



# San Joaquin Valley

UNIFIED AIR POLLUTION CONTROL DISTRICT

State of California

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2013



Prepared by  
Administrative Services Department

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San Joaquin Valley Unified Air  
Pollution Control District  
State of California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013

Prepared By:  
Administrative Services Department

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# San Joaquin Valley Unified Air Pollution Control District

Comprehensive Annual Financial Report  
Year Ended June 30, 2013

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# INTRODUCTORY SECTION

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

December 20, 2013

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, 2013. 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.

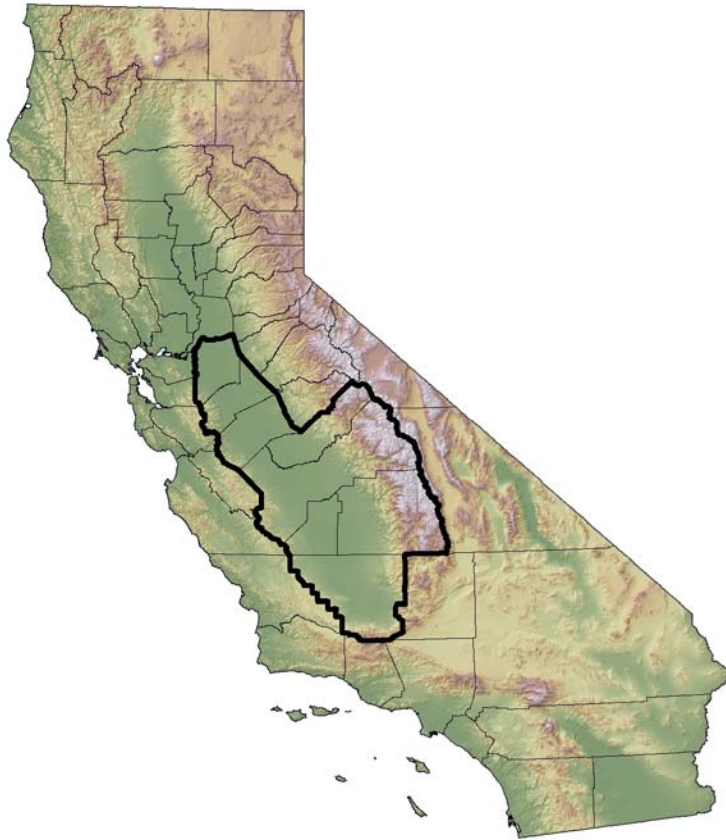
This report is divided into three major sections: Introductory Section, Financial Section and Statistical Section. The Introductory Section includes the District's organizational structure and a list of principal officials as well as this Letter of Transmittal, which provides general comments on activities of interest to the reader. The Financial Section is comprised of the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, which include the Notes to the Basic Financial Statements, and the Budgetary Comparison Schedule for the General Fund. The Statistical Section provides important historical and trend information about the District.

### **ABOUT THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

#### **Background**

The San Joaquin Valley Unified Air Pollution Control District (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 is one of California's fastest growing population areas, with a total estimated population of about 3.9 million residents in the year 2012. Major urban centers exist in Stockton, Modesto, Fresno, Visalia, and Bakersfield.

## San Joaquin Valley Unified Air Pollution Control District Jurisdictional Boundaries



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 15-member Board that consists of one representative from each of the Board 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.

### **Achieving Cleaner Air in the San Joaquin Valley**

For the first time in recorded history, the San Joaquin Valley in 2013 had zero violations of the hourly ozone standard established under the federal Clean Air Act. In 1996, the Valley experienced 281 violations of this hourly standard throughout the eight-county region. The number of violations of the standard dropped to only seven in 2012 and zero in 2013. Reaching this milestone has been the key focus of the Valley's air quality management strategies for more

than two decades. In 2004, EPA classified the Valley as “Extreme” non-attainment for this standard, meaning that reaching the standard at the time was deemed impossible. The San Joaquin Valley will be the first and only region in the nation to attain a standard after being classified as “Extreme” nonattainment by the federal EPA.

Despite these major improvements, the Valley still faces significant challenges in meeting the newest air quality standards, and cleaner air will still require continued focus on all sources of emissions and participation by all government sectors, business entities, and individuals throughout the Valley.

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 Environmental Protection Agency (EPA), sets health-based standards for air pollutants. 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 review, approval, and addition of state strategies.
- The District, ARB, and EPA adopt and implement plan commitments.
- The District provides routine updates and progress reports.

### **How the District Does Its Job**

The Valley Air 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. Toward 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.
- Organizes and promotes efforts to achieve early attainment through the **Fast Track Strategy**.
- 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.
- Administers **voluntary incentive grants** offering financial assistance to reduce air pollution.
- 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 2012-13

### **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 the new measures needed for the Valley to reach federal air quality standards. The District's air quality plans include emissions inventories showing the sources of air pollutants, evaluations of how well different control methods have worked, and a strategy for how air pollution will be further reduced. The plans also use computer modeling to estimate future levels of pollution and to ensure that the Valley will meet air quality goals on time. In December 2012, the District Governing Board adopted the 2012 PM2.5 Plan for the 2006 federal PM2.5 standard. The plan was subsequently adopted by ARB in January 2013 and then submitted to EPA through ARB. During fiscal year 2012-2013, the District also continued its



analysis to prepare for the 2013 Plan for the Revoked 1-Hour Ozone Standard (required by a recent Ninth Circuit Court decision). The District presented the final plan to the District Governing Board in September 2012. The plan was adopted and is currently being submitted to EPA through ARB.

Following adoption of the 2012 PM2.5 Plan and 2013 Plan for the Revoked 1-Hour Ozone Standard, the District will continue implementing the adopted plans' commitments and prepare for upcoming attainment plans, including the plan for EPA's 2008 8-hour ozone standard (due to EPA in 2015 or 2016) and the plan for the PM2.5 standard currently under EPA review (likely due to EPA in 2018). The District will also track EPA efforts to again revise the 8-hour ozone standard, with EPA's proposal expected in 2014.

### **Rules and Regulations**

The Valley Air 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. Of the 30 regulatory control measures in recent air quality plans, the District has adopted all but three rule amendments, which are scheduled for adoption between 2014 and 2016. New rule commitments for future years will be considered in upcoming air quality plans, including the next 8-hour ozone plan to be adopted in 2015 or 2016. The following rule actions highlighted fiscal 2012-13:

**Definitions (Rule 1020):** This rule defines terms used in other District Rules and is periodically updated to reflect definition revisions by EPA. Amendments added dimethyl carbonate and propylene carbonate to the District's list of exempt compounds within the definition of volatile organic compounds (VOCs). This amendment was a response to EPA findings that these two compounds have a low potential to form ozone in the atmosphere. By exempting these compounds, manufacturers of coatings and solvent cleaning materials have additional options with which to formulate low-VOC coatings and cleaning materials in the Valley. Additional amendments clarified existing requirements for methyl formate and tertiary-butyl acetate.

**State Implementation Plan Credit for Emission Reductions Generated through Incentive Programs (Rule 9610):** This first-of-its-kind rule provides an administrative mechanism to formally recognize emission reductions from incentive programs in attainment plans. Through Rule 9610, the District will receive credit from the EPA in SIPs for emission reductions achieved in the Valley through incentive programs administered by the District, ARB, and the United States Department of Agriculture Natural Resources Conservation Service (USDA-NRCS). When given SIP credit, incentive-based emission reductions can be used alongside regulatory-based emission reductions to meet certain federal Clean Air Act (CAA) requirements, such as demonstrating

attainment, fulfilling commitments for long-term measures under CAA section 185(e)(5) (“black box” reductions), meeting reasonable further progress or rate of progress emission reduction milestones, or satisfying contingency measure requirements. The District worked closely with EPA, ARB, and USDA-NRCS throughout the multi-year development of Rule 9610 to ensure that the rule is consistent with current EPA guidance and satisfies applicable CAA requirements.

### **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 this reporting period, permitting activities included:

- 4,034 Authority to Construct permits issued
- 133 new Permits to Operate issued
- 220 Permit-Exempt Equipment Registrations issued
- 2,586 new Title V permits issued to 13 facilities
- 865 Title V permit renewals issued to 82 facilities
- 1,532 Title V permit modifications
- 464 Conservation Management Practices plans issued
- 346 Emission Reduction Credit certificates issued or transferred
- 987 toxic air contaminant risk-management reviews performed
- 7,443 annual emissions inventory statements and surveys processed
- 1,475 California Environmental Quality Act review requests processed
- 833 CEQA comment letters and 77 CEQA documents prepared
- 213 Indirect Source Review applications processed
- 345 eTRIP plans

### **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 2012-13:

- 32,529 units inspected
- 2,759 public complaints investigated
- 1,697 open burn sites inspected
- 5,598 incentive funding units (i.e., trucks, engines) inspected
- 967 asbestos projects reviewed and inspected

### **Voluntary Incentive Grants**

To attain the current health-based air quality standards for ozone, the Valley requires at least 75% in NO<sub>x</sub> reductions from the 2005 level. The District, however, has limited legal authority to achieve these emission reductions, as

mobile sources comprise 80% 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, the District has awarded more than \$580 million in incentives, resulting in more than 107,000 tons of lifetime emission reductions. During the 2012-13 fiscal year, the District executed more than 5,000 agreements for more than \$106 million. These projects are expected to reduce more than 11,000 tons of lifetime 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
- 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 and retrofits
- Gross-polluting vehicle crushing and replacements
- New, clean vehicle purchases
- Transit pass subsidies
- Locomotive replacements
- E-mobility equipment
- Vanpools
- Lawn and garden equipment
- Zero-emission agricultural utility terrain vehicles
- Alternate fuel mechanic training

During the past year, the District was audited by the State Air Resources Board on several programs including the Carl Moyer Program, Proposition 1B: Goods Movement Emission Reduction Program, Lower Emission School Bus Program, AB 923 program and AB 118 program. The District again received high marks for efficiency and accountability in our administration of these programs. 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 Valley Air 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 seasonal campaigns, including:

- **Drive Clean:** Electric vehicle workshops were hosted in partnership with the California Center for Sustainable Energy (CCSE) in Fresno and Modesto. The workshops featured presentations by District and CCSE staff, as well as representatives of utility providers and owners' panels, about the technology behind the newest plug-in vehicles, generous incentives for their purchase and the experience of driving them. Attendees were given the opportunity to investigate a variety of electric vehicles on site, as well.
- **Tune In, Tune Up** is a program designed to identify and repair high-emitting vehicles. The Tune In, Tune Up Program is operated in partnership with Valley Clean Air Now, which has a long history of successfully implementing this program, and excels at reaching residents in environmental justice communities who otherwise may not be able to afford costly vehicle repairs. Reaching this key demographic is essential as the emission reductions are most needed in low-income communities, which are historically home to the greatest percentage of high-emitting vehicles. Through weekend events held throughout the Valley in 2012-13, participating residents could have their vehicles screened to determine if they qualified for emissions-related repairs at little to no cost to them. In the Tune In, Tune Up program, vehicle owners bring their vehicles to one of the program's weekend events, where an emissions test is performed to determine the likelihood of that vehicle failing the required biennial smog test. Owners of vehicles that fail this initial screening are provided with vouchers that are redeemable at participating smog shops for up to \$650 in emissions-related repairs. Once the vehicle is repaired, confirmatory smog tests are conducted that can then be used for vehicle re-registration purposes.
- **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.

