discussion and Analysis

information to the Basic Financial Statements. In general, the purpose of financial reporting is to provide external parties that read the 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, the District, 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 the District. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to commercial enterprises or a private-sector business. These financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the District's Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources with the difference reported as Net Position. This difference is comparable to total stockholders' equity presented by a commercial enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities reports the net cost of the District's activities by program and is prepared on the full accrual basis of accounting. Revenues and expenses are recognized as earned and incurred even though they may not have been received or paid in cash.

The focus of the Statement of Activities is on the cost of various program activities performed by the District. The statement begins with a column that identifies the cost of each of the District's major programs. Another set of columns identifies the revenues that are specifically related to these activities. The difference between the expenses and the revenues related to specific program activities represents the net cost or revenue of the program. This determines the amount, if any, drawn from general revenues by each program activity.

The District's government-wide financial statements are presented on pages 21 and 22 of this report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole.

Management's Discussion and Analysis

Governmental Fund

The fund financial statements consist of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance. These are prepared on the modified accrual basis of accounting. See Note 1, section (B), which explains the modified accrual basis of accounting. In contrast, the government-wide financial statements are prepared on the full accrual basis of accounting.

The District's Balance Sheet is presented on page 23 and Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on page 25 of this report.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. Since different accounting bases are used to prepare the above statements, a reconciliation is required to facilitate the comparison between the fund financial statements and the government-wide financial statements. The reconciliation of the total fund balance and total net position reported in these two statements can be found on page 24 of this report.

The reconciliation of the total changes in fund balance for the governmental fund to the change in net position can be found on page 26 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 27 to 52 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison schedule and budgetary reconciliation. The Schedule of General Fund Budgeted and Actual Expenditures can be found on page 56 of this report with the Notes to the Schedule on page 57. The Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions can be found on page 58.

C. Government-wide Financial Analysis

Our analysis focuses on the net position and the changes in net position of the District's governmental activities.

Management's Discussion and Analysis

The following schedule is a condensed Statement of Net Position as of the fiscal year ended June 30, 2024, as compared to the prior fiscal year.

Statement of Net Position (In Thousands)

	Fiscal Year 2023-24	Fiscal Year 2022-23	Increase (Decrease)	Percent Change
Current and other assets	\$ 1,084,207	\$ 1,040,535	\$ 43,672	4.2%
Capital assets	13,038	14,193	(1,155)	-8.1%
Total assets	<u>1,097,245</u>	<u>1,054,728</u>	42,517	4.0%
 Total deferred outflows of resources	 36,233	 32,453	 3,780	 11.6%
 Current liabilities	 22,490	 11,127	 11,363	 102.1%
Noncurrent liabilities	<u>124,466</u>	<u>118,008</u>	<u>6,458</u>	<u>5.5%</u>
Total liabilities	<u>146,956</u>	<u>129,135</u>	<u>17,821</u>	<u>13.8%</u>
 Total deferred inflows of resources	 5,905	 6,062	 (157)	 -2.6%
 Net position:				
Net investment in capital assets	12,932	14,193	(1,261)	-8.9%
Restricted for special projects/programs	911,466	885,220	26,246	3.0%
Unrestricted	<u>56,219</u>	<u>52,571</u>	<u>3,648</u>	<u>6.9%</u>
Total net position	<u>\$ 980,617</u>	<u>\$ 951,984</u>	<u>\$ 28,633</u>	<u>3.0%</u>

The District's total net position increased \$28,632,365 from the prior fiscal year. This was primarily due to State Cap and Trade and Air Quality Improvement Program funding received and not spent by the end of the year.

The District's total liabilities increased \$17,821,032 from the prior year; of this, current liabilities increased \$11,362,513 and noncurrent liabilities increased \$6,458,519. The increase in current liabilities can be attributed to an increase in advances from grantors. The increase in noncurrent liabilities is due to an increase in net pension liability.

Of the District's total net position, 93.0% is legally or contractually restricted to expenditures for incentives and grants, and 5.7% is unrestricted and may be used to meet the District's ongoing obligations without legal constraint. Lastly, 1.3% is net position in the form of non-spendable capital assets (e.g. land, construction in progress, buildings, equipment, vehicles).

Management's Discussion and Analysis

The following is a condensed schedule of Changes in Net Position for the fiscal year ended June 30, 2024, as compared to the prior year.

Changes in Net Position				
(In Thousands)				
	Fiscal Year	Fiscal Year	Increase	Percent
	<u>2023-24</u>	<u>2022-23</u>	<u>(Decrease)</u>	<u></u>
Revenues:				
Program revenues:				
Fees and charges - stationary sources	\$ 24,042	\$ 24,735	\$ (693)	-2.8%
Fees and charges - mobile sources	37,469	33,064	4,405	13.3%
Operating grants	14,683	14,003	680	4.9%
Restricted special revenue sources	374,962	377,235	(2,273)	-0.6%
General revenues:				
State subvention - not restricted	963	970	(7)	-0.7%
Interest - not restricted	6,332	5,099	1,233	24.2%
Penalties/settlements	7,072	6,371	701	11.0%
Miscellaneous revenue	<u>327</u>	<u>327</u>	<u>-</u>	<u>0.0%</u>
Total revenues	465,850	461,804	4,046	0.9%
Expenses:				
Permitting	19,997	19,478	519	2.7%
Enforcement/agricultural burning	19,720	18,312	1,408	7.7%
Plan and rule development	1,804	1,690	114	6.7%
Mobile sources	14,738	12,757	1,981	15.5%
Outreach and communications	3,537	3,616	(79)	-2.2%
Air quality analysis/air monitoring	9,316	8,643	673	7.8%
Restricted for grants and other uses	<u>368,105</u>	<u>234,196</u>	<u>133,909</u>	<u>57.2%</u>
Total expenses	437,217	298,692	138,525	46.4%
Increase (decrease) in net position	28,633	163,112	(134,479)	-82.4%
Net position - beginning	<u>951,984</u>	<u>788,872</u>	<u>163,112</u>	<u>20.7%</u>
Net position - ending	<u>\$ 980,617</u>	<u>\$ 951,984</u>	<u>\$ 28,633</u>	<u>3.0%</u>

Governmental Activities

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

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

Management's Discussion and Analysis

Fees, grants, state subvention, penalties, and settlements predominantly support the governmental functions of the District. The primary governmental activities of the District include the following: Permit Services, Enforcement/Air Monitoring/Agricultural Burning, Plan and Rule Development, Mobile Source, Outreach and Communications, Air Quality Analysis, and Grants and Other Special Uses. The following is a schedule of Revenues by Major Source for the fiscal year ended June 30, 2024, as compared to the prior year.

Revenues by Major Source Governmental Activities (In Thousands)

	Fiscal Year 2023-24	Fiscal Year 2022-23	Increase (Decrease)
Stationary Sources	\$ 24,042	\$ 24,735	\$ (693)
Mobile Sources	37,469	33,064	4,405
Operating Grants	14,683	14,003	680
General Revenues *	14,694	12,767	1,927
Restricted Special Revenue Sources	374,962	377,235	(2,273)
	\$ 465,850	\$ 461,804	\$ 4,046

* Includes State Subvention, Interest, Penalties and Settlements, and other Miscellaneous Revenues that are not restricted to specific programs.

Following are explanations of the significant revenue variances from the prior fiscal year:

Stationary Source Revenue

- Stationary Source Revenue decreased \$693,220 compared to the prior fiscal year. The majority of this decrease was due to decreased permitting revenue and fee collections.

Mobile Source Revenue

- Mobile Source Revenue shows an increase of \$4,405,386 compared to the prior fiscal year. This was primarily due to an increase in administrative fee revenue received.

Management's Discussion and Analysis

Operating Grant Revenue

- Operating Grant Revenue increased this year by \$679,951 as compared to the prior fiscal year. This was a result of additional Operating Grants awards received during fiscal year 2023-24 that are not annually recurring funding.

Grant Revenue	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2022-23</u>	Increase (Decrease)
EPA 105 Grant	\$ 2,032,784	\$ 2,087,110	\$ (54,326)
State Grants-Rules 2260 & 3156	355,000	355,000	-
Miscellaneous State Revenue	25,000	50,000	(25,000)
State Operating Grant	12,129,202	11,458,832	670,370
EPA 103 Grant	<u>141,672</u>	<u>52,766</u>	<u>88,906</u>
Total Grant Revenue	<u>\$ 14,683,659</u>	<u>\$ 14,003,708</u>	<u>\$ 679,951</u>

General Revenues

- General Revenues increased \$1,926,604 as compared to the prior fiscal year due to increased revenue from Interest, penalties, and settlements.

Restricted Special Revenue Sources

- Restricted Special Revenue decreased \$2,273,431 compared to the prior fiscal year. The table below details the major changes to the various incentive programs that make up this decrease. Changes are due to the availability of and/or timing of the receipt of grant and other funding sources.

Incentive Program	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2022-23</u>	Increase (Decrease)
DMV Surcharge Fees	\$ 49,156,905	\$ 50,104,738	\$ (947,833)
Carl Moyer Program	4,152,271	35,815,659	(31,663,388)
Proposition 1B	58,961	50,631	8,330
State Cap and Trade and Air Quality Improvement Program	266,175,780	220,143,160	46,032,620
Diesel Emission Reduction Act	5,999,837	10,432,166	(4,432,329)
Voluntary Emission Reduction	1,426,025	5,020,240	(3,594,215)
Agriculture Tractor Replacement Program	7,552,108	9,573,496	(2,021,388)
Indirect Source Mitigation Fees	3,470,971	7,230,958	(3,759,987)
Volkswagen mitigation	30,528,427	37,889,199	(7,360,772)
Other Miscellaneous Incentives	6,440,668	975,137	5,465,531
CEC - Energy Efficiency Grant	-	-	-
Total	<u>\$ 374,961,953</u>	<u>\$ 377,235,384</u>	<u>\$ (2,273,431)</u>

Management's Discussion and Analysis

Total District Expenses increased by \$138,525,694. The majority of this increase was due to grant related expenses for various emission reduction incentives as well as an increase in permitting, mobile source, and enforcement costs. The following is a schedule of District expenses by activity for the fiscal year ended June 30, 2024 with a comparison of prior year expenses.

Expenses by Activities			
Governmental Activities			
	Fiscal Year	Fiscal Year	Increase
	<u>2023-24</u>	<u>2022-23</u>	<u>(Decrease)</u>
Permitting	\$ 19,997,022	\$ 19,478,053	\$ 518,969
Enforcement/Agricultural Burning	19,720,370	18,311,514	1,408,856
Plan and Rule Development	1,803,505	1,689,778	113,727
Mobile Source	14,737,781	12,757,328	1,980,453
Outreach & Communications	3,537,634	3,616,458	(78,824)
Air Quality Analysis/Air Monitoring	<u>9,316,369</u>	<u>8,642,558</u>	<u>673,811</u>
Total Operating Expenses	69,112,681	64,495,689	4,616,992
Restricted for Grants and Special Uses	<u>368,104,819</u>	<u>234,196,117</u>	<u>133,908,702</u>
Total District Expenses	<u>\$ 437,217,500</u>	<u>\$ 298,691,806</u>	<u>\$ 138,525,694</u>

D. Financial Analysis of the District's General Fund

General Fund

As of the end of the fiscal year, the District's General Fund reported an ending fund balance of \$1,062,311,139, an increase of \$32,378,880 in comparison with the prior year. Of the ending fund balance, 85.8%, or \$911,465,731, is restricted for grants and incentives. The long-term contractual commitments related to these restricted programs involve multiple-year expenditures. The ending fund balance also includes less than 0.01%, or \$99,673, not in spendable form for items that are not expected to be converted to cash, such as prepaid expenses, and 8.8%, or \$93,593,425, assigned to be used for Community Incentive programs, encumbrances and other assignments of Fund Balance listed in Note 1.L on page 34 of this report.

At the end of the fiscal year, the District's Unassigned Fund Balance was \$57,152,310, an increase of \$10,619,922 compared with the prior year. The majority of this increase was related to an increase in restrictive and non-restrictive interest, and Federal incentive grants revenue.

Management's Discussion and Analysis

Operating Revenues

- Total Operating Revenues increased \$6,318,721, which was mainly due to increases in Interest Revenues and Administrative Revenues.

Operating Expenditures

Total Operating Expenditures increased \$2,003,616 as compared to the prior fiscal year.

- Total salaries and benefits increased \$3,525,403 compared to the prior fiscal year. The major factors in this increase were vacant positions filled, scheduled salary increase per the employees' Memorandum of Understanding and increases in retirement costs.
- Total services and supplies increased \$546,997 from the prior fiscal year. This increase was due to increased expenditures in building utilities, professional and specialized services, insurance, and legal services.
- Total capital outlay for lease and SBITA increased \$55,349. The increase is due to the first year of the District incorporating lease and subscription-based information technology arrangements (SBITA).
- Total capital outlay decreased \$2,124,133 as compared to the prior fiscal year. This was primarily the result of no new automobile purchases in FY2023-24. There was also fewer community monitoring equipment purchases and office improvements. The table below details the major changes to the various capital asset accounts that make up this decrease.

Account Title	Fiscal Year 2023-24	Fiscal Year 2022-23	Increase (Decrease)
Computer Equipment	\$ 464,696	\$ 741,476	\$ (276,780)
Telephone System	1,125	1,342	(217)
Automobiles	-	1,053,643	(1,053,643)
Office Improvements	111,562	532,079	(420,517)
Community Monitoring	336,919	1,184,313	(847,394)
Video Conferencing System	56,587	1,623	54,964
Air Monitoring Station Automation Project	-	8,064	(8,064)
Air Monitoring Station Equipment	636,916	229,398	407,518
Monitoring Near Roadways	20,000	-	20,000
Total	<u>\$ 1,627,805</u>	<u>\$ 3,751,938</u>	<u>\$ (2,124,133)</u>

Management's Discussion and Analysis

Non-Operating Revenues

- Non-Operating Revenues decreased \$2,273,431 mainly due to reduced funding received through the DMV Surcharge Fees, Voluntary Emission Reduction Program, Carl Moyer, CEC Energy Efficiency Program, Proposition 1B Program, and State Cap and Trade and Air Quality Improvement Program.

Non-Operating Expenditures

- Non-Operating Incentive Program expenditures increased \$133,908,702 compared to the prior fiscal year. This was primarily due to project expenditures such as the DMV Heavy-Duty Program, Carl Moyer Program, Federal EPA Incentive Program, State Cap and Trade and AQIP, and Voluntary Emission Reduction Agreements. The table below details the major changes to the various Incentive Programs that make up this increase.

Incentive Program Name	Fiscal Year <u>2023-24</u>	Fiscal Year <u>2022-23</u>	Increase <u>(Decrease)</u>
DMV Heavy-Duty Program	\$ 67,981,577	\$ 54,645,580	\$ 13,335,997
Carl Moyer Program	33,703,646	16,368,083	17,335,563
Federal EPA Incentive Program	14,438,177	14,103,717	334,460
State Cap and Trade and AQIP	216,790,593	102,544,970	114,245,623
Voluntary Emission Reduction Agreements	11,737,412	10,120,519	1,616,893
Indirect Source Review Rule Mitigation Program	4,404,546	9,636,539	(5,231,993)
Proposition 1B Program	400,000	1,235,944	(835,944)
Diesel Emission Reduction Act	5,418,638	6,754,717	(1,336,079)
Community Incentive Programs	5,448,303	7,965,670	(2,517,367)
Air Toxics	82,227	98,746	(16,519)
Hearing Board Incentive Grant	-	26,536	(26,536)
Volkswagen Mitigation Funding	7,699,700	10,695,096	(2,995,396)
Total	<u>\$ 368,104,819</u>	<u>\$ 234,196,117</u>	<u>\$ 133,908,702</u>

Management's Discussion and Analysis

E. Capital Assets

The District's capital assets are used for governmental activities. The book value was \$13,073,730 (net of accumulated depreciation/amortization of \$23,247,028) as of June 30, 2024. Capital assets include land, construction in progress, buildings and improvements, equipment for air monitoring stations, computer and office equipment, video conferencing equipment, subscriptions, and District vehicles.

Additional information on capital assets can be found in the "Notes to the Basic Financial Statements" on page 41 of this report.

F. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources

Deferred outflows of resources, although similar to assets, are set apart because these items do not meet the technical definition of being a District asset on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflows of resources will become expenses/expenditures.

The most significant deferred outflows of resources reported are related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 and GASB Statement No. 71 for pension liability reporting. GASB Statement No. 71 requires that contributions made during the fiscal year to the retirement system be reported as deferred outflows of resources. Consequently, the majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes, amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred Inflows of Resources

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the District as of the date of the financial statements. When all the recognition criteria are met, the deferred inflows of resources will become revenue or increases to net position. The only types of deferred inflows of resources being reported on the District's Statement of Net Position are those related to pensions.

Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes, and can include investment changes, amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Management's Discussion and Analysis

G. Current Year's Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$125,060,631. This amount is comprised of pension liability, compensated absences, lease and subscription liability, including the portion due within one year of \$594,627. Additional information on the District's compensated absences can be found in Note 5 under the Notes to the Basic Financial Statements section of this report.

