

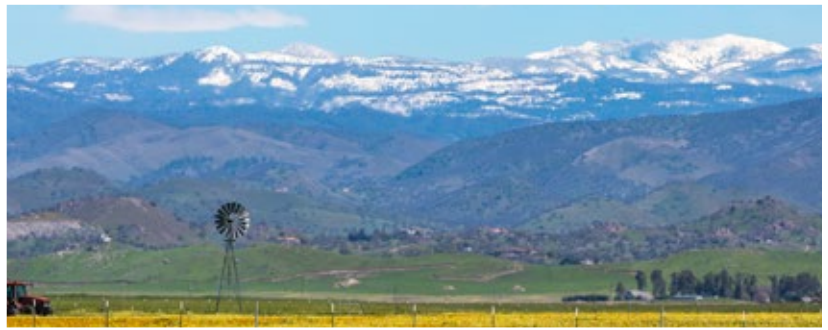


San Joaquin Valley

UNIFIED AIR POLLUTION CONTROL DISTRICT

State of California

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2020



Prepared by
Administrative Services Department

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San Joaquin Valley Unified Air Pollution Control District

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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December 23, 2020

Governing Board
San Joaquin Valley Unified Air Pollution Control District

This Comprehensive Annual Financial Report (CAFR) of the San Joaquin Valley Unified Air Pollution Control District (District) is for the fiscal year ended June 30, 2020. 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

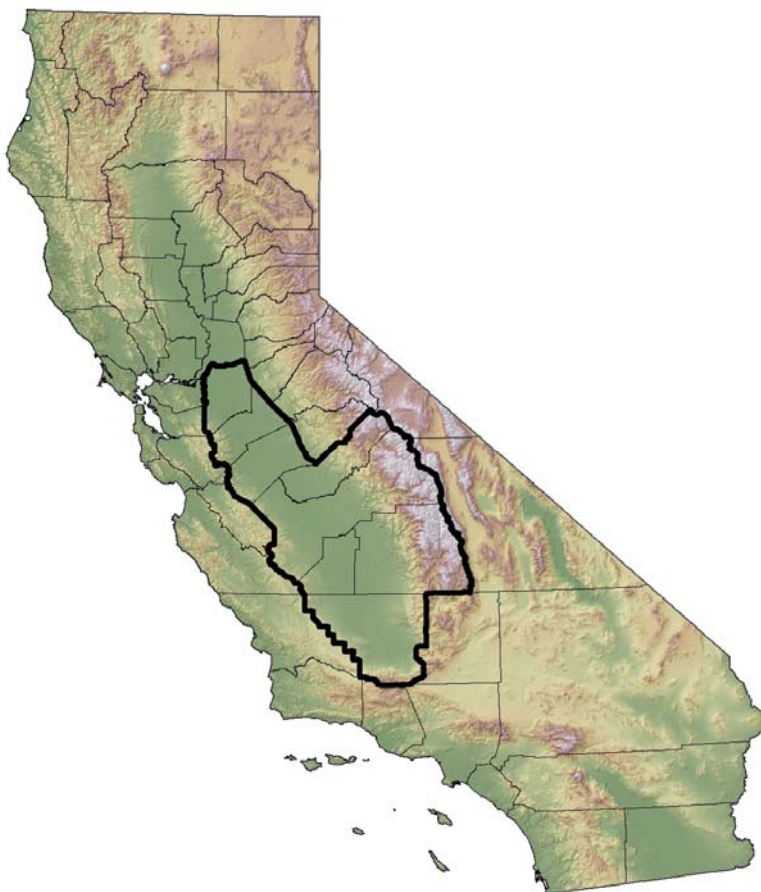
Background

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 2019. 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 the federal EPA.

The Valley continues to make strides towards attainment of several PM2.5 standards. In 2019, the Valley experienced the region's cleanest air quality year on record for PM2.5, bringing the Valley closer to attainment of federal air quality standards. In addition, during the 2019-20 winter season the Valley experienced its cleanest air quality on record during the months of November through February. During this season the Valley recorded the lowest number of exceedances of the federal PM2.5 standard of 35 µg/m³, the greatest number of "Good" Air Quality Index (AQI) days, and for the first time, recorded zero Unhealthy AQI days for PM2.5 during the entire winter season. With these ongoing improvements, the Valley continues to be on track toward attaining the latest federal PM2.5 standards.

In addition, despite strings of triple digit temperatures, stagnant atmospheric conditions, and added emissions from wildfires in the area, the Valley had another great ozone season in 2019, continuing the trend toward bringing the region into attainment of the federal ozone air quality standards. In particular, the Valley set a new record low design value for the 84 ppb 8-hour ozone standard, which is the official metric used to measure progress toward meeting federal ozone standards. The year 2019 also completed the seventh consecutive year without violating the federal 1-hour ozone standard. Following this positive trend, the beginning of the 2020 ozone season in the Valley through June 2020 continued the progress in recording lower ozone values across the region.

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 the EPA, sets health-based standards for air pollutants. The EPA also oversees state and local actions to improve air quality.
- The **state government**, through the California Air Resources Board (ARB) 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 ARB, the District develops air quality plans outlining strategies needed to reduce emissions and meet the new standards.
- ARB forwards the plans for EPA approval after it reviews, approves, and adds state strategies.
- The District, ARB, and EPA adopt and implement plan commitments.
- The District provides routine updates and progress reports.

In addition to efforts related to meeting state and federal ambient air quality standards, with the promulgation of the AB 617 Community Air Protection Program, the District has been working in Valley communities to understand and address air quality concerns through partnerships with community residents, businesses, local, state, and federal agencies, and other community stakeholders. Implementing these new state mandates require extensive community engagement, community-driven air quality monitoring and research, and the development and implementation of wide-ranging measures under adopted community emission reduction programs.

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.
- Leaves no stone unturned in crafting, promoting, and implementing innovative emission reduction strategies 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.

MAJOR ACCOMPLISHMENTS FOR 2019-20

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. In 2020, the District completed the initial steps to fulfill the requirements for the upcoming 2022 Ozone Plan, which is focused on addressing and developing an attainment plan for the 2015 8-hour ozone standard of 70 ppb. This included the development of the RACT SIP and the Emissions Certification Statement. In addition, in June 2020, the EPA approved the 2006 standard portion of the 2018 PM_{2.5} Plan, providing the District with the necessary time to attain this standard by the applicable deadline. The District will continue to progress with its planning efforts to meet the ongoing ozone and PM_{2.5} federal standard requirements.

Rules and Regulations

The District continues its leadership in developing groundbreaking regulatory strategies to reduce emissions. Tough, innovative rules, such as the District's rules for indirect source review, residential fireplaces, glass manufacturing, and agricultural burning have set benchmarks for California and the nation. New regulatory and incentive-based commitments for future years will be developed as established in the 2018 PM2.5 Plan, including areas such as flares, internal combustion engines, commercial charbroiling, boilers/steam generators, glass melting furnaces, agricultural operations, and other local sources. The District's regulations are developed through robust public engagement processes to solicit feedback from the public, affected sources, and other stakeholders.

During this past year, the District adopted new rules and made amendments to existing rules, as summarized below:

- **Rule 4460 (Petroleum Refinery Fence-line Air Monitoring), Rule 3200 (Petroleum Refinery Community Air Monitoring Fees):** In October 2017, California State Legislature passed Assembly Bill 1647 (Muratsuchi, 2017), which establishes new state mandates for fence-line air monitoring at petroleum refineries and air monitoring in nearby communities. In response to the requirements of AB 1647, the District developed two new regulations that satisfy the new state mandates (Rule 4460 and Rule 3200), while taking into account the unique characteristics of Valley petroleum refineries. The District's Governing Board approved Rule 4460 and Rule 3200 at its December 2019 meeting. In more detail, District Rule 4460 (Petroleum Refinery Fence-line Air Monitoring) requires subject petroleum refinery owners and operators to install, operate, and maintain fence-line air monitoring systems and make data collected by these systems publicly available. District Rule 3200 (Petroleum Refinery Community Air Monitoring Fees) requires subject petroleum refinery owners and operators to pay an initial fee to recover the District's cost to purchase and implement refinery-related community air monitoring systems, and pay an annual operations and maintenance fee to recover the District's community monitoring system maintenance and associated staff time. Once operating, these community air monitoring systems will provide air quality information to the public regarding the levels of criteria air pollutants and refinery-related toxic air contaminants in communities located near petroleum refineries.
- **Rule 4601 (Architectural Coatings):** In April 2020, the District amended its architectural coatings Rule 4601 to address required contingency requirements for the 2008 8-hour ozone standard of 75 ppb. In addition to these changes, the District also amended a number of lower VOC limits for various types of coatings to be consistent with CARB's recently adopted Suggested Control Measure for the state of California.

- **Rule 4905 (Natural Gas-Fired, Fan-Type Central Furnaces):** In October 2020, the District amended its furnaces Rule 4905 to extend the compliance deadline for weatherized units to meet the new low-NOx requirements. Due to COVID-19 complications causing delays with manufacturing timelines and supply chain processes, manufacturers requested additional time to develop a large enough stock of compliant weatherized furnaces to make them widely commercially available for public use. By September 2021, low-NOx weatherized furnaces are expected to be widely available for the market.
- **Rule 4311 (Flares), Rule 4306/4320 (Boilers, Steam Generators, Process Heaters), Rule 4702 (Internal Combustion Engines):** In addition, in 2020 the District has been completing an extensive amount of work to assess potential amendments to rules related to industrial flares; boilers, steam generators, and process heaters; and internal combustion engines. This assessment has included the analysis of the latest emission control technology and the feasibility of additional NOx emissions reductions from these various sources. The District anticipates bringing these proposed rule amendments to the Governing Board at the end of 2020 into early 2021. These rule amendments would contribute towards the District's commitments from the *2018 PM2.5 Plan*.

Permitting

The District has the responsibility for issuing or denying permits, registrations and plan approvals for more than 30,000 non-mobile sources of air contaminants, and for tracking and assessing the impacts of these facilities' annual pollutant emissions. During the fiscal year 2019-20 reporting period, permitting activities included:

- 1,903 Authority to Construct permits issued
- 10 new Permits to Operate issued
- 313 Permit-Exempt Equipment Registrations issued
- 965 new Title V permits issued to 7 facility
- 1,377 Title V permit renewals issued to 26 facilities
- 583 Title V permit modifications
- 890 Conservation Management Practices plans issued
- 170 Emission Reduction Credit certificates issued or transferred
- 714 toxic air contaminant risk-management reviews performed
- 259 toxic risk prioritizations for AB 2588 completed
- 5,458 annual emissions inventory statements and surveys processed
- 2,682 California Environmental Quality Act (CEQA) review requests processed
- 390 CEQA comment letters
- 465 CEQA documents prepared
- 346 Indirect Source Review applications processed

Community-Level Emission Reduction and Engagement Efforts

AB 617 presents opportunities to bring additional clean air resources and strategies to Valley disadvantaged communities that build on the significant emissions reductions that have already been achieved regionally. For communities selected by CARB for AB 617 implementation, resources are provided to implement community-specific air quality monitoring networks, develop and implement emission reduction programs, improve community access to air quality and emissions information, and invest substantial funding in the community through voluntary incentive funding measures.

In October 2018, CARB selected South Central Fresno and Shafter as first-year communities for the implementation of AB 617 in the San Joaquin Valley. Throughout 2019, the District worked closely with the Community Steering Committees, CARB, and other agencies to develop and launch monitoring and emissions reduction programs in both communities, with final Community Emissions Reduction Programs adopted by your Board in September 2019, and approved by CARB in February 2020. For the second year solicitation, in December, 2019, CARB selected the District-recommended community of South Stockton as one of three additional communities selected statewide for AB 617 implementation. In 2019-20, the District worked closely with community stakeholders to launch the AB 617 program in Stockton, including establishing a Community Steering Committee and holding initial meetings. In response to the COVID-19 pandemic, the District was the first agency in the state to successfully transition to virtual public engagement processes to ensure continued program implementation.

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 2019-20:

- 33,689 units inspected
- 2,818 Notices of Violation issued
- 3,382 public complaints investigated
- 1,969 open burn sites inspected
- 5,973 incentive funding units (i.e., trucks, engines) inspected
- 132 asbestos projects reviewed and inspected

Voluntary 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. Voluntary incentive programs play a critical role in achieving and accelerating the reductions required for the Valley's attainment.

Since inception, over \$3.0 billion in public/private investment in clean air projects have been made through these incentive programs, resulting in more than 173,100 tons of emission reductions. During the 2019-20 fiscal year, the District executed more than 14,000 agreements for more than \$240 million. These projects are expected to reduce more than 19,200 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:

- Diesel agriculture irrigation pump replacements
- New electric agricultural irrigation pump purchase
- Emerging technology demonstration projects
- Electric forklift purchases
- Bicycle path construction
- On-road and off-road vehicle engine replacements, engine retrofit and vehicle replacements
- Wood-stove replacements
- School bus replacements, retrofits, and CNG tank replacements
- Gross-polluting vehicle crushing and replacements
- New, clean vehicle purchases
- Transit pass subsidies
- Locomotive replacements
- E-mobility equipment
- Vanpools
- Lawn and garden equipment
- Alternate fuel mechanic training
- Advanced transit and transportation
- Electric vehicle charging stations for public use
- Alternative to Open Burning Incentive Pilot Program
- Zero-Emission Ag Utility Terrain Vehicle (UTV)
- Electric School Bus Incentive Program
- Low Dust Nut Harvester Pilot Program
- Agricultural Truck Replacement 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.

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 department nonetheless is just as effective in conveying critical public information, policy and air quality news.

The District’s Outreach and Communications team, a highly skilled group of communications professionals with expertise in public relations, media, graphics and web design, audio-video production and event organization, 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 continues to spearhead many important public outreach campaigns, including:

- **Check Before You Burn:** This annual multimedia, multilingual outreach campaign runs from November through February, and is credited with the Valley achieving unprecedented improvements in wintertime air quality.
- **Burn Cleaner:** This campaign focuses on encouraging residents to replace their dirty wood burning devices with cleaner, more efficient EPA-certified wood burning or natural gas devices through the District’s Burn Cleaner incentive program.
- **Healthy Air Living “Together”:** The summer Healthy Air Living outreach campaign focused on those voluntary activities residents can take 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 to provide up to \$500 for residents 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.
- **Community Engagement Efforts:** Through AB 617 and other community-level efforts, the District works in Valley communities to address air quality concerns on a local level and with direct community participation. The District seek to work with Valley disadvantaged communities to identify and address concerns as feasible through meaningful and effective outreach.

FACTORS AFFECTING FINANCIAL CONDITIONS

The District's operations are primarily supported by permit and motor vehicle registration fees, as well as state and federal grant revenue. 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 7% in salary savings.

Despite the District's commitment to cost-cutting measures, as indicated in the most recent audit by the State Auditor, the District's fees do not generally cover program costs, and the District uses a portion of its other revenues to supplement fee revenue and cover total program costs. The District had no fee increases in fiscal year 2019-20, but will continue to monitor program costs to ensure sufficient fee revenues in future years.

Long-term Financial Planning

While the District's permit fee and DMV revenues are relatively stable, operating costs continue to grow due to inflation, increased state and federal mandates, and rising pension costs. As new state mandates and programs are established that increase District program costs such as new incentive funding and AB 617 implementation, the District continues to successfully advocate for the required state resources to offset these costs. Over the past several years, the District has placed a high priority on addressing rising 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 \$3,630,000 as of June 30, 2020. 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.