## FACTORS AFFECTING FINANCIAL CONDITION

The District's operations are primarily supported by permit and auto registration fees, as well as state and federal grant revenue. In addition, the District receives penalties, settlements, interest and other miscellaneous revenues.

The enforcement of a \$29 million federal penalty for 1-hour ozone violations resulted in the District's Governing Board devising a solution that minimized individual impact to Valley residents and ensured these funds would return to the Valley for investment in clean-air projects. During 2011, the District's Governing Board adopted the federally mandated ozone nonattainment fee (Rule 3170). In addition, the Board approved an increase of \$12 to the DMV fees permitted by Assembly Bill 2522 passed in 2008. These funds are returned to Valley residents and businesses in the form of grants and incentives to assist in reducing emissions.

During this period, operating revenues exceeded operating expenditures due to receipt of higher than expected Rule 3170 fees, and Advanced Emission Reduction Options (AERO) fees received close to fiscal year-end and not spent by the end of the year. During 2012-13, more permitted facilities became subject to Rule 3170 fees compared to last fiscal year resulting a slight increase in this revenue.

While the District's permit fee and DMV revenues are relatively stable, the current state of the economy continues to dampen any growth in these fees. Operating expenditures, however, continue to grow primarily due to employee costs, retirement benefit costs in particular. In an effort to slow escalating pension costs, the District negotiated a new three year term MOU with its employees which added a second retirement tier for new employees hired on or after July 31, 2012. These employees pay 100% of the normal member contribution rate for retirement.

Automation and reorganization within the District's operational programs and grant programs has allowed for the District to assume significant amounts of additional workload without increasing staffing levels. For example, the District enhanced its payroll processing utilizing Labor Information System (LIS), its Electronic Document Management System (EDMS), its Grants Management System (GMS), workflow processes, and increased its use of the internet and intranet in doing business during 2012-13.

The District continues to maintain a reasonable amount of unrestricted fund balance, to have low long-term debt, and has financial and budgetary policies in place that will help ensure ongoing fiscal soundness as the District works to achieve its mission to improve the Valley's air.

## 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 & Company Accountancy Corporation conducted the independent audit of the District's financial statements for the fiscal year ended June 30, 2013. The auditor's unqualified 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, 2013 provided no instances of material weaknesses in connection with the internal control structure or violations of applicable laws and regulations.

As recipients 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 are included in a separately issued report.

### **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 government are protected against loss, theft or misuse; ensure the reliability of adequate accounting data for the preparation of financial statements in conformity with generally accepted accounting principles; and provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the costs of 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](http://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 fixed assets, are controlled at the object level for all program budgets within the District. Fixed assets 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.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities. 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 generally accepted accounting principles. Reconciliation of the differences is presented in the Required Supplementary Information section of this report.

## OTHER INFORMATION

### **Cash Management**

The County of Fresno provides treasury management services to the District. District funds not for immediate use are invested as part of Fresno County's common investment pool. California Statutes and the County's Investment Policy authorize investments in U.S. Treasury and agency obligations, bankers' acceptances, commercial paper, certificates of deposit, repurchase agreements, medium-term notes, the State's Local Agency Investment Fund, mutual funds, and mortgage-backed securities. Investments are restricted such that the average weighted maturity of the Pool does not exceed 550 days or 1½ years unless economic trends or market timing indicate such investments are beneficial. A Treasury Oversight Committee is responsible for regulatory oversight of the investment pool. The District's portfolio at June 30, 2013 is \$146.8 million.

The primary objective of the District's investment policy is to ensure money in the Treasury not required for the immediate needs of the District is prudently invested to preserve principal and provide necessary liquidity, while earning a market rate of return.

**Risk Management**

The District participates in a joint powers authority, the Special District Risk Management Authority (SDRMA), whose purpose is to develop and fund programs of excess insurance for comprehensive liability, and property and employee blanket bonds for its member districts.

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, and up to \$400,000 for public employees blanket bond and for the replacement cost of property.

**Acknowledgments**

The dedicated services of the Finance and Accounting Managers, accountants and other staff of the Finance Department 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,



Seyed Sadredin  
Executive Director / APCO

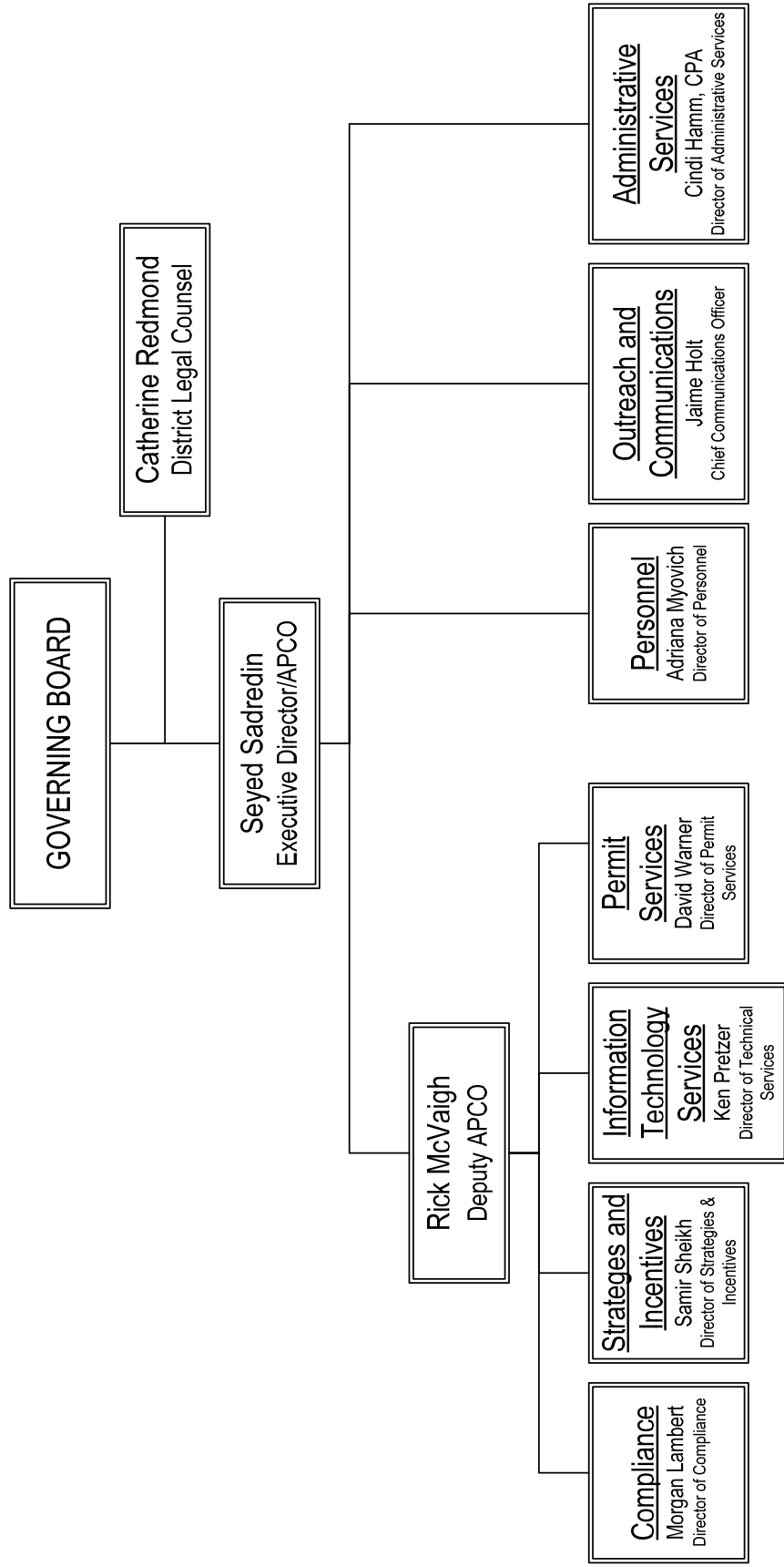


Mehri Barati, C.P.A.  
Director of Administrative Services



# San Joaquin Valley Unified Air Pollution Control District

June 30, 2013



# San Joaquin Valley Unified Air Pollution Control District

## Governing Board

June 30, 2013

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Skip Barwick, Chair  
Councilmember, City of Tulare

Hub Walsh, Vice Chair  
Supervisor, Merced County

Oliver L. Baines III  
Councilmember, City of Fresno

Tony Barba  
Supervisor, Kings County

Sally Bomprezzi  
Councilmember, City of Madera

Dennis Brazil  
Mayor, City of Gustine

Judith G. Case  
Supervisor, Fresno County

David Couch  
Supervisor, Kern County

Bob Elliott  
Supervisor, San Joaquin County

Harold Hanson  
Councilmember, City of Bakersfield

William O'Brien  
Supervisor, Stanislaus County

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

Tom Wheeler  
Supervisor, Madera County

J. Steven Worthley  
Supervisor, Tulare County

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Seyed Sadredin  
Executive Director - Air Pollution Control Officer



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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 General Fund of the San Joaquin Valley Unified Air Pollution Control District (the District) as of and for the year ended June 30, 2013, 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.

677 Scott Avenue  
Clovis, CA 93612  
  
tel 559.299.9540  
fax 559.299.2344

## 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 San Joaquin Valley Unified Air Pollution Control District, as of June 30, 2013, 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 and budgetary comparison information on pages 3-17 and on page 43 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 20, 2013, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
December 20, 2013

# San Joaquin Valley Unified Air Pollution Control District

## Management's Discussion and Analysis June 30, 2013

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter and the basic financial statements.

### A. Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$167.1 million (*net position*). Of this amount, \$117.3 million is restricted for specific purposes, \$9.3 million is net investment in capital assets, and \$40.5 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 decreased \$21.2 million as compared to the prior fiscal year. The majority of this decrease was related to a significant drop in restricted special revenue sources, such as Proposition 1B grant funding that was received this year in comparison to last year.
- The District's Governmental Fund reported a total fund balance of \$160.9 million at year-end, a \$20.7 million decrease as compared to the prior year-end balance. Approximately \$117.3 million of this balance is contractually or legally restricted for incentive programs; \$29.4 million represents fund balance assigned to specific purposes such as community incentive programs, and encumbrances. This District reported \$13.4 million unassigned fund balance at the end of fiscal year 2012-13.
- Total District governmental fund expenditures exceeded total District revenues by \$20.7 million. This was due primarily to a decrease in federal and state funding being received this year. The majority of fiscal year 2012-13 non-operating expenditures were funded by revenues received in fiscal year 2011-12.