H. Current Year's Budget

The District Budget is divided into two sections. The Operating Budget represents those expenditures that directly support the everyday operations of the District, including administration of incentive programs. The Non-Operating Budget represents those expenditures for the emission reduction incentive programs administered by the District. In addition to funding provided by the District, various federal and state agencies provide funding for these programs in the form of grants or agreements. Listed below are the major factors that explain the change from the Adopted Budget to the final Adjusted Budget at year-end.

The original Operating Budget adopted in June 2023 was \$72,862,657. The Final Adjusted Budget was \$72,908,470. Under District budget policy, all prior unused appropriations lapse at year-end and are re-budgeted. Revenues unrealized as of the fiscal year 2023-24 year-end are re-budgeted in 2024-25. Revenues already received, but unspent, are included in the 2024-25 budget as available Fund Balance.

The Adjusted Non-Operating Budget at June 30, 2024 was \$1,338,687,307 including \$804,188 appropriated for contingencies. This was an increase of \$688,417,404 over the originally adopted Non-Operating Budget. This increase was due to fewer than expected expenditures occurring in fiscal year 2022-23, which increased that year's ending fund balance. That fund balance was a revenue source for fiscal year 2023-24, supporting the same expenditures as the previous year. Additionally, multiple state and federal grant funds became available during fiscal year 2023-24. Listed below are the major budget additions made during the year:

- The mid-year non-operating budget true-up of \$484,915,300, including increases to DMV Surcharge Fees, Carl Moyer Program, Proposition 1B, Voluntary Emission Reduction Program, Community Incentive Programs, Agricultural Replacement Measures for Emissions Reductions (FARMER) Program, Greenhouse Gas Reduction Funds, Volkswagen Mitigation Funds, and Cap and Trade and Air Quality Improvement Program (AQIP) funds.
- \$28,880,000 from California Air Resources Board for continued implementation of the District's Vehicle Replacement Program.

Management's Discussion and Analysis

- \$250,000 from Community Incentives Reserves for the Clean Alternatives To Fireworks Pilot Incentive Program.
- \$950,625 from the United States Environmental Protection Agency for the Environmental Justice Government-To-Government Grant to support the Valley-Wide Clean Air Rooms Residential Air Filtration Incentive Program and Community Engagement.
- \$55,687,500 from California Air Resources Board in State Farmer Program Funding for the Replacement of Agricultural Equipment.
- \$60,296,695 from California Air Resources Board for Voluntary Emission and Exposure Reduction Projects Benefitting Valley AB 617 Communities and Disadvantaged Communities Valley-Wide.
- \$55,008,096 from the Federal Highway Administration for Development of an Electric Vehicle Charging Network in the San Joaquin.
- \$1,875,000 from California Air Resources Board for Supplemental Environmental Project Funding to support the Valley-Wide Clean Air Rooms Residential Air Filtration Incentive Program.
- \$600,000 from Community Incentives Reserves for Clean Alternatives To Fireworks Pilot Incentive Program.

Operating Budget

Revenues

Actual Operating Revenues at June 30, 2024 were \$91,458,710, as compared to the final Adjusted Budget of \$85,729,578, a positive variance of \$5,729,132. Revenues were higher than expected in fiscal year 2023-24 due to an increase in interest, and penalties and settlements revenue.

Expenditures

Actual Operating Expenditures at June 30, 2024 were \$67,531,560 as compared to the final Adjusted Budget of \$72,908,470, a positive variance of \$5,376,910.

Salaries and Benefits

Actual salary and benefit expenditures at year-end were \$56,166,199 as compared to the final Adjusted Budget of \$58,955,806, a positive variance of \$2,789,607. Salary and benefit savings on vacant positions during the year were the major factors contributing to the positive variance.

Services and Supplies

Actual services and supplies expenditures at year-end were \$8,249,590 as compared to the final Adjusted Budget of \$10,015,863, a positive variance of \$1,766,273. Of the total expenditure amount, \$2,163,511 was encumbered at year-end. Listed in the table on the next page are the expenditures that make up the variances in the services and supplies accounts.

Management's Discussion and Analysis

	Final Adjusted <u>Budget</u>	Actual Expenditures <u>June 30, 2024</u>	Variance With Final Budget Positive <u>(Negative)</u>
Mobile Communications	\$ 385,830	\$ 268,312	\$ 117,518
Equipment Maintenance	2,192,685	1,566,559	626,126
Professional and Specialized Services	7,355,563	6,333,346	1,022,217
Publications and Legal Notices	<u>81,785</u>	<u>81,373</u>	<u>412</u>
Total	<u>\$ 10,015,863</u>	<u>\$ 8,249,590</u>	<u>\$ 1,766,273</u>

Capital Assets

Actual Capital Outlay expenditures at year-end were \$3,115,771 as compared to the final Adjusted Budget of \$3,936,801, a positive variance of \$821,030. Several planned purchases were delayed until fiscal year 2024-25, contributing to this variance. Listed in the table below are the expenditures that make up the variances in the Capital Assets accounts.

	Final Adjusted <u>Budget</u>	Actual Expenditures <u>June 30, 2024</u>	Variance With Final Budget Positive <u>(Negative)</u>
Office Improvements	\$ 375,000	\$ 50,688	\$ 324,312
Computer Equipment	1,164,131	872,516	291,615
Automobiles	706,100	700,000	6,100
Office Machines and Equipment	63,720	23,315	40,405
Telephone System	23,450	782	22,668
Video Conferencing System	70,000	69,422	578
Air Monitoring/Detection Equipment	1,523,400	1,399,048	124,352
Air Monitoring Station Automation Project	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total	<u>\$ 3,936,801</u>	<u>\$ 3,115,771</u>	<u>\$ 821,030</u>

Management's Discussion and Analysis

Non-Operating Budget

Revenues

Actual Non-Operating Revenues at June 30, 2024 were \$374,961,953 as compared to the final Adjusted Budget of \$548,787,545, a negative variance of \$173,825,592. Listed in the table below are the revenues that make up the major variances in Non-Operating Revenues.

	Final Adjusted Budget	Actual Revenues June 30, 2024	Variance With Final Budget Positive (Negative)
Air Toxics	\$ 232,362	\$ 82,227	\$ (150,135)
DMV Surcharge Fees	49,414,388	48,345,168	(1,069,220)
Carl Moyer Program	19,000,000	2,343,750	(16,656,250)
Federal and Heavy Duty Grants	138,468,917	19,852,665	(118,616,252)
CEC - Energy Efficiency Block Grant	18,172,873	-	(18,172,873)
VERA/ISR Rule Mitigation Funds	20,891,448	4,787,581	(16,103,867)
State Cap and Trade and AQIP Funding	262,281,464	251,625,676	(10,655,788)
Volkswagen Mitigation Funding	28,280,000	28,280,000	-
Non-Operating Interest	12,036,293	19,597,379	7,561,086
Other Miscellaneous Incentives	9,800	47,507	37,707
Total	\$ 548,787,545	\$ 374,961,953	\$ (173,825,592)

The negative variances of \$118,616,252 for Federal and Heavy Duty Grant funds, \$16,656,250 for Carl Moyer Program, and \$18,172,873 for CEC – Energy Efficiency Block Grant funds are due to the delay in receipt of this revenue because of program milestones that must be met prior to receiving the revenue. These funds are anticipated to be available during the 2024-25 fiscal year.

Management's Discussion and Analysis

Expenditures

Actual Non-Operating Expenditures at June 30, 2024 were \$368,104,819 as compared to the final Adjusted Budget of \$1,337,883,119, a positive variance of \$969,778,300. Listed in the table below are the expenditures that make up the variances in Non-Operating Expenditures.

	Final Adjusted Budget	Actual Expenditures June 30, 2024	Variance With Final Budget Positive (Negative)
Air Toxics-Pass Through	\$ 232,400	\$ 82,227	\$ 150,173
Federal and Heavy Duty Grants	111,757,424	19,856,815	91,900,609
Carl Moyer Program	80,472,300	33,703,646	46,768,654
DMV Surcharge Fees	146,705,600	67,981,576	78,724,024
VERA/ISR Rule Mitigation Program	48,830,000	16,141,958	32,688,042
Proposition 1B Program	6,516,600	400,000	6,116,600
Community Incentive Programs	23,470,900	5,448,303	18,022,597
State Cap and Trade and AQIP Funding	801,656,795	216,790,594	584,866,201
CEC - Energy Efficiency Block Grant	13,985,900	-	13,985,900
Volkswagen Mitigation Funding	104,190,800	7,699,700	96,491,100
Miscellaneous Incentive Programs	64,400	-	64,400
Total	\$ 1,337,883,119	\$ 368,104,819	\$ 969,778,300

The District has a policy of not entering into incentive agreements for non-federal grant contracts until grant funds are received by the District. This occasionally results in delayed expenditures. A significant amount of grant funds that were received and appropriated in fiscal year 2023-24 (Cap and Trade Program, DMV Surcharge Fees, and Volkswagen Mitigation funds) will not be expended on incentive contracts until fiscal year 2024-25 or later. Federal incentive grant contracts are reimbursable grants whereby the District must expend the incentive grant funds prior to receiving reimbursement from the Federal government.

I. Next Year's Budget

The Adopted Budget for fiscal year 2024-25 is \$649,349,253 as compared to the Adjusted Budget for fiscal year 2023-24 of \$1,411,595,776, a decrease of \$762,246,523. In June 2011, the District Governing Board adopted a change in the District's non-operating budgeting approach which combined the Prior Year and Current Year Budgets used previously, into a single ongoing budget for the current and future years. Since the adopted budget is based on estimated revenues, expenditures, and encumbrances occurring, and due to the length of the budget

Management's Discussion and Analysis

development process, every year after the financial closing, the budget is adjusted to reflect the actual available fund balance based on the year-end closing actuals. The 2024-25 adopted budget will be also adjusted to include year-end encumbrances and reflect actual year-end reserves.

J. Economic Factors

It is important to note that the District is relatively self-sufficient with no significant dependence on the state or federal funding for its operating expenditures. In addition, ongoing, long-term forecasts project stable fiscal health for the District. While the District does face a full agenda of challenges, the Governing Board generally has sufficient resources available to meet them.

K. Requests for Information

This financial report is designed to provide a general overview of the District'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 Director of Finance and Administrative Services, 1990 East Gettysburg Avenue, Fresno, California 93726-0244.

San Joaquin Valley Unified Air Pollution Control District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 1,061,193,303
Accrued revenues	22,913,283
Prepaid expenses	99,673
Total current assets	1,084,206,259
Noncurrent assets:	
Land and other non-depreciable assets	1,595,549
Other capital assets, net of accumulated depreciation	11,334,523
Subscription assets, net of accumulated amortization	107,658
Total noncurrent assets	13,037,730
Total assets	1,097,243,989
Deferred outflows of resources	
Deferred pension	36,233,212
Total deferred outflows of resources	36,233,212
Liabilities	
Current liabilities:	
Accounts payable	1,295,811
Accrued wages payable	2,145,524
Advances from grantors	18,453,785
Lease and subscription liability - due within one year	52,324
Compensated absences payable:	
Due within one year	542,303
Total current liabilities	22,489,747
Noncurrent liabilities:	
Compensated absences payable:	
Due in more than one year	4,453,943
Net pension liability	119,958,246
Lease and subscription liability	53,815
Total noncurrent liabilities	124,466,004
Total liabilities	146,955,751
Deferred inflows of resources	
Deferred pension	5,904,819
Total deferred inflows of resources	5,904,819
Net position	
Net investment in capital assets	\$12,931,591
Restricted for:	
VERA/ISR mitigation programs	19,687,795
DMV surcharge programs	90,490,264
Carl Moyer funds	54,769,686
Proposition 1B programs	6,127,699
State cap and trade	640,656,738
Volkswagen mitigation	99,345,895
Other special projects/programs	387,654
Unrestricted	56,219,309
Total net position	\$ 980,616,631

The notes to the financial statements are an integral part of the this statement.

San Joaquin Valley Unified Air Pollution Control District
Statement of Activities
For the Year Ended June 30, 2024

Programs	Expenses	Program Revenues				Restricted Special Revenue Sources *	Net (Expense) Revenue and Changes in Net Position
		Fees and Charges for Services		Operating Grants	Governmental Activities		
		Stationary Sources	Mobile Sources				
Governmental Activities:							
Permitting	\$ 19,997,022	\$ 13,695,050	\$ 2,727,057	\$ 2,974,193	\$ -	\$ (600,722)	
Enforcement/agricultural burning	19,720,370	10,346,403	4,336,786	1,983,667	-	(3,053,514)	
Plan and rule development	1,803,505	-	1,727,253	855,357	-	779,105	
Mobile sources	14,737,781	-	24,794,826	327,313	-	10,384,358	
Outreach and communications	3,537,634	-	2,551,586	1,239,678	-	253,630	
Air quality analysis/air monitoring	9,316,369	-	1,332,104	7,303,451	-	(680,814)	
Restricted for grants and other special uses	368,104,819	-	-	-	374,961,953	6,857,134	
Total governmental activities	\$ 437,217,500	\$ 24,041,453	\$ 37,469,612	\$ 14,683,659	\$ 374,961,953	13,939,177	
General Revenues:							
State subvention - not restricted to specific programs						963,178	
Interest - not restricted to specific programs						6,331,396	
Penalties / settlements						7,071,537	
Miscellaneous revenue						327,077	
Total general revenues						14,693,188	
Change in net position						28,632,365	
Net position - beginning, July 1, 2023						951,984,266	
Net position - ending, June 30, 2024						\$ 980,616,631	

* Restricted Special Revenue Sources consist of pass-through and/or one-time limited duration funding sources that are restricted for specific programs such as the Carl Moyer Program Fund and the Proposition 1B Program Fund.

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District
Balance Sheet - Governmental Fund
General Fund
June 30, 2024

Assets

Cash and investments	\$	1,061,193,303
Accrued revenues		22,913,283
Prepaid items		99,673
Total assets	\$	1,084,206,259

Liabilities

Accounts payable	\$	1,295,811
Accrued wages payable		2,145,524
Advances from grantors		18,453,785
Total liabilities		21,895,120

Fund Balance

Nonspendable fund balance		99,673
Restricted fund balance		911,465,731
Assigned fund balance		93,593,425
Unassigned fund balance		57,152,310
Total fund balance		1,062,311,139
Total liabilities and fund balance	\$	1,084,206,259

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District
Reconciliation of the Balance Sheet of the Governmental
Fund to the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - governmental fund	\$ 1,062,311,139
Capital assets net of accumulated depreciation have not been included as financial resources in the governmental fund activity. These capital assets are reported in the Statement of Net Position as capital assets of the District as a whole.	13,037,730
Deferred outflows of resources reported in the Statement of Net Position.	36,233,212
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.	(125,060,631)
Deferred inflows of resources reported in the Statement of Net Position.	<u>(5,904,819)</u>
Net position of governmental activities	<u><u>\$ 980,616,631</u></u>

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
General Fund
For the Year Ended June 30, 2024

Revenues:

License and permit fees	\$	37,344,912
Administrative fees		24,166,154
Penalties and settlements		7,071,537
Interest		6,331,396
State grants		13,472,380
Federal grants		2,174,456
Miscellaneous revenue		327,077
Incentive grants		335,511,909
Incentive grant interest		19,597,379
Federal incentive grants		19,852,665
Total revenues		465,849,865

Expenditures:

Current:

Salaries and benefits		56,166,199
Services and supplies		7,516,813
Grants and other special uses		368,104,819
Capital outlay		1,627,805
Capital outlay - lease and SBITA		55,349
Total expenditures		433,470,985

Net change in fund balance		32,378,880
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Beginning fund balance, July 1, 2023		1,029,932,259
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Ending fund balance, June 30, 2024		\$ 1,062,311,139
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The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2024

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

Net Change in Fund Balance - governmental fund		\$ 32,378,880
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of the capital outlays recorded in the current period.		1,372,927
Software subscription liabilities are not due in the current period and, therefore, are not included in the governmental funds. This is the amount of the subscription liability recorded in the current period.		(106,139)
Depreciation expense on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental fund.		(2,528,479)
The net effect of disposal of assets.		-
Certain pension expenses in the Statement of Activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.		
Amount of pension expenditures at fund modified accrual level	15,168,428	
Amount of pension expenses recognized at government-wide level	<u>(17,465,685)</u>	(2,297,257)
Increase in long-term compensated absences		<u>(187,567)</u>
Change in net position of governmental activities		<u>\$ 28,632,365</u>

The notes to the financial statements are an integral part of this statement.