Additionally, in response to the unprecedented COVID-19 pandemic, in the 4th quarter of 2019-20, the District proactively and effectively positioned itself to continue providing essential services to the residents, businesses, and others served by this agency. In recognition of the economic impacts due to the COVID-19 pandemic, the District's 2020-21 Budget reflects an overall decrease in operating expenditures, including decreased projected revenues, no staffing increases despite new mandates and workload, increased salary savings, and reductions in service, supply, and fixed asset expenditures. While no significant fiscal impacts have yet to be experienced, it will be important that the District remain diligent in responding to any pandemic-related fiscal impacts in the future.

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, 2020. 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, 2020 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 comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the seventh 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 comprehensive annual 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 comprehensive annual 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 dedicated services of the District Finance team made the preparation of our comprehensive annual 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,



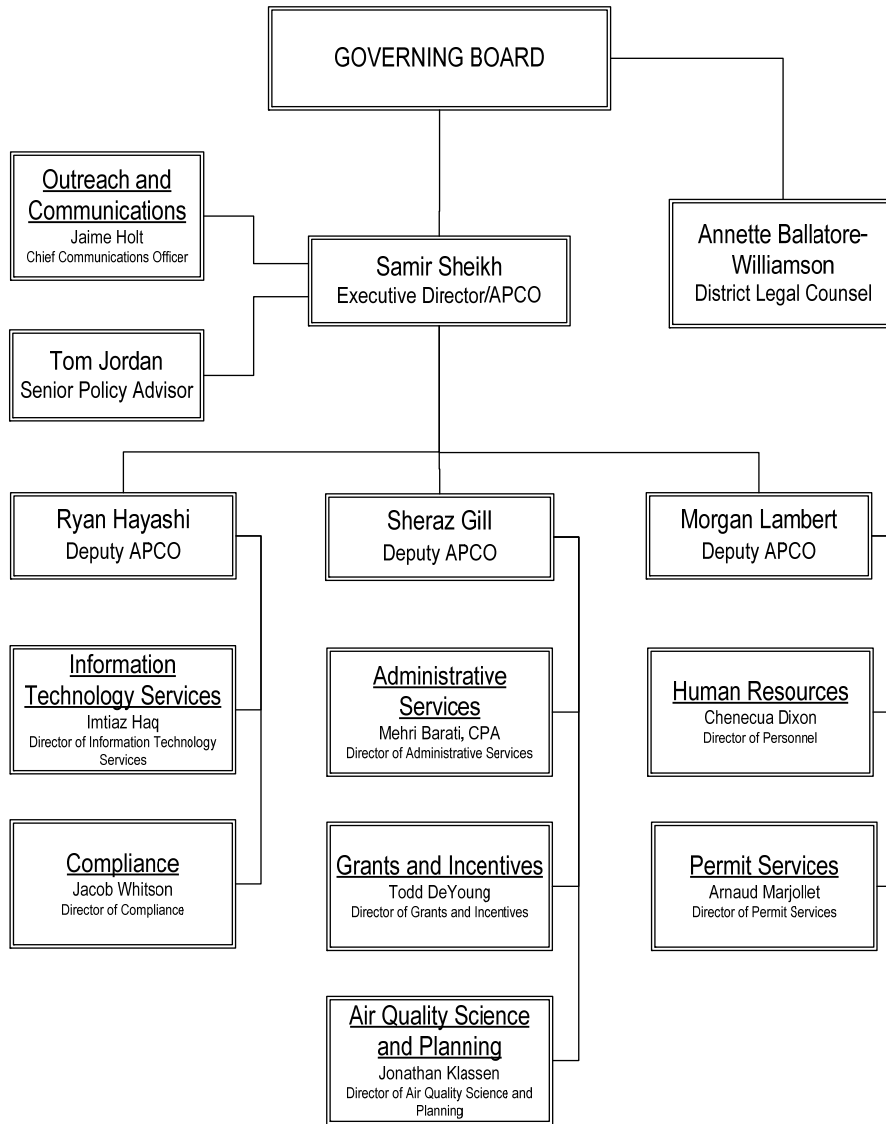
Samir Sheikh
Executive Director/Air
Pollution Control Officer



Mehri Barati, C.P.A.
Director of Administrative
Services

San Joaquin Valley Unified Air Pollution Control District Organizational Chart

June 30, 2020



San Joaquin Valley Unified Air Pollution Control District

Governing Board

June 30, 2020

Craig Pedersen, Chair
Supervisor, Kings County

Lloyd Pareira, Vice Chair
Supervisor, Merced County

Drew M. Bessinger
Mayor, City of Clovis

David Couch
Supervisor, Kern County

Kuyler Crocker
Supervisor, Tulare County

Bob Elliott
Supervisor, San Joaquin County

Christina Fugazi
Councilmember, City of Stockton

Buddy Mendes
Supervisor, Fresno County

Kristin Olsen
Supervisor, Stanislaus County

Alvaro Preciado
Councilmember, City of Avenal

Monte Reyes
Councilmember, City of Porterville

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

Tom Wheeler
Supervisor, Madera County

Chris Vierra
Mayor, City of Ceres

Vacant
Appointed by Governor

Samir Sheikh
Executive Director - Air Pollution Control Officer



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in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, 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 Page & Company

Clovis, California
December 23, 2020

San Joaquin Valley Unified Air Pollution Control District

Management's Discussion and Analysis

June 30, 2020

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, 2020. 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 \$540.6 million (*net position*). Of this amount, \$492.0 million is restricted for specific purposes, \$13.7 million represents the net investment in capital assets and \$34.9 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 \$137.1 million as compared to the prior fiscal year. The majority of this increase was related to a significant increase in special revenue sources, such as Voluntary Emission Reduction Program, Carl Moyer, Volkswagen Mitigation, and State Cap and Trade, that was received this year in comparison to last year.
- At the close of the current fiscal year, the District's Governmental Fund reported a total fund balance of \$611.9 million at year-end, a \$142.4 million increase as compared to the prior year-end balance. Approximately 5.17% of this amount (\$31.6 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 \$120.0 million, or approximately 43.6% 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 Comprehensive Annual Financial Report (CAFR) also includes required supplementary information to the Basic Financial Statements. In general, the purpose of financial reporting is to provide external parties that read the financial

Management's Discussion and Analysis

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 20 and 21 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 22 and Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on page 24 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 23 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 25 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 26 to 49 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 53 of this report with the Notes to the Schedule on page 54. 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 55.

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, 2020, as compared to the prior fiscal year.

Statement of Net Position (In Thousands)

	Fiscal Year 2019-20	Fiscal Year 2018-19	Increase (Decrease)	Percent Change
Current and other assets	\$ 638,132	\$ 472,447	\$ 165,685	35.1%
Capital assets	<u>13,698</u>	<u>12,322</u>	<u>1,376</u>	<u>11.2%</u>
Total assets	651,830	484,769	167,061	34.5%
Total deferred outflows of resources	28,816	28,854	(38)	-0.1%
Current liabilities	26,428	3,182	23,246	730.5%
Noncurrent liabilities	<u>106,843</u>	<u>98,856</u>	<u>7,987</u>	<u>8.1%</u>
Total liabilities	133,271	102,038	31,233	30.6%
Total deferred inflows of resources	6,810	8,082	(1,272)	-15.7%
Net position:				
Net investment in capital assets	13,698	12,322	1,376	11.2%
Restricted for special projects/programs	491,983	375,335	116,648	31.1%
Unrestricted	<u>34,884</u>	<u>15,846</u>	<u>19,038</u>	<u>120.1%</u>
Total net position	<u>\$ 540,565</u>	<u>\$ 403,503</u>	<u>\$ 137,062</u>	<u>34.0%</u>

The District's total net position increased \$137,062,065 from the prior fiscal year. This was primarily due to Voluntary Emission Reduction Program, Carl Moyer, Volkswagen Mitigation, and Cap and Trade funding received and not spent by the end of the year as well as increased permitting revenue.

The District's total liabilities increased \$31,233,556 from the prior year; of this, current liabilities increased \$23,246,873 and noncurrent liabilities increased \$7,986,683. The decrease in current liabilities can be attributed to a decrease in advances to grantors. The increase in noncurrent liabilities is due to an increase in net pension liability.

Of the District's total net position, 91.0% is legally or contractually restricted to expenditures for incentives and grants, and 6.5% is unrestricted and may be used to meet the District's ongoing obligations without legal constraint. Additionally, 2.5% is net position in the form of capital assets (e.g., land, buildings, equipment, and vehicles). Consequently, these assets are not available for future spending.

Management's Discussion and Analysis

The following is a condensed schedule of Changes in Net Position for the fiscal year ended June 30, 2020, as compared to the prior year.

Changes in Net Position				
(In Thousands)				
	Fiscal Year	Fiscal Year	Increase	Percent
	<u>2019-20</u>	<u>2018-19</u>	<u>(Decrease)</u>	<u>_____</u>
Revenues:				
Program revenues:				
Fees and charges - stationary sources	\$ 37,535	\$ 33,820	\$ 3,715	11.0%
Fees and charges - mobile sources	31,369	29,572	1,797	6.1%
Operating grants	12,554	2,074	10,480	505.3%
Restricted special revenue sources	324,283	289,828	34,455	11.9%
General revenues:				
State subvention - not restricted	957	947	10	1.1%
Interest - not restricted	5,135	3,761	1,374	36.5%
Penalties/settlements	5,747	6,115	(368)	-6.0%
Miscellaneous revenue	<u>93</u>	<u>280</u>	<u>(187)</u>	<u>-66.8%</u>
Total revenues	417,673	366,397	51,276	14.0%
Expenses:				
Permitting	16,685	15,716	969	6.2%
Enforcement/agricultural burning	19,193	17,352	1,841	10.6%
Plan and rule development	1,550	1,361	189	13.9%
Mobile sources	9,062	7,265	1,797	24.7%
Outreach and communications	3,478	3,081	397	12.9%
Air quality analysis/air monitoring	6,084	7,995	(1,911)	-23.9%
Restricted for grants and other uses	<u>224,559</u>	<u>139,729</u>	<u>84,830</u>	<u>60.7%</u>
Total expenses	280,611	192,499	88,112	45.8%
Increase (decrease) in net position	137,062	173,898	(36,836)	-21.2%
Net position - beginning	<u>403,503</u>	<u>229,605</u>	<u>173,898</u>	<u>75.7%</u>
Net position - ending	<u>\$ 540,565</u>	<u>\$ 403,503</u>	<u>\$ 137,062</u>	<u>34.0%</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, 2020, as compared to the prior year.

Revenues by Major Source Governmental Activities (In Thousands)

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2018-19</u>	Increase <u>(Decrease)</u>
Stationary Sources	\$ 37,535	\$ 33,820	\$ 3,715
Mobile Sources	31,369	29,572	1,797
Operating Grants	12,554	2,074	10,480
General Revenues *	11,932	11,103	829
Restricted Special Revenue Sources	<u>324,283</u>	<u>289,828</u>	<u>34,455</u>
	<u>\$ 417,673</u>	<u>\$ 366,397</u>	<u>\$ 51,276</u>

* 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 increased \$3,715,445 compared to the prior fiscal year. The majority of this increase was due to increased permitting revenue and fee collections.

Mobile Source Revenue

- Mobile Source Revenue shows an increase of \$1,797,735 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 \$10,480,100 as compared to the prior fiscal year. This was a result of additional Operating Grants awards received in fiscal year 2019-20 are not annually recurring funding.

Grant Revenue	Fiscal Year 2019-20	Fiscal Year 2018-19	Increase (Decrease)
EPA 105 Grant	\$ 1,933,734	\$ 1,918,562	\$ 15,172
State Grants-Rules 2260 & 3156	710,000	-	710,000
Miscellaneous State Revenue	25,000	50,000	(25,000)
State Operating Grant	9,782,137	-	9,782,137
EPA 103 Grant	103,541	105,750	(2,209)
Total Grant Revenue	<u>\$ 12,554,412</u>	<u>\$ 2,074,312</u>	<u>\$ 10,480,100</u>

General Revenues

- General Revenues increased \$828,849 as compared to the prior fiscal year due to increased revenue from Penalties and Interest Revenue.

Restricted Special Revenue Sources

- Restricted Special Revenue increased \$34,455,775 compared to the prior fiscal year. The table below details the major changes to the various incentive programs that make up this increase. Changes are due to the availability of and/or timing of the receipt of grant and other funding sources.

Incentive Program	Fiscal Year 2019-20	Fiscal Year 2018-19	Increase (Decrease)
DMV Surcharge Fees	\$ 47,507,705	\$ 47,479,315	\$ 28,390
Carl Moyer Program	14,636,012	21,712,358	(7,076,346)
Proposition 1B	238,336	1,721,139	(1,482,803)
State Cap and Trade and Air Quality Improvement Program	193,565,990	144,510,099	49,055,891
Diesel Emission Reduction Act	2,126,943	1,842,796	284,147
Voluntary Emission Reduction	11,924,909	42,915,629	(30,990,720)
Agriculture Tractor Replacement Program	954,782	2,376,655	(1,421,873)
Indirect Source Mitigation Fees	7,423,654	8,738,776	(1,315,122)
Volkswagen mitigation	41,386,543	16,305,869	25,080,674
Other Miscellaneous Incentives	3,089,109	2,224,890	864,219
CEC - Energy Efficiency Grant	1,429,318	-	1,429,318
Total	<u>\$ 324,283,301</u>	<u>\$ 289,827,526</u>	<u>\$ 34,455,775</u>

Total District Expenses increased by \$88,112,666. The majority of this increase was due to grant related expenses for various emission reduction incentives as well as additional cost for implementing AB617 state mandates. The following is a schedule

Management's Discussion and Analysis

of District expenses by activity for the fiscal year ended June 30, 2020 with a comparison of prior year expenses.

Expenses by Activities			
Governmental Activities			
	Fiscal Year	Fiscal Year	Increase
	2019-20	2018-19	(Decrease)
	<u> </u>	<u> </u>	<u> </u>
Permitting	\$ 16,684,825	\$ 15,716,153	\$ 968,672
Enforcement/Agricultural Burning	19,193,489	17,351,638	1,841,851
Plan and Rule Development	1,550,158	1,361,075	189,083
Mobile Source	9,061,698	7,264,553	1,797,145
Outreach & Communications	3,478,074	3,081,456	396,618
Air Quality Analysis/Air Monitoring	6,084,535	7,994,990	(1,910,455)
Total Operating Expenses	<u>56,052,779</u>	<u>52,769,865</u>	3,282,914
Restricted for Grants and Special Uses	<u>224,558,522</u>	<u>139,728,770</u>	84,829,752
Total District Expenses	<u>\$ 280,611,301</u>	<u>\$ 192,498,635</u>	<u>\$ 88,112,666</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 \$611,954,316, an increase of \$142,411,089 in comparison with the prior year. Of the ending fund balance, 80.4%, or \$491,983,158, 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 0.1%, or \$13,736, not in spendable form for items that are not expected to be converted to cash, such as prepaid expenses, and 14.4%, or \$88,349,158, assigned to be used for Community Incentive programs, encumbrances and other assignments of Fund Balance listed in Note 1.K on page 31 of this report.