### 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

## Management's Discussion and Analysis

Statements, and 3) Notes to the Basic Financial Statements. The District's report 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 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 reports all assets held and liabilities owed by the District on a full accrual basis. The difference between the two is 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. 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 18 to 19 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.

The District's Balance Sheet is presented on page 20 and Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on page 22 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 statements and the government-wide statements. The reconciliation of the total fund balance and total net position reported in these two statements can be found on page 21 of this report.

The reconciliation of the total changes in fund balance for all governmental funds to the change in net position can be found on page 23 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 24 to 40 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 Notes to the Schedule of General Fund Budgeted and Actual Expenditures can be found on page 44 of this report. The Schedule of Funding Progress for the pension plan can be found on page 45.

## **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 year ended June 30, 2013, as compared to the prior fiscal year.

### Statement of Net Position (In Thousands)

	Fiscal Year 2012-13	Fiscal Year 2011-12	Increase (Decrease)	Percent Change
Current and other assets	\$ 162,777	\$ 186,754	\$ (23,977)	-12.8%
Capital assets	<u>9,298</u>	<u>9,985</u>	<u>(687)</u>	<u>-6.9%</u>
Total assets	172,075	196,739	(24,664)	-12.5%
Current liabilities	2,124	5,769	(3,645)	-63.2%
Noncurrent liabilities	<u>2,840</u>	<u>2,684</u>	<u>156</u>	<u>5.8%</u>
Total liabilities	4,964	8,453	(3,489)	-41.3%
Net position:				
Net investment in capital assets	9,298	9,622	(324)	-3.4%
Restricted for special projects/programs	117,304	144,317	(27,013)	-18.7%
Unrestricted	<u>40,509</u>	<u>34,347</u>	<u>6,162</u>	<u>17.9%</u>
Total net position	<u>\$ 167,111</u>	<u>\$ 188,286</u>	<u>\$ (21,175)</u>	<u>-11.2%</u>

The District's total net position decreased \$21,175,466 from the prior fiscal year. The majority of this decrease was related to a significant drop in federal and state revenues, such as the amount of Proposition 1B grant funding that was received this year in comparison to last year.

The District's total liabilities decreased \$3,489,093 from the prior fiscal year. Current Liabilities decreased \$3,644,620. This was due to a large number of CEC Block Grant invoices that were received in fiscal year 2011-12 but had remained unprocessed by June 30th, affecting last fiscal year's current liabilities figure. This year has seen the District return to more typical level of liabilities reported at the end of fiscal year 2012-13. Noncurrent Liabilities increased by \$155,527 due to increased compensated absences payable at year end.

Of the District's total net position, 70.2% are legally or contractually restricted to expenditures for incentives and grants, and 24.2% are unrestricted and may be used to meet the District's ongoing obligations without legal constraint. Additionally 5.6% are 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, 2013, as compared to the prior year.

<b>Changes in Net Position</b>				
<b>(In Thousands)</b>				
	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Increase</u>	<u>Percent</u>
	<u>2012-13</u>	<u>2011-12</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues:				
Program revenues:				
Fees and charges - stationary sources	\$ 24,768	\$ 23,969	\$ 799	3.3%
Fees and charges - mobile sources	11,480	12,963	(1,483)	-11.4%
Operating grants	2,034	2,201	(167)	-7.6%
Restricted special revenue sources	58,848	116,154	(57,306)	-49.3%
General revenues:				
State subvention - not restricted	923	917	6	0.7%
Interest - not restricted	920	552	368	66.7%
Penalties / settlements	3,896	5,715	(1,819)	-31.8%
Miscellaneous revenue	150	175	(25)	-14.3%
Total revenues	<u>103,019</u>	<u>162,646</u>	<u>(59,627)</u>	<u>-36.7%</u>
Expenses:				
Permitting	14,222	14,170	52	0.4%
Enforcement / air monitoring / ag burning	12,112	12,111	1	0.0%
Plan and rule development	1,540	1,696	(156)	-9.2%
Mobile sources	4,380	3,778	602	15.9%
Outreach and communications	2,325	2,216	109	4.9%
Air quality analysis	3,097	3,336	(239)	-7.2%
Restricted for grants and other uses	86,518	94,236	(7,718)	-8.2%
Total expenses	<u>124,194</u>	<u>131,543</u>	<u>(7,349)</u>	<u>-5.6%</u>
Increase (decrease) in net position	(21,175)	31,103	(52,278)	-168.1%
Net position - beginning	<u>188,286</u>	<u>157,183</u>	<u>31,103</u>	<u>19.8%</u>
Net position - ending	<u>\$ 167,111</u>	<u>\$ 188,286</u>	<u>\$ (21,175)</u>	<u>-11.2%</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, 2013, as compared to the prior year.

### Revenues by Major Source Governmental Activities (In Thousands)

	<u>Fiscal Year</u> 2012-13	<u>Fiscal Year</u> 2011-12	<u>Increase</u> <u>(Decrease)</u>
Stationary Sources	\$ 24,768	\$ 23,969	\$ 799
Mobile Sources	11,480	12,963	(1,483)
Operating Grants	2,034	2,201	(167)
General Revenues *	5,889	7,359	(1,470)
Restricted Special Revenue Sources	<u>58,848</u>	<u>116,154</u>	<u>(57,306)</u>
	<u>\$ 103,019</u>	<u>\$ 162,646</u>	<u>\$ (59,627)</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 \$798,626 compared to the prior fiscal year. Increases in permit revenue due to additional permitted sources and the collection of biennial fees were the major contributors in the District's overall increase in Stationary Source Revenue.

#### Mobile Source Revenue

- Mobile Source Revenue shows a decrease of \$1,482,536 compared to the prior fiscal year. The majority of this decrease was due to an overall decrease in state and federal grant funds received resulting in lower administrative fees collected for the year.

## Management's Discussion and Analysis

### Operating Grant Revenue

- Operating Grant Revenue decreased \$166,830 compared to the prior fiscal year. The major factor for this difference was last year's receipt of a one-time EPA 103 grant amount for Air Monitoring. This year's Operating Grant Revenue is more consistent with prior years.

	Fiscal Year <u>2012-13</u>	Fiscal Year <u>2011-12</u>	Increase <u>(Decrease)</u>
Grant Revenue			
EPA 105 Grant	\$ 1,928,345	\$ 1,961,266	\$ (32,921)
EPA 103 Grant	<u>105,825</u>	<u>239,734</u>	<u>(133,909)</u>
Total Grant Revenue	<u>\$ 2,034,170</u>	<u>\$ 2,201,000</u>	<u>\$ (166,830)</u>

### General Revenues

General Revenue decreased \$1,471,387 as compared to the prior fiscal year due to less Penalty and Settlement revenue being received.

### Restricted Special Revenue Sources

- Restricted Special Revenue decreased \$57,305,450 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.

	Fiscal Year <u>2012-13</u>	Fiscal Year <u>2011-12</u>	Increase <u>(Decrease)</u>
Incentive Program			
DMV Surcharge Fees	\$ 41,655,916	\$ 34,227,873	\$ 7,428,043
Carl Moyer Program	7,986,070	10,614,446	(2,628,376)
Proposition 1B	3,747,213	58,175,976	(54,428,763)
Lower Emission School Bus Program	39,160	463,588	(424,428)
Federal Diesel Earmark Grant	1,986,307	1,935,261	51,046
CEC - EECBG - Energy Efficiency	-	3,735,339	(3,735,339)
Lawn & Garden Replacement	410,295	-	410,295
Diesel Emission Reduction Act	319,081	1,790,110	(1,471,029)
Voluntary Emission Reduction	319,602	957,837	(638,235)
Ag Tractor Replacement Program	294,408	2,189,509	(1,895,101)
ISR Rule Mitigation Funds	1,003,387	1,065,065	(61,678)
Other Miscellaneous Incentives	<u>1,086,788</u>	<u>998,673</u>	<u>88,115</u>
Total	<u>\$ 58,848,227</u>	<u>\$ 116,153,677</u>	<u>\$ (57,305,450)</u>

## Management's Discussion and Analysis

Total District Expenses decreased by \$7,349,283. The majority of this decrease was related to a reduction in grants received during the year which resulted in less funds being available for expenditures. The following is a schedule of District expenses by activity for the fiscal year ending June 30, 2013 with a comparison of prior year expenditures.

<b>Expenses by Activities</b>			
<b>Governmental Activities</b>			
	Fiscal Year	Fiscal Year	Increase
	<u>2012-13</u>	<u>2011-12</u>	<u>(Decrease)</u>
Permitting	\$ 14,222,479	\$ 14,170,277	\$ 52,202
Enforcement / Air Monitoring / Ag Burning	12,112,312	12,110,993	1,319
Plan and Rule Development	1,539,504	1,696,327	(156,823)
Mobile Source	4,379,931	3,778,290	601,641
Outreach & Communications	2,324,962	2,215,619	109,343
Air Quality Analysis	<u>3,096,749</u>	<u>3,335,839</u>	<u>(239,090)</u>
Total Operating Expenses	37,675,937	37,307,345	368,592
Restricted for Grants and Special Uses	<u>86,517,953</u>	<u>94,235,828</u>	<u>(7,717,875)</u>
Total District Expenses	<u><u>\$ 124,193,890</u></u>	<u><u>\$ 131,543,173</u></u>	<u><u>\$ (7,349,283)</u></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 \$160,850,141, a decrease of \$20,691,734 in comparison with the prior year. Approximately 73% of this fund balance, or \$117,304,084, is restricted for grants and incentives. The long-term contractual commitments related to these restricted programs involve multiple-year expenditures. The remainder of the fund balance also includes \$756,684 not in spendable form for items that are not expected to be converted to cash, such as prepaid expenses, and \$29,430,780 assigned to be used for Community Incentive programs, encumbrances and other assignments of Fund Balance listed in Note I on page 28 of this report.

At the end of the fiscal year, the District's Unassigned Fund Balance was \$13,358,593, a decrease of \$973,559 compared with the prior year. The majority of this decrease was related to less Penalty and Settlement revenue being received as well as less state and federal administrative funds being collected while the administrative costs incurred increased.

## Management's Discussion and Analysis

### Operating Revenues

- Total Operating Revenues decreased \$2,326,007 which was mainly due to decreases in Penalties, Settlements and fewer Administrative funds received during fiscal year 2012-13.

### Operating Expenditures

Total Operating Expenditures decreased \$183,290 as compared to the prior fiscal year.

- Total salaries and benefits increased \$371,890 compared to the prior fiscal year. The major factors in this increase, offset by salary savings, were due to a rise in retirement costs of \$244,217, and employee cafeteria costs, which rose due to a negotiated increase in the District's health benefit contribution, per the employees' Memorandum of Understanding.
- Total services and supplies increased \$298,593 from the prior fiscal year. This increase was due to one-time research projects which impacted the professional & specialized services account.
- Total capital outlay decreased \$853,773 as compared to the prior fiscal year. This decrease was related to a large number of facilities related projects that had been completed in the previous fiscal year that were not required in fiscal year 2012-13. The table below details the major changes to the various fixed asset accounts that make up this decrease.