**SAN JOAQUIN VALLEY UNIFIED
AIR POLLUTION CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The San Joaquin Valley Unified Air Pollution Control District (District) is a special district operating under the provisions of Sections 40150 through 40162 of the California Health and Safety Code. The District exists to develop and implement programs on a local level to meet the requirements of state and federal air pollution control laws in the San Joaquin Valley. The San Joaquin Valley Air Basin (SJVAB) comprises eight counties (San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the Valley portion of Kern), and covers about 25,000 square miles. The District is governed by a fifteen member Governing Board that consists of one representative from the board of supervisors of all eight counties, five council members from Valley cities and two governor-appointed public members. The District 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 the District's permit system.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers accrued revenue to be available if it is collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences,

NOTES TO THE BASIC FINANCIAL STATEMENTS

claims and judgments, are recorded only when payment is due. State and federal grants, vehicle registration fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the District receives cash.

Government-wide Financial Statements

The District government-wide financial statements include a Statement of Net Position and Statement of Activities. These statements present summaries of governmental activities for the District as a whole.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, including capital assets and long-term liabilities and deferred inflows of resources are included in the accompanying Statement of Net Position. Under the accrual basis of accounting, 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.

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

The District's functional activities are broken down into the following categories:

- Permitting
- Enforcement / Agricultural Burning
- Plan and Rule Development
- Mobile Sources
- Outreach and Communications
- Air Quality Analysis / Air Monitoring

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 derived from motor vehicle registrations, 2) Operating Grants that are in support of air pollution program activities, and 3) Restricted Special Revenue Sources. Program revenues are netted with program expenses to present the net cost of each functional activity. Interest income and other miscellaneous revenue that cannot be identified with a program are reported as General Revenues. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance.

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 the Governmental Accounting Standards Board (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. Using the current financial resources measurement focus means that only current assets and current liabilities are generally included in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than recording them as fund assets.

C. Fund Types

General Fund

The primary operating fund of the District is used to record transactions relating to its general business operations.

D. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is employed in the General Fund. Purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are recorded as assignment of fund balance for expenditure in a subsequent year. These outstanding encumbrances do not constitute expenditures or liabilities until performance has occurred on the part of the vendors with whom the District has entered into an agreement.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements. The cost is recorded as an expense as prepaid items are consumed.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Prepaid Expenses of the District for the fiscal year ended June 30, 2024 consisted of the following:

Loans Receivable	\$	23,068
Prepaid Medical Insurance		76,605
		76,605
Total Prepaid Expenses	\$	99,673

F. Capital Assets and Depreciation/Amortization

Land, construction in progress, equipment, buildings and improvements are valued at cost unless obtained by donation, in which case the assets are recorded at the acquisition value at the date of receipt. Capital asset purchases with values of at least \$2,000 and with an expected useful life greater than one year are capitalized. Likewise, building improvements totaling \$100,000 and with an expected useful life greater than one year are capitalized. The District implemented GASB Statement No. 51 and started capitalizing intangible software that was developed internally and met the threshold of \$100,000 for intangible asset capitalization. The District implemented GASB Statement No. 87 for Leases meeting the threshold of \$100,000. The District implemented GASB Statement No. 96 for Subscription-Based Information Technology Arrangements (SBITA) meeting the threshold of \$100,000. Additional information regarding GASB Statement 87 and 96 can be found in Note G.

Repair and maintenance costs are charged to current expenditures as incurred. Equipment disposed of or no longer required for its existing use is removed from the records at actual or estimated cost.

Depreciation/amortization is charged as an expense against operations, and accumulated depreciation/amortization is reported on the Statement of Net Position. Property, plant, equipment, and intangibles of the District are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15-25 Years
Air Monitoring and Detection Equipment	5-8 Years
Office Furniture and Other Misc. Equipment	5-10 Years
Telephone Equipment	10 Years
Computer Equipment and Software	5 Years
Automobiles	5 Years
Subscriptions	5-7 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Leases and Subscription-Based Information Technology Arrangements (SBITA)

Leases

The District is a lessee that leases the use of building space, air monitoring space, and equipment. The District recognizes lease liability and intangible lease asset in the government-wide financial statements. With the implementation of GASB Statement 87, each lease is evaluated and recognized if the initial value is \$100,000.00 or more and the maximum possible term is greater than 12 months.

The District initially measures the lease liability at the present value of payments expected to be made during the lease term. As payments are made, the liability will be reduced by the principal portion. The corresponding lease asset is initially measured as the initial amount of the lease liability. Any payments made to the lessor at or before the commencement of the lease term will also be included in the measurement. As the asset is used, it is amortized on a straight-line basis over the shorter of the lease term or its useful life.

The discount rate used will either be the lessor's interest rate if it is readily determinable/implicit in the agreement or the District's estimated incremental borrowing rate.

The District monitors leases for changes in circumstances. If the changes are significant or material in nature and affects the lease liability, the lease liability and asset will be remeasured.

Subscription-Based Information Technology Arrangements (SBITA)

The District recognizes subscription liabilities and intangible subscription assets with related accumulated amortization in the government-wide financial statements. With the implementation of GASB Statement 96, each SBITA is evaluated and recognized if the initial value is \$100,000 or more and the maximum possible term is greater than 12 months.

The District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. As payments are made, the liability will be reduced by the principal portion. The corresponding subscription asset is initially measured as the initial amount of the subscription liability. Any payments made to the vendor at or before the commencement of the subscription term will also be included in the measurement. As the asset is used, it is amortized on a straight line basis over the shorter of the subscription term or its useful life.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The discount rate used will either be the lessor's interest rate if it is readily determinable/implicit in the agreement or the District's estimated incremental borrowing rate.

The District monitors SBITA for changes in circumstances. If the changes are significant or material in nature and affects the subscription liability, the SBITA subscription liability and asset will be remeasured.

H. Compensated Absences

Regular employees accumulate annual leave. Certain restrictions apply with respect to the accumulation of annual leave and its payment at termination. In accordance with the 2024 MOU between the District and the Employee Association, the leave balances employees are allowed to roll over each year has increased slightly. The compensated absences due within one year and due in more than one year amounted to \$542,303 and \$4,453,943, respectively, and have been reflected in the Statement of Net Position.

I. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 6 and the Required Supplementary Information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Kern County Employees' Retirement Association (KCERA). The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's pension plan with KCERA and additions to/deductions from the plan's fiduciary net position have been determined on the

NOTES TO THE BASIC FINANCIAL STATEMENTS

same basis as they are reported by KCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

J. Self-Insurance

The District is self-insured on comprehensive/collision coverage on all District automobiles. The Special District Risk Management Authority provides coverage for comprehensive general and auto liability, workers' compensation liability, public officials liability, public employees blanket bond, and the replacement cost of property. (See Note 7)

K. Restrictions on Net Position

Total Restricted Net Position at year-end was \$911,465,731. Restricted Net Position is net position that is subject to restrictions beyond the District's control. The programs listed below are subject to restrictions imposed by the grantors of each program. The amounts for each program are as follows:

VERA/ISR mitigation programs	\$	19,687,795
DMV surcharge programs		90,490,264
Carl Moyer funds		54,769,686
Proposition 1B programs		6,127,699
State cap and trade		640,656,738
Volkswagen mitigation		99,345,895
Other special projects/programs		387,654
Total Restricted Net Position	\$	<u>911,465,731</u>

As these restrictions are also restrictions of fund balance, a description and the purpose of each program can be found in Note 1.L.

NOTES TO THE BASIC FINANCIAL STATEMENTS

L. Fund Balance

Beginning in fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraint placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance—amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.
- Committed fund balance—amounts constrained to a specific purpose by the District itself, using its highest level of decision-making authority (i.e., District Governing Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same level of action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Governing Board or by an official or body to which the District Governing Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Only the General Fund reports positive amounts.

The District Governing Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Governing Board through adoption or amendment of the budget as intended for specific purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance is available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The amounts of various fund balance categories required by GASB Statement No. 54 are as follows:

Nonspendable Fund Balance	<u>\$</u>	99,673
Restricted Fund Balance:		
VERA/ISR mitigation programs		19,687,795
DMV surcharge programs		90,490,264
Carl Moyer funds		54,769,686
Proposition 1B programs		6,127,699
State cap and trade		640,656,738
Volkswagen mitigation		99,345,895
Other special projects/programs		<u>387,654</u>
Total Restricted Fund Balance		<u>911,465,731</u>
Assigned Fund Balance:		
Encumbrances		6,271,924
Community Incentive Programs		67,810,159
Long-Term Building Maintenance		1,200,000
Contingency Reserve		850,000
Pension Stabilization Reserve		7,300,000
Video Conferencing and Computer Equipment		200,000
Modeling Center Reserve		500,000
Modeling Equipment Reserve		275,000
Appropriated FY 2023-24 Budgetary Deficit		<u>9,186,342</u>
Total Assigned Fund Balance		<u>93,593,425</u>
Unassigned Fund Balance:		
General Reserve		14,800,000
Unassigned		<u>42,352,310</u>
Total Unassigned Fund Balance		<u>57,152,310</u>
Total Fund Balances	<u>\$</u>	<u><u>1,062,311,139</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonspendable Fund Balance:

- The \$99,673 fund balance is for prepaid medical, payroll and other expenses and long-term notes receivable to the flex spending bank account.

Restricted Fund Balance:

- The \$19,687,795 fund balance for the Indirect Source Review (ISR) Rule Mitigation Program and Voluntary Emission Reduction Program represents funds received from new development projects and voluntary development mitigation contracts. These funds will be used as incentive grants for projects that will offset the future projected emissions generated by these development projects.
- The \$90,490,264 fund balance for DMV Surcharge Fees represents monies identified by the District Governing Board for distribution to qualifying agencies or individuals in the District's DMV Heavy Duty Emissions Program and the DMV Mobile Source Incentives Program.
- The \$54,769,686 fund balance for the Carl Moyer Program represents funds received from the California Air Resources Board. The District will use these funds for Heavy Duty Engine Emission Reduction Program incentives.
- The \$6,127,699 fund balance for the Proposition 1B Program represents funds received from the California Air Resources Board. These funds will be used for the replacement and retrofit of heavy-duty trucks.
- The \$640,656,738 fund balance for the State Cap and Trade and Air Quality Improvement Program (AQIP) Funds represents monies from the California Air Resources Board for projects that generate reductions in greenhouse gas emissions with potential co-benefits of criteria pollutant reductions. The District will use these funds for several programs aimed at disadvantaged communities, administered by Valley Clean Air Now.
- The \$99,345,895 fund balance for the Volkswagen Mitigation funds received from CARB in an effort to provide funding to mitigate excess nitrogen oxide (NOx) emissions caused by VW's use of illegal defeat devices. The Mitigation Trust funds will be used for replacement projects mostly in the heavy-duty sector to mitigate future emissions.
- The \$387,654 fund balance for the Other special projects/programs consists of funds received from the Environmental Protection Agency, California Air Resources Board, and other miscellaneous grants and fees. The District will utilize these funds for the replacement of heavy-duty trucks, school buses, agricultural tractors and other projects that aim to reduce emissions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Assigned Fund Balance:

- The \$6,271,924 fund balance for encumbrances outstanding at June 30, 2024 represents the amount of expenditures that would result if contracts in process at fiscal year-end were completed. Of the total assigned amount, \$2,339,989 represents encumbrances for services and supplies and \$3,931,935 represents encumbrances for capital assets. This assignment earmarks resources to pay for these contractual obligations by segregating a portion of fund balance.
- The \$67,810,159 was assigned by the District Governing Board for various Community Incentive Programs.
- The \$1,200,000 was established by the District Governing Board to provide for Long-Term Building Maintenance.
- The \$850,000 was established by the District Governing Board to provide for a Contingency Reserve.
- The \$7,300,000 was established by the District Governing Board to provide for a Pension Stabilization Reserve.
- The \$200,000 was assigned by the District Governing Board to provide for a Video Teleconferencing and Computer Equipment Reserve.
- The \$500,000 was assigned by the District Governing Board to provide for a Modeling Center Reserve.
- The \$275,000 was assigned by the District Governing Board to provide for a Modeling Equipment Reserve.
- The \$9,186,342 is the portion of existing fund balance that is included as a budgetary resource in the fiscal year 2024-25 budget

Unassigned Fund Balance:

- From total Unassigned Fund Balance of \$57,152,310 reported on June 30, 2024, \$14,800,000 is a General Reserve that was established by the District Governing Board to provide for additional financial stability.

M. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTES TO THE BASIC FINANCIAL STATEMENTS

N. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements.

GASB Statement No. 100, "Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The District will continue to consider the financial statement applicability of GASB Statement No. 100 in future years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 consisted of the following:

Cash On Hand	\$	9,349
Total Cash On Hand		9,349
Wells Fargo Bank		50,404,618
Other Deposits		409
Total Deposits with Financial Institutions		50,405,027
Security Deposit - Leased Property		2,000
Total Other Deposits		2,000
Fresno County Treasurer		1,010,776,927
Total Investments with County Investment Pools		1,010,776,927
Total Cash and Investments	\$	1,061,193,303

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk and credit risk.

<u>Authorized</u> <u>Investment Type</u>	<u>Maximum</u> <u>Maturity</u>	<u>Maximum</u> <u>Percentage</u> <u>Of Portfolio</u>	<u>Maximum</u> <u>Investment</u> <u>In One Issuer</u>
County Investment Pools	N/A	100%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In other words, the risk that interest rates will rise and reduce the fair value of an investment. Generally, the longer the maturity of an

NOTES TO THE BASIC FINANCIAL STATEMENTS

investment, the greater its sensitivity is to fair value and to changes in market interest rates.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Investment Pool	<u>\$1,010,776,927</u>	<u>\$1,010,776,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of the rating required by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or the District’s investment policy, and the actual rating as of year-end for each type. The column marked “Exempt From Disclosure” identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
County Investment Pool	<u>\$1,010,776,927</u>	N/A	<u>\$1,010,776,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

County Treasurer’s Investment Pool

The District is a voluntary participant in the County of Fresno Treasurer’s Investment Pool that is regulated by the California Government Code (CGC). The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value for the entire Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Investment Pool, which are recorded on an amortized cost basis. In accordance with GASB Statement No. 72, investments in the County Treasurer’s Investment Pool are not subject to the three-tiered fair value hierarchy: Level 1, Level 2 and Level 3. The three tiers are defined as follows:

- Level 1 – reflect unadjusted quoted prices in active markets for identical assets
- Level 2 – reflect inputs that are based on a similar observable asset either directly or indirectly
- Level 3 – reflect unobservable inputs

NOTES TO THE BASIC FINANCIAL STATEMENTS

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. The CGC and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The CGC requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2024, all of the District's deposits with financial institutions were held in fully collateralized accounts, as permitted by the CGC.

3. CAPITAL ASSETS AND DEPRECIATION

Capital assets of the District for the fiscal year ended June 30, 2024 consisted of the following:

	Capital Assets - Governmental Activities				
	Balance				Balance
	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
Capital assets, non-depreciable:					
Land	\$ 1,595,549	\$ -	\$ -	\$ -	\$ 1,595,549
Construction in Progress	-	-	-	-	-
Total capital assets, non-depreciable	1,595,549	-	-	-	1,595,549
Capital assets, depreciable/amortizable:					
Building and improvements	10,134,952	-	-	-	10,134,952
Machinery and equipment	22,430,924	1,211,439	570,644	-	23,071,719
Intangible assets	1,321,050	-	-	-	1,321,050
Subscription	-	161,488	-	-	161,488
Total capital assets, depreciable/amortizable	33,886,926	1,372,927	570,644	-	34,689,209
Less accumulated depreciation/amortization for:					
Building and improvements	6,207,630	333,970	-	25,935	6,567,535
Machinery and equipment	13,760,513	2,140,679	570,644	(25,935)	15,304,613
Intangible assets	1,321,050	-	-	-	1,321,050
Subscription	-	53,830	-	-	53,830
Total accumulated depreciation/amortization	21,289,193	2,528,479	570,644	-	23,247,028
Total capital assets, depreciable/amortizable, net	12,597,733	(1,155,552)	-	-	11,442,181
Net book value of capital assets	\$ 14,193,282	\$ (1,155,552)	\$ -	\$ -	\$ 13,037,730

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2024, depreciation expense of \$2,528,479 on capital assets was charged to the District's activities as follows:

Permitting	\$ 256,720
Enforcement / Agricultural Burning	630,873
Plan and Rule Development	23,216
Mobile Sources	190,211
Outreach and Communications	35,859
Air Quality Analysis / Air Monitoring	<u>1,391,600</u>
Total Depreciation Expense	<u><u>\$ 2,528,479</u></u>

4. Leases and Subscription-Based Information Technology Arrangements (SBITA)

The following is a summary of subscription liabilities for the year ended June 30, 2024:

	Balance			Balance	Due Within	Due in
	<u>July 1, 2023</u>	<u>Addition</u>	<u>Reduction</u>	<u>June 30, 2024</u>	<u>One Year</u>	<u>More Than</u>
					<u>One Year</u>	<u>One Year</u>
Subscription Liability \$	-	\$161,488.00	\$55,349.00	\$ 106,139.00	\$52,324.00	\$53,815.00

Leases

The District did not have any leases that met the minimum reporting requirements for the fiscal year ended June 30, 2024.