At the end of the fiscal year, the District's Unassigned Fund Balance was \$31,608,264, an increase of \$8,535,474 compared with the prior year. The majority of this increase was related to increased revenue from Ag Burn Abatement Penalties and Interest Revenue and a decrease in Reserves for Encumbrances.

Management's Discussion and Analysis

Operating Revenues

- Total Operating Revenues increased \$16,821,131, which was mainly due to increases in State Grants, Rule 4905 and Administrative Revenues.

Operating Expenditures

Total Operating Expenditures increased \$2,699,958 as compared to the prior fiscal year.

- Total salaries and benefits increased \$3,358,283 compared to the prior fiscal year. The major factors in this increase, offset by salary savings, were due to a scheduled salary increase per the employees' Memorandum of Understanding and increases in retirement costs.
- Total services and supplies increased \$454,264 from the prior fiscal year. This increase was due to increased expenditures in computer maintenance, insurance and professional services.
- Total capital outlay decreased \$1,112,589 as compared to the prior fiscal year. This was primarily the result of fewer Community Monitoring equipment purchases and fewer automobile purchases. The table below details the major changes to the various capital asset accounts that make up this decrease.

Account Title	Fiscal Year 2019-20	Fiscal Year 2018-19	Increase (Decrease)
Computer Equipment	\$ 484,682	\$ 649,861	\$ (165,179)
Telephone System	8,138	4,718	3,420
Automobiles	289,348	537,689	(248,341)
Office Improvements	160,669	256,164	(95,495)
Community Monitoring	1,484,395	2,232,160	(747,765)
Central Region Bldg Expansion	100,841	-	100,841
Video Conferencing System	10,633	3,121	7,512
Air Monitoring Station Automation Project	-	848	(848)
Air Monitoring Station Equipment	307,537	219,140	88,397
Monitoring Near Roadways	-	55,131	(55,131)
Total	<u>\$ 2,846,243</u>	<u>\$ 3,958,832</u>	<u>\$ (1,112,589)</u>

Management's Discussion and Analysis

Non-Operating Revenues

- Non-Operating Revenues increased \$34,455,774 mainly due to funding received through the Voluntary Emission Reduction Program, Carl Moyer, Volkswagen Mitigation, and State Cap and Trade and Air Quality Improvement Program.

Non-Operating Expenditures

- Non-Operating Incentive Program expenditures increased \$84,829,752 compared to the prior fiscal year. This was primarily due to project expenditures such as State Cap and Trade and Air Quality Improvement Program, Voluntary Emission Reduction Program, and Proposition 1B Program. The table below details the major changes to the various Incentive Programs that make up this increase.

Incentive Program Name	Fiscal Year 2019-20	Fiscal Year 2018-19	Increase (Decrease)
DMV Heavy-Duty Program	\$ 33,826,677	\$ 39,711,133	\$ (5,884,456)
Carl Moyer Program	5,972,440	8,954,657	(2,982,217)
School Bus Retro/Replace Program	2,469,027	63,573	2,405,454
Federal EPA Incentive Program	2,779,382	2,304,610	474,772
State Cap and Trade and AQIP	139,425,644	41,399,709	98,025,935
Voluntary Emission Reduction Agreements	10,220,187	12,461,331	(2,241,144)
Indirect Source Review Rule Mitigation Program	10,115,871	4,570,986	5,544,885
Proposition 1B Program	7,858,000	25,445,311	(17,587,311)
Diesel Emission Reduction Act	2,131,796	1,851,800	279,996
Community Incentive Programs	6,195,873	2,563,703	3,632,170
Air Toxics	898,835	301,860	596,975
Misc. Incentive Grants	853,445	99,958	753,487
Hearing Board Incentive Grant	11,345	139	11,206
CEC - Energy Efficiency Grant	1,800,000	-	1,800,000
Total	<u>\$ 224,558,522</u>	<u>\$ 139,728,770</u>	<u>\$ 84,829,752</u>

E. Capital Assets

The District's capital assets are used for governmental activities. The book value was \$13,698,325 (net of accumulated depreciation of \$16,556,866) as of June 30, 2020. Capital assets include land, buildings and improvements, equipment for air monitoring stations, computer and office equipment, video conferencing equipment, and District vehicles.

Additional information on capital assets can be found in the "Notes to the Basic Financial Statements" on page 39 of this report.

Management's Discussion and Analysis

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.

G. Current Year's Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$4,957,576. This amount is comprised solely of compensated absences, including the portion due within one year of \$250,664. Additional information on the District's compensated absences can be found in Note 4 under the Notes to the Basic Financial Statements section of this report.

Management's Discussion and Analysis

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 2019 was \$60,433,035. The Final Adjusted Budget was \$61,583,035. Under District budget policy, all prior unused appropriations lapse at year-end and are re-budgeted. Revenues unrealized as of the fiscal year 2019-20 year-end are re-budgeted in 2020-21. Revenues already received, but unspent, are included in the 2020-21 budget as available Fund Balance.

The Adjusted Non-Operating Budget at June 30, 2020 was \$767,098,047, including \$850,000 appropriated for contingencies. This was an increase of \$206,449,147 over the originally adopted Non-Operating Budget. This increase was due to fewer than expected expenditures occurring in fiscal year 2018-19, which increased that year's ending fund balance. That fund balance was a revenue source for fiscal year 2019-20, supporting the same expenditures as the previous year. Listed below are the major budget additions made during the year:

- The mid-year non-operating budget true-up of \$186,384,300, including increases to DMV Surcharge Fees, Carl Moyer Program, Proposition 1B, Voluntary Emission Reduction Program, Agricultural Replacement Measures for Emissions Reductions (FARMER) Program, Greenhouse Gas Reduction Funds, and Cap and Trade and Air Quality Improvement Program (AQIP) funds.
- \$7,689,847 EPA 2019 Diesel Emission Reduction Act (DERA) National Clean Diesel Funding Assistance Program funding for Replacement of Agricultural Tractors, Yard Trucks, and Switcher Locomotives.
- \$9,375,000 EPA 2018 Targeted Airshed Grant Program funding for Replacement of Agricultural Tractors and Yard Trucks.
- \$3,000,000 from Community Incentives Reserves for Alternatives to Open Burning of Agricultural Materials Incentive Program.

Management's Discussion and Analysis

Operating Budget

Revenues

Actual Operating Revenues at June 30, 2020 were \$95,607,928, as compared to the final Adjusted Budget of \$85,590,049, a positive variance of \$10,017,879. Revenues were higher than expected in fiscal year 2019-20 due to an increase in administrative fees, interest, and license and permit fees received.

Expenditures

Actual Operating Expenditures at June 30, 2020 were \$54,081,864 as compared to the final Adjusted Budget of \$61,583,035, a positive variance of \$7,501,171.

Salaries and Benefits

Actual salary and benefit expenditures at year-end were \$43,269,935 as compared to the final Adjusted Budget of \$48,063,693, a positive variance of \$4,793,758. 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 \$5,511,654 as compared to the final Adjusted Budget of \$7,661,338, a positive variance of \$2,149,684. Of the total expenditure amount, \$1,610,195 was encumbered at year-end. Listed in the table below are the expenditures that make up the variances in the services and supplies accounts.

	Final Adjusted Budget	Actual Expenditures June 30, 2020	Variance With Final Budget Positive (Negative)
Mobile Communications	\$ 292,780	\$ 204,654	\$ 88,126
Equipment Maintenance	1,267,232	1,033,712	233,520
Professional and Specialized Services	5,985,308	4,225,773	1,759,535
Publications and Legal Notices	116,018	47,515	68,503
Total	<u>\$ 7,661,338</u>	<u>\$ 5,511,654</u>	<u>\$ 2,149,684</u>

Capital Assets

Actual Capital Outlay expenditures at year-end were \$5,300,275 as compared to the final Adjusted Budget of \$5,858,004, a positive variance of \$557,729. Several planned purchases were delayed until fiscal year 2020-21, contributing to this variance. Listed in the table on the following page are the expenditures that make up the variances in the Capital Assets accounts.

Management's Discussion and Analysis

	Final Adjusted Budget	Actual Expenditures June 30, 2020	Variance With Final Budget Positive (Negative)
Office Improvements	\$ 180,000	\$ 102,139	\$ 77,861
Computer Equipment	2,108,554	2,083,786	24,768
Automobiles	574,000	573,916	84
Office Machines and Equipment	58,450	25,566	32,884
Telephone System	37,750	9,499	28,251
Audio/Visual Equipment	-	-	-
Central Region Bldg Expansion	1,150,000	1,100,841	49,159
Video Teleconferencing System	26,000	1,247	24,753
Air Monitoring/Detection Equipment	1,548,250	1,403,281	144,969
Air Monitoring Station Automation Project	175,000	-	175,000
Total	\$ 5,858,004	\$ 5,300,275	\$ 557,729

Non-Operating Budget

Revenues

Actual Non-Operating Revenues at June 30, 2020 were \$324,283,301 as compared to the final Adjusted Budget of \$425,965,827, a negative variance of \$101,682,526. 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, 2020	Variance With Final Budget Positive (Negative)
Air Toxics	\$ 749,630	\$ 898,835	\$ 149,205
DMV Surcharge Fees	44,788,680	47,284,189	2,495,509
Carl Moyer Program	18,750,000	14,277,730	(4,472,270)
Proposition 1B	-	-	-
School Bus Programs	880,689	1,009,745	129,056
Federal and Heavy Duty Grants	29,634,468	4,037,090	(25,597,378)
CEC - Energy Efficiency Block Grant	7,999,979	1,440,000	(6,559,979)
VERA/ISR Rule Mitigation Funds	48,723,562	19,137,727	(29,585,835)
State Cap and Trade and AQIP Funding	219,730,819	188,755,447	(30,975,372)
Volkswagen Mitigation Funding	48,750,000	40,870,000	(7,880,000)
Non-Operating Interest	5,088,000	5,558,995	470,995
Other Miscellaneous Incentives	870,000	1,013,543	143,543
Total	\$ 425,965,827	\$ 324,283,301	\$ (101,682,526)

Management's Discussion and Analysis

The negative variances of \$29,585,835 for VERA/ISR Rule Mitigation funds and \$30,975,372 for State Cap and Trade 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 2020-21 fiscal year.

Expenditures

Actual Non-Operating Expenditures at June 30, 2020 were \$224,558,522 as compared to the final Adjusted Budget of \$766,248,047, a positive variance of \$541,689,525. Listed in the table below are the expenditures that make up the variances in Non-Operating Expenditures.

	<u>Final Adjusted Budget</u>	<u>Actual Expenditures June 30, 2020</u>	<u>Final Budget Positive (Negative)</u>
Air Toxics-Pass Through	\$ 749,700	\$ 898,835	\$ (149,135)
Federal and Heavy Duty Grants	30,214,647	4,037,090	26,177,557
Carl Moyer Program	25,717,000	5,972,440	19,744,560
DMV Surcharge Fees	103,506,200	33,826,677	69,679,523
VERA/ISR Rule Mitigation Program	115,310,300	20,336,058	94,974,242
Proposition 1B Program	18,620,100	7,858,000	10,762,100
School Bus Programs	3,213,400	3,343,116	(129,716)
Drought Relief Program	-	-	-
Community Incentive Programs	12,488,400	6,173,873	6,314,527
State Cap and Trade and AQIP Funding	382,465,000	139,425,644	243,039,356
CEC - Energy Efficiency Block Grant	8,000,000	1,800,000	6,200,000
Volkswagen Mitigation Funding	65,055,900	-	65,055,900
Miscellaneous Incentive Programs	907,400	886,790	20,610
Total	<u>\$ 766,248,047</u>	<u>\$ 224,558,522</u>	<u>\$ 541,689,525</u>

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 2019-20 (Carl Moyer Program, Proposition 1B Program, Cap and Trade Program, VERA/ISR Rule Mitigation Program, and Volkswagen Mitigation funds) will not be expended on incentive contracts until fiscal year 2020-21 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.

Management's Discussion and Analysis

I. Next Year's Budget

The Adopted Budget for fiscal year 2020-21 is \$498,549,604 as compared to the Adjusted Budget for fiscal year 2019-20 of \$828,681,082, a decrease of \$330,131,478. 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 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 2020-21 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 Administrative Services, 1990 East Gettysburg Avenue, Fresno, California 93726-0244.

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San Joaquin Valley Unified Air Pollution Control District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 621,029,796
Accrued revenues	17,088,671
Prepaid expenses	13,736
Total current assets	638,132,203
Noncurrent assets:	
Land	1,595,549
Depreciable assets, net of accumulated depreciation	12,102,776
Total noncurrent assets	13,698,325
Total assets	651,830,528
Deferred outflows of resources	
Deferred pension	28,816,498
Total deferred outflows of resources	28,816,498
Liabilities	
Current liabilities:	
Accounts payable	1,497,562
Accrued wages payable	1,153,010
Advances from grantors	23,527,315
Compensated absences payable:	
Due within one year	250,664
Total current liabilities	26,428,551
Noncurrent liabilities:	
Compensated absences payable:	
Due in more than one year	4,706,912
Net pension liability	102,135,944
Total noncurrent liabilities	106,842,856
Total liabilities	133,271,407
Deferred inflows of resources	
Deferred pension	6,810,425
Total deferred inflows of resources	6,810,425
Net position	
Net investment in capital assets	13,698,325
Restricted for:	
VERA/ISR mitigation programs	69,093,497
DMV surcharge programs	92,123,372
Carl Moyer funds	28,747,993
Proposition 1B programs	10,326,825
State cap and trade	230,114,107
Volkswagen mitigation	60,588,066
Other special projects/programs	989,298
Unrestricted	34,883,711
Total net position	\$ 540,565,194

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, 2020

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	\$ 16,684,825	\$ 27,878,373	\$ 2,773,536	\$ 3,635,255	\$ -	\$ 17,602,339
Enforcement/agricultural burning	19,193,489	9,656,998	3,889,568	1,237,709	-	(4,409,214)
Plan and rule development	1,550,158	-	1,756,690	800,040	-	1,006,572
Mobile sources	9,061,698	-	18,998,797	12,373	-	9,949,472
Outreach and communications	3,478,074	-	2,595,073	1,144,640	-	261,639
Air quality analysis/air monitoring	6,084,535	-	1,354,805	5,724,396	-	994,666
Restricted for grants and other special uses	224,558,522	-	-	-	324,283,301	99,724,779
Total governmental activities	<u>\$ 280,611,301</u>	<u>\$ 37,535,371</u>	<u>\$ 31,368,469</u>	<u>\$ 12,554,413</u>	<u>\$ 324,283,301</u>	<u>125,130,253</u>
General Revenues:						
State subvention - not restricted to specific programs						957,169
Interest - not restricted to specific programs						5,135,114
Penalties / settlements						5,746,760
Miscellaneous revenue						92,769
Total general revenues						<u>11,931,812</u>
Change in net position						137,062,065
Net position - beginning, July 1, 2019						<u>403,503,129</u>
Net position - ending, June 30, 2020						<u>\$ 540,565,194</u>

* 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, 2020

Assets

Cash and investments	\$ 621,029,796
Accrued revenues	17,088,671
Prepaid items	13,736
Total assets	<u>\$ 638,132,203</u>

Liabilities

Accounts payable	\$ 1,497,562
Accrued wages payable	1,153,010
Advances from grantors	23,527,315
Total liabilities	<u>26,177,887</u>

Fund Balance

Nonspendable fund balance	13,736
Restricted fund balance	491,983,158
Assigned fund balance	88,349,158
Unassigned fund balance	31,608,264
Total fund balance	<u>611,954,316</u>

Total liabilities and fund balance	<u>\$ 638,132,203</u>
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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 Balance Sheet of the Governmental
Fund to the Statement of Net Position
June 30, 2020

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

Fund balance - governmental fund	\$ 611,954,316
Land and 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.	13,698,325
Deferred outflows of resources reported in the Statement of Net Position.	28,816,498
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.	(107,093,520)
Deferred inflows of resources reported in the Statement of Net Position.	<u>(6,810,425)</u>
Net position of governmental activities	<u>\$ 540,565,194</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, 2020

Revenues:

License and permit fees	\$ 51,065,558
Administrative fees	17,838,284
Penalties and settlements	5,746,760
Interest	5,135,114
State grants	11,474,305
Federal grants	2,037,275
Miscellaneous revenue	92,769
Incentive grants	313,813,127
Incentive grant interest	5,558,995
Federal incentive grants	4,911,179
Total revenues	<u>417,673,366</u>

Expenditures:

Current:	
Salaries and benefits	43,323,215
Services and supplies	4,534,297
Grants and other special uses	224,558,522
Capital outlay	2,846,243
Total expenditures	<u>275,262,277</u>
Net change in fund balance	142,411,089
Beginning fund balance, July 1, 2019	469,543,227
Ending fund balance, June 30, 2020	<u>\$ 611,954,316</u>

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, 2020

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

Net Change in Fund Balance - governmental fund		\$ 142,411,089
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.		3,520,743
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.		(2,136,766)
The net effect of disposal of assets.		(8,137)
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	11,260,589	
Amount of pension expenses recognized at government-wide level	<u>(16,976,326)</u>	(5,715,737)
Increase in long-term compensated absences		<u>(1,009,127)</u>
Change in net position of governmental activities		<u>\$ 137,062,065</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, 2020**

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

Prepaid Expenses of the District for the fiscal year ended June 30, 2020 consisted of the following:

Loans Receivable	\$	8,133
Prepaid Payroll		24
Prepaid Medical Insurance		5,579
Total Prepaid Expenses	\$	<u>13,736</u>

F. Capital Assets and Depreciation

Land, 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.