Account Title	Fiscal Year 2012-13	Fiscal Year 2011-12	Increase (Decrease)
Computer Equipment	\$ 473,600	\$ 577,740	\$ (104,140)
Telephone System	9,049	7,660	1,389
Automobiles	160,283	374,512	(214,229)
Office Improvements	193,420	313,235	(119,815)
Video Conferencing System	3,291	31,539	(28,248)
AMS Automation Project	-	69,212	(69,212)
Air Monitoring Station Equipment	265,263	584,781	(319,518)
Total	<u>\$ 1,104,906</u>	<u>\$ 1,958,679</u>	<u>\$ (853,773)</u>

## Management's Discussion and Analysis

### Non-Operating Revenues

- Non-Operating Revenues decreased \$57,391,707 mainly due to a reduction in the amount of state and federal grant funds received, particularly Proposition 1B.

### Non-Operating Expenditures

- Non-Operating Incentive Program expenditures decreased \$7,717,875 compared to the prior fiscal year. This was mainly due to a significant reduction in Lower Emission School Bus Program expenditures as compared to those that had been made in fiscal year 2011-12. The table below details the major changes to the various Incentive Programs that make up this decrease.

Incentive Program Name	Fiscal Year 2012-13	Fiscal Year 2011-12	Increase (Decrease)
DMV Heavy-Duty Program	\$ 16,278,380	\$ 7,730,952	\$ 8,547,428
Carl Moyer Program	14,670,137	16,303,666	(1,633,529)
CEC - Energy Efficiency Block Grant	-	3,769,289	(3,769,289)
School Bus Retro/Replace Program	223,983	-	223,983
Peaker Plant Program	122	25,920	(25,798)
Air Shed - Ag Tractor Replacement	294,408	2,189,509	(1,895,101)
Traffic Congestion Relief Program	772,129	-	772,129
Voluntary Emission Reduction Agreements	382,650	802,293	(419,643)
ISR Rule Mitigation Program	6,908,691	2,187,622	4,721,069
Federal Diesel Earmark Grant	1,986,307	1,987,569	(1,262)
Proposition 1B Program	41,982,000	14,637,277	27,344,723
Lower Emission School Bus Program	792,036	41,170,100	(40,378,064)
Diesel Emission Reduction Act	317,185	1,790,109	(1,472,924)
Community Incentive Programs	704,698	540,130	164,568
Air Toxics	64,202	-	64,202
Misc. Incentive Grants	1,141,025	801,392	339,633
Hydraulic Hybrid Program	-	300,000	(300,000)
Total	<u>\$ 86,517,953</u>	<u>\$ 94,235,828</u>	<u>\$ (7,717,875)</u>

### E. Capital Assets

The District's capital assets are used for governmental activities. The book value was \$9,297,709 (net of accumulated depreciation of \$10,125,742) as of June 30, 2013. Capital assets include land, buildings and improvements, equipment for air



## Management's Discussion and Analysis

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 36 of this report.

### F. Current Year's Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$3,037,121. This amount is comprised solely of compensated absences, including the current portion due of \$197,377. 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.

### G. 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 2012 was \$41,127,262. A \$2,101,723 adjustment to increase appropriations was made during 2012-13. The majority of this increase was for 2011-12 encumbrances that lapsed at the end of the year and needed to be re-budgeted. Under District budget policy, all prior unused appropriations lapse at year-end and are re-budgeted. Revenues unrealized as of the 2012-13 year-end are re-budgeted in 2013-14. Revenues already received, but unspent, are included in the 2013-14 budget as available Fund Balance.

The Adjusted Non-Operating Budget at June 30, 2013 was \$214,027,665, including \$850,000 appropriated for contingencies. This was an increase of \$28,823,205 over the originally adopted Non-Operating Budget. This increase was due to fewer than expected expenditures occurring in fiscal year 2011-12, which increased that year's ending fund balance. That fund balance was a revenue source for fiscal year 2012-13, supporting the same expenditures as the previous year. Listed below are the major budget additions made during the year:

- \$7,252,693 for DMV related appropriations.
- \$8,150,649 for additional Carl Moyer program expenditures.

## Management's Discussion and Analysis

- \$5,402,208 for additional Proposition 1B program expenditures.
- \$2,755,353 for the school bus program.

### Operating Budget

#### Revenues

Actual Operating Revenues at June 30, 2013 were \$44,193,133, as compared to the final Adjusted Budget of \$48,175,132, a negative variance of \$3,981,999. Administrative Fees were lower than expected in fiscal year 2012-13 due to a decrease in State and federal grant funds received, particularly Proposition 1B. Section 185 non-attainment fees were also less than original estimates due to a lack of prior history and data for estimating this fee.

#### Expenditures

Actual Operating Expenditures at June 30, 2013 were \$37,464,056 as compared to the final Adjusted Budget of \$43,228,985, a positive variance of \$5,764,929.

#### Salaries and Benefits

Actual salary and benefit expenditures at year-end were \$30,707,207 as compared to the final Adjusted Budget of \$32,346,654, a positive variance of \$1,639,447. Salary and benefit savings on vacant positions during the year were the major factor contributing to the positive variance.

#### Services and Supplies

Actual services and supplies expenditures at year-end were \$5,126,147 as compared to the final Adjusted Budget of \$7,476,909, a positive variance of \$2,350,762. Of this amount, \$1,164,814 was encumbered and re-budgeted after year-end. Listed in the table below are the expenditures that make up the variances in the services and supplies accounts.

	<u>Final Adjusted</u> <u>Budget</u>	<u>Actual</u> <u>Expenditures</u> <u>@ 6/30/13</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>Amount</u> <u>Encumbered</u>
Mobile Communications	\$ 255,567	\$ 221,488	\$ 34,079	\$ 267
Equipment Maintenance	1,357,066	1,038,965	318,101	94,177
Professional and Specialized Services	5,663,624	3,743,207	1,920,417	1,070,370
Publications and Legal Notices	200,652	122,487	78,165	-
Total	<u>\$ 7,476,909</u>	<u>\$ 5,126,147</u>	<u>\$ 2,350,762</u>	<u>\$ 1,164,814</u>

## Management's Discussion and Analysis

### Fixed Assets

Actual Fixed Assets expenditures at year-end were \$1,630,702 as compared to the final Adjusted Budget of \$3,405,422, a positive variance of \$1,774,720. Several planned purchases were delayed until fiscal year 2013-14. Listed in the table below are the expenditures that make up the variances in the Fixed Assets accounts.

	Final Adjusted Budget	Actual Expenditures @ 6/30/13	Variance Positive (Negative)	Amount Encumbered
Office Improvements	\$ 143,891	\$ 114,274	\$ 29,617	\$ 27,843
Computer Equipment	889,845	415,363	474,482	278,881
Automobiles	365,132	218,642	146,490	52,362
Office Machines and Equipment	106,079	80,460	25,619	7,663
Telephone System	138,103	126,027	12,076	3,257
Video Teleconferencing System	427,154	268,887	158,267	-
Air Monitoring/Detection Equipment	885,218	337,837	547,381	-
AMS Automation Project	450,000	69,212	380,788	380,788
Total	<u>\$ 3,405,422</u>	<u>\$ 1,630,702</u>	<u>\$ 1,774,720</u>	<u>\$ 750,794</u>

### **Non-Operating Budget**

#### Revenues

Actual Non-Operating Revenues at June 30, 2013 were \$60,923,277 as compared to the final Adjusted Budget of \$85,462,064, a negative variance of \$24,538,787. Listed in the table below are the revenues that make up the major variances in Non-Operating Revenues.

	Final Adjusted Budget	Actual Revenues @ 6/30/13	Variance Positive (Negative)
Air Toxics	\$ 25,000	\$ 18,976	\$ (6,024)
DMV Surcharge Fees	39,137,800	41,477,277	2,339,477
Carl Moyer Program	8,523,643	7,839,334	(684,309)
Proposition 1B	20,000,000	3,235,502	(16,764,498)
Lower Emission School Bus Program	1,413,000	610,656	(802,344)
Federal and Heavy Duty Grants	8,902,958	2,790,781	(6,112,177)
Diesel Emission Reduction Act	1,425,000	-	(1,425,000)
CEC - Energy Efficiency Block Grant	3,677,963	2,170,209	(1,507,754)
VERA/ISR Rule Mitigation Funds	1,922,500	1,262,861	(659,639)
Non-Operating Interest	434,200	969,123	534,923
Other Miscellaneous Incentives	-	548,558	548,558
	<u>\$ 85,462,064</u>	<u>\$ 60,923,277</u>	<u>\$ (24,538,787)</u>

## Management's Discussion and Analysis

The \$16,764,498 negative variance for Proposition 1B funds is due to the delay in receipt of this revenue because of the unavailability of these funds from the State. These funds are anticipated to be available during the 2013-14 fiscal year.

### Expenditures

Actual Non-Operating Expenditures at June 30, 2013 were \$89,840,507 as compared to the final Adjusted Budget of \$214,027,665, a positive variance of \$124,187,158. Listed in the following table are the expenditures that make up the variances in Non-Operating Expenditures.

	Final Adjusted Budget	Actual Expenditures @ 6/30/13	Variance Positive (Negative)
Air Toxics-Pass Through	\$ 25,000	\$ 45,227	\$ (20,227)
Federal and Heavy Duty Grants	10,327,958	2,790,781	7,537,177
Carl Moyer Program	30,699,849	14,670,137	16,029,712
DMV Surcharge Fees	76,713,093	16,278,380	60,434,713
VERA/ISR Rule Mitigation Program	9,279,531	7,291,341	1,988,190
Proposition 1B Program	59,050,108	41,982,000	17,068,108
Lower Emission School Bus Funds	5,605,353	1,333,204	4,272,149
Greenhouse Gas Support for Cities and Counties	584,750	282,591	302,159
Community Incentive Programs	14,620,335	929,698	13,690,637
CEC - Energy Efficiency Block Grant	3,729,757	3,436,247	293,510
Miscellaneous Incentive Programs	2,541,931	800,901	1,741,030
Appropriation for Contingencies	850,000	-	850,000
<b>Total</b>	<b>\$ 214,027,665</b>	<b>\$ 89,840,507</b>	<b>\$ 124,187,158</b>

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 FY 2012-13, (Carl Moyer Program, Proposition 1B Program, Lower Emission School Bus Program, and Indirect Source Review (ISR) Rule Mitigation Funds) will not be expended on incentive contracts until FY 2013-14 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.

### **H. Next Year's Budget**

The Adopted Budget for FY 2013-14 is \$166,483,496 as compared to the Adjusted Budget for FY 2012-13 of \$257,236,974, a decrease of \$90,753,478. This decrease is mainly due to the difference in anticipated reserves available to be expended in 2013-14 combined with higher Proposition 1B revenue, offset by the loss of some Federal Diesel Emissions Reduction Funding in 2013-14.