Subscription-Based Information Technology Arrangements (SBITA)

The District entered into SBITA with outside vendors for cloud computing arrangements, such as software as a service, platform as a service and infrastructure as a service. An initial subscription liability was recorded in the amount of \$161,488. As of June 30, 2024, the total value of the subscription liability is \$106,139. As of June 30, 2024, the total value of the subscription asset was recorded at a cost of \$161,488 with an accumulated amortization of \$53,830.

Year Ending	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2025	\$ 52,324.00	\$3,025.00	\$ 55,349.00
2026	\$ 53,815.00	\$1,534.00	\$ 55,349.00
	<u>\$106,139.00</u>	<u>\$4,559.00</u>	<u>\$110,698.00</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. COMPENSATED ABSENCES

When employment with the District is terminated, an employee will receive compensation for all unused annual leave hours.

The following is a summary of earned compensated absences of the District for the fiscal year ended June 30, 2024:

July 1, 2023 Balance	\$	4,808,679
Plus: Additions		3,235,020
Less: (Reductions)		<u>(3,047,453)</u>
June 30, 2024 Balance	\$	<u>4,996,246</u>
Amount Due Within One Year		<u>542,303</u>
Amount Due In More Than One Year	\$	<u>4,453,943</u>

6. PENSIONS

General Information about the Pension Plan

Plan Description

The Kern County Employees' Retirement Association (KCERA) was established by the County of Kern in 1945. KCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.), the California Public Employees' Pension Reform Act (CalPEPRA) and the bylaws, procedures and policies adopted by the KCERA Board. KCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide retirement, disability, death, beneficiary, cost-of-living and supplemental retirement benefits to the General and Safety members employed by the County of Kern. KCERA also provides retirement benefits to the employee members of the Berranda Mesa Water District, Buttonwillow Recreation and Park District, East Kern Cemetery District, Inyokern Community Services District, Kern County Water Agency, Kern Mosquito and Vector Control District, North of the River Sanitation District, San Joaquin Valley Unified Air Pollution Control District, Shafter Recreation and Park District, West Side Cemetery District, West Side Mosquito and Vector Control District, West Side Recreation and Park District, the Kern County Superior Court, and the Kern County Hospital Authority. The management of KCERA is vested with the KCERA Board of Retirement. The Board consists of nine members and two alternate members. KCERA issues an Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for KCERA.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The ACFR is available at www.kcera.org or by contacting KCERA's office at 11125 River Run Blvd., Bakersfield, CA 93311 or by calling (661) 381- 7700.

Summary of Plans and Eligible Participants

All regular full-time employees of the County of Kern or contracting districts who work 50% or more of the regular standard hours are required to become members of KCERA effective on the first day of the first full biweekly payroll period following the date of hire.

General members (excluding Tier III) are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit.

Benefits Provided

The retirement benefit the member will receive is based on age at retirement, final average compensation (FAC), years of retirement service credit and benefit tier.

General member benefits for Tier I and Tier II are calculated pursuant to California Government Code Sections 31676.17 and 31676.01, respectively. The monthly allowance is equal to 1/50th of FAC times years of accrued retirement service credit times an age factor from Section 31676.17 (Tier I), or 1/90th of FAC times years of accrued retirement service credit times an age factor from Section 31676.01 (Tier II). General Tier III member benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the FAC multiplied by years of accrued retirement credit multiplied by an age factor from Section 7522.20(a).

For general members in Tiers I and II, the maximum monthly retirement allowance is 100% of FAC. For General Tier III members, there is no limit on the maximum monthly allowance relative to FAC.

The maximum amount of compensation earnable that can be taken into account for 2023 for members with membership dates on or after July 1, 1996 but before January 1, 2013 is \$330,000. For General Tier III members who joined on or after January 1, 2013, the maximum pensionable compensation that can be taken into account for 2023 is \$146,042 for those enrolled in Social Security. These limits are adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

FAC consists of the highest 12 consecutive months of compensation earnable for General Tier I and General Tier IIA members. FAC consists of the highest 36 consecutive months of pensionable compensation for General Tier IIB and General Tier III members.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The member may elect an unmodified retirement allowance or one of four optional retirement allowances. The unmodified option provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible spouse or partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or partners may also be eligible if marriage or partnership was at least two years prior to the date of death and the surviving spouse or partner is age 55 or older as of the date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

Death Benefits

An active member's beneficiary is entitled to receive death benefits, which consist of accumulated contributions, plus interest, and one month's salary for each full year of service, up to a maximum of six months of salary.

If a member is vested and the death is not the result of a job-caused injury or disease, the spouse or registered domestic partner will be entitled to receive a lifetime monthly allowance equal to 60% of the retirement allowance to which they would have been entitled if they had retired with a nonservice-connected disability on the date of the member's death. If there is no eligible spouse or partner, the same choice is given to the member's minor children who are under the age of 18 (continuing to age 22 if enrolled full-time in an accredited school).

If a member dies in the performance of duty, the spouse or registered domestic partner receives, for life, monthly allowance equal to at least 50% of the member's final average salary. This will only apply to minor children under the age of 18 (continuing to age 22 if enrolled full time in an accredited school).

If a member dies after retirement, a death benefit of \$5,000 (increased from \$3,000 to \$5,000 on January 1, 2015) is payable to their designated beneficiary or the estate.

If the retirement was for service-connected or nonservice-connected disability and the member chose the unmodified allowance option, their surviving spouse, registered domestic partner or minor children will receive a monthly continuance equal to 60% of the benefit.

If the retirement was for service-connected disability, their spouse, registered domestic partner or minor children will receive a 100% continuance of the member's benefit.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Disability Benefits

A member with five years of service, regardless of age, who becomes permanently incapacitated from the performance of duty will be eligible for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated from the performance of duty as a result of an injury or disease arising out of and in the course of employment is eligible for a service-connected disability, regardless of service length or age.

Cost-of-Living Adjustments

An annual cost-of-living adjustment (COLA) of up to 2.0% was adopted for all retirees and continuance beneficiaries as of April 1, 1973. An additional 0.5% COLA was granted by the Ventura Settlement as of April 1, 2002, resulting in a maximum COLA of 2.5%, depending on the rate of inflation.

Supplemental Benefits

The Board of Retirement and the Kern County Board of Supervisors adopted Government Code Section 31618 on April 23, 1984, which provides for the establishment of the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is used only for the benefit of future and current retired members and their beneficiaries. The supplemental benefit is not a guaranteed benefit. The distribution of the SRBR is determined by the Board of Retirement. SRBR currently provides for 82% purchasing power protection and a \$5,000 death benefit. On September 14, 2022, the Board adopted a Restructured SRBR benefit effective July 1, 2022 equal to \$1.80 per year of service, but no less than the member's current SRBR benefit as of July 1, 2022. The Restructured SRBR benefit also includes a 2.5% COLA on the SRBR benefit, so long as the SRBR remains adequately funded. This plan amendment increased the NPL by \$30.4 million combined for all plan participants.

Contributions

The County of Kern and contracting districts contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from KCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2023 for 2022-2023 (based on the June 30, 2021 valuation and after reflecting the phase-in of the impact of the assumption changes for the County Safety cost group) was 48.76% of compensation. Contributions to the pension plan from the District were \$15,168,427 for the year ended June 30, 2024. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

Eligible employees and their beneficiaries are entitled to pension, disability and survivors' benefits under the provision of the CERL with the establishment of KCERA on January 1, 1945. As a condition of participation under the provisions of the CERL,

NOTES TO THE BASIC FINANCIAL STATEMENTS

members are required to pay a percentage of their salaries, depending upon their age at date of entry in the Plan, membership type and benefit tier.

Member contribution rates for fiscal year 2023 ranged from 4.60% to 20.01% and were applied to the member's base pay plus compensable special pay; they were calculated based on the member's KCERA entry age and actuarially calculated benefits. Members are required to contribute depending on the member's tier, employer and bargaining unit.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

Each year, an actuarial valuation is performed for the purpose of determining the funded ratio of the retirement plan and the employer contributions that are necessary to pay benefits accruing to KCERA members not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Normal Actuarial Cost method. The Plan's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2023 ranged from 38.52% to 83.71% of covered payroll, with a combined average of 48.80% for all employers.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a liability of \$119,958,246 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the liability used to calculate the net pension liability was determined by an actuarial valuation date June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2023, the District's proportion was 4.7672%, compared to 4.7787% at June 30, 2022, a decrease of 0.0115%.

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$17,465,685. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,483,245	\$ -
Change in actual vs. proportionate contributions	4,746,503	-
Contributions subsequent to measurement date	15,168,427	-
Difference between prior year actuarial and actual employer contribution	(109,094)	-
Difference between projected and actual earnings on pension plan	7,944,131	-
Change in proportion	-	2,169,220
Difference between expected and actual experience	-	3,735,599
	\$ 36,233,212	\$ 5,904,819

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The District contributions of \$15,168,427 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
2025	\$ 4,840,713
2026	747,664
2027	8,093,303
2028	1,478,285
2029	-
Thereafter	-
	\$ 15,159,965

Actuarial Assumptions

The total pension liability as of June 30, 2023 that was measured by an actuarial valuation as of June 30, 2022. The actuarial assumptions used were the same as the June 30, 2023 funding valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Inflation:	2.50%
Salary Increases:	General: 3.70% to 8.00%. Varies by service, including inflation.
Investment Rate of Return:	7.00%, net of pension plan investment expenses, including inflation.
Administrative Expenses:	0.95% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Other Assumptions:	Same as those used in the June 30, 2023 funding valuation. These assumptions were developed in the analysis of the actuarial experience for the period from July 1, 2019 to June 30, 2022.

The Entry Age Actuarial Cost Method used in KCERA's annual actuarial valuation has also been applied in measuring the Service Cost and Total Pension Liability (TPL) with one exception. For purposes of measuring the Service Cost and TPL, KCERA has reflected the same plan provisions used in determining the member's Actuarial Present Value of Projected Benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the Normal Cost and Actuarial Accrued Liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	7.05%
Core Fixed Income	14%	1.97%
High Yield Corporate Credit	6%	4.63%
Emerging Market Debt (Hard)	2%	4.72%
Emerging Market Debt (Local)	2%	4.53%
Commodities	4%	4.21%
Core Real Estate	5%	3.86%
Value Added Real Estate	5%	6.70%
Midstream	5%	8.00%
Capital Efficiency Alpha Pool	8%	3.10%
Hedge Fund	10%	3.10%
Private Equity	5%	10.27%
Private Credit	5%	6.97%
Cash	-8%	0.63%
Total	100%	

Discount Rate

The discount rates used to measure the total pension liability were 7.00% as of June 30, 2023 and 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2023 and June 30, 2022.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplemental Retiree Benefit Reserve SRBR asset pools.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of June 30, 2023, calculated using a discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one point lower (6.00%) or one point higher (8.00%) than the current rate:

NOTES TO THE BASIC FINANCIAL STATEMENTS

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net retirement plan liability	\$ 169,188,820	\$ 119,958,246	\$ 79,499,113

Pension Plan Fiduciary Net Position

Detailed information about the pension fund's fiduciary net position is available in the separately issued KCERA ACFR.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a joint powers authority, the Special District Risk Management Authority (SDRMA), whose purpose is to develop and fund programs of excess insurance for comprehensive liability, workers' compensation, property and employee blanket bonds for its member districts.

For the fiscal year 2023-24, the District contributed \$1,109,958 to the SDRMA. The District's contributions represented 1.76% of all member contributions.

The District has coverage against claims up to a limit of \$5,000,000 for comprehensive general and auto liability and public official's liability, up to a limit of \$5,000,000 for workers' compensation liability and up to \$500,000 for public employees blanket bond and for the replacement cost of property. The District is entirely self-insured for vehicle damage.

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

8. DEFERRED COMPENSATION PLAN

The District 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. For employees hired on or after July 31, 2012, the District provides a match of employee contributions not to exceed six percent of their base salary. 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. The available investment options include a fixed return fund, stock fund, bond fund and a money market fund. All amounts of

NOTES TO THE BASIC FINANCIAL STATEMENTS

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. The District's deferred compensation administrator, Empower Annuity Insurance Company of America, qualifies as a plan trustee to meet the federal requirements. In accordance with GASB Statement No. 32, the District no longer reports plan assets and liabilities in its financial statements. As of June 30, 2024, investments with a fair value of \$56,245,122 were held in trust.

9. COMMITMENTS AND ENCUMBRANCES

Encumbrances

The District utilizes encumbrance accounting in its governmental fund as explained in Note 1.D. Total encumbrances for the General Fund as of June 30, 2024 were \$6,271,924. Encumbrances are categorized as Assigned Fund Balance.

10. PENDING LITIGATION

There are various lawsuits and claims filed against the District which, in the opinion of the District Counsel, will be resolved with no material adverse effect on the District's financial position or results of operations.

11. SUBSEQUENT EVENTS

In compliance with accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through December 23, 2024, which is the date the basic financial statements were issued.

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Required Supplementary Information

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San Joaquin Valley Unified Air Pollution Control District
General Fund - Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Adopted	Final Adjusted	Budgetary Basis	Final Budget
<u>Operating Budget</u>				
Revenues:				
Vehicle Registration Fees	\$ 13,622,345	\$ 13,622,345	\$ 13,303,459	\$ (318,886)
License and Permit Fees	23,842,641	23,842,641	24,535,878	693,237
Interest	2,000,000	2,000,000	6,331,396	4,331,396
Penalties and Settlements	3,000,000	3,000,000	6,689,359	3,689,359
State Grants	13,955,000	13,955,000	14,018,178	63,178
Federal Grants	2,065,000	2,065,000	2,174,456	109,456
Administrative Fees	11,330,230	27,191,842	24,053,981	(3,137,861)
Miscellaneous Revenue	52,750	52,750	352,003	299,253
Total Operating Revenues	<u>69,867,966</u>	<u>85,729,578</u>	<u>91,458,710</u>	<u>5,729,132</u>
Operating Amounts Available For Appropriations	69,867,966	85,729,578	91,458,710	5,729,132
Expenditures:				
Salaries and Benefits	58,955,806	58,955,806	56,166,199	2,789,607
Services and Supplies	9,970,050	10,015,863	8,249,590	1,766,273
Capital Outlays:				
Office Improvements	375,000	375,000	50,688	324,312
Computer Equipment	1,164,131	1,164,131	872,516	291,615
Office Furniture/Equipment	32,600	32,600	23,315	9,285
Office Machines	31,120	31,120	-	31,120
Telephone System	23,450	23,450	782	22,668
Detection Equipment	40,000	40,000	-	40,000
Automobiles	706,100	706,100	700,000	6,100
Video Conferencing System	70,000	70,000	69,422	578
Air Monitoring Station Equipment	1,483,400	1,483,400	1,399,048	84,352
AMS Automation Project	11,000	11,000	-	11,000
Total Capital Outlays*	<u>3,936,801</u>	<u>3,936,801</u>	<u>3,115,771</u>	<u>821,030</u>
Total Operating Charges to Appropriations	<u>72,862,657</u>	<u>72,908,470</u>	<u>67,531,560</u>	<u>5,376,910</u>
Excess of Operating Revenues Over Expenditures	<u>(2,994,691)</u>	<u>12,821,108</u>	<u>23,927,150</u>	<u>11,106,042</u>
<u>Non-Operating Budget</u>				
Revenues:				
Air Toxics	232,362	232,362	82,227	(150,135)
DMV Surcharge Fees	49,414,388	49,414,388	48,345,168	(1,069,220)
Carl Moyer Program	19,000,000	19,000,000	2,343,750	(16,656,250)
Proposition 1B	-	-	-	-
Federal and Heavy Duty Grants	43,620,453	138,468,917	19,852,665	(118,616,252)
CEC - Energy Efficiency Block Grant	13,985,873	18,172,873	-	(18,172,873)
VERA/ISR Rule Mitigation Funds	20,891,448	20,891,448	4,787,581	(16,103,867)
State Cap and Trade and AQIP Funding	110,480,769	262,281,464	251,625,676	(10,655,788)
Volkswagen Mitigation Funding	28,280,000	28,280,000	28,280,000	-
Non-Operating Interest	12,036,293	12,036,293	19,597,379	7,561,086
Other Miscellaneous Incentives	20,000	9,800	47,507	37,707
Non-Operating Amounts Available For Appropriations	<u>297,961,586</u>	<u>548,787,545</u>	<u>374,961,953</u>	<u>(173,825,592)</u>
Expenditures:				
Air Toxics-Pass Through	232,400	232,400	82,227	150,173
Federal and Heavy Duty Grants	15,964,003	111,757,424	19,856,815	91,900,609
Carl Moyer Program	45,063,500	80,472,300	33,703,646	46,768,654
DMV Surcharge Fees	76,312,600	146,705,600	67,981,576	78,724,024
VERA/ISR Rule Mitigation Program	40,618,000	48,830,000	16,141,958	32,688,042
Proposition 1B Program	6,486,500	6,516,600	400,000	6,116,600
Community Incentive Programs	17,864,900	23,470,900	5,448,303	18,022,597
State Cap and Trade and AQIP Funding	371,062,100	801,656,795	216,790,594	584,866,201
CEC - Energy Efficiency Block Grant	9,798,900	13,985,900	-	13,985,900
Volkswagen Mitigation Funding	65,952,600	104,190,800	7,699,700	96,491,100
Miscellaneous Incentive Programs	64,400	64,400	-	64,400
Total Non-Operating Charges to Appropriations	<u>649,419,903</u>	<u>1,337,883,119</u>	<u>368,104,819</u>	<u>969,778,300</u>
Excess(Deficiency) of Non-Operating Revenues Over(Under) Expenditures	<u>(351,458,317)</u>	<u>(789,095,574)</u>	<u>6,857,134</u>	<u>795,952,708</u>
Appropriation for Contingencies	850,000	804,188	-	804,188
Net Change to District Fund Balance, June 30, 2024	<u>\$ (355,303,008)</u>	<u>\$ (777,078,654)</u>	<u>\$ 30,784,284</u>	<u>\$ 807,862,938</u>

*Capital outlays do not include GASB 87 leases and GASB 96 SBITA

NOTES TO THE SCHEDULE OF GENERAL FUND BUDGETED AND ACTUAL EXPENDITURES BUDGETARY BASIS

Note 1 – GENERAL FUND BUDGETARY BASIS RECONCILIATION

The General Fund Budgetary Comparison Schedule on page 56 presents comparisons of the legally Adopted Budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing expenditure data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of differences is presented below for the fiscal year ended June 30, 2024.