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 is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Property, plant, and equipment 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Compensated Absences

Regular employees accumulate annual leave. Certain restrictions apply with respect to the accumulation of annual leave and its payment at termination. The compensated absences due within one year and due in more than one year amounted to \$250,664 and \$4,706,912, respectively, and have been reflected in the Statement of Net Position.

H. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 5 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 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

I. 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 6)

J. Restrictions on Net Position

Total Restricted Net Position at year-end was \$491,983,158. 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	\$ 69,093,497
DMV surcharge programs	92,123,372
Carl Moyer funds	28,747,993
Proposition 1B programs	10,326,825
State cap and trade	230,114,107
Volkswagen mitigation	60,588,066
Other special projects/programs	<u>989,298</u>
Total Restricted Net Position	<u>\$ 491,983,158</u>

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

K. 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:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

NOTES TO THE BASIC FINANCIAL STATEMENTS

- 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>	<u>13,736</u>
Restricted Fund Balance:		
VERA/ISR mitigation programs		69,093,497
DMV surcharge programs		92,123,372
Carl Moyer funds		28,747,993
Proposition 1B programs		10,326,825
State cap and trade		230,114,107
Volkswagen mitigation		60,588,066
Other special projects/programs		<u>989,298</u>
Total Restricted Fund Balance		<u>491,983,158</u>
Assigned Fund Balance:		
Encumbrances		6,111,977
Community Incentive Programs		73,206,079
Long-Term Building Maintenance		500,000
Contingency Reserve		850,000
Pension Stabilization Reserve		3,630,000
Video Teleconferencing and Computer Equipment		300,000
Modeling Center Reserve		350,000
Modeling Equipment Reserve		50,000
Appropriated FY 2020-21 Budgetary Deficit		<u>3,351,102</u>
Total Assigned Fund Balance		<u>88,349,158</u>
Unassigned Fund Balance:		
General Reserve		6,100,000
Unassigned		<u>25,508,264</u>
Total Unassigned Fund Balance		<u>31,608,264</u>
Total Fund Balances	<u>\$</u>	<u><u>611,954,316</u></u>

Nonspendable Fund Balance:

- The \$13,736 fund balance is for prepaid medical, payroll and other expenses and long-term notes receivable to the flex spending bank account.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Restricted Fund Balance:

- The \$69,093,497 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 \$92,123,372 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 \$28,747,993 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 \$10,326,825 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 \$230,114,107 fund balance for the State Cap and Trade and Air Quality Improvement Program (AQIP) Funds represents monies from the California Air Resources 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 \$60,588,066 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 \$989,298 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 \$6,111,977 fund balance for encumbrances outstanding at June 30, 2020 represents the amount of expenditures that would result if contracts in process at fiscal year-end were completed. Of the total assigned amount, \$1,739,170 represents encumbrances for services and supplies and \$4,372,807 represents encumbrances for capital assets. This assignment earmarks resources to pay for these contractual obligations by segregating a portion of fund balance.
- The \$73,206,079 was assigned by the District Governing Board for various Community Incentive Programs.
- The \$500,000 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 \$3,630,000 was established by the District Governing Board to provide for a Pension Stabilization Reserve.
- The \$300,000 was established by the District Governing Board to provide for Video Conferencing and Computer Equipment.
- The \$350,000 was assigned by the District Governing Board to provide for a Modeling Center Reserve.
- The \$50,000 was assigned by the District Governing Board to provide for a Modeling Equipment Reserve.
- The \$3,351,102 is the portion of existing fund balance that is included as a budgetary resource in the fiscal year 2020-21 budget

Unassigned Fund Balance:

- From total Unassigned Fund Balance of \$31,608,264 reported on June 30, 2020, \$6,100,000 is a General Reserve that was established by the District Governing Board to provide for additional financial stability.

L. 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

M. New Accounting Pronouncements

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

Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The requirements of this Statement are effective immediately. (FY19/20)

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 consisted of the following:

District Petty Cash/Change Funds	\$	5,800
Postage Funds		17,584
Total Cash On Hand		23,384
Wells Fargo Bank		18,431,352
Other Deposits		252
Total Deposits with Financial Institutions		18,431,604
Security Deposit - Leased Property		2,000
Total Other Deposits		2,000
Fresno County Treasurer		602,572,808
Total Investments with County Investment Pools		602,572,808
Total Cash and Investments	\$	621,029,796

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.

		Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
<u>Authorized Investment Type</u>	<u>Maximum Maturity</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

NOTES TO THE BASIC FINANCIAL STATEMENTS

reduce the fair value of an investment. Generally, the longer the maturity of an 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>\$602,572,808</u>	<u>\$602,572,808</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>\$602,572,808</u>	N/A	<u>\$602,572,808</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, 2020, 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, 2020 consisted of the following:

Capital Assets - Governmental Activities				
	Balance			Balance
	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets, non-depreciable:				
Land	\$ 1,595,549	\$ -	\$ -	\$ 1,595,549
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	14,159,442	3,520,744	476,546	17,203,640
Intangible assets	1,321,050	-	-	1,321,050
Total capital assets, depreciable/amortizable	25,615,444	3,520,744	476,546	28,659,642
Less accumulated depreciation/amortization for:				
Building and improvements	3,741,290	641,857	-	4,383,147
Machinery and equipment	9,839,169	1,481,909	468,409	10,852,669
Intangible assets	1,308,050	13,000	-	1,321,050
Total accumulated depreciation/amortization	14,888,509	2,136,766	468,409	16,556,866
Total capital assets, depreciable/amortizable, net	10,726,935	1,383,978	8,137	12,102,776
Net book value of capital assets	\$ 12,322,484	\$ 1,383,978	\$ 8,137	\$ 13,698,325

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2020, depreciation expense of \$2,136,766 on capital assets was charged to the District's activities as follows:

Permitting	\$ 289,247
Enforcement / Agricultural Burning	605,850
Plan and Rule Development	25,958
Mobile Sources	152,040
Outreach and Communications	38,727
Air Quality Analysis / Air Monitoring	<u>1,024,944</u>
Total Depreciation Expense	<u>\$2,136,766</u>

4. 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, 2020:

July 1, 2019 Balance	\$ 3,948,449
Plus: Additions	3,419,649
Less: (Reductions)	<u>(2,410,522)</u>
June 30, 2020 Balance	<u>\$ 4,957,576</u>
Amount Due Within One Year	<u>250,664</u>
Amount Due In More Than One Year	<u>\$ 4,706,912</u>

5. 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

employed by the County of Kern. KCERA also provides retirement benefits to the employee members of the Berrenda 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 a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for KCERA. The CAFR 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 required 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 2019 for members with membership dates on or after July 1, 1996 but before January 1,

NOTES TO THE BASIC FINANCIAL STATEMENTS

2013 is \$280,000. For General Tier III members who joined on or after January 1, 2013, the maximum pensionable compensation that can be taken into account for 2019 is \$124,180 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.

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. A member's retirement allowance is irrevocable once elected.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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 80% purchasing power protection and a \$5,000 death benefit.

Contributions

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the KCERA Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percentage of their annual pay. For each of the plans, the District's contractually required contribution (formerly known as the actuarially required contribution (ARC)) rate for the fiscal year ended June 30, 2019, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plan from the District were \$11,260,589 for the year ended June 30,

NOTES TO THE BASIC FINANCIAL STATEMENTS

2020. 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, 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 2019 ranged from 4.55% to 18.74% 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 2019 ranged from 33.41% to 76.22% of covered payroll, with a combined average of 47.09% for all employers.

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

At June 30, 2020, the District reported a liability of \$102,135,944 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the liability used to calculate the net pension liability was determined by an actuarial valuation date June 30, 2018. 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, 2019, the District's proportion was 4.2869%, compared to 4.0838% at June 30, 2018, an increase of 0.2031%.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$16,976,326. 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, 2020, 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	\$ 3,474,056	\$ -
Change in actual vs. proportionate contributions	10,240,171	-
Contributions subsequent to measurement date	11,260,589	-
Difference between prior year actuarial and actual employer contribution	542,823	-
Difference between projected and actual earnings on pension plan	3,298,859	-
Change in proportion	-	-
Difference between expected and actual experience	-	6,810,425
	\$ 28,816,498	\$ 6,810,425

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 \$11,260,589 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, 2021.

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
2021	\$ 4,812,100
2022	2,618,355
2023	1,877,401
2024	1,410,978
2025	26,650
Thereafter	-
	\$ 10,745,484

Actuarial Assumptions

The total pension liability as of June 30, 2019 that was measured by an actuarial valuation as of June 30, 2018. The actuarial assumptions used were the same as the June 30, 2018 funding valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation:	3.00%	
Salary Increases:	General: 4.00% to 9.00%.	Varies by service, including inflation.

NOTES TO THE BASIC FINANCIAL STATEMENTS

- Investment Rate of Return: 7.25%, net of pension plan investment expenses, including inflation.
- Administrative Expenses: 0.90% 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, 2019 funding valuation. These assumptions were developed in the analysis of the actuarial experience for the period from July 1, 2013 to June 30, 2016.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	15%	5.61%
Small Cap U.S. Equity	4%	6.37%
Global Equity	6%	6.50%
Developed International Equity	8%	6.96%
Emerging Market Equity	4%	9.28%
U.S. Core Fixed Income	19%	1.06%
High Yield/Specialty	6%	3.65%
Emerging Market Debt	4%	3.85%
Core Real Estate	5%	4.37%
Value Added Real Estate	5%	6.00%
Commodities	4%	3.76%
Hedge Funds	10%	4.70%
Private Equity	5%	8.70%
Private Credit	5%	5.10%
Total	100%	

NOTES TO THE BASIC FINANCIAL STATEMENTS

Discount Rate

The discount rates used to measure the total pension liability were 7.25% as of June 30, 2019 and 7.25% as of June 30, 2018. 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, 2019 and June 30, 2018.

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, 2019, calculated using a discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one point lower (6.25%) or one point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net retirement plan liability	\$ 140,182,055	\$ 102,135,944	\$ 70,840,999

Pension Plan Fiduciary Net Position

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

6. 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

for comprehensive liability, workers' compensation, property and employee blanket bonds for its member districts.

For the fiscal year 2019-20, the District contributed \$502,471 to the SDRMA. The District's contributions represented 1.22% of all member contributions.

The District has coverage against claims up to a limit of \$10,000,000 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.

7. 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 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, MassMutual Financial Group, 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, 2020, investments with a fair value of \$39,196,960 were held in trust.

8. 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, 2020 were \$6,111,977. Encumbrances are categorized as Assigned Fund Balance.

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. 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.

10. CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, the State of California has issued Stay At Home Orders which include the temporary closure of all businesses deemed to be nonessential. The most recent Regional Stay At Home Order, effective December 7, 2020 for Fresno County, requires individuals living in the San Joaquin Valley Region to stay at home, except as allowed, to maintain continuity of the federal critical infrastructure sectors. Accordingly, some functions of the District's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