## **Management's Discussion and Analysis**

### **I. 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.

### **J. 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.

**San Joaquin Valley Unified Air Pollution Control District**  
**Statement of Net Position**  
June 30, 2013

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 146,817,060
Accrued revenues	15,203,218
Prepaid expenses	756,684
Total current assets	162,776,962
Noncurrent assets:	
Land	904,208
Capital assets, net of accumulated depreciation	8,393,501
Total noncurrent assets	9,297,709
Total Assets	172,074,671
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	587,213
Accrued wages payable	884,709
Unearned revenue	454,899
Compensated absences payable	197,377
Total current liabilities	2,124,198
Noncurrent liabilities:	
Compensated absences payable	2,839,744
Total noncurrent liabilities	2,839,744
Total Liabilities	4,963,942
<b>NET POSITION</b>	
Net investment in capital assets	9,297,709
Restricted for special projects/programs	117,304,084
Unrestricted	40,508,936
Total Net Position	\$ 167,110,729

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, 2013**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees and Charges for Services		Operating Grants	Restricted Special Revenue Sources *	Governmental Activities
		Stationary Sources	Mobile Sources			
Governmental Activities:						
Permitting	\$ 14,222,479	\$ 16,299,460	\$ 2,085,570	\$ 890,901	\$ -	\$ 5,053,452
Enforcement / air monitoring / ag burning	12,112,312	8,468,196	2,077,826	803,832	-	(762,458)
Plan and rule development	1,539,504	-	1,320,951	182,821	-	(35,732)
Mobile sources	4,379,931	-	3,175,374	-	-	(1,204,557)
Outreach and communications	2,324,962	-	1,951,375	-	-	(373,587)
Air quality analysis	3,096,749	-	868,903	156,616	-	(2,071,230)
Restricted for grants and other special uses	86,517,953	-	-	-	58,848,227	(27,669,726)
Total governmental activities	<u>\$ 124,193,890</u>	<u>\$ 24,767,656</u>	<u>\$ 11,479,999</u>	<u>\$ 2,034,170</u>	<u>\$ 58,848,227</u>	<u>(27,063,838)</u>

General Revenues:

State subvention - not restricted to specific programs	923,280
Interest - not restricted to specific programs	919,905
Penalties / settlements	3,895,600
Gain (Loss) on disposal of capital assets	(22,936)
Miscellaneous revenue	172,523
Total general revenues	<u>5,888,372</u>
Change in net position	(21,175,466)
Net position - beginning, July 1, 2012	<u>188,286,195</u>
Net position - ending, June 30, 2013	<u>\$ 167,110,729</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 Carl Moyer Program Fund, and Lower Emission School Bus 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 Funds**  
**June 30, 2013**

**ASSETS**

Cash and investments	\$ 146,817,060
Accrued revenues	15,203,218
Prepaid expenses	756,684
Total assets	<u>\$ 162,776,962</u>

**LIABILITIES**

Accounts payable	\$ 587,213
Accrued wages payable	884,709
Unearned revenue	454,899
Total liabilities	<u>1,926,821</u>

**FUND BALANCE**

Nonspendable fund balance	756,684
Restricted fund balance	117,304,084
Assigned fund balance	29,430,780
Unassigned fund balance	13,358,593
Total fund balance	<u>160,850,141</u>
Total liabilities and fund balance	<u>\$ 162,776,962</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 Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2013**

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

Fund balance - governmental funds	\$ 160,850,141
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.	9,297,709
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.	<u>(3,037,121)</u>
Net position of governmental activities	<u><u>\$ 167,110,729</u></u>

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

**San Joaquin Valley Unified Air Pollution Control District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

Revenues:	
Operating:	
License and permit fees	\$ 34,941,733
Administrative fees	1,305,922
Penalties and settlements	3,895,600
Interest	919,905
State grants	923,280
Federal grants	2,034,170
Miscellaneous revenue	172,523
Total operating revenue	<u>44,193,133</u>
Non-Operating:	
Incentive grants	54,703,728
Interest	969,123
Federal grants	3,175,376
Total non-operating revenue	<u>58,848,227</u>
Total revenues	<u>103,041,360</u>
Expenditures:	
Operating:	
Salaries and benefits	30,707,207
Services and supplies	5,030,082
Capital outlay	1,104,906
Debt services:	
Principal	362,231
Interest	10,715
Total operating expenditures	<u>37,215,141</u>
Non-Operating:	
Restricted for grants and other special uses	86,517,953
Total expenditures	<u>123,733,094</u>
Net change in fund balance	(20,691,734)
Beginning fund balance, July 1, 2012	181,541,875
Fund balance, June 30, 2013	<u>\$ 160,850,141</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 Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

Net Change in Fund Balances - governmental funds \$ (20,691,734)

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

Governmental funds report 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. 731,460

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 funds. (1,395,433)

The net effect of disposal of assets. (22,936)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources for the governmental funds. Neither transaction, however, has any effect on net position. This is the net decrease (increase) in the long-term liabilities. 362,231

Increase in compensated absences due in more than one year (159,054)

Change in net position of governmental activities \$ (21,175,466)

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, 2013**

### **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 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 resource 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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 accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and 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 and liabilities including capital assets and long-term liabilities 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 / Air Monitoring
- Agricultural Burning
- Plan and Rule Development
- Mobile Sources
- Outreach and Communications
- Air Quality Analysis

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

income and other miscellaneous revenue that cannot be identified with a program are reported as General Revenues.

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

### **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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

expenditures or liabilities until performance has occurred on the part of the vendors with whom the District has entered into an agreement.

### E. Prepaid Items

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

### 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 appraised 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. 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	20-40 Years
Air Monitoring and Detection Equipment	5-10 Years
Office Furniture and Other Misc. Equipment	5-10 Years
Telephone Equipment	10 Years
Computer Equipment and Software	5 Years
Automobiles	5 Years

### G. Compensated Absences

Regular employees accumulate annual leave. Certain restrictions apply with respect to the accumulation of annual leave and its payment at termination.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The current and noncurrent portion of compensated absences amounted to \$197,377 and \$2,839,744, respectively, and has been reflected in the Statement of Net Position.

### H. 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).

### I. Restrictions on Net Position

Total Restricted Net Position at year-end was \$117,304,084. 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:

Heavy-Duty Program - Incentives	\$ 16,846,953
DMV Surcharge Fees - Incentives	74,166,218
DMV Fees - Rollover	433,953
State ERC Bank Program	10,267
Peaker Plant Program	17,759
Dairy CEQA Program	9,062
ISR Rule Mitigation Program	653,355
Lower Emission School Bus Program	2,911,080
DERA – Lower Emission Reduction Programs	294,787
Winery Rule Program	49,239
Proposition 1B Program	20,472,978
Voluntary Emission Reduction Agreements	1,438,433
Total Restricted Net Position	<u>\$ 117,304,084</u>

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

### J. Fund Balance

Beginning with 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



## NOTES TO THE BASIC FINANCIAL STATEMENTS

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.
- 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 (the Board) or by an official or body to which the Board delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Only positive amounts are reported in the General Fund.

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 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	\$	756,684
Restricted Fund Balance:		
Heavy-Duty Program - Incentives		16,846,953
DMV Surcharge Fees - Incentives		74,166,218
DMV Surcharge Fees - Rollover		433,953
State ERC Bank Program		10,267
Peaker Plant Mitigation Program		17,759
Dairy CEQA Program		9,062
ISR Rule Mitigation Program		653,355
Lower Emission School Bus Program		2,911,080
DERA – Lower Emission Reduction Program		294,787
Winery Rule Program		49,239
Proposition 1B Program		20,472,978
Voluntary Emission Reduction Program		1,438,433
Total Restricted Fund Balance		117,304,084
Assigned Fund Balance:		
Encumbrances		1,915,608
Community Incentive Programs		24,744,078
Long-Term Building Maintenance		508,000
Video Teleconferencing and Computer Equipment		250,000
Appropriated FY 2013-14 Budgetary Deficit		2,013,094
Total Assigned Fund Balance		29,430,780
Unassigned Fund Balance:		
General Reserve		4,400,000
Unreserved		8,958,593
Total Unassigned Fund Balance		13,358,593
<b>Total Fund Balance</b>		<b>\$ 160,850,141</b>

**Nonspendable Fund balance:**

- The \$756,684 fund balance is for prepaid medical, travel and other expenses and also a long-term notes receivable to the FLEX spending bank account and advances of incentive grants.

**Restricted Fund balance:**

- The \$16,846,953 fund balance for the Heavy-Duty Program - Incentives represents monies and related interest identified by the District Governing Board

## NOTES TO THE BASIC FINANCIAL STATEMENTS

for distribution to qualifying Heavy-Duty Programs. The qualifying programs include the Carl Moyer Program, California Energy Commission Funds (CEC), the Traffic Congestion Relief Program (TCRP), Zero Emission Ag Utility, and Miscellaneous Incentive Grants.

- The \$74,166,218 fund balance for DMV Surcharge Fees – Incentives 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 \$433,953 fund balance for the DMV Surcharge Fees – Rollover represents unanticipated revenue and unexpended appropriations specifically identified for District-managed incentive programs, and interest earned on DMV Surcharge Fee monies.
- The \$10,267 fund balance for the State ERC Bank Program represents monies from the California Air Resources Board's NOx and PM Emission Reduction Credit Bank Program. The District will use these funds for Heavy-Duty Engine Emission Reduction Program incentives.
- The \$17,759 fund balance for the Peaker Plant Mitigation Program represents monies from new and expanding Power Plants to fund mitigation programs focused on Heavy-Duty Engine Projects. The District will use these funds for Heavy-Duty Engine Emission Reduction Program incentives.
- The \$9,062 fund balance for the Dairy CEQA Program represents monies received from dairy permit applicants within the San Joaquin Valley. These monies will be used to fund and execute agreements with dairy project applicants and environmental consultants to prepare CEQA documents for dairy projects where the District is the lead agency.
- The \$653,355 fund balance for the ISR Rule Mitigation Program represents funds received from new development projects. These funds will be used as incentive grants for projects that will offset the future projected emissions generated by these development projects.
- The \$2,911,080 fund balance for the Lower Emission School Bus Program represents funds received from the California Air Resources Board. The District will use these funds for the District's Heavy-Duty Engine Program for school bus replacement and retrofits.
- The \$294,787 fund balance for the DERA - Diesel Emission Reduction Program represents funds from the Environmental Protection Agency passed through to the California Air Resources Board. These funds will be used for the retrofit of school buses.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

- The \$49,239 fund balance for the Winery Rule Program represents fees collected under District Rule 4694, Wine Fermentation and Storage Tanks. These funds will be used for projects that will mitigate future projected emissions.
- The \$20,472,978 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 \$1,438,433 fund balance for the Voluntary Emission Reduction Program represents funds received from voluntary development mitigation contracts. These funds will be used as incentive grants for projects that will offset the projected future emissions of these development projects.