Excess of revenues over expenditures (GAAP Basis)*	\$	32,378,880
Adjustments from budget cash basis to modified accrual basis		(1,594,596)
Excess of revenues over expenditures (Budgetary Basis)	\$	30,784,284

*Capital outlays do not include GASB 87 leases and GASB 96 SBITA

Note 2 - BUDGETING

In accordance with the provisions of the State Health and Safety Code Section 40131, the District's Formation Agreement, and the San Joaquin Valley Unified Air Pollution Control District's (District) Administrative Code, the District prepares and legally adopts a final balanced budget on or before June 30 of each fiscal year. The final Adopted Budget is available for review on the District's website at www.valleyair.org.

Budgetary control is exercised at the object level. All amendments or transfers of appropriations between these levels are authorized by the Executive Director/Air Pollution Control Officer and must be approved by the District Governing Board (Board). The Board also must approve supplemental appropriations financed by unanticipated revenues.

Expenditures, except for Capital Outlays, are controlled at the object level for all program budgets within the District. Capital assets are controlled at the sub-object level.

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION – SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Last Ten Fiscal Years*

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION - SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
District's proportion of the net pension liability (asset)	4.7672%	4.7787%	4.5176%	4.6477%	4.2869%	4.0838%	3.8855%	3.4683%	3.4037%
District's proportionate share of the net pension liability (asset)	\$ 119,958,246	\$ 113,722,982	\$ 85,354,840	\$ 123,717,825	\$ 102,135,944	\$ 95,186,053	\$ 91,852,721	\$ 83,711,648	\$ 74,985,888
District's covered payroll	\$ 30,552,374	\$ 28,344,293	\$ 27,271,303	\$ 27,077,369	\$ 25,384,117	\$ 24,978,663	\$ 22,993,004	\$ 22,163,475	\$ 21,862,199
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	392.63%	401.22%	312.98%	456.90%	402.36%	381.07%	399.48%	377.70%	342.99%
Plan fiduciary net position as a percentage of the total pension liability (asset)	63.49%	62.80%	69.69%	55.90%	58.47%	59.22%	57.90%	57.15%	59.25%

*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION - SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS Last Ten Fiscal Years*

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION - SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Actuarially determined contribution	\$ 15,104,172	\$ 13,717,952	\$ 12,135,450	\$ 12,730,527	\$ 9,822,196	\$ 9,904,665	\$ 8,717,203	\$ 7,499,401
Actual contributions	14,249,137	13,006,626	11,958,599	11,852,298	9,888,187	8,995,309	8,426,722	7,750,471
Contribution deficiency (excess)	\$ 855,035	\$ 711,326	\$ 176,851	\$ 878,229	\$ (65,991)	\$ 909,376	\$ 290,481	\$ (251,070)
District's covered payroll	\$ 32,668,023	\$ 30,438,414	\$ 28,246,481	\$ 27,322,161	\$ 27,000,871	\$ 25,335,880	\$ 24,056,703	\$ 22,969,370
Actual contributions as a percentage of the District's covered payroll	43.62%	42.73%	42.34%	43.38%	36.62%	35.50%	35.03%	33.74%

*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The information presented relates solely to the District and not Kern County Employees' Retirement Association as a whole. Additional information related to actuarial assumptions are included in the Notes to the Basic Financial Statements on page 47.

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STATISTICAL SECTION

The information in this section is presented as supplemental data for the benefit of the readers of the annual comprehensive financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the District's economic condition.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain trend information to help the reader assess the District's most significant revenue source, DMV Surcharge Fees.

Operating Information

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

Demographic and Economic Information

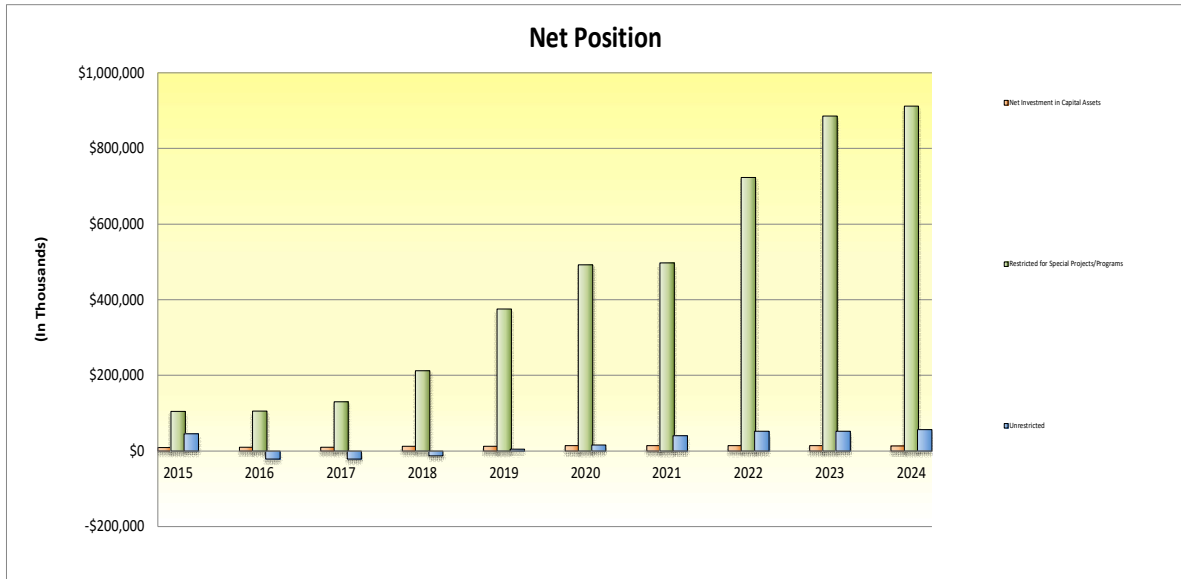
These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the District's financial activities take place.

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

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

STATEMENT OF NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Current and Other Assets	\$ 150,856	\$ 154,223	\$ 188,266	\$ 293,995	\$ 472,447	\$ 638,132	\$ 651,010	\$ 874,618	\$ 1,040,535	\$ 1,084,207
Capital Assets	9,259	9,568	9,397	12,528	12,322	13,698	13,474	13,334	14,193	13,038
Total Assets	160,115	163,791	197,663	306,523	484,769	651,830	664,484	887,952	1,054,728	1,097,245
Deferred Outflows of Resources - Deferred Pension	14,310	15,436	23,821	29,857	28,854	28,816	40,215	24,829	32,453	36,233
Current Liabilities	2,133	3,446	2,743	3,365	3,182	26,428	20,207	9,424	11,127	22,490
Noncurrent Liabilities	71,051	78,094	87,236	95,463	98,856	106,843	128,031	89,446	118,008	124,466
Total Liabilities	73,184	81,540	89,979	98,828	102,038	133,271	148,238	98,870	129,135	146,956
Deferred Inflows of Resources - Deferred Pension	8,893	3,806	5,775	7,948	8,082	6,810	4,992	25,039	6,062	5,905
Net Position:										
Net Investment in Capital Assets	9,259	9,568	9,397	12,528	12,322	13,698	13,474	13,334	14,193	12,932
Restricted for Special Projects/Programs	104,379	105,725	129,584	212,202	375,335	491,983	497,658	723,433	885,220	911,466
Unrestricted	45,218	(21,289)	(21,412)	(13,251)	4,875	15,846	40,337	52,105	52,571	56,219
Total Net Position	\$ 158,856	\$ 94,004	\$ 117,569	\$ 211,479	\$ 392,532	\$ 521,527	\$ 551,469	\$ 788,872	\$ 951,984	\$ 980,617



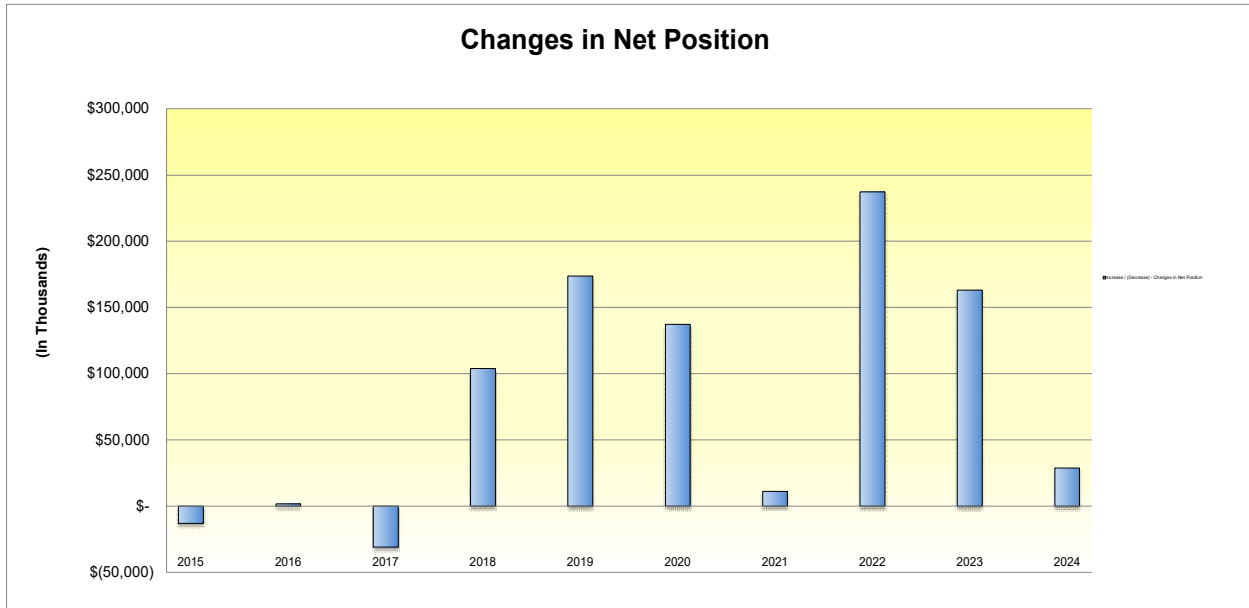
Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**CHANGES IN NET POSITION
Last Ten Fiscal Years**

*(accrual basis of accounting)
(In Thousands)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Program Revenue:										
Fees and Charges - Stationary Sources	\$ 23,589	\$ 24,936	\$ 26,721	\$ 32,126	\$ 33,820	\$ 37,535	\$ 32,921	\$ 29,825	\$ 24,735	\$ 24,041
Fees and Charges - Mobile Sources	12,587	13,084	17,961	20,971	29,572	31,368	23,908	37,462	33,064	37,470
Operating Grants	2,199	2,168	2,078	11,424	2,074	12,554	12,382	13,727	14,003	14,684
Restricted Special Revenue Sources	75,338	64,488	101,102	166,347	289,828	324,283	189,475	405,166	377,235	374,962
Total Program Revenue	113,713	104,676	147,862	230,868	355,294	405,740	258,686	486,180	449,037	451,157
General Revenues:										
State Subvention	916	916	929	936	947	957	967	968	970	963
Interest	1,237	1,334	1,611	2,323	3,761	5,135	3,978	3,409	5,099	6,331
Penalties/Settlements	3,022	3,672	6,004	6,495	6,115	5,747	3,521	7,810	6,371	7,072
Miscellaneous	142	196	61	113	280	93	134	274	327	327
Total General Revenues	5,317	6,118	8,605	9,867	11,103	11,932	8,600	12,461	12,767	14,693
Other Financing Sources - Capital Asset Leases	-	-	-	-	-	-	-	-	-	-
Total Revenues & Other Financing Sources	119,030	110,794	156,467	240,735	366,397	417,672	267,286	498,641	461,804	465,850
Expenses:										
Permitting	12,781	12,906	14,108	15,152	15,716	16,685	17,620	14,470	19,478	19,997
Enforcement / Air Monitoring / Ag Burning	13,938	14,532	15,084	16,389	17,352	19,193	20,558	17,672	18,312	19,720
Plan and Rule Development	1,272	1,148	726	1,288	1,361	1,550	1,571	1,321	1,690	1,804
Mobile Sources	4,639	4,885	5,417	5,799	7,265	9,062	9,781	9,578	12,757	14,738
Outreach & Communications	2,515	2,502	2,804	3,154	3,081	3,478	3,508	3,570	3,616	3,537
Air Quality Analysis	3,521	4,246	4,910	5,111	7,995	6,084	8,407	7,760	8,643	9,316
Non-Operating	93,561	69,043	81,569	89,966	139,729	224,558	194,937	206,867	234,196	368,105
Total Expenses	132,227	109,262	124,618	136,859	192,499	280,610	256,382	261,238	298,692	437,217
Increase / (Decrease) - Changes in Net Position										
Prior to Adjustment	(13,197)	1,532	31,849	103,876	173,898	137,062	10,904	237,403	163,112	28,633
Adjustment to Net Position	-	-	(62,975)	-	-	-	-	-	-	-
Changes in Net Position	\$ (13,197)	\$ 1,532	\$ (31,126)	\$ 103,876	\$ 173,898	\$ 137,062	\$ 10,904	\$ 237,403	\$ 163,112	\$ 28,633



Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

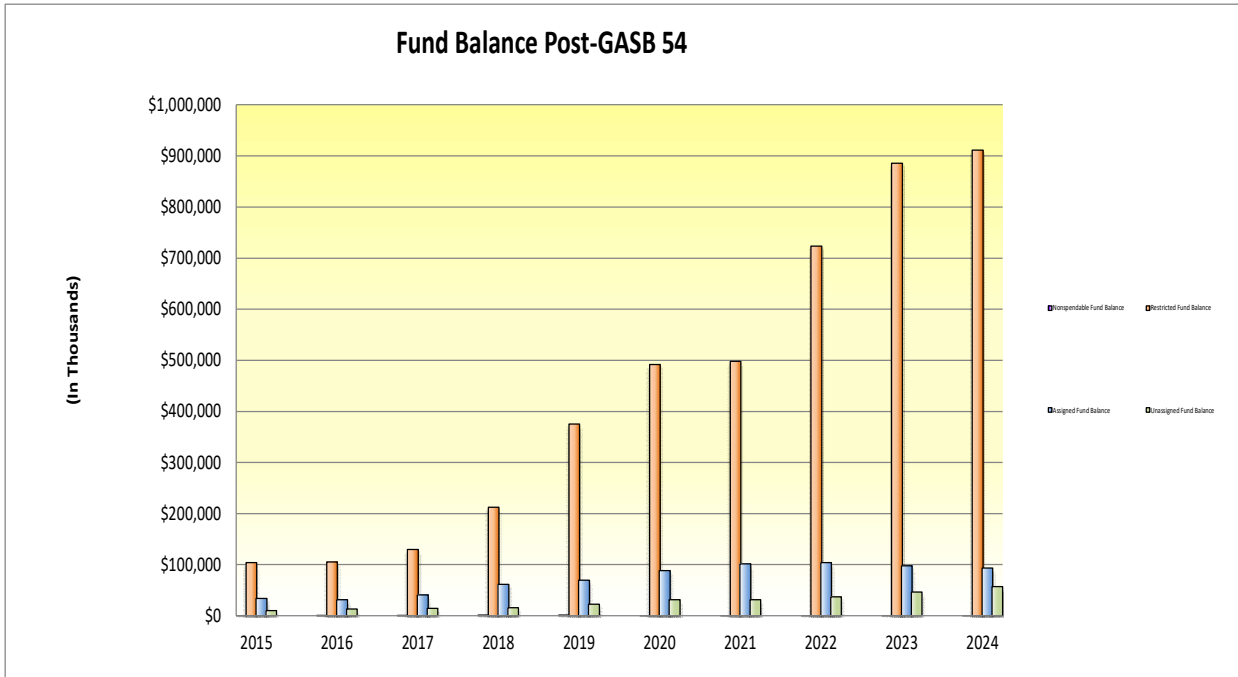
FUND BALANCE, GENERAL FUND

Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable Fund Balance	548	988	1,018	1,372	1,607	14	316	507	408	100
Restricted Fund Balance	104,379	105,726	129,584	212,202	375,334	491,983	497,657	723,433	885,220	911,466
Committed Fund Balance	-	-	-	-	-	-	-	-	-	-
Assigned Fund Balance	33,748	31,138	40,723	61,644	69,529	88,349	101,919	104,358	97,772	93,593
Unassigned Fund Balance	10,277	13,170	14,198	15,661	23,073	31,608	31,282	37,388	46,532	57,152
Total General Fund	\$ 148,952	\$ 151,022	\$ 185,523	\$ 290,879	\$ 469,543	\$ 611,954	\$ 631,174	\$ 865,686	\$ 1,029,932	\$ 1,062,311



Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

Note: The District implemented GASB Statement No. 54 under which fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

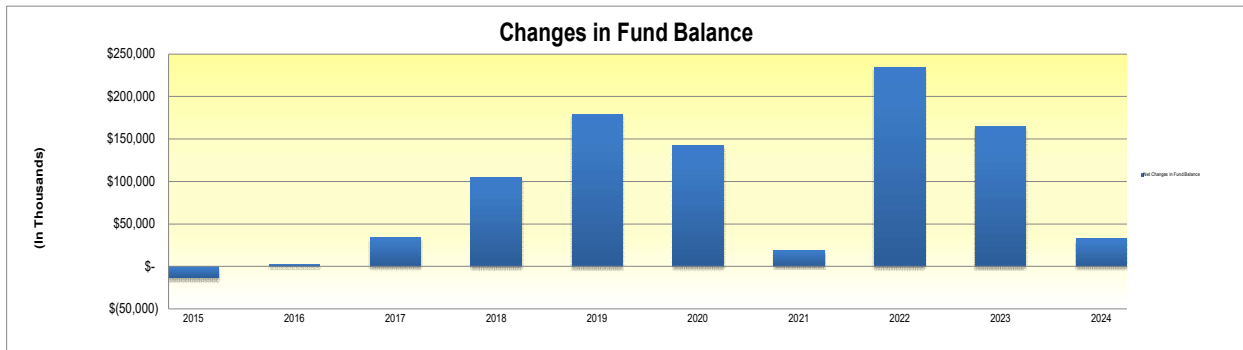
CHANGES IN FUND BALANCE, GENERAL FUND

Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Program Revenues:										
Fees and Charges - Stationary Sources	\$ 23,589	\$ 24,936	\$ 26,721	\$ 32,127	\$ 33,820	\$ 37,536	\$ 32,921	\$ 29,825	\$ 24,735	\$ 24,041
Fees and Charges - Mobile Sources	12,587	13,084	17,961	20,970	29,572	31,368	23,908	37,462	33,064	37,470
Operating Grants	2,199	2,168	2,078	11,424	2,074	12,554	12,382	13,727	14,003	14,684
Restricted Special Revenue Sources	75,338	64,488	101,102	166,347	289,828	324,283	189,475	405,166	377,235	374,962
General Revenues:										
State Subvention - Not Restricted	916	916	929	936	947	957	967	968	970	963
Interest - Not Restricted	1,237	1,334	1,611	2,323	3,761	5,135	3,978	3,409	5,099	6,331
Penalties/Settlements	3,022	3,672	6,004	6,495	6,115	5,747	3,521	7,810	6,371	7,072
Miscellaneous Revenue	142	283	61	113	280	93	134	274	327	327
Total Revenues	119,030	110,881	156,467	240,735	366,397	417,673	267,286	498,641	461,804	465,850
Expenditures:										
Operating:										
Salaries and Benefits	32,379	33,583	34,669	36,397	39,965	43,323	45,625	48,996	52,641	56,166
Services and Supplies	4,611	4,515	4,497	4,470	4,080	4,534	4,781	5,329	6,970	7,517
Capital Outlay	1,968	1,671	1,230	4,546	3,959	2,846	2,723	2,937	3,752	1,628
Capital Outlay - lease and SBITA	-	-	-	-	-	-	-	-	-	55
Debt Services:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditures	38,958	39,769	40,396	45,413	48,004	50,703	53,129	57,262	63,363	65,366
Non-Operating:										
Pass Through and Non-Operating	93,561	69,043	81,569	89,966	139,729	224,559	194,937	206,867	234,196	368,105
Total Expenditures	132,519	108,812	121,965	135,379	187,733	275,262	248,066	264,129	297,559	433,471
Other Financing Sources - Capital Asset Leases	-	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balance - Prior to Adjustment	(13,489)	2,069	34,502	105,356	178,664	142,411	19,220	234,512	164,245	32,379
Adjustment to Fund Balance	-	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (13,489)	\$ 2,069	\$ 34,502	\$ 105,356	\$ 178,664	\$ 142,411	\$ 19,220	\$ 234,512	\$ 164,245	\$ 32,379
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

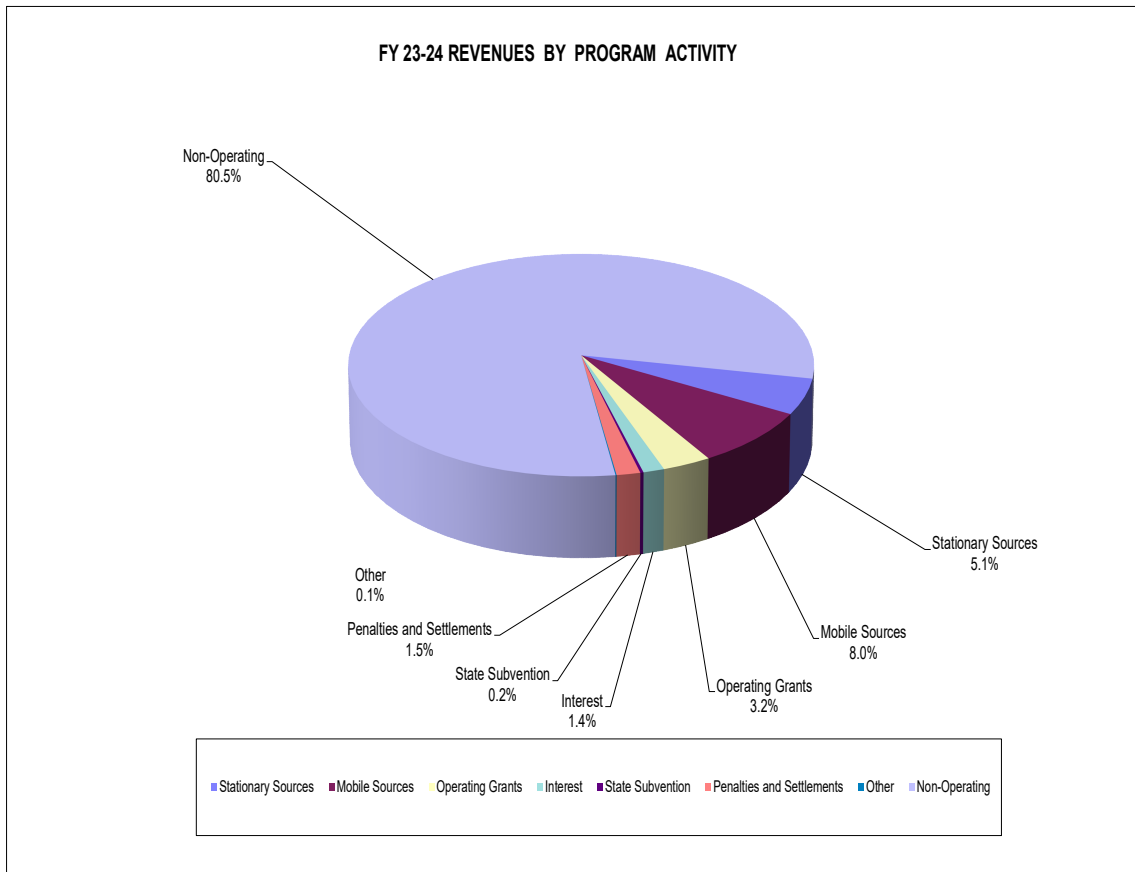


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

REVENUES BY PROGRAM ACTIVITY Last Ten Fiscal Years

Program Activity	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Stationary Sources	\$ 23,589,328	\$ 24,935,598	\$ 26,720,737	\$ 32,126,421	\$ 33,819,926	\$ 37,535,371	\$ 32,921,293	\$ 29,825,161	\$ 24,734,672	\$ 24,041,453
Mobile Sources	12,587,016	13,083,836	17,960,475	20,970,391	29,571,734	31,368,469	23,907,628	37,461,704	33,064,227	37,469,612
Operating Grants	2,198,751	2,168,103	2,077,626	11,424,146	2,074,312	12,554,413	12,382,182	13,727,567	14,003,708	14,683,659
Interest	1,236,409	1,334,372	1,610,865	2,322,980	3,761,051	5,135,114	3,978,036	3,409,195	5,098,989	6,331,396
State Subvention	916,425	916,151	929,057	936,250	947,052	957,169	967,016	968,160	969,846	963,178
Penalties and Settlements	3,021,904	3,671,774	6,004,361	6,495,034	6,115,094	5,746,760	3,520,826	7,809,685	6,370,674	7,071,537
Other	141,979	283,079	61,106	113,226	279,766	92,769	133,536	273,633	327,075	327,077
Non-Operating	75,338,055	64,487,754	101,102,354	166,346,429	289,827,526	324,283,301	189,474,798	405,166,110	377,235,384	374,961,953
Total Revenues	\$ 119,029,867	\$ 110,880,667	\$ 156,466,581	\$ 240,734,877	\$ 366,396,461	\$ 417,673,366	\$ 267,285,315	\$ 498,641,215	\$ 461,804,575	\$ 465,849,865



Notes: Other includes: Miscellaneous Revenue and Subscriptions

Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

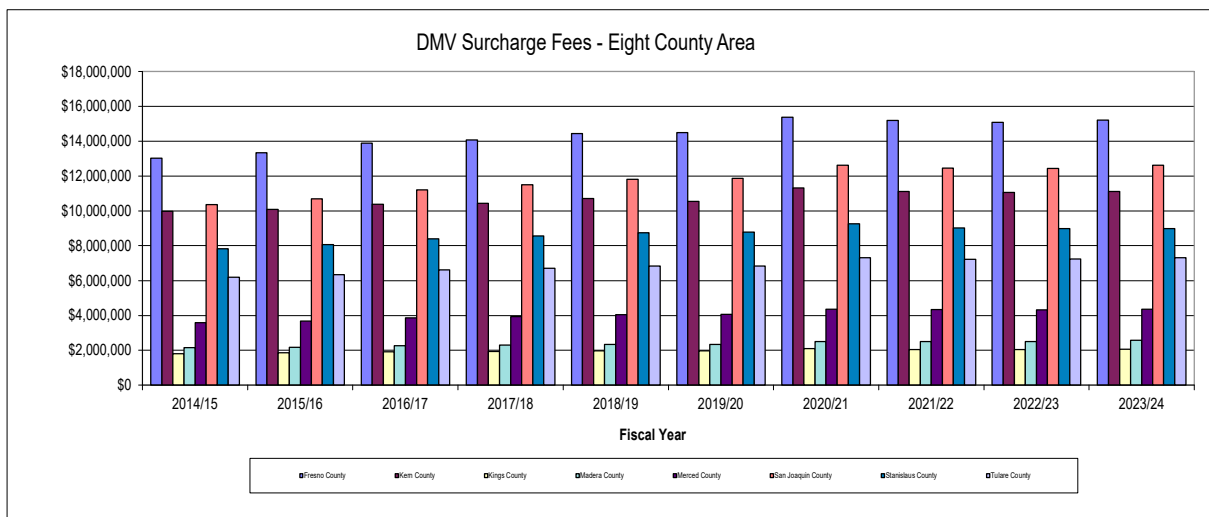
SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

DMV SURCHARGE FEES - EIGHT COUNTY AREA

Last Ten Fiscal Years

(cash basis of accounting)

Fiscal Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
2014/15	13,018,575	9,969,430	1,812,567	2,149,631	3,583,162	10,357,161	7,831,201	6,198,103	54,919,830	1.75%
2015/16	13,333,245	10,093,614	1,853,353	2,175,019	3,677,138	10,697,281	8,057,686	6,346,114	56,233,450	2.39%
2016/17	13,879,471	10,371,045	1,911,541	2,263,424	3,858,515	11,208,940	8,392,900	6,607,936	58,493,772	4.02%
2017/18	14,079,399	10,428,850	1,940,071	2,297,766	3,932,779	11,498,274	8,551,038	6,699,858	59,428,035	1.60%
2018/19	14,444,692	10,711,561	1,969,449	2,350,851	4,044,430	11,819,334	8,739,692	6,840,133	60,920,142	2.51%
2019/20	14,500,382	10,551,082	1,981,990	2,353,014	4,060,392	11,863,477	8,782,009	6,838,133	60,930,479	0.02%
2020/21	15,374,457	11,315,002	2,099,540	2,507,038	4,361,286	12,618,985	9,262,776	7,311,685	64,850,769	6.43%
2021/22	15,196,850	11,107,144	2,052,323	2,499,618	4,339,564	12,454,860	9,027,474	7,221,249	63,899,082	-1.47%
2022/23	15,084,681	11,065,710	2,042,005	2,508,187	4,327,756	12,431,280	8,973,767	7,241,364	63,674,749	-0.35%
2023/24	15,211,624	11,117,346	2,060,549	2,571,812	4,349,900	12,618,500	8,988,267	7,310,957	64,228,955	0.87%



Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

Starting in 2011/12, total DMV Surcharge Fees include funds from AB2766, AB2522, SB709, and AB923.

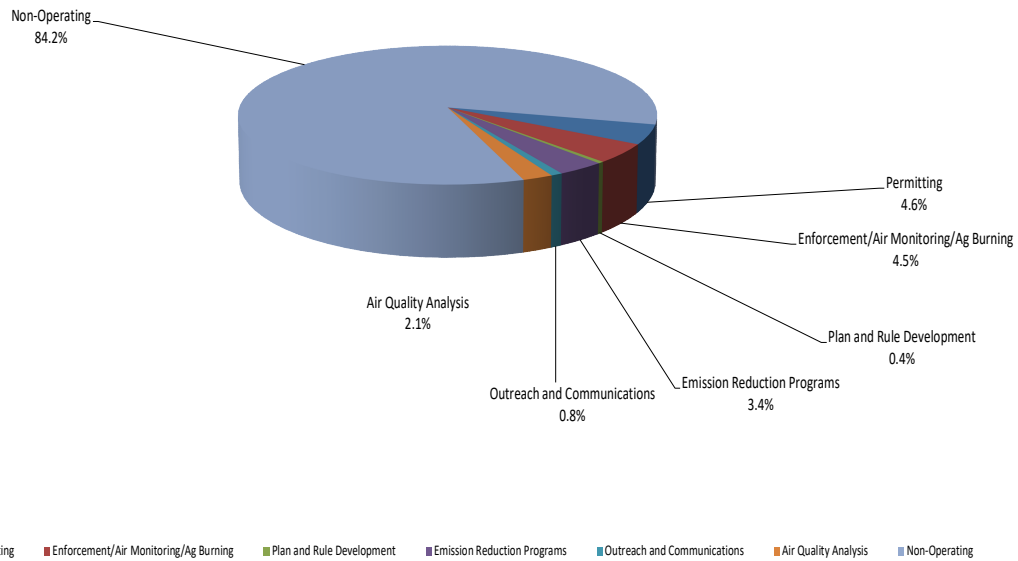
Source: California Department of Motor Vehicles

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**EXPENSES BY PROGRAM ACTIVITY (Accrual Basis of Accounting)
Last Ten Fiscal Years**

Program Activity	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Permitting	\$ 12,781,456	\$ 12,906,182	\$ 14,108,474	\$ 15,151,629	\$ 15,716,153	\$ 16,684,825	\$ 17,620,134	\$ 14,469,655	\$ 19,478,053	\$ 19,997,022
Enforcement/Air Monitoring/Ag Burning	13,938,265	14,532,516	15,084,374	16,388,828	17,351,638	19,193,489	20,557,914	17,671,526	18,311,514	19,720,370
Plan and Rule Development	1,271,597	1,147,918	725,613	1,288,524	1,361,075	1,550,158	1,571,316	1,321,570	1,689,778	1,803,505
Emission Reduction Programs	4,639,424	4,885,046	5,416,974	5,799,206	7,264,553	9,061,698	9,780,587	9,578,345	12,757,328	14,737,781
Outreach and Communications	2,514,672	2,502,259	2,803,370	3,153,693	3,081,456	3,478,074	3,507,581	3,569,852	3,616,458	3,537,634
Air Quality Analysis	3,520,539	4,245,554	4,910,143	5,111,140	7,994,990	6,084,535	8,407,605	7,760,766	8,642,558	9,316,369
Non-Operating	93,560,856	69,043,003	81,568,823	89,966,110	139,728,770	224,558,522	194,936,640	206,866,736	234,196,117	368,104,819
Total Expenses	\$ 132,226,809	\$ 109,262,478	\$ 124,617,771	\$ 136,859,130	\$ 192,498,635	\$ 280,611,301	\$ 256,381,777	\$ 261,238,450	\$ 298,691,806	\$ 437,217,500