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, 2020, 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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Adopted	Final Adjusted		
<u>Operating Budget</u>				
Revenues:				
Vehicle Registration Fees	\$ 12,760,000	\$ 12,760,000	\$ 13,530,185	\$ 770,185
License and Permit Fees	31,769,632	31,769,632	37,924,540	6,154,908
Interest	900,000	900,000	5,135,114	4,235,114
Penalties and Settlements	2,500,000	2,500,000	5,567,568	3,067,568
State Grants	13,255,000	13,255,000	13,667,168	412,168
Federal Grants	2,065,000	2,065,000	2,037,275	(27,725)
Administrative Fees	21,037,534	22,175,191	17,628,594	(4,546,597)
Miscellaneous Revenue	105,250	165,226	117,484	(47,742)
Total Operating Revenues	<u>84,392,416</u>	<u>85,590,049</u>	<u>95,607,928</u>	<u>10,017,879</u>
Operating Amounts Available For Appropriations	84,392,416	85,590,049	95,607,928	10,017,879
Expenditures:				
Salaries and Benefits	48,063,693	48,063,693	43,269,935	4,793,758
Services and Supplies	7,661,338	7,661,338	5,511,654	2,149,684
Capital Outlays:				
Office Improvements	180,000	180,000	102,139	77,861
Computer Equipment	2,108,554	2,108,554	2,083,786	24,768
Office Furniture/Equipment	31,200	31,200	20,666	10,534
Office Machines	27,250	27,250	4,900	22,350
Telephone System	37,750	37,750	9,498	28,252
Detection Equipment	160,000	160,000	155,780	4,220
Automobiles	574,000	574,000	573,916	84
Central Region Building Expansion	-	1,150,000	1,100,841	49,159
Video Conferencing System	26,000	26,000	1,247	24,753
Air Monitoring Station Equipment	1,388,250	1,388,250	1,247,502	140,748
AMS Automation Project	175,000	175,000	-	175,000
Total Capital Outlays	<u>4,708,004</u>	<u>5,858,004</u>	<u>5,300,275</u>	<u>557,729</u>
Total Operating Charges to Appropriations	<u>60,433,035</u>	<u>61,583,035</u>	<u>54,081,864</u>	<u>7,501,171</u>
Excess of Operating Revenues Over Expenditures	<u>23,959,381</u>	<u>24,007,014</u>	<u>41,526,064</u>	<u>17,519,050</u>
<u>Non-Operating Budget</u>				
Revenues:				
Air Toxics	749,615	749,630	898,835	149,205
DMV Surcharge Fees	44,788,680	44,788,680	47,284,189	2,495,509
Carl Moyer Program	18,750,000	18,750,000	14,277,730	(4,472,270)
School Bus Programs	883,089	880,689	1,009,745	129,056
Federal and Heavy Duty Grants	10,527,021	29,634,468	4,037,090	(25,597,378)
CEC - Energy Efficiency Block Grant	6,618,179	7,999,979	1,440,000	(6,559,979)
VERA/ISR Rule Mitigation Funds	48,723,562	48,723,562	19,137,727	(29,585,835)
State Cap and Trade and AQIP Funding	224,555,519	219,730,819	188,755,447	(30,975,372)
Volkswagen Mitigation Funding	48,750,000	48,750,000	40,870,000	(7,880,000)
Non-Operating Interest	5,088,000	5,088,000	5,558,995	470,995
Other Miscellaneous Incentives	870,000	870,000	1,013,543	143,543
Non-Operating Amounts Available For Appropriations	<u>410,303,665</u>	<u>425,965,827</u>	<u>324,283,301</u>	<u>(101,682,526)</u>
Expenditures:				
Air Toxics-Pass Through	749,700	749,700	898,835	(149,135)
Federal and Heavy Duty Grants	11,107,000	30,214,647	4,037,090	26,177,557
Carl Moyer Program	25,109,100	25,717,000	5,972,440	19,744,560
DMV Surcharge Fees	62,599,800	103,506,200	33,826,677	69,679,523
VERA/ISR Rule Mitigation Program	79,468,900	115,310,300	20,336,058	94,974,242
Proposition 1B Program	6,108,600	18,620,100	7,858,000	10,762,100
School Bus Programs	1,250,400	3,213,400	3,343,115	(129,715)
Community Incentive Programs	4,875,000	12,488,400	6,173,873	6,314,527
State Cap and Trade and AQIP Funding	295,980,500	382,465,000	139,425,644	243,039,356
CEC - Energy Efficiency Block Grant	6,618,200	8,000,000	1,800,000	6,200,000
Volkswagen Mitigation Funding	65,060,000	65,055,900	-	65,055,900
Miscellaneous Incentive Programs	871,700	907,400	886,790	20,610
Total Non-Operating Charges to Appropriations	<u>559,798,900</u>	<u>766,248,047</u>	<u>224,558,522</u>	<u>541,689,525</u>
Excess(Deficiency) of Non-Operating Revenues Over(Under) Expenditures	<u>(149,495,235)</u>	<u>(340,282,220)</u>	<u>99,724,779</u>	<u>440,006,999</u>
Appropriation for Contingencies	<u>850,000</u>	<u>850,000</u>	<u>-</u>	<u>850,000</u>
Net Change to District Fund Balance, June 30, 2020	<u>\$ (126,385,854)</u>	<u>\$ (317,125,206)</u>	<u>\$ 141,250,843</u>	<u>\$ 458,376,049</u>

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 53 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, 2020.

Excess of revenues over expenditures (GAAP Basis)	\$ 142,411,089
Adjustments from budget cash basis to modified accrual basis	<u>(1,160,246)</u>
Excess of revenues over expenditures (Budgetary Basis)	<u>\$ 141,250,843</u>

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*

	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
District's proportion of the net pension liability (asset)	4.0838%	4.0838%	3.8855%	3.4683%	3.4037%	3.2966%	3.3453%
District's proportionate share of the net pension liability (asset)	\$ 102,135,944	\$ 95,186,053	\$ 91,852,721	\$ 83,711,648	\$ 74,985,888	\$ 68,213,462	\$ 71,067,704
District's covered payroll	\$ 25,384,117	\$ 24,978,663	\$ 22,993,004	\$ 22,163,475	\$ 21,862,199	\$ 21,882,301	\$ 21,366,973
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	402.36%	381.07%	399.48%	377.70%	342.99%	311.73%	332.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	58.47%	59.22%	57.90%	57.15%	59.25%	60.66%	55.64%

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 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Actuarially determined contribution	\$ 9,822,196	\$ 9,904,685	\$ 8,717,203	\$ 7,499,401	\$ 7,334,096	\$ 7,265,384
Actual contributions	9,888,187	8,995,309	8,426,722	7,750,471	8,111,984	8,092,623
Contribution deficiency (excess)	\$ (65,991)	\$ 909,376	\$ 290,481	\$ (251,070)	\$ (777,888)	\$ (827,239)
District's covered payroll	\$ 27,000,871	\$ 25,335,880	\$ 24,056,703	\$ 22,969,370	\$ 22,127,394	\$ 21,894,563
Actual contributions as a percentage of the District's covered payroll	36.62%	35.50%	35.03%	33.74%	36.66%	36.96%

*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 45.

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STATISTICAL SECTION

The information in this section is presented as supplemental data for the benefit of the readers of the comprehensive annual 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 comprehensive annual financial reports for the relevant year.

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

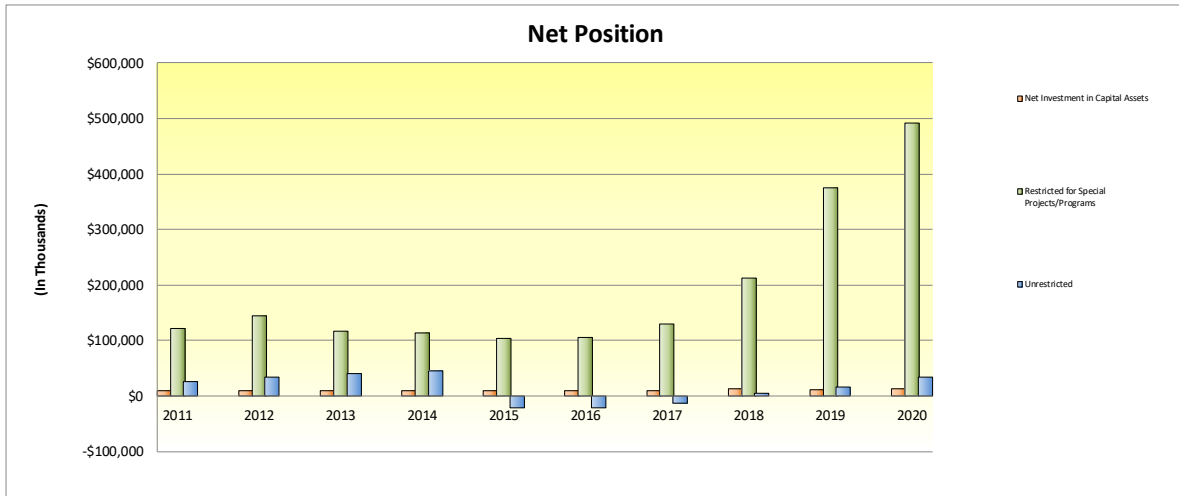
STATEMENT OF NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

(In Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current and Other Assets	\$ 151,967	\$ 186,754	\$ 162,777	\$ 164,321	\$ 150,856	\$ 154,223	\$ 188,266	\$ 293,995	\$ 472,447	\$ 638,132
Capital Assets	10,129	9,985	9,298	9,117	9,259	9,568	9,397	12,528	12,322	13,698
Total Assets	162,096	196,739	172,075	173,438	160,115	163,791	197,663	306,523	484,769	651,830
Deferred Outflows of Resources - Deferred Pension	-	-	-	-	14,310	15,436	23,821	29,857	28,854	28,816
Current Liabilities	1,999	5,769	2,124	2,096	2,133	3,446	2,743	3,365	3,182	26,429
Noncurrent Liabilities	2,914	2,684	2,840	2,821	71,051	78,094	87,236	95,463	98,856	106,843
Total Liabilities	4,913	8,453	4,964	4,917	73,184	81,540	89,979	98,828	102,038	133,272
Deferred Inflows of Resources - Deferred Pension	-	-	-	-	8,893	3,806	5,775	7,948	8,082	6,810
Net Position:										
Net Investment in Capital Assets	9,421	9,622	9,298	9,117	9,259	9,568	9,397	12,528	12,322	13,698
Restricted for Special Projects/Programs	121,765	144,317	117,304	114,186	104,379	105,725	129,584	212,202	375,335	491,983
Unrestricted	25,997	34,347	40,509	45,218	(21,289)	(21,412)	(13,251)	4,875	15,846	34,884
Total Net Position	\$ 157,183	\$ 188,286	\$ 167,111	\$ 168,521	\$ 92,349	\$ 93,881	\$ 125,730	\$ 229,605	\$ 403,503	\$ 540,565



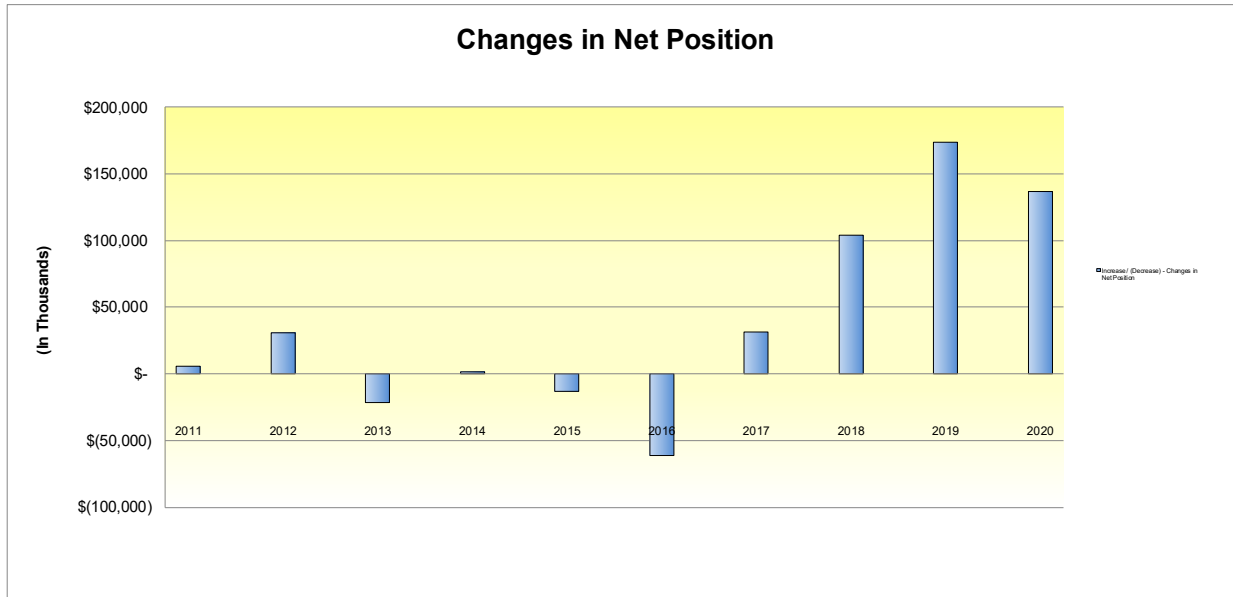
Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:										
Program Revenue:										
Fees and Charges - Stationary Sources	\$ 26,861	\$ 23,969	\$ 24,768	\$ 23,372	\$ 23,589	\$ 24,936	\$ 26,721	\$ 32,126	\$ 33,820	\$ 37,535
Fees and Charges - Mobile Sources	11,005	12,963	11,480	13,945	12,587	13,084	17,961	20,971	29,572	31,368
Operating Grants	2,123	2,201	2,034	2,032	2,199	2,168	2,078	11,424	2,074	12,554
Restricted Special Revenue Sources	<u>55,524</u>	<u>116,154</u>	<u>58,848</u>	<u>82,255</u>	<u>75,338</u>	<u>64,488</u>	<u>101,102</u>	<u>166,347</u>	<u>289,828</u>	<u>324,283</u>
Total Program Revenue	95,513	155,287	97,130	121,604	113,713	104,676	147,862	230,868	355,294	405,740
General Revenues:										
State Subvention	901	917	923	917	916	916	929	936	947	957
Interest	392	552	920	1,050	1,237	1,334	1,611	2,323	3,761	5,135
Penalties/Settlements	6,151	5,715	3,896	4,204	3,022	3,672	6,004	6,495	6,115	5,747
Miscellaneous	<u>223</u>	<u>175</u>	<u>150</u>	<u>71</u>	<u>142</u>	<u>196</u>	<u>61</u>	<u>113</u>	<u>280</u>	<u>93</u>
Total General Revenues	7,667	7,359	5,889	6,242	5,317	6,118	8,605	9,867	11,103	11,932
Other Financing Sources - Capital Asset Leases	-	-	-	-	-	-	-	-	-	-
Total Revenues & Other Financing Sources	103,180	162,646	103,019	127,846	119,030	110,794	156,467	240,735	366,397	417,672
Expenses:										
Permitting	13,836	14,170	14,222	13,987	12,781	12,906	14,108	15,152	15,716	16,685
Enforcement / Air Monitoring / Ag Burning	12,064	12,111	12,112	12,560	13,938	14,532	15,084	16,389	17,352	19,193
Plan and Rule Development	2,054	1,696	1,540	1,781	1,272	1,148	726	1,288	1,361	1,550
Mobile Sources	3,399	3,778	4,380	4,526	4,639	4,885	5,417	5,799	7,265	9,062
Outreach & Communications	2,252	2,216	2,325	2,454	2,515	2,502	2,804	3,154	3,081	3,478
Air Quality Analysis	3,023	3,336	3,097	3,500	3,521	4,246	4,910	5,111	7,995	6,084
Non-Operating	<u>60,728</u>	<u>94,236</u>	<u>86,518</u>	<u>87,628</u>	<u>93,561</u>	<u>69,043</u>	<u>81,569</u>	<u>89,966</u>	<u>139,729</u>	<u>224,558</u>
Total Expenses	97,356	131,543	124,194	126,436	132,227	109,262	124,618	136,859	192,499	280,610
Increase / (Decrease) - Changes in Net Position										
Prior to Adjustment	5,824	31,103	(21,175)	1,410	(13,197)	1,532	31,849	103,876	173,898	137,062
Adjustment to Net Position	-	-	-	-	-	(62,975)	-	-	-	-
Changes in Net Position	\$ 5,824	\$ 31,103	\$ (21,175)	\$ 1,410	\$ (13,197)	\$ (61,443)	\$ 31,849	\$ 103,876	\$ 173,898	\$ 137,062