### **Assigned Fund Balance:**

- The \$1,915,608 fund balance for encumbrances outstanding at June 30, 2013 represents the amount of expenditures that would result if contracts in process at fiscal year-end were completed. This assignment earmarks resources to pay for these contractual obligations by segregating a portion of fund balance.
- The \$24,744,078 was assigned by the District Governing Board for various Community Incentive Programs.
- The \$508,000 was established by the District Governing Board to provide for Long-Term Building Maintenance.
- The \$250,000 was established by the District Governing Board to provide for Video Conferencing and Computer Equipment.
- The \$2,013,094 is the portion of existing fund balance that is included as a budgetary resource in the fiscal year 2013-14 budget.

### **Unassigned Fund Balance:**

- From total Unassigned Fund Balance of \$13,358,593 reported on June 30, 2013; \$4,400,000 is a General Reserve that was established by the District Governing Board to provide for additional financial stability.

### **K. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require 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

### L. New Pronouncements

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. GASB Statement 67 replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local government for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. The District will be required to recognize a liability equal to the net pension liability in its financial statements prepared using the economic resources measurement focus and accrual basis of accounting. The District has not determined what impact this pronouncement will have on the financial statements. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2015.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 2. CASH AND INVESTMENTS

Cash and Investments as of June 30, 2013 consisted of the following:

Petty Cash	\$	1,050
District Cash Funds		2,800
Change Funds		150
Postage Funds		17,764
Total Cash On Hand		21,764
Wells Fargo Bank		2,462,238
Other Deposits		337
Total Deposits with Financial Institutions		2,462,575
Security Deposit - Leased Property		2,000
Total Other Deposits		2,000
Fresno County Treasurer		143,480,704
Kern County Treasurer		850,017
Total Investments with County Investment Pools		144,330,721
Total Cash and Investments	\$	146,817,060

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

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

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

#### Disclosures Relating to Interest Rate Risk

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

As of June 30, 2013, none of the District's investments are required to disclose interest rate risk.

### 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:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	AA	Not Rated
County Investment Pool	<u>\$144,330,721</u>	N/A	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$144,330,721</u>

### County of Fresno Treasurer's Investment Pool

The District is a voluntary participant in the County of Fresno Treasurer's Investment Pool that is regulated by California Government Code. 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.

### 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. California Government Code (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: California Government Code 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, 2013, all of the District's deposits with financial institutions were held in fully collateralized accounts, as permitted by the CGC.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 3. CAPITAL ASSETS AND DEPRECIATION

Capital Assets of the District for the year ended June 30, 2013 consisted of the following:

<b>Capital Assets - Governmental Activities</b>				
	Balance			Balance
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Land	\$ 904,208	\$ -	\$ -	\$ 904,208
Building and Improvements	7,070,263	-	-	7,070,263
Machinery and Equipment	10,241,855	731,460	585,386	10,387,929
Intangible Assets	1,061,051	-	-	1,061,051
Totals	19,277,377	731,460	585,386	19,423,451
Less Accumulated Depreciation:				
Building and Improvements	1,787,072	210,794	-	1,997,866
Machinery and Equipment	6,687,655	1,111,133	562,450	7,236,338
Intangible Assets	818,032	73,506	-	891,538
	9,292,759	1,395,433	562,450	10,125,742
Net book value of Capital Assets	\$ 9,984,618	\$ (663,973)	\$ 22,936	\$ 9,297,709

For the year ended June 30, 2013, depreciation expense of \$1,395,433 on capital assets was charged to the District's activities as follows:

Permitting	\$ 343,544
Enforcement / Air Monitoring / Ag Burning	855,932
Plan and Rule Development	35,539
Mobile Sources	103,579
Outreach and Communications	35,267
Air Quality Analysis	21,572
Total Depreciation Expense	\$ 1,395,433

### 4. COMPENSATED ABSENCES

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



## NOTES TO THE BASIC FINANCIAL STATEMENTS

The following is a summary of earned compensated absences of the District for the year ended June 30, 2013:

July 1, 2012 Balance	\$2,878,067
Plus: Net Increase	159,054
June 30, 2013 Balance	\$3,037,121
Amount Due within one Year	\$ 197,377
Amount Due More Than One Year	\$2,839,744

### 5. RETIREMENT PLAN

#### Plan Description

The District contributes to the Kern County Employees' Retirement Association (KCERA), a cost-sharing, multiple employer, defined benefit pension plan administered by the Board of Retirement. KCERA provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County Employees' Retirement Law of 1937 assigns the authority to establish and amend benefit provisions to the Kern County Board of Supervisors. KCERA issues a stand-alone financial report and required supplementary information, which may be obtained from KCERA at 1125 River Run Blvd. Bakersfield, California 93311.

#### Funding Policy

Plan members must contribute a percentage of their annual covered salary, which varies depending upon their age at date of entry in the association. The Average percentage was 4.0% during the fiscal year. The District is required to contribute at an actuarially determined rate. The contribution for Fiscal Year 2012-13 is 36.92% of annual covered payroll for a total amount of \$7,576,124. The contribution requirements of plan members and the District are established and may be amended by the Board of Retirement. The District's contributions to KCERA for each of the last three fiscal years are as follows:

<b>Years Ended</b>	<b>Annual Required</b>	<b>Percentage</b>
<b><u>June 30</u></b>	<b><u>Contribution</u></b>	<b><u>Contributed</u></b>
2013	\$ 7,576,124	100%
2012	\$ 7,331,907	100%
2011	\$ 6,962,404	100%

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The District's funded status based on KCERA's most recent actuarial valuation as of June 30, 2012 is as follows (amounts expressed in thousands):

**Kern County Employees' Retirement Association  
San Joaquin Valley Unified Air Pollution Control District's Allocation  
(amounts expressed in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a) (c)	Funded Ratio (a/b)	Covered Payroll (d)	UAAL as a Percentage of Annual Covered Payroll (c)/(d)
6/30/2012	60,487	109,060	48,573	55.46%	20,520	236.71%

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

For the fiscal year 2012-13, the District contributed \$221,985 to the SDRMA. The District's contributions represented 0.9% 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 \$400,000 for public employees blanket bond and for the replacement cost of property. The District is entirely self-insured for vehicle damage.

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

### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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 32, the District no longer reports plan assets and liabilities in its financial statements. As of June 30, 2013, investments with a fair value of \$19,648,706 were held in trust.

### 8. COMMITMENTS AND ENCUMBRANCES

#### Operating Leases

The District is obligated under operating leases for the rental of office space. The District's rental expense was \$423,251 for the year ended June 30, 2013. Future minimum lease payments under these leases are as follows:

Year Ending June 30,	
2014	408,888
2015	424,008
2016	424,008
2017	456,408
2018 - 2023	2,967,408
Total	<u><u>\$ 4,680,720</u></u>

#### Encumbrances

The District utilizes encumbrance accounting in its governmental funds as explained in Note 1.D. Total encumbrances for the General Fund as of June 30, 2013 were \$1,915,608. Encumbrances are categorized as Assigned Fund Balance.

### 9. CAPITAL LEASES

The District has two capital lease agreements that expired at the end of this fiscal year. One agreement for a Telephone System, and a second agreement for a Video Teleconferencing System upgrade, that provides title to pass to the District upon expiration of the lease period. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The assets acquired through capital leases are as follows:

**Asset:**

Telephone Equipment	\$ 518,980
Video Teleconferencing Equipment	<u>1,142,284</u>
Subtotal	1,661,264
Less: Accumulated Depreciation	<u>1,306,766</u>
Total	<u>\$ 354,498</u>

There are no future minimum lease payments as the lease agreements expired as of June 30, 2013.

### **Interest Included as Direct Expense**

Interest expense of \$10,715 on capital leases has been allocated as direct expense to individual benefiting functions on the government-wide statement of activities.

### **10. PENDING LITIGATION**

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

## **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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Positive (Negative)
	Adopted	Final Adjusted		
<b>Operating Budget</b>				
Revenues:				
Vehicle Registration Fees	\$ 10,100,000	\$ 10,100,000	\$ 10,174,079	\$ 74,079
License and Permit Fees	28,241,980	28,241,980	24,893,493	(3,348,487)
Interest	324,000	324,000	919,905	595,905
Penalties and Settlements	2,500,000	2,500,000	3,771,737	1,271,737
State Grants	900,000	900,000	923,280	23,280
Federal Grants	2,089,000	2,089,000	2,034,170	(54,830)
Administrative Fees	3,830,652	3,967,652	1,305,922	(2,661,730)
Miscellaneous Revenue	52,500	52,500	170,547	118,047
Total Operating Revenues	<u>48,038,132</u>	<u>48,175,132</u>	<u>44,193,133</u>	<u>(3,981,999)</u>
Operating Amounts Available For Appropriations	48,038,132	48,175,132	44,193,133	(3,981,999)
Expenditures:				
Salaries and Benefits	32,346,654	32,346,654	30,707,207	1,639,447
Services and Supplies	6,346,900	7,476,909	5,126,147	2,350,762
Fixed Assets:				
Office Improvements	138,002	143,891	114,274	29,617
Computer Equipment	713,678	889,845	415,363	474,482
Office Furniture/Equipment	25,006	50,279	29,297	20,982
Office Machines	55,800	55,800	51,163	4,637
Telephone System	138,103	138,103	126,027	12,076
Detection Equipment	14,650	14,650	8,714	5,936
Automobiles	304,700	365,132	218,642	146,490
Video Conferencing System	347,769	427,154	268,887	158,267
Air Monitoring Station Equipment	696,000	870,568	329,123	541,445
AMS Automation Project	-	450,000	69,212	380,788
Total Fixed Assets	<u>2,433,708</u>	<u>3,405,422</u>	<u>1,630,702</u>	<u>1,774,720</u>
Total Operating Charges to Appropriations	<u>41,127,262</u>	<u>43,228,985</u>	<u>37,464,056</u>	<u>5,764,929</u>
Excess of Operating Revenues Over Expenditures	<u>6,910,870</u>	<u>4,946,147</u>	<u>6,729,077</u>	<u>1,782,930</u>
<b>Non-Operating Budget</b>				
Revenues:				
Air Toxics	25,000	25,000	18,976	(6,024)
DMV Surcharge Fees	39,137,800	39,137,800	41,477,277	2,339,477
Carl Moyer Program	8,050,000	8,523,643	7,839,334	(684,309)
Proposition 1B	20,000,000	20,000,000	3,235,502	(16,764,498)
Lower Emission School Bus Program	1,450,000	1,413,000	610,656	(802,344)
DERA Program Funds	-	1,425,000	-	(1,425,000)
Federal and Heavy Duty Grants	7,800,000	8,902,958	2,790,781	(6,112,177)
CEC - Energy Efficiency Block Grant	1,859,600	3,677,963	2,170,209	(1,507,754)
VERA/ISR Rule Mitigation Funds	1,957,500	1,922,500	1,262,861	(659,639)
Non-operating Interest	434,200	434,200	969,123	534,923
Other Miscellaneous Incentives	-	-	548,558	548,558
Non-Operating Amounts Available For Appropriations	<u>80,714,100</u>	<u>85,462,064</u>	<u>60,923,277</u>	<u>(24,538,787)</u>
Expenditures:				
Air Toxics-Pass Through	25,000	25,000	45,227	(20,227)
Federal and Heavy Duty Grants	7,800,000	10,327,958	2,790,781	7,537,177
Carl Moyer Program	22,549,200	30,699,849	14,670,137	16,029,712
DMV Surcharge Fees	69,460,400	76,713,093	16,278,380	60,434,713
VERA/ISR Rule Mitigation Program	8,827,700	9,279,531	7,291,341	1,988,190
Proposition 1B Program	53,647,900	59,050,108	41,982,000	17,068,108
Lower Emission School Bus Funds	2,850,000	5,605,353	1,333,204	4,272,149
Greenhouse Gas Support for Cities and Counties	250,000	584,750	282,591	302,159
Community Incentive Programs	14,600,660	14,620,335	929,698	13,690,637
CEC - Energy Efficiency Block Grant	1,859,600	3,729,757	3,436,247	293,510
Miscellaneous Incentive Programs	2,484,000	2,541,931	800,901	1,741,030
Total Non-Operating Charges to Appropriations	<u>184,354,460</u>	<u>213,177,665</u>	<u>89,840,507</u>	<u>123,337,158</u>
Excess of Non-Operating Revenues Over Expenditures	<u>(103,640,360)</u>	<u>(127,715,601)</u>	<u>(28,917,230)</u>	<u>98,798,371</u>
Appropriation for Contingencies	850,000	850,000	-	850,000
Net Change to District Fund Balance, June 30, 2013	<u>\$ (97,579,490)</u>	<u>\$ (123,619,454)</u>	<u>\$ (22,188,153)</u>	<u>\$ 101,431,301</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 43 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 year ended June 30, 2013.