**FY 23-24 EXPENSES BY PROGRAM ACTIVITY
(Accrual Basis of Accounting)**

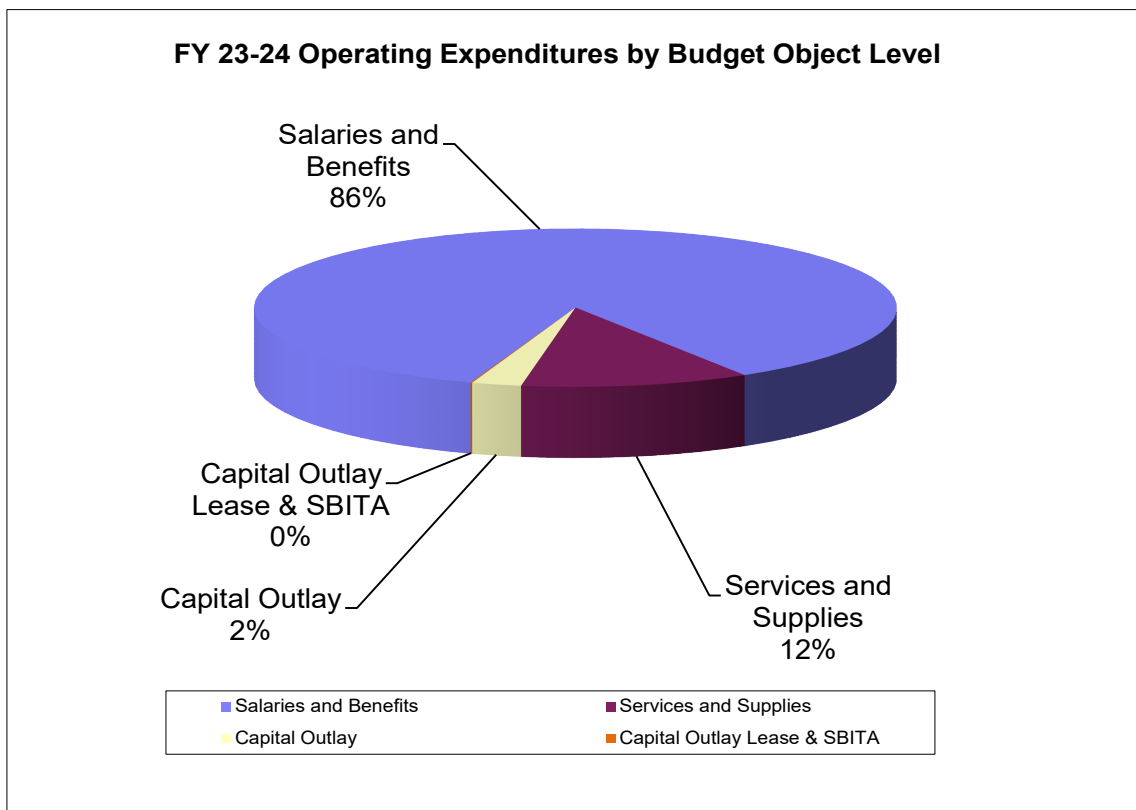


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**OPERATING EXPENDITURES BY BUDGET OBJECT LEVEL
Last Ten Fiscal Years**

Fiscal Year	Salaries and Benefits	Services and Supplies	Capital Outlay	Capital Outlay Lease & SBITA	Total Operating Expenditures
2014/15	32,378,741	4,611,528	1,967,688	-	38,627,210
2015/16	33,582,733	4,514,604	1,670,870	-	38,957,957
2016/17	34,668,985	4,496,799	1,230,474	-	39,768,207
2017/18	36,396,633	4,469,687	4,546,283	-	40,396,258
2018/19	39,964,932	4,080,033	3,958,832	-	45,412,603
2019/20	43,323,215	4,534,297	2,846,243	-	48,003,797
2020/21	45,624,716	4,781,172	2,722,622	-	50,703,755
2021/22	48,996,337	5,329,525	2,936,747	-	57,262,609
2022/23	52,640,796	6,969,816	3,751,938	-	63,362,550
2023/24	56,166,199	7,516,813	1,627,805	55,349	65,366,166



Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

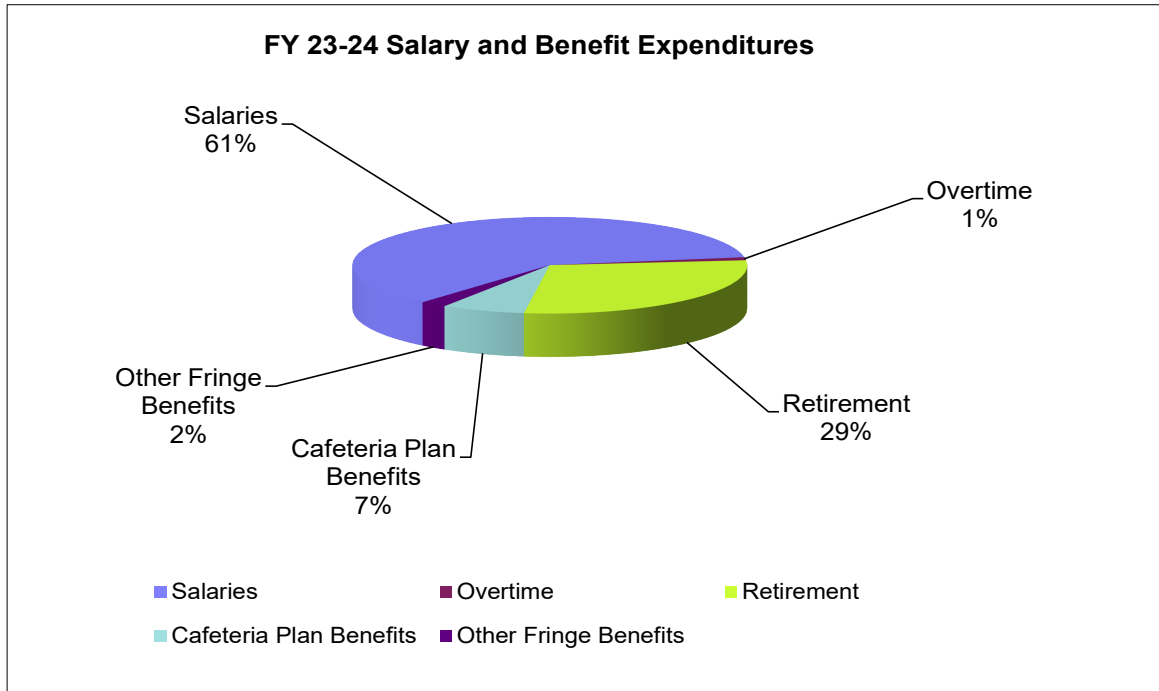
**SALARY AND BENEFIT EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Salaries	Overtime	Retirement	Cafeteria Plan Benefits	Other Fringe Benefits	Total Salaries and Benefits
2014/15	\$ 20,056,696	\$ 347,558	\$ 8,261,724	\$ 2,867,501	\$ 845,262	\$ 32,378,741
2015/16	20,807,732	280,133	8,815,981	2,815,604	863,283	33,582,733
2016/17	21,726,834	320,720	8,942,971	2,791,546	886,914	34,668,985
2017/18	22,900,987	394,487	9,332,994	2,828,282	939,883	36,396,633
2018/19	24,647,442	433,478	10,912,144	3,016,092	955,776	39,964,932
2019/20	26,754,789	465,857	11,754,985	3,251,523	1,096,061	43,323,215
2020/21	28,218,130	505,070	12,541,184	3,200,970	1,159,363	45,624,717
2021/22	30,210,435	522,728	13,783,536	3,455,891	1,023,746	48,996,336
2022/23	32,134,737	523,148	15,151,703	3,682,169	1,149,039	52,640,796
2023/24	34,410,564	563,327	16,124,342	3,839,167	1,228,799	56,166,199

Notes: Salaries Includes: Regular Salaries, Temporary Help, and On Call Pay.

Other Fringe Benefits Includes: Unemployment Insurance, OASDI Insurance, Workers' Compensation

Contributions, Long-Term Disability Insurance, Clean Air Employee Incentive, and Alternate Transportation Incentive.

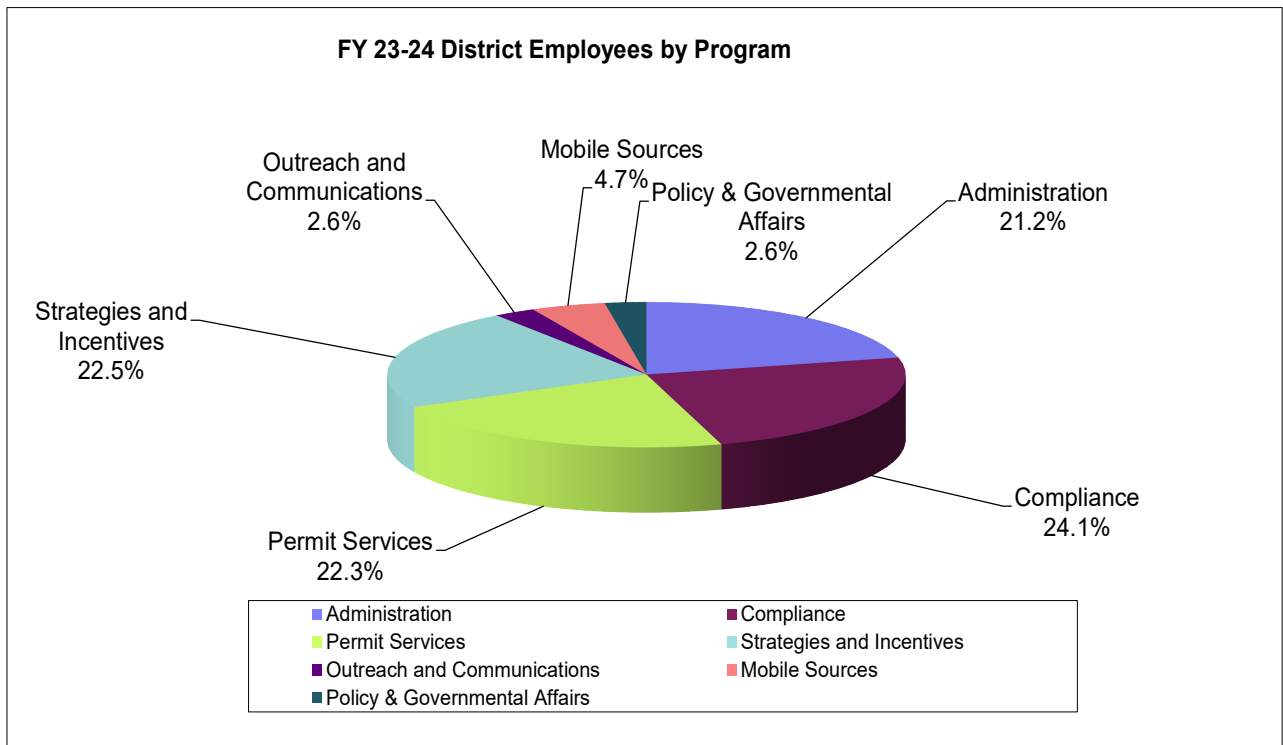


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**DISTRICT EMPLOYEES BY PROGRAM
Last Ten Fiscal Years**

*Fiscal Year	Administration	Compliance	Permit Services	Strategies and Incentives	Outreach and Communications	Mobile Sources	Policy & Governmental Affairs	Total Employees
2014/15	62	97	96	32	7	14	0	308
2015/16	66	93	85	42	8	16	0	310
2016/17	66	93	85	41	8	17	0	310
2017/18	66	93	85	41	8	17	0	310
2018/19	71	100	87	65	9	18	0	350
2019/20	72	100	87	69	10	17	0	355
2020/21	72	100	87	69	10	17	0	355
2021/22	76	100	87	71	11	18	0	363
2022/23	79	92	96	74	11	18	0	370
2023/24	82	93	86	87	10	18	10	386



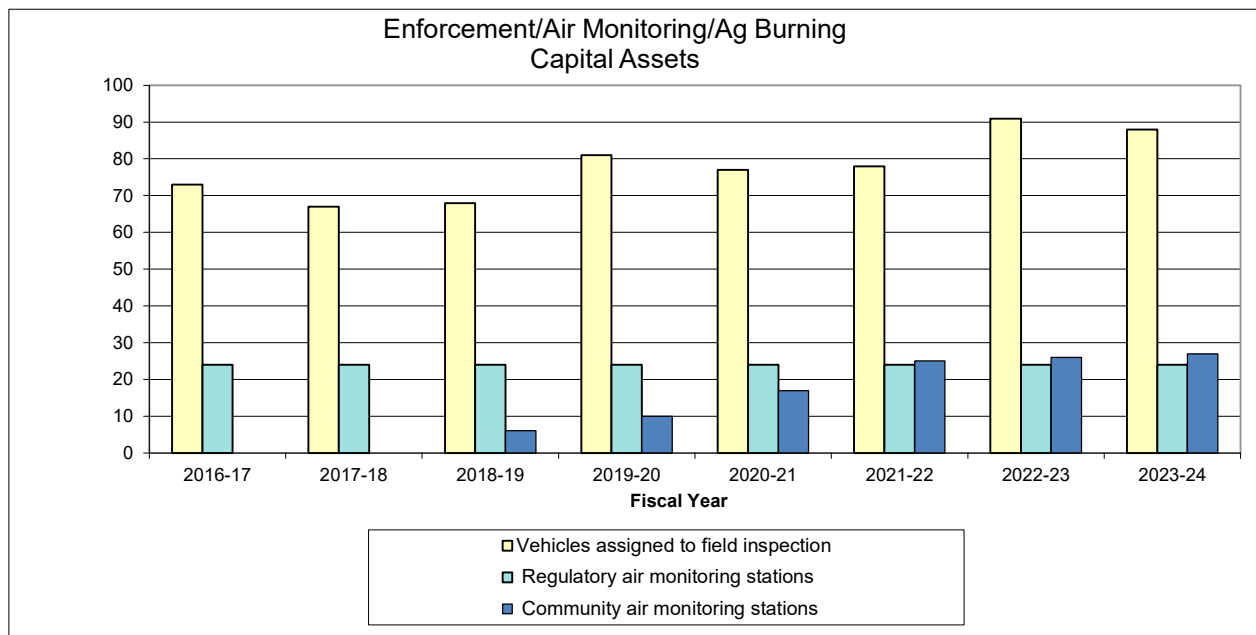
*District Adopted Budget

Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**CAPITAL ASSET STATISTICS BY PROGRAM
Last Eight Fiscal Years***

Program	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Enforcement/Ag Burning								
Vehicles assigned to field inspection	73	67	68	81	77	78	91	88
Air Monitoring								
Regulatory air monitoring stations	24	24	24	24	24	24	24	24
Community air monitoring stations			6	10	17	25	26	27
Outreach and Communications								
Vehicles assigned to communications	1	1	1	1	0	0	0	0



* Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**OPERATING INDICATORS BY PROGRAM
Last Ten Fiscal Years**

<u>Program Category</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Permitting										
Authority to construct permits issued	3,105	2,939	2,975	2,541	2,132	1,903	1,773	1,821	3,098	2,253
New permits to operate issued	48	59	30	2,226	2,364	10	189	64	9	5
New title V permits issued	201	27	320	55	10	965	11	8	262	247
Title V permit modifications	2,296	753	862	1,106	771	583	290	118	102	102
Conservation management practices plans issued	459	227	492	407	495	890	572	581	459	258
Emission reduction credit certificates issued or transferred	467	248	209	226	189	170	131	113	115	76
Toxic air contaminant risk-management reviews performed	876	686	678	809	697	714	744	807	784	706
Annual emissions inventory surveys processed	6,147	6,603	4,603	6,447	5,511	5,458	5,785	7,037	7,822	5,204
California environmental quality act review requests	1,796	1,807	2,560	2,568	3,125	2,682	2,293	1,998	1,425	1,126
Indirect source review applications processed	175	207	241	344	339	346	338	355	360	263
Enforcement/air monitoring/ag burning										
Permit units inspected	31,234	36,879	32,568	32,131	34,679	33,689	32,602	36,593	34,320	34,814
Public complaints investigated	3,376	2,719	2,891	3,297	3,007	3,382	3,474	2,890	2,401	2,605
Incentive funding units (trucks, engines) inspected	4,029	2,660	3,293	4,116	4,817	5,973	7,896	8,105	8,909	9,320
Notices of violation	2,457	2,297	2,069	2,909	2,833	2,818	2,796	2,882	2,583	2,340
Outreach and communications										
Media calls	201	195	188	191	204	94	149	160	150	161
Public calls	1,447	1,626	1,270	1,286	1,464	782	917	1,404	2,251	3,057
News releases	28	43	36	25	33	34	35	31	36	26
Events & presentations	52	81	84	65	125	53	36	51	112	168
Grants and Incentives										
Contracts awarded	8,619	7,512	7,717	7,746	10,117	14,249	15,745	16,276	21,609	36,076
Amount contracted	\$76,089,828	\$72,905,963	\$126,589,650	\$119,555,398	\$220,567,168	\$240,379,464	\$279,955,435	\$249,017,850	\$353,463,419	\$439,209,918