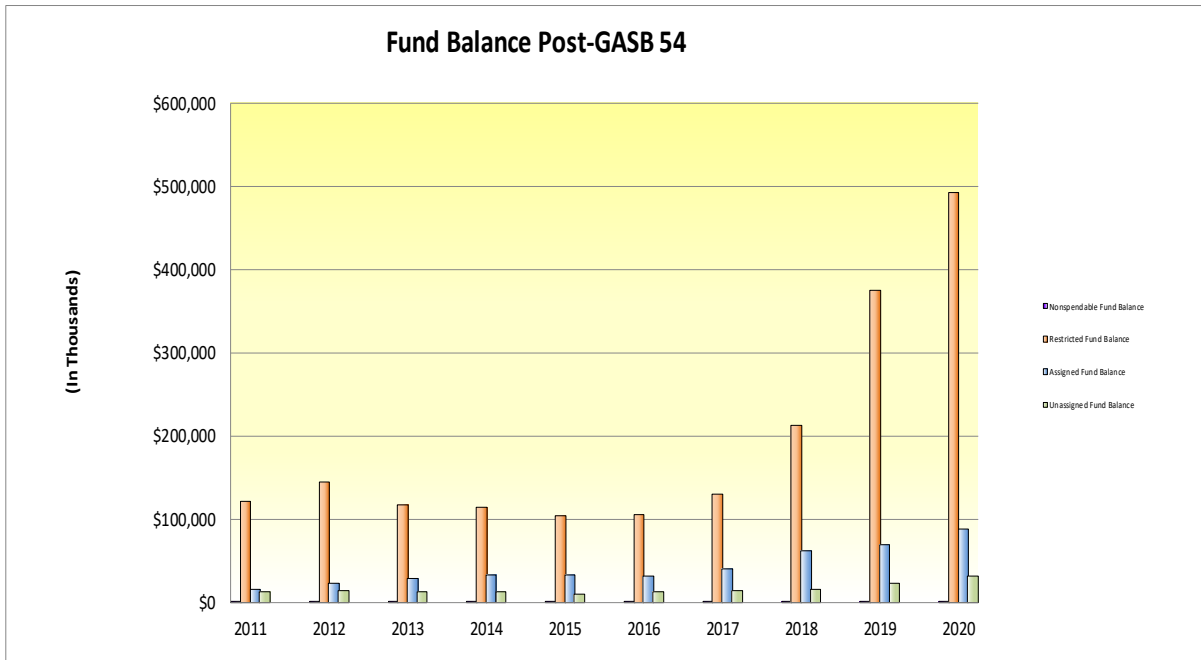
Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**FUND BALANCE, GENERAL FUND
Last Ten Fiscal Years**

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable Fund Balance	241	302	757	1,592	548	988	1,018	1,372	1,607	14
Restricted Fund Balance	121,757	144,317	117,304	114,186	104,379	105,726	129,584	212,202	375,334	491,983
Committed Fund Balance	-	-	-	-	-	-	-	-	-	-
Assigned Fund Balance	15,309	22,591	29,431	33,346	33,748	31,138	40,723	61,644	69,529	88,349
Unassigned Fund Balance	13,110	14,332	13,358	13,317	10,277	13,170	14,198	15,661	23,073	31,608
Total General Fund	\$ 150,417	\$ 181,542	\$ 160,850	\$ 162,441	\$ 148,952	\$ 151,022	\$ 185,523	\$ 290,879	\$ 469,543	\$ 611,954



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

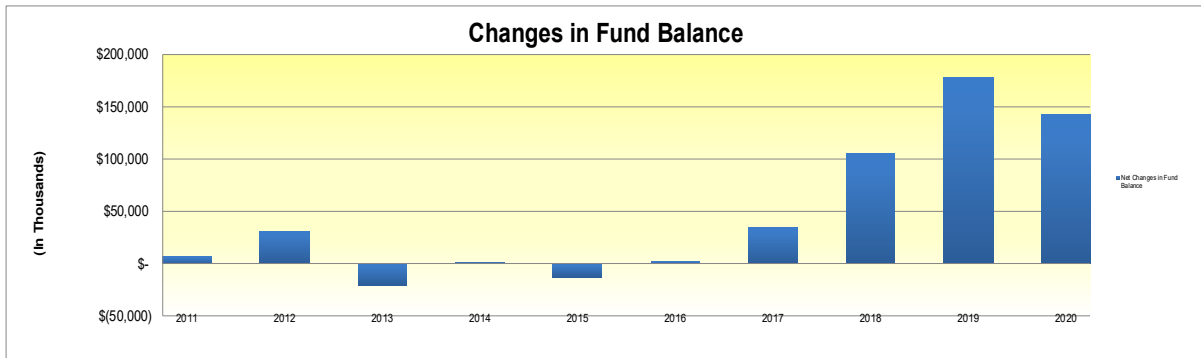
Note: The District implemented GASB Statement No. 54 under which fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

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)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Program Revenues:										
Fees and Charges - Stationary Sources	\$ 26,829	\$ 26,310	\$ 24,768	\$ 23,372	\$ 23,589	\$ 24,936	\$ 26,721	\$ 32,127	\$ 33,820	\$ 37,536
Fees and Charges - Mobile Sources	11,004	10,622	11,480	13,945	12,587	13,084	17,961	20,970	29,572	31,368
Operating Grants	2,123	2,201	2,034	2,032	2,199	2,168	2,078	11,424	2,074	12,554
Restricted Special Revenue Sources	55,524	116,240	58,848	82,255	75,338	64,488	101,102	166,347	289,828	324,283
General Revenues:										
State Subvention - Not Restricted	901	917	923	917	916	916	929	936	947	957
Interest - Not Restricted	392	552	920	1,050	1,237	1,334	1,611	2,323	3,761	5,135
Penalties/Settlements	6,151	5,715	3,896	4,204	3,022	3,672	6,004	6,495	6,115	5,747
Miscellaneous Revenue	(2)	202	172	71	142	283	61	113	280	93
Total Revenues	102,922	162,759	103,041	127,846	119,030	110,881	156,467	240,735	366,397	417,673
Expenditures:										
Operating:										
Salaries and Benefits	29,723	30,335	30,707	32,040	32,379	33,583	34,669	36,397	39,965	43,323
Services and Supplies	4,998	4,731	5,030	5,201	4,611	4,515	4,497	4,470	4,080	4,534
Capital Outlay	958	1,959	1,105	1,386	1,968	1,671	1,230	4,546	3,959	2,846
Debt Services:										
Principal	330	346	362	-	-	-	-	-	-	-
Interest	43	27	11	-	-	-	-	-	-	-
Total Operating Expenditures	36,052	37,398	37,215	38,627	38,958	39,769	40,396	45,413	48,004	50,703
Non-Operating:										
Pass Through and Non-Operating	60,728	94,236	86,518	87,628	93,561	69,043	81,569	89,966	139,729	224,559
Total Expenditures	96,780	131,634	123,733	126,255	132,519	108,812	121,965	135,379	187,733	275,262
Other Financing Sources - Capital Asset Leases	-	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balance - Prior to Adjustment	6,142	31,125	(20,692)	1,591	(13,489)	2,069	34,502	105,356	178,664	142,411
Adjustment to Fund Balance	-	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 6,142	\$ 31,125	\$(20,692)	\$ 1,591	\$(13,489)	\$ 2,069	\$ 34,502	\$105,356	\$178,664	\$142,411
Debt service as a percentage of noncapital expenditures	1.06%	1.05%	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

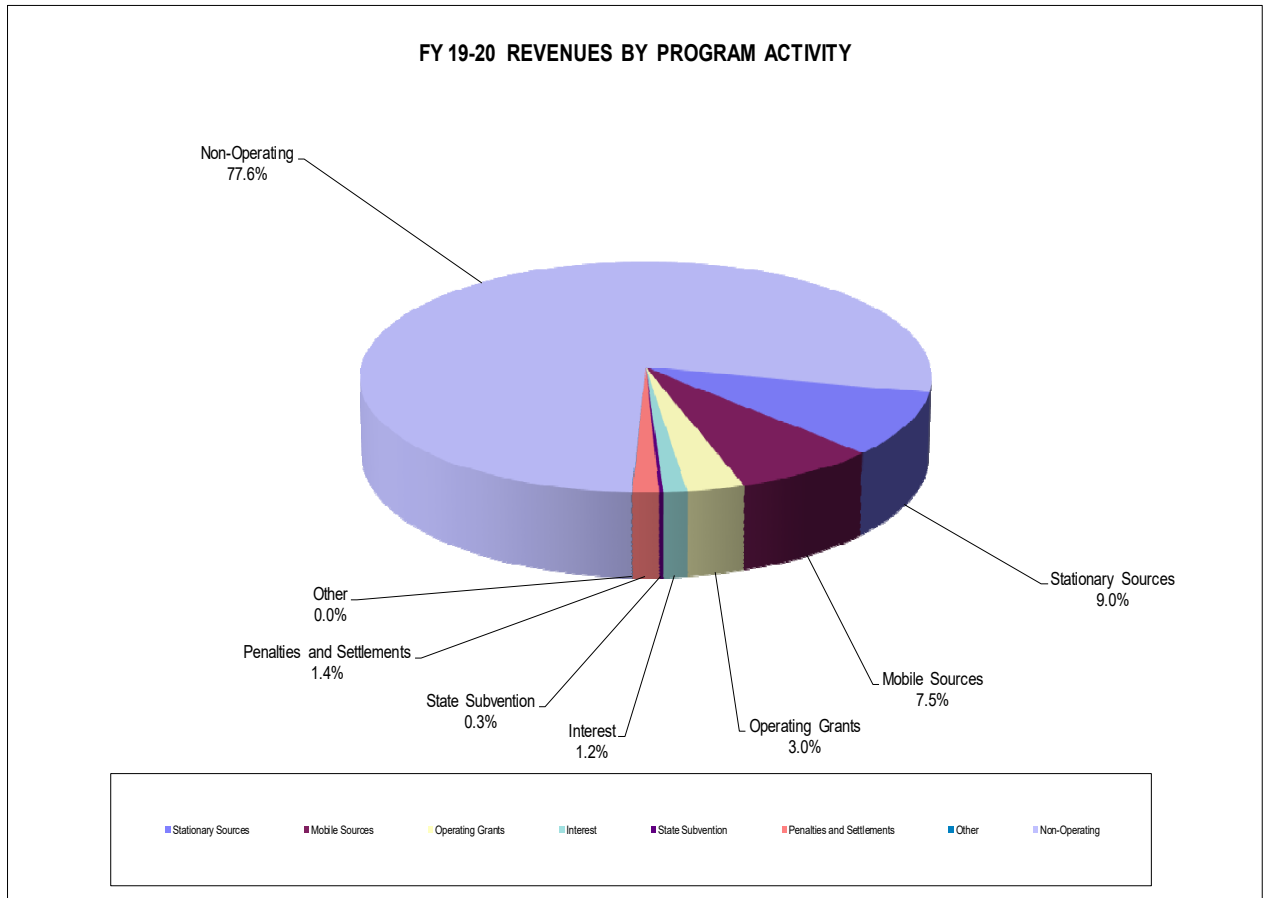


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

REVENUES BY PROGRAM ACTIVITY Last Ten Fiscal Years

Program Activity	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Stationary Sources	\$ 26,861,373	\$ 23,969,030	\$ 24,767,656	\$ 23,372,236	\$ 23,589,328	\$ 24,935,598	\$ 26,720,737	\$ 32,126,421	\$ 33,819,926	\$ 37,535,371
Mobile Sources	11,004,317	12,962,535	11,479,999	13,945,295	12,587,016	13,083,836	17,960,475	20,970,391	29,571,734	31,368,469
Operating Grants	2,123,425	2,200,999	2,034,170	2,032,077	2,198,751	2,168,103	2,077,626	11,424,146	2,074,312	12,554,413
Interest	392,185	552,185	919,905	1,049,885	1,236,409	1,334,372	1,610,865	2,322,980	3,761,051	5,135,114
State Subvention	901,102	916,983	923,280	916,805	916,425	916,151	929,057	936,250	947,052	957,169
Penalties and Settlements	6,151,499	5,715,216	3,895,600	4,204,663	3,021,904	3,671,774	6,004,361	6,495,034	6,115,094	5,746,760
Other	222,696	175,375	149,587	70,998	141,979	283,079	61,106	113,226	279,766	92,769
Non-Operating	55,523,858	116,153,677	58,848,227	82,254,719	75,338,055	64,487,754	101,102,354	166,346,429	289,827,526	324,283,301
Total Revenues	\$ 103,180,455	\$ 162,646,000	\$ 103,018,424	\$ 127,846,678	\$ 119,029,867	\$ 110,880,667	\$ 156,466,581	\$ 240,734,877	\$ 366,396,461	\$ 417,673,366



Notes: Other includes: Miscellaneous Revenue and Subscriptions

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

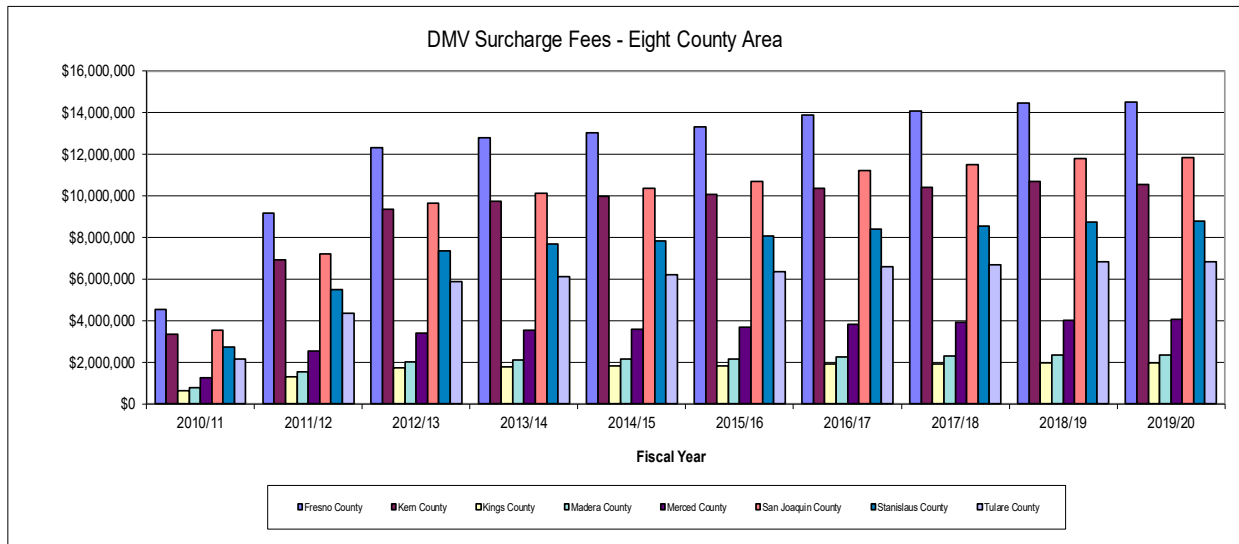
SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

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
2010/11	4,568,020	3,362,490	643,497	761,072	1,253,604	3,568,755	2,741,126	2,172,166	19,070,730	-0.49%
2011/12	9,179,990	6,929,110	1,295,433	1,524,931	2,541,760	7,222,200	5,518,649	4,361,007	38,573,080	102.26%
2012/13	12,305,801	9,378,758	1,739,277	2,043,700	3,389,954	9,674,703	7,370,208	5,873,046	51,775,447	34.23%
2013/14	12,808,059	9,761,658	1,802,917	2,130,958	3,535,028	10,115,186	7,703,961	6,117,122	53,974,889	4.25%
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%



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.