Excess of revenues over expenditures (GAAP Basis)	\$ (20,691,734)
Adjustments from budget cash basis to modified accrual basis	(1,496,419)
Excess of revenues over expenditures (Budgetary Basis)	\$ (22,188,153)

### Note 2 - BUDGETING

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 at [www.valleyair.org](http://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/APCO and must be approved by the District Governing Board. The Board also must approve supplemental appropriations financed by unanticipated revenues.

Expenditures, except for Fixed Assets, are controlled at the object level for all program budgets within the District. Fixed Assets are controlled at the sub-object level.



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

**Schedule of Funding Progress  
For the Year Ended June 30, 2013**

The District contributes to the Kern County Employees' Retirement Association (KCERA). The District's defined benefit pension plan is a cost-sharing multiple-employer defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The information presented below in the schedule of funding progress and employer contributions relates to the plan as a whole, of which the District is one participating employer.

**Kern County Employees' Retirement Association  
(amounts expressed in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a) (c)	Funded Ratio (a/b) (a/b)	Covered Payroll (d)	UAAL as a Percentage of Annual Covered Payroll (c)/(d)
12/31/2005 *	\$ 2,164,304	\$ 2,861,872	\$ 697,568	75.63%	\$ 391,381	178.23%
12/31/2006	2,352,028	3,109,038	757,010	75.65%	417,351	181.38%
12/31/2007	2,589,817	3,355,755	765,938	77.18%	453,412	168.93%
6/30/2008	2,654,305	3,671,460	1,017,155	72.30%	482,879	210.64%
6/30/2009	2,780,215	4,205,200	1,424,985	66.11%	559,872	254.52%
6/30/2010	2,794,644	4,457,038	1,662,394	62.70%	559,380	297.19%
6/30/2011	2,839,747	4,672,348	1,832,601	60.78%	539,836	339.47%
6/30/2012	2,960,507	4,894,990	1,934,483	60.48%	543,558	355.89%

Source: Kern County Employees' Retirement Association Actuarial Valuation, June, 30, 2012

\* Reflects general member benefit increases

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**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

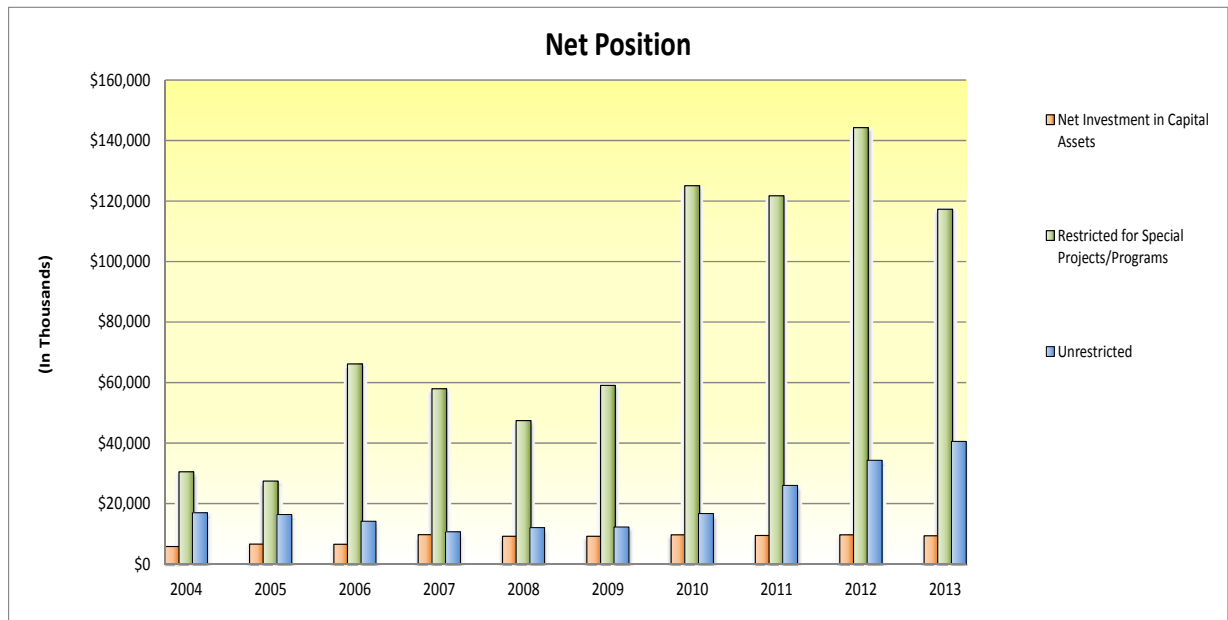
**STATEMENT OF NET POSITION**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

*(In Thousands)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Current and Other Assets	\$ 49,920	\$ 46,872	\$ 83,825	\$ 72,106	\$ 63,504	\$ 75,321	\$ 145,587	\$ 151,967	\$ 186,754	\$ 162,777
Capital Assets	5,840	6,605	6,504	9,740	10,812	10,525	10,684	10,129	9,985	9,298
Total Assets	55,760	53,477	90,329	81,846	74,316	85,846	156,271	162,096	196,739	172,075
Current Liabilities	1,092	1,430	1,849	1,712	2,415	2,141	1,821	1,999	5,769	2,124
Noncurrent Liabilities	1,432	1,581	1,723	1,837	3,337	3,253	3,091	2,914	2,684	2,840
Total Liabilities	2,524	3,011	3,572	3,549	5,752	5,394	4,912	4,913	8,453	4,964
Net Position:										
Net Investment in Capital Assets	5,840	6,605	6,504	9,740	9,160	9,173	9,646	9,421	9,622	9,298
Restricted for Special Projects/Programs	30,494	27,454	66,096	57,905	47,388	59,073	125,061	121,765	144,317	117,304
Unrestricted	16,902	16,407	14,157	10,652	12,016	12,206	16,652	25,997	34,347	40,509
Total Net Position	\$ 53,236	\$ 50,466	\$ 86,757	\$ 78,297	\$ 68,564	\$ 80,452	\$ 151,359	\$ 157,183	\$ 188,286	\$ 167,111



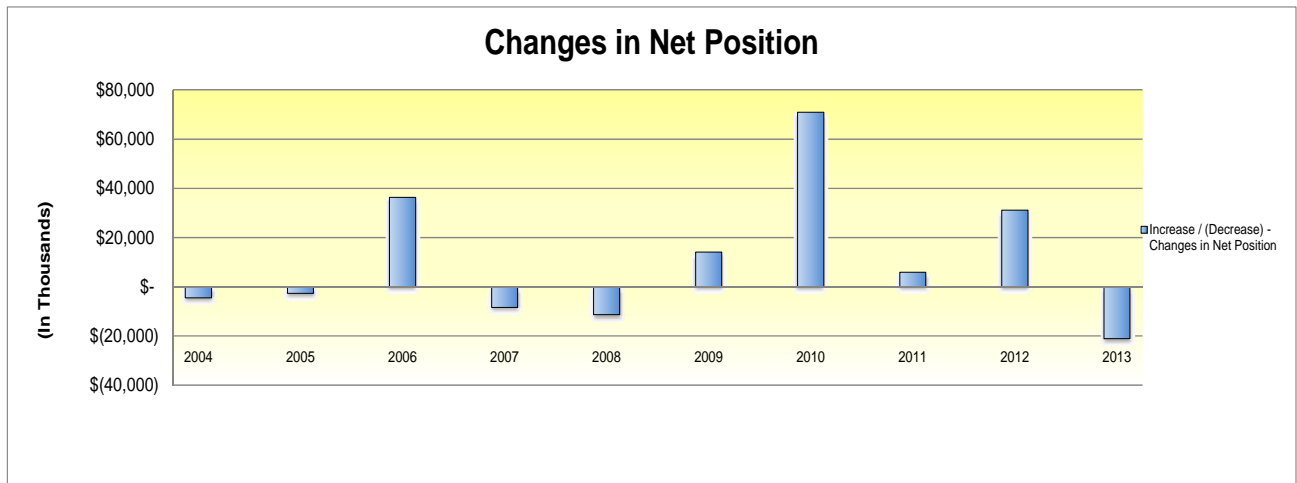
Source:  
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
<b>Program Revenue:</b>										
Fees and Charges - Stationary Sources	\$ 8,581	\$ 9,312	\$ 10,413	\$ 11,317	\$ 11,559	\$ 15,852	\$ 19,348	\$ 26,861	\$ 23,969	\$ 24,768
Fees and Charges - Mobile Sources	10,100	13,007	11,329	12,041	11,915	11,872	11,569	11,005	12,963	11,480
Operating Grants	1,940	1,997	2,135	94	3,845	2,055	1,630	2,123	2,201	2,034
Restricted Special Revenue Sources	3,660	7,141	44,101	30,231	26,628	37,347	98,837	55,524	116,154	58,848
<b>Total Program Revenue</b>	<b>24,281</b>	<b>31,457</b>	<b>67,978</b>	<b>53,683</b>	<b>53,947</b>	<b>67,126</b>	<b>131,384</b>	<b>95,513</b>	<b>155,287</b>	<b>97,130</b>
<b>General Revenues:</b>										
State Subvention	868	876	884	868	897	899	900	901	917	923
Interest	328	354	424	625	486	653	164	392	552	920
Penalties/Settlements	3,306	3,239	5,393	3,010	4,007	3,605	4,662	6,151	5,715	3,896
Miscellaneous	141	243	46	81	125	(11)	30	223	175	150
<b>Total General Revenue</b>	<b>4,643</b>	<b>4,712</b>	<b>6,747</b>	<b>4,584</b>	<b>5,515</b>	<b>5,146</b>	<b>5,756</b>	<b>7,667</b>	<b>7,359</b>	<b>5,889</b>
<b>Other Financing Sources - Capital Asset Leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue &amp; Other Financing Sources</b>	<b>28,924</b>	<b>36,169</b>	<b>74,725</b>	<b>58,267</b>	<b>61,114</b>	<b>72,272</b>	<b>137,140</b>	<b>103,180</b>	<b>162,646</b>	<b>103,019</b>
<b>Expenses:</b>										
Permitting	7,787	9,005	9,614	11,230	12,054	12,263	12,758	13,836	14,170	14,222
Enforcement / Air Monitoring / Ag Burning	9,940	9,788	10,755	11,429	12,201	12,275	12,698	12,064	12,111	12,112
Plan and Rule Development	2,109	2,472	2,894	1,854	2,062	2,484	2,035	2,054	1,696	1,540
Mobile Sources	882	1,052	1,182	1,526	2,284	2,840	3,315	3,399	3,778	4,380
Outreach & Communications	1,284	1,552	1,806	1,675	2,187	2,276	2,321	2,252	2,216	2,325
Air Quality Analysis	885	996	1,421	1,246	1,235	1,156	1,560	3,023	3,336	3,097
Non-Operating	10,535	14,075	10,762	37,768	40,453	24,872	31,546	60,728	94,236	86,518
<b>Total Expenses</b>	<b>33,422</b>	<b>38,940</b>	<b>38,434</b>	<b>66,728</b>	<b>72,476</b>	<b>58,166</b>	<b>66,233</b>	<b>97,356</b>	<b>131,543</b>	<b>124,194</b>
<b>Increase / (Decrease) - Changes in Net Position</b>	<b>\$ (4,498)</b>	<b>\$ (2,771)</b>	<b>\$ 36,291</b>	<b>\$ (8,461)</b>	<b>\$ (11,362)</b>	<b>\$ 14,106</b>	<b>\$ 70,907</b>	<b>\$ 5,824</b>	<b>\$ 31,103</b>	<b>\$ (21,175)</b>