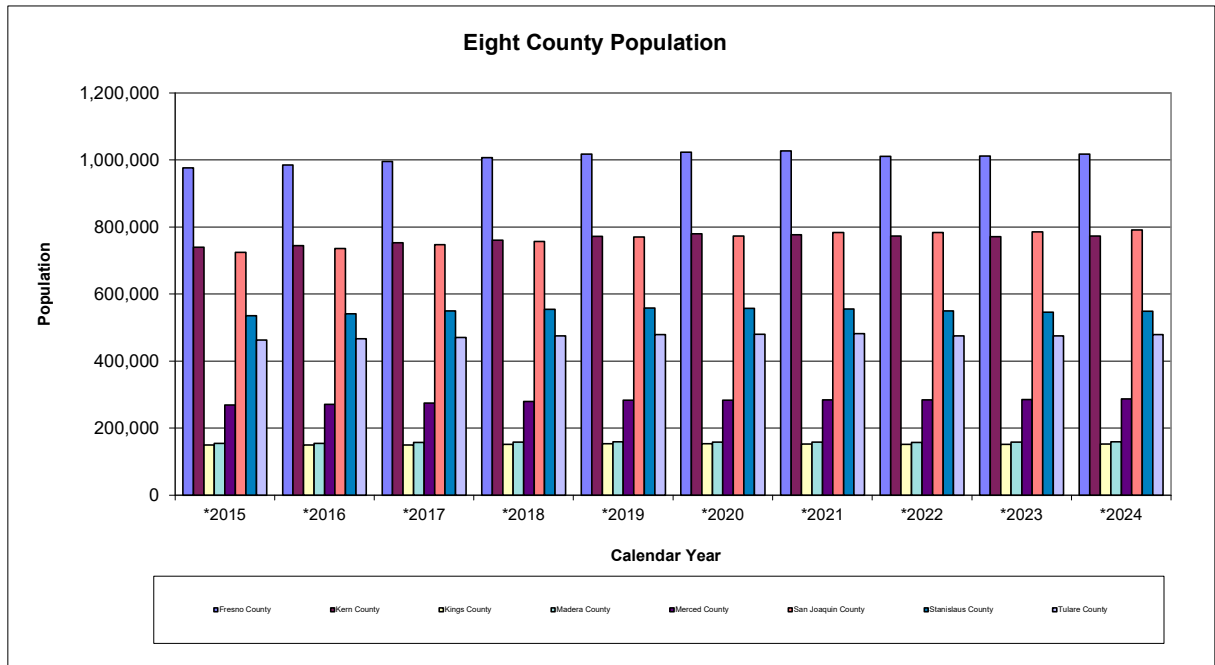
* Amounts presented above were determined as of 6/30.

Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

EIGHT COUNTY POPULATION
Last Ten Calendar Years

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
*2015	976,153	739,491	149,890	154,900	269,299	724,859	535,651	462,510	4,012,753	1.03%
*2016	985,571	744,369	149,868	154,849	271,629	736,027	541,553	467,010	4,050,876	0.95%
*2017	995,922	752,725	149,630	156,794	275,009	747,579	549,897	470,705	4,098,261	1.17%
*2018	1,007,252	760,873	151,776	158,328	279,424	757,279	554,108	475,346	4,144,386	1.13%
*2019	1,018,241	772,144	153,710	159,536	282,928	770,385	558,972	479,112	4,195,028	1.22%
*2020	1,023,358	779,920	153,608	158,147	283,521	773,632	557,709	479,977	4,209,872	0.35%
*2021	1,026,681	777,064	152,543	158,474	284,836	783,534	555,968	481,733	4,220,833	0.26%
*2022	1,011,273	773,341	152,023	157,396	284,338	784,298	549,466	475,014	4,187,149	-0.80%
*2023	1,011,499	771,355	151,018	158,148	285,337	786,145	545,939	475,064	4,184,505	-0.06%
*2024	1,017,431	773,755	152,627	159,328	287,303	791,408	548,744	478,918	4,209,514	0.60%



* Estimated population

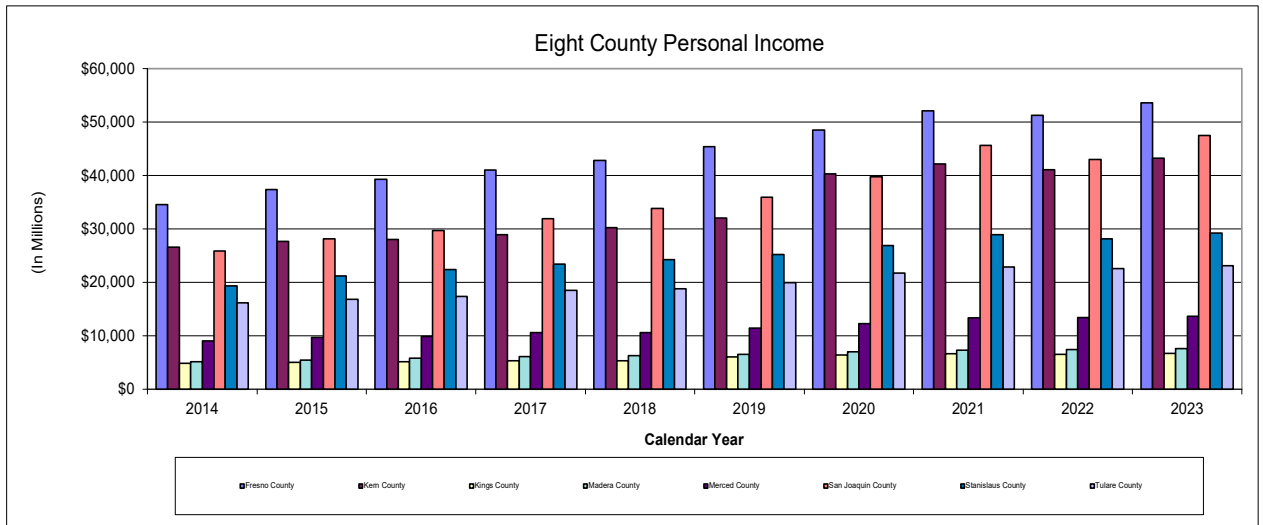
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

Source: California State Department of Finance - Demographic Research Unit (SJVUAPCD Portion of Kern County estimated at 84%)
Reports ran for January 1st of each year

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

EIGHT COUNTY PERSONAL INCOME
Last Ten Calendar Years
(In Thousands)

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
2014	34,568	26,569	4,864	5,107	9,020	25,859	19,341	16,147	141,475	3.95%
2015	37,360	27,681	5,001	5,450	9,714	28,151	21,237	16,809	151,403	7.02%
2016	39,295	28,030	5,136	5,806	9,888	29,684	22,366	17,366	157,571	4.07%
2017	41,024	28,928	5,303	6,087	10,557	31,920	23,446	18,467	165,732	5.18%
2018	42,843	30,263	5,344	6,291	10,584	33,866	24,258	18,830	172,279	3.95%
2019	45,446	32,017	6,031	6,492	11,406	35,927	25,188	19,974	182,481	5.92%
2020	48,539	40,310	6,387	7,025	12,263	39,793	26,929	21,723	202,969	11.23%
2021	52,120	42,177	6,625	7,294	13,343	45,614	28,953	22,892	219,018	7.91%
2022	51,316	41,099	6,506	7,437	13,395	42,980	28,123	22,586	213,442	-2.55%
2023	53,633	43,270	6,717	7,607	13,619	47,546	29,258	23,136	224,786	5.31%



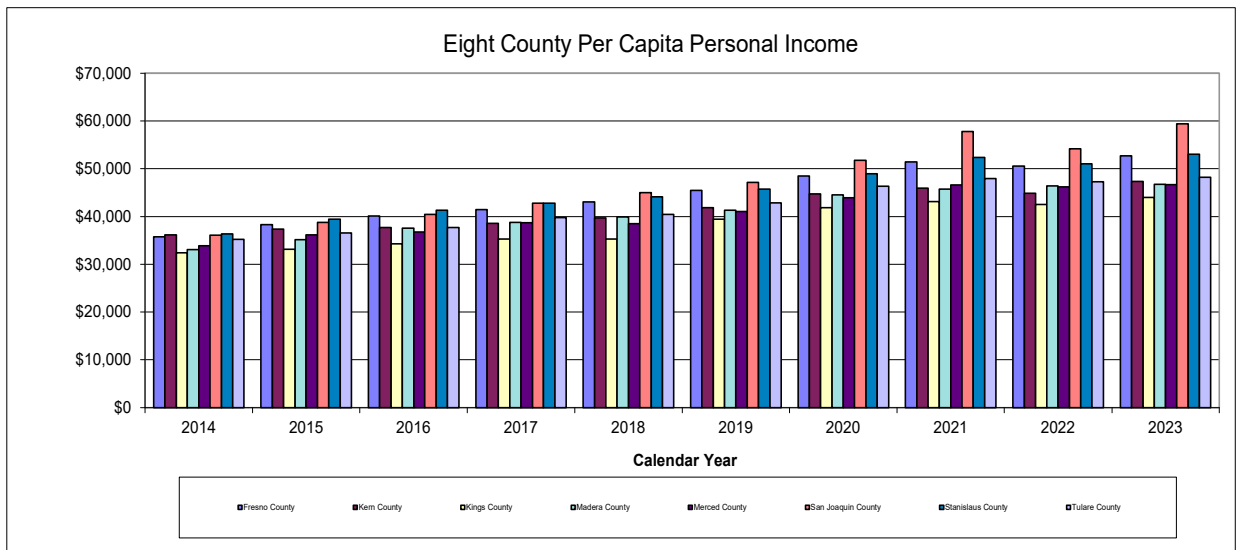
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

Source: Bureau of Economic Analysis (SJVUAPCD Portion of Kern County estimated at 84%)

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**EIGHT COUNTY PER CAPITA PERSONAL INCOME
Last Ten Calendar Years**

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Eight County Average
2014	35,785	36,165	32,371	33,042	33,865	36,136	36,356	35,240	34,870
2015	38,323	37,355	33,126	35,165	36,185	38,769	39,445	36,551	36,865
2016	40,101	37,714	34,287	37,529	36,804	40,458	41,299	37,717	38,239
2017	41,470	38,560	35,326	38,799	38,716	42,822	42,793	39,756	39,780
2018	43,084	39,703	35,306	39,897	38,519	44,995	44,120	40,420	40,756
2019	45,487	41,843	39,433	41,267	41,077	47,139	45,742	42,845	43,104
2020	48,495	44,721	41,829	44,532	43,914	51,816	48,954	46,348	46,326
2021	51,422	45,961	43,176	45,757	46,580	57,783	52,356	47,986	48,878
2022	50,549	44,862	42,525	46,406	46,188	54,183	51,015	47,295	47,878
2023	52,728	47,350	43,994	46,709	46,654	59,361	53,058	48,253	49,763



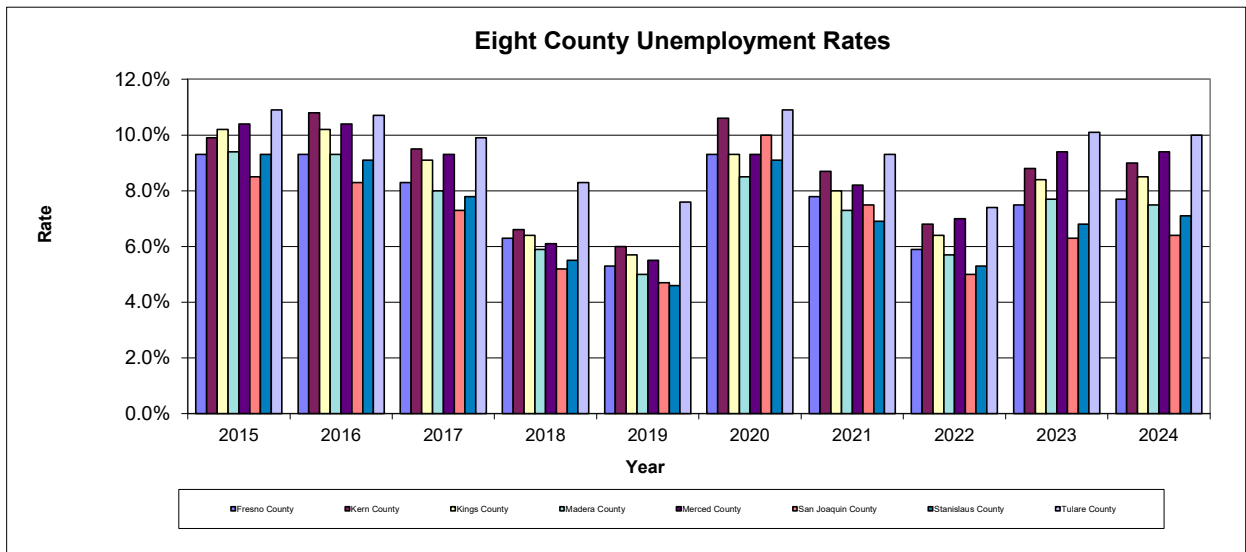
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

Source: Bureau of Economic Analysis

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

EIGHT COUNTY UNEMPLOYMENT RATES
Last Ten Fiscal Years

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Eight County Average
2015	9.3%	9.9%	10.2%	9.4%	10.4%	8.5%	9.3%	10.9%	9.7%
2016	9.3%	10.8%	10.2%	9.3%	10.4%	8.3%	9.1%	10.7%	9.8%
2017	8.3%	9.5%	9.1%	8.0%	9.3%	7.3%	7.8%	9.9%	8.7%
2018	6.3%	6.6%	6.4%	5.9%	6.1%	5.2%	5.5%	8.3%	6.3%
2019	5.3%	6.0%	5.7%	5.0%	5.5%	4.7%	4.6%	7.6%	5.6%
2020	9.3%	10.6%	9.3%	8.5%	9.3%	10.0%	9.1%	10.9%	9.6%
2021	7.8%	8.7%	8.0%	7.3%	8.2%	7.5%	6.9%	9.3%	8.0%
2022	5.9%	6.8%	6.4%	5.7%	7.0%	5.0%	5.3%	7.4%	6.2%
2023	7.5%	8.8%	8.4%	7.7%	9.4%	6.3%	6.8%	10.1%	8.1%
2024	7.7%	9.0%	8.5%	7.5%	9.4%	6.4%	7.1%	10.0%	8.2%



Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

Source: California Employment Development Department (Reports ran for June of each year)

San Joaquin Valley Unified Air Pollution Control District

Miscellaneous Statistics

District Established:	March 21, 1991
Area Covered:	25,000 Square Miles
Counties Included in District:	San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, and Tulare Counties, and the Valley portion of Kern County
Population:	4,209,514 (2024 Estimate)
Transportation:	Two Transcontinental Railroads – Burlington Northern, Santa Fe and the Union Pacific Six Commercial Airports – Stockton Metro, Modesto, Merced Municipal, Fresno Yosemite, Visalia Municipal, and Meadows Field (Bakersfield) Two Major Interstate Freeways – California State Highway 99 and U.S. Interstate Highway 5 One Major Port – Port of Stockton
Visitor Destinations:	Yosemite National Park, Kings Canyon National Park, Sequoia National Park
Number of Registered Vehicles:	3,278,491 (6/30/24) Estimate
Stationary Sources of Air Pollution	Manufacturing Facilities, Boilers and steam generators, Emergency Engine Generators, Paint Spray Booths, Gasoline Dispensing Facilities, Oilfields, Oil Refineries, Power Plants, Agricultural Operations, Tree Nut Processing Facilities, Dry Materials Handling Facilities, Woodworking facilities, etc.
Number of Sources:	Approximately 15,000 operating facilities subject to District Permits, Conservation Management Plans, Permit-Exempt Equipment Registrations, and/or Portable Registrations.
Number of Air Monitoring Stations:	64, Combined sites among District, CARB, National Park Service, and Tribal Nations
District Full-time Authorized Positions:	385.5
Adopted Fiscal Year 2024-25 Budget:	\$649,349,253

Northern Region

Serving San Joaquin, Stanislaus and Merced counties

4800 Enterprise Way

Modesto, CA 95356-8718

(209) 557-6400 FAX (209) 557-6475

Central Region

Serving Madera, Fresno and Kings counties

1990 E. Gettysburg Avenue

Fresno, CA 93726-0244

(559) 230-6000 FAX (559) 230-6061

Southern Region

Serving Tulare and Valley air basin portions of Kern counties

34946 Flyover Court

Bakersfield, CA 93308-9725

(661) 392-5500 FAX (661) 392-5585