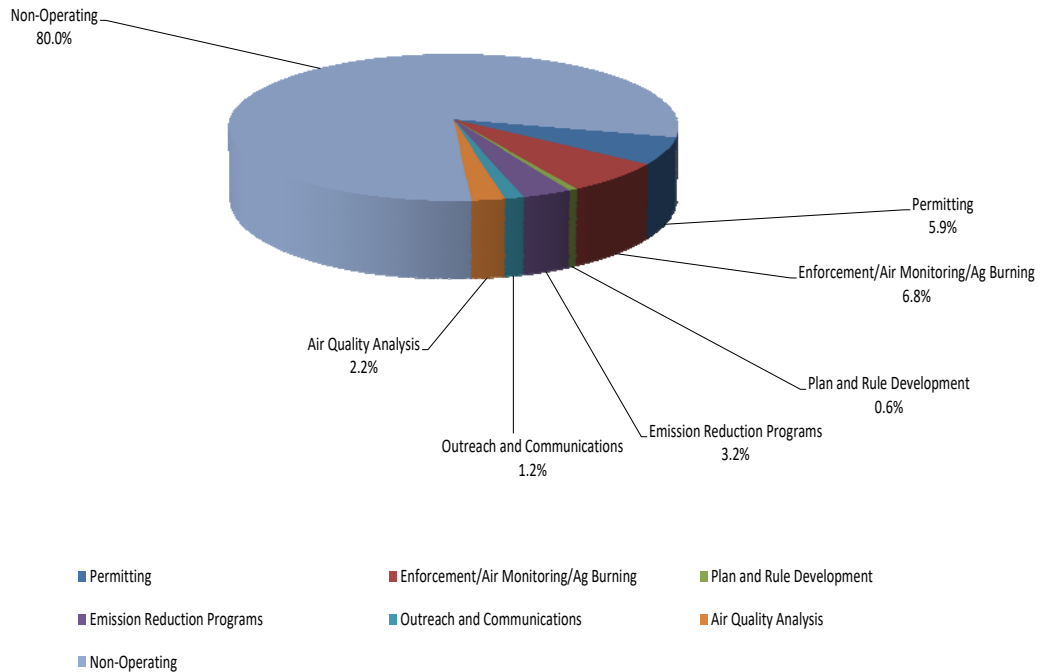
Source: California Department of Motor Vehicles

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

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

Program Activity	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Permitting	\$ 13,835,586	\$ 14,170,277	\$ 14,222,479	\$ 13,987,232	\$ 12,781,456	\$ 12,906,182	\$ 14,108,474	\$ 15,151,629	\$ 15,716,153	\$ 16,684,825
Enforcement/Air Monitoring/Ag Burning	12,063,812	12,110,993	12,112,312	12,559,594	13,938,265	14,532,516	15,084,374	16,388,828	17,351,638	19,193,489
Plan and Rule Development	2,054,340	1,696,327	1,539,504	1,780,869	1,271,597	1,147,918	725,613	1,288,524	1,361,075	1,550,158
Emission Reduction Programs	3,399,671	3,778,290	4,379,931	4,526,521	4,639,424	4,885,046	5,416,974	5,799,206	7,264,553	9,061,698
Outreach and Communications	2,251,876	2,215,619	2,324,962	2,453,837	2,514,672	2,502,259	2,803,370	3,153,693	3,081,456	3,478,074
Air Quality Analysis	3,022,735	3,335,839	3,096,749	3,499,658	3,520,539	4,245,554	4,910,143	5,111,140	7,994,990	6,084,535
Non-Operating	60,727,740	94,235,828	86,517,953	87,628,449	93,560,856	69,043,003	81,568,823	89,966,110	139,728,770	224,558,522
Total Expenses	\$ 97,355,760	\$ 131,543,173	\$ 124,193,890	\$ 126,436,160	\$ 132,226,809	\$ 109,262,478	\$ 124,617,771	\$ 136,859,130	\$ 192,498,635	\$ 280,611,301

FY 19-20 EXPENSES BY PROGRAM ACTIVITY (Accrual Basis of Accounting)

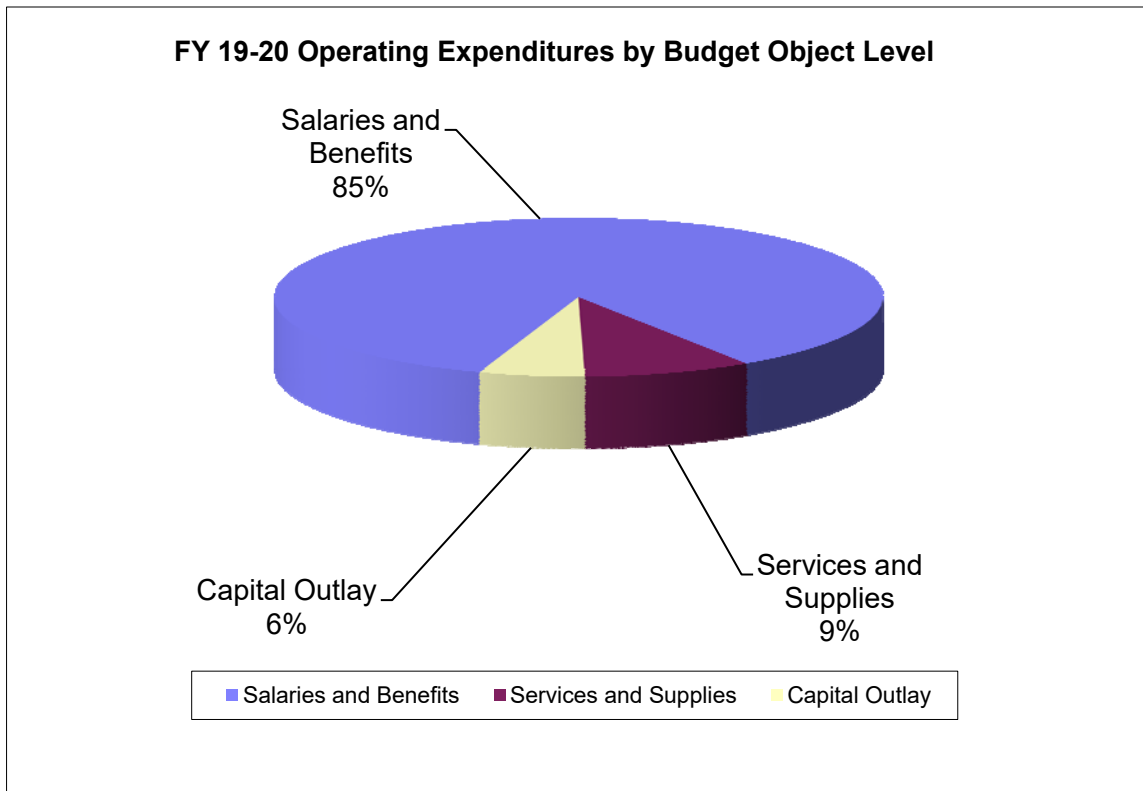


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

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	Total Operating Expenditures
2010/11	29,722,716	4,997,940	958,072	35,678,728
2011/12	30,335,317	4,731,489	1,958,679	37,025,485
2012/13	30,707,207	5,030,082	1,104,906	36,842,195
2013/14	32,039,781	5,201,603	1,385,826	38,627,210
2014/15	32,378,741	4,611,528	1,967,688	38,957,957
2015/16	33,582,733	4,514,604	1,670,870	39,768,207
2016/17	34,668,985	4,496,799	1,230,474	40,396,258
2017/18	36,396,633	4,469,687	4,546,283	45,412,603
2018/19	39,964,932	4,080,033	3,958,832	48,003,797
2019/20	43,323,215	4,534,297	2,846,243	50,703,755



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

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

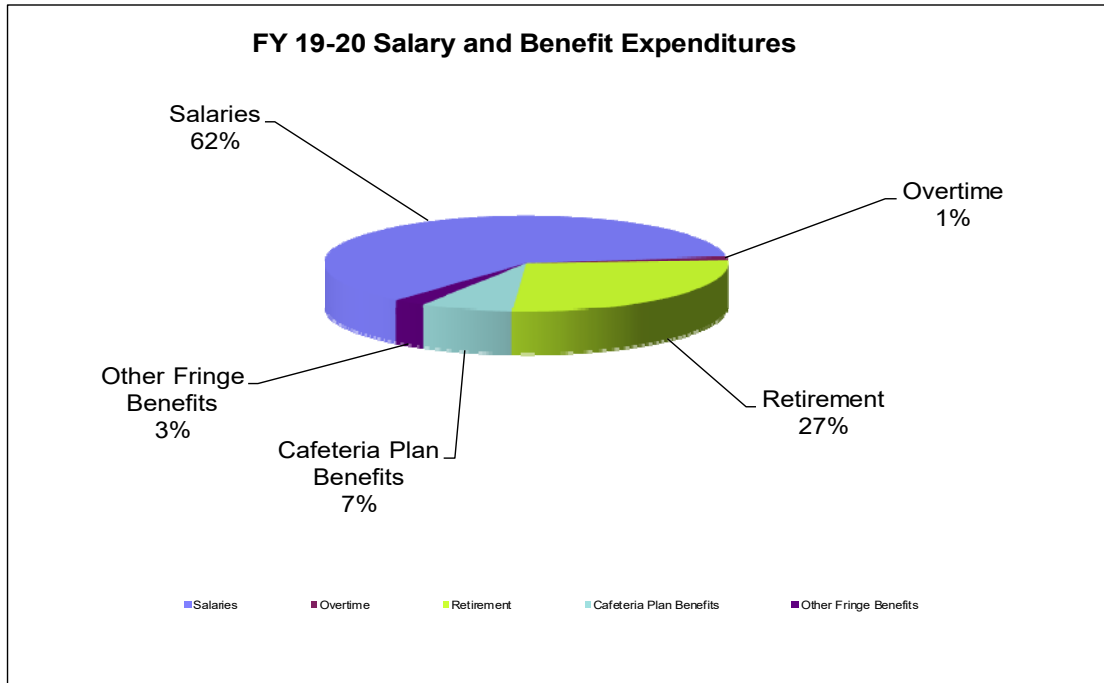
**SALARY AND BENEFIT EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Salaries	Overtime	Retirement	Cafeteria Plan Benefits	Other Fringe Benefits	Total Salaries and Benefits
2010/11	\$ 19,655,967	\$ 338,115	\$ 6,962,404	\$ 2,006,418	\$ 759,812	\$ 29,722,716
2011/12	19,729,937	402,265	7,331,907	2,034,625	836,583	30,335,317
2012/13	19,516,057	382,682	7,604,832	2,432,529	771,107	30,707,207
2013/14	19,845,461	361,635	8,117,087	2,889,718	825,880	32,039,781
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

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.

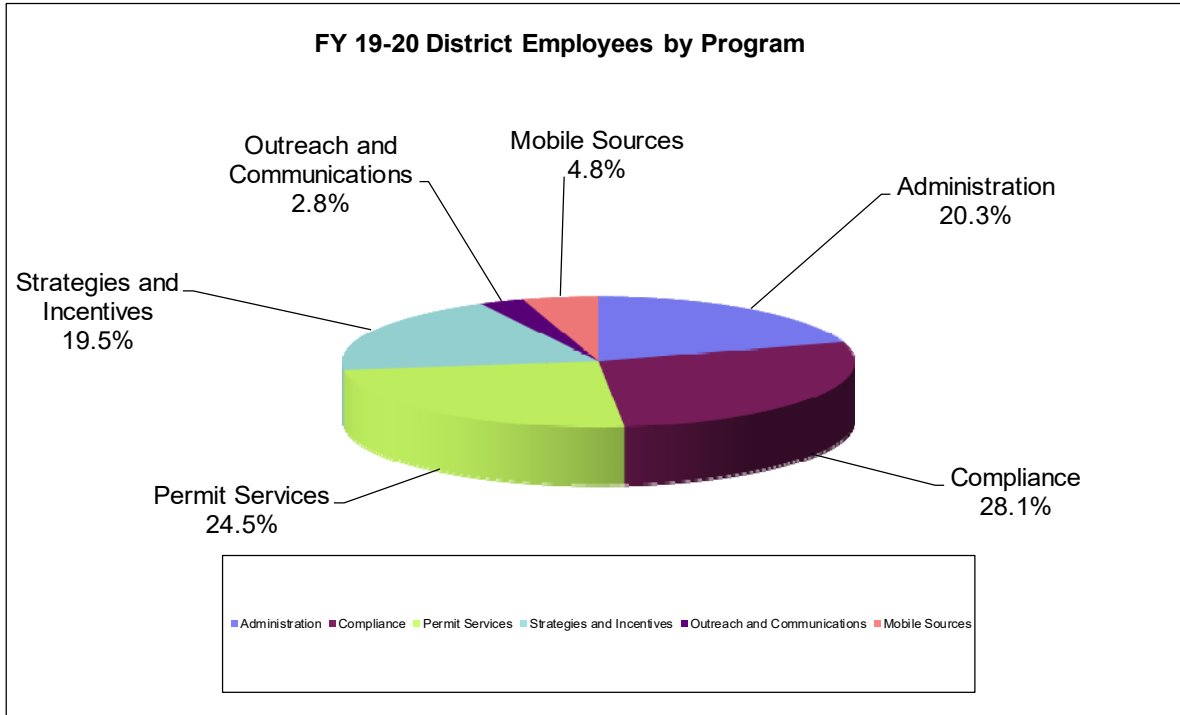


Source: San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

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	Total Employees
2010/11	61	97	94	28	7	21	308
2011/12	61	97	94	28	7	21	308
2012/13	62	97	96	32	7	14	308
2013/14	62	97	96	32	7	14	308
2014/15	62	97	96	32	7	14	308
2015/16	66	93	85	42	8	16	310
2016/17	66	93	85	41	8	17	310
2017/18	66	93	85	41	8	17	310
2018/19	71	100	87	65	9	18	350
2019/20	72	100	87	69	10	17	355



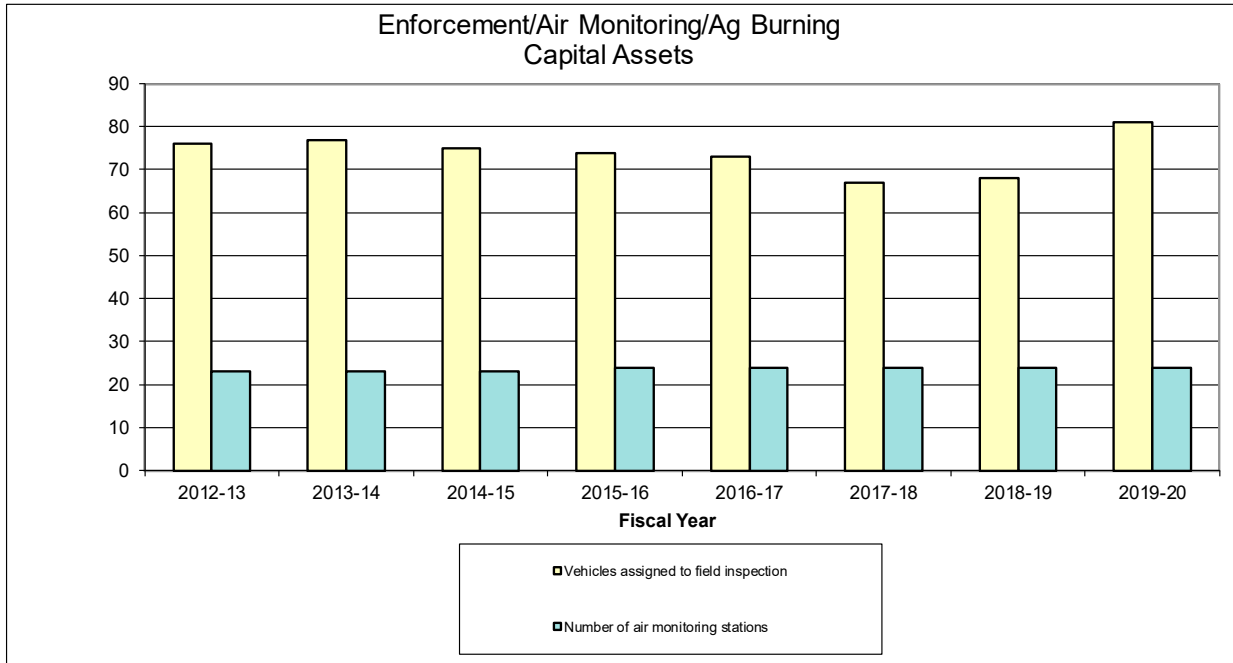
*District Adopted Budget

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	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Enforcement/Ag Burning								
Vehicles assigned to field inspection	76	77	75	74	73	67	68	81
Air Monitoring								
Number of air monitoring stations	23	23	23	24	24	24	24	24
Outreach and Communications								
Vehicles assigned to communications	1	1	1	1	1	1	1	1



* 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Permitting										
Authority to construct permits issued	4,995	7,055	4,034	3,575	3,105	2,939	2,975	2,541	2,132	1,903
New permits to operate issued	577	227	133	127	48	59	30	2,226	2,364	10
New title V permits issued	1,648	238	2,586	214	201	27	320	55	10	965
Title V permit modifications	2,019	8,784	1,532	1,616	2,296	753	862	1,106	771	583
Conservation management practices plans issued	573	680	464	260	459	227	492	407	495	890
Emission reduction credit certificates issued or transferred	415	232	346	492	467	248	209	226	189	170
Toxic air contaminant risk-management reviews performed	815	903	987	853	876	686	678	809	697	714
Annual emissions inventory surveys processed	5,465	1,820	7,443	6,758	6,147	6,603	4,603	6,447	5,511	5,458
California environmental quality act review requests	1,416	1,367	1,475	1,769	1,796	1,807	2,560	2,568	3,125	2,682
Indirect source review applications processed	199	214	213	200	175	207	241	344	339	346
Enforcement/air monitoring/ag burning										
Permit units inspected	22,630	31,090	32,529	37,422	31,234	36,879	32,568	32,131	34,679	33,689
Public complaints investigated	2,287	3,239	2,759	3,379	3,376	2,719	2,891	3,297	3,007	3,382
Open burn sites inspected	1,935	1,993	1,697	1,526	1,512	1,809	1,944	1,841	1,655	1,969
Incentive funding units (trucks, engines) inspected	3,584	3,792	5,598	5,503	4,029	2,660	3,293	4,116	4,817	5,973
Asbestos projects reviewed and inspected	1,974	1,112	967	902	666	579	702	284	137	132
Notices of violation	2,919	3,309	2,560	2,810	2,457	2,297	2,069	2,909	2,833	2,818
Plans and rules developed to Achieve Clean Air										
New rules adopted	10	8	2	4	21	2	-	-	-	2
Outreach and communications										
Media calls	293	305	211	250	201	195	188	191	204	94
Public calls	1,331	1,278	910	1,078	1,447	1,626	1,270	1,286	1,464	782
News releases	38	51	43	48	28	43	36	25	33	34
Events & presentations	132	159	51	77	52	81	84	65	125	53
Grants and Incentives										
Contracts awarded	4,919	3,594	4,906	6,008	8,619	7,512	7,717	7,746	10,117	14,249
Amount contracted	\$61,908,384	\$98,116,375	\$107,648,690	\$82,171,567	\$76,089,828	\$72,905,963	\$126,589,650	\$119,555,398	\$220,567,168	\$240,379,464

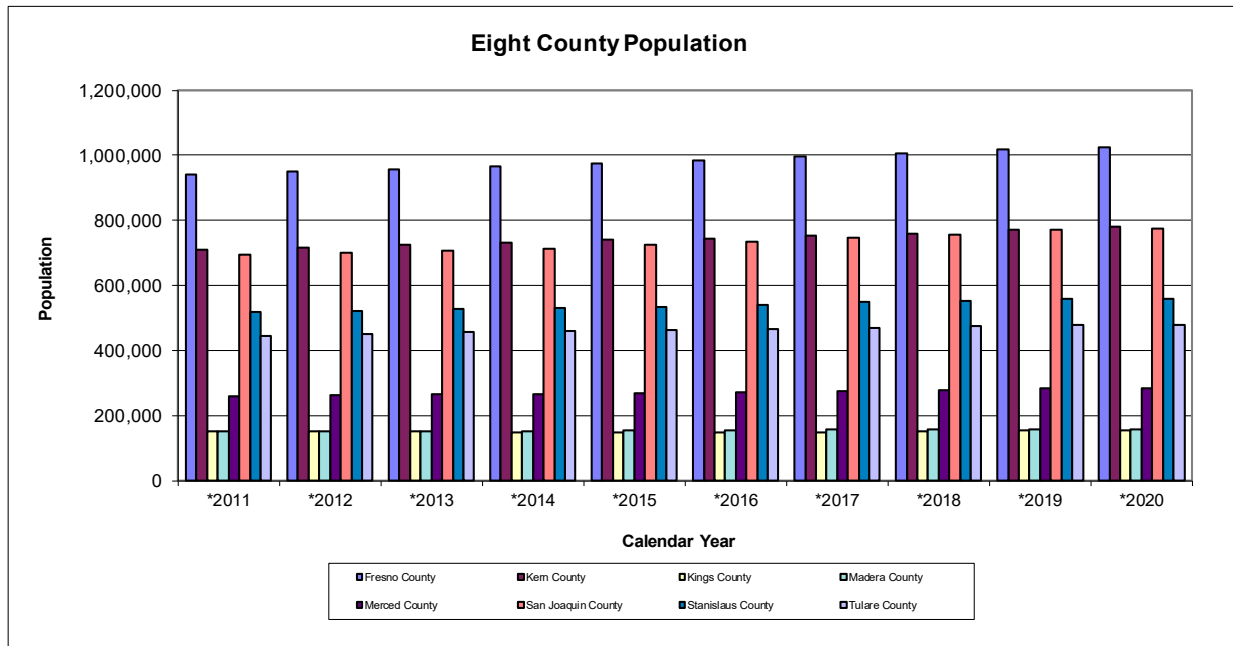
* Amounts presented above were determined as of 6/30.

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
*2011	939,813	710,274	151,557	151,458	259,297	693,114	518,916	446,322	3,870,751	0.87%
*2012	949,819	717,198	151,710	151,753	262,738	700,519	523,395	451,744	3,908,876	0.98%
*2013	958,127	725,528	150,791	151,626	264,933	706,418	527,250	456,036	3,940,709	0.81%
*2014	965,933	732,315	149,921	153,376	266,814	713,315	530,834	459,434	3,971,942	0.79%
*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%



* Estimated population

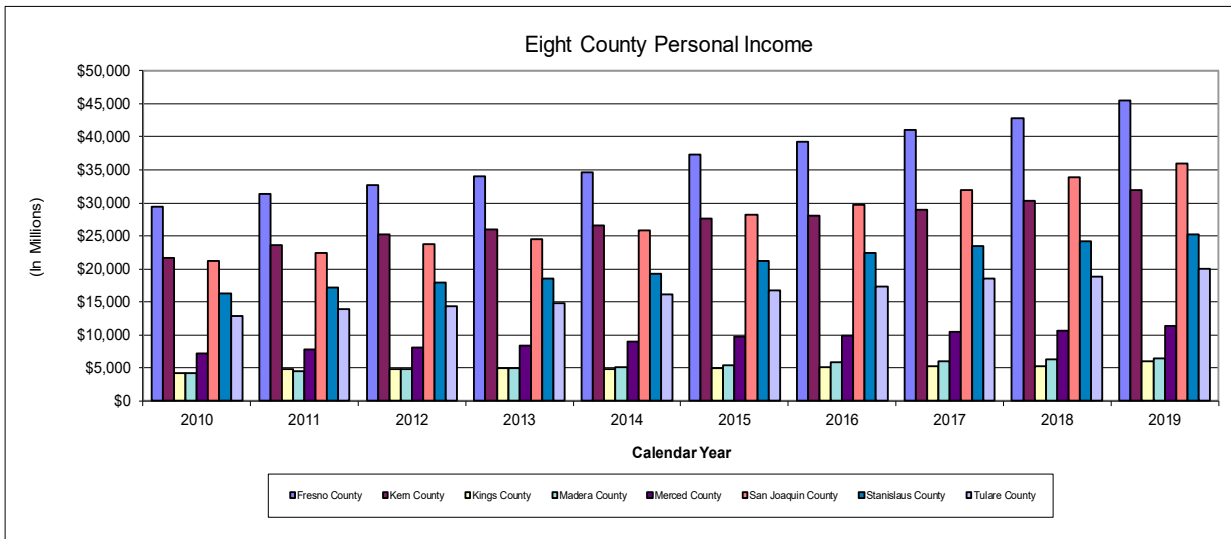
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

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 Millions)

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
2010	29,396	21,703	4,260	4,170	7,147	21,262	16,279	12,843	\$ 117,060	4.59%
2011	31,354	23,635	4,788	4,555	7,849	22,453	17,164	13,989	125,787	7.46%
2012	32,729	25,251	4,833	4,770	8,039	23,683	17,957	14,343	131,605	4.63%
2013	34,041	26,020	4,927	4,920	8,406	24,481	18,528	14,782	136,105	3.42%
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%



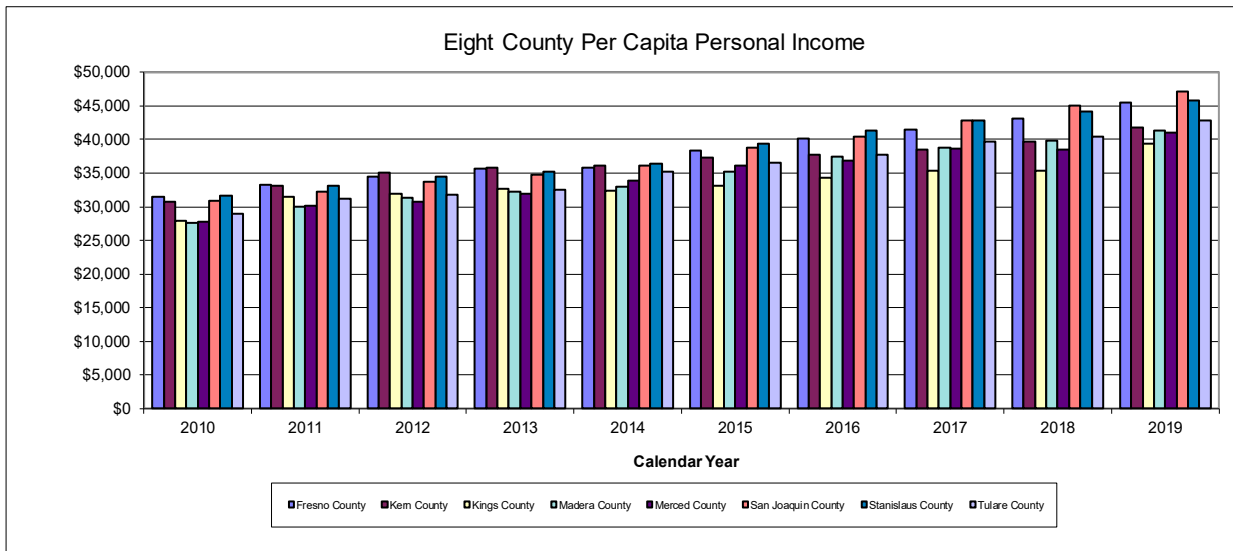
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

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
2010	31,516	30,693	27,949	27,581	27,835	30,926	31,592	28,968	29,633
2011	33,321	33,123	31,503	29,940	30,232	32,300	33,144	31,246	31,851
2012	34,539	35,139	31,926	31,334	30,726	33,777	34,437	31,801	32,960
2013	35,635	35,847	32,635	32,287	31,935	34,755	35,259	32,550	33,863
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



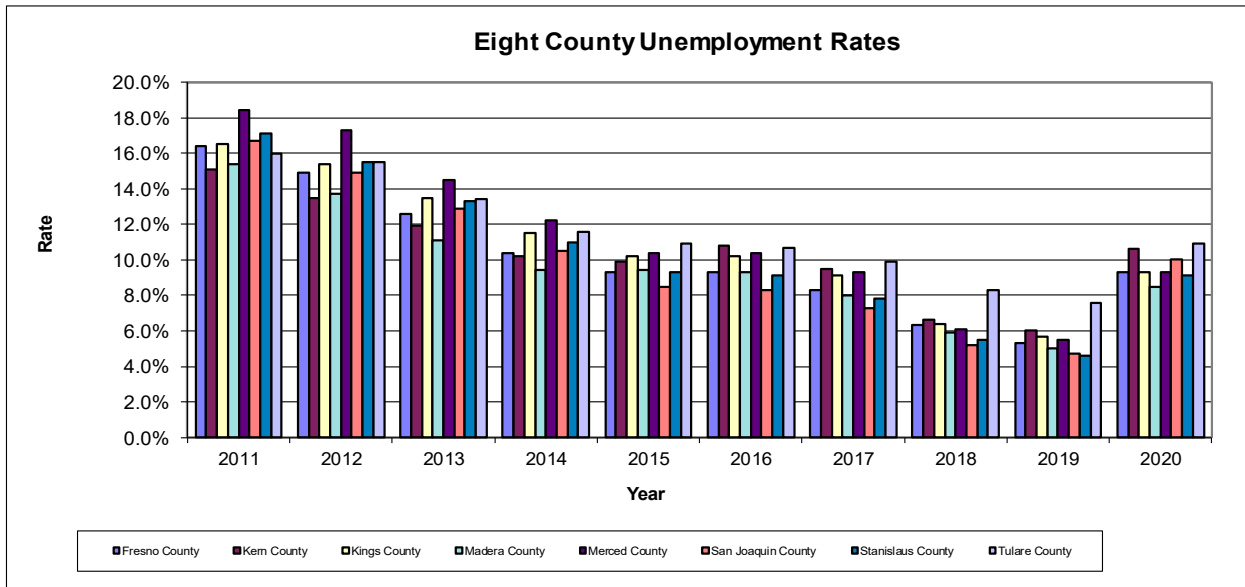
Notes: The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, and the valley portion of Kern County.

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
2011	16.4%	15.1%	16.5%	15.4%	18.4%	16.7%	17.1%	16.0%	16.5%
2012	14.9%	13.5%	15.4%	13.7%	17.3%	14.9%	15.5%	15.5%	15.1%
2013	12.6%	11.9%	13.5%	11.1%	14.5%	12.9%	13.3%	13.4%	12.9%
2014	10.4%	10.2%	11.5%	9.4%	12.2%	10.5%	11.0%	11.6%	10.9%
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%



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:	4,209,872 (2020 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:	3,208,888 (6/30/20) Estimate
Stationary Sources of Air Pollution	Oil Refineries, Oil Production Equipment, Power Regulated Plants, Manufacturing and Processing Facilities, Boilers and other Combustion Equipment, Emergency Generators, Paint Spray Booths, Service Stations, Agricultural Operations, and Dry Cleaners
Number of Sources:	Approximately 13,700 operating locations with more than 33,000 Permits to Operate and 6,200 Agricultural Conservation Management Practice Plans
Number of Air Monitoring Stations:	29, District, Air Resources Board, Tribal, and National Park Service Combined (Including 2 Lower Air Profilers)
District Full-time Authorized Positions:	354.5
Adopted Fiscal Year 2020-21 Budget:	\$498,549,604

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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