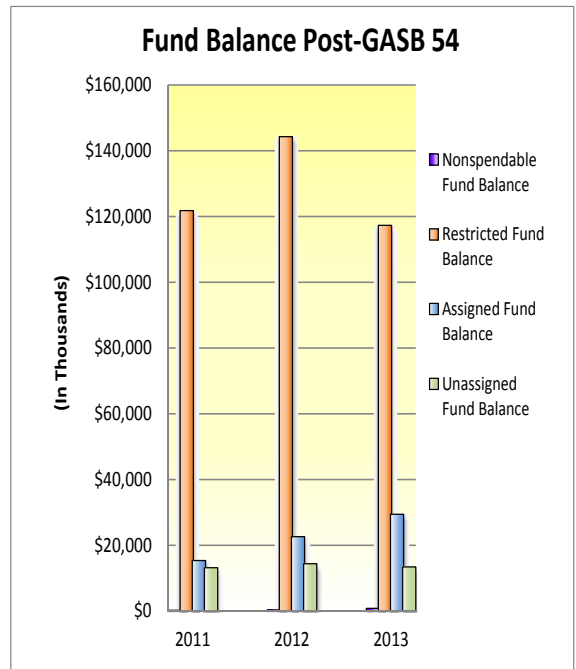
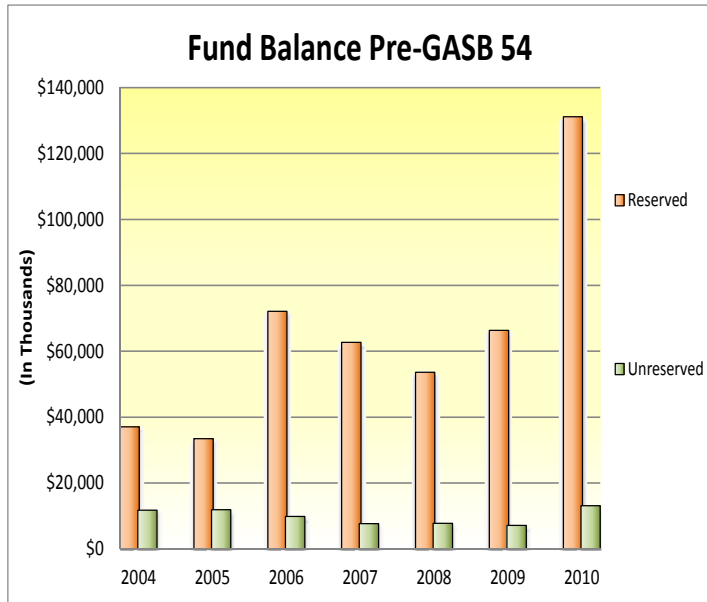
Source:  
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Reserved	\$ 37,065	\$ 33,531	\$ 72,069	\$ 62,685	\$ 53,583	\$ 66,370	\$ 131,112	\$ -	\$ -	\$ -
Unreserved	11,763	11,911	9,907	7,710	7,805	7,124	13,162	-	-	-
Nonspendable Fund Balance	-	-	-	-	-	-	-	241	302	757
Restricted Fund Balance	-	-	-	-	-	-	-	121,757	144,317	117,304
Committed Fund Balance	-	-	-	-	-	-	-	-	-	-
Assigned Fund Balance	-	-	-	-	-	-	-	15,309	22,591	29,431
Unassigned Fund Balance	-	-	-	-	-	-	-	13,110	14,332	13,358
<b>Total General Fund</b>	<b>\$48,828</b>	<b>\$45,442</b>	<b>\$81,976</b>	<b>\$70,395</b>	<b>\$61,388</b>	<b>\$73,494</b>	<b>\$144,274</b>	<b>\$150,417</b>	<b>\$181,542</b>	<b>\$160,850</b>



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

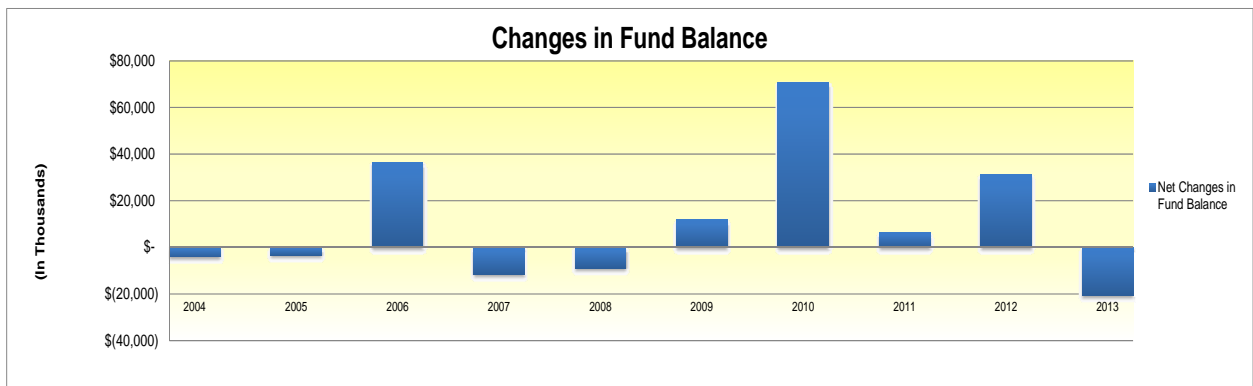
Note: The District implemented GASB Statement No. 54 under which fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

## 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)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Program Revenues:										
Fees and Charges - Stationary Sources	\$ 8,581	\$ 9,312	\$ 10,413	\$ 11,317	\$ 11,559	\$ 15,852	\$ 19,348	\$ 26,829	\$ 26,310	\$ 24,768
Fees and Charges - Mobile Sources	10,100	11,013	11,329	12,041	11,915	11,872	11,569	11,004	10,622	11,480
Operating Grants	1,940	1,996	2,135	94	3,845	2,055	1,630	2,123	2,201	2,034
Restricted Special Revenue Sources	3,660	9,135	44,101	30,231	26,628	37,347	98,837	55,524	116,240	58,848
General Revenues:										
State Subvention - Not Restricted	868	876	884	868	897	899	900	901	917	923
Interest - Not Restricted	328	354	424	625	486	653	164	392	552	920
Penalties/Settlements	3,306	3,239	5,393	3,010	4,007	3,605	4,662	6,151	5,715	3,896
Miscellaneous Revenue	141	244	46	81	125	100	76	(2)	202	172
<b>Total Revenue</b>	<b>28,924</b>	<b>36,169</b>	<b>74,725</b>	<b>58,267</b>	<b>59,462</b>	<b>72,383</b>	<b>137,186</b>	<b>102,922</b>	<b>162,759</b>	<b>103,041</b>
<b>Expenses:</b>										
Operating:										
Salaries and Benefits	17,084	19,825	21,693	23,479	24,195	26,172	27,209	29,723	30,335	30,707
Services and Supplies	3,673	4,038	4,464	3,815	4,247	5,100	5,095	4,998	4,731	5,030
Capital Outlay	1,742	1,617	1,273	4,786	2,854	1,916	2,183	958	1,959	1,105
Debt Services:										
Principal	-	-	-	-	-	300	315	330	346	362
Interest	-	-	-	-	-	73	58	43	27	11
<b>Total Operating Expenditures</b>	<b>22,499</b>	<b>25,480</b>	<b>27,430</b>	<b>32,080</b>	<b>31,296</b>	<b>33,561</b>	<b>34,860</b>	<b>36,052</b>	<b>37,398</b>	<b>37,215</b>
Non-Operating:										
Pass Through and Non-Operating	10,535	14,075	10,762	37,768	40,453	24,872	31,546	60,728	94,236	86,518
<b>Total Expenditures</b>	<b>33,034</b>	<b>39,555</b>	<b>38,192</b>	<b>69,848</b>	<b>71,749</b>	<b>58,433</b>	<b>66,406</b>	<b>96,780</b>	<b>131,634</b>	<b>123,733</b>
Other Financing Sources - Capital Asset Leases	-	-	-	-	1,652	-	-	-	-	-
Net Changes in Fund Balance - Prior to Adjustment	(4,110)	(3,386)	36,533	(11,581)	(10,635)	13,950	70,780	6,142	31,125	(20,692)
Adjustment to Fund Balance	-	-	-	-	1,629	(2,218)	-	-	-	-
<b>Net Changes in Fund Balance</b>	<b>\$ (4,110)</b>	<b>\$ (3,386)</b>	<b>\$ 36,533</b>	<b>\$ (11,581)</b>	<b>\$ (9,006)</b>	<b>\$ 11,732</b>	<b>\$ 70,780</b>	<b>\$ 6,142</b>	<b>\$ 31,125</b>	<b>\$ (20,692)</b>
Debt service as a percentage of nocapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	1.18%	1.14%	1.06%	1.05%	1.03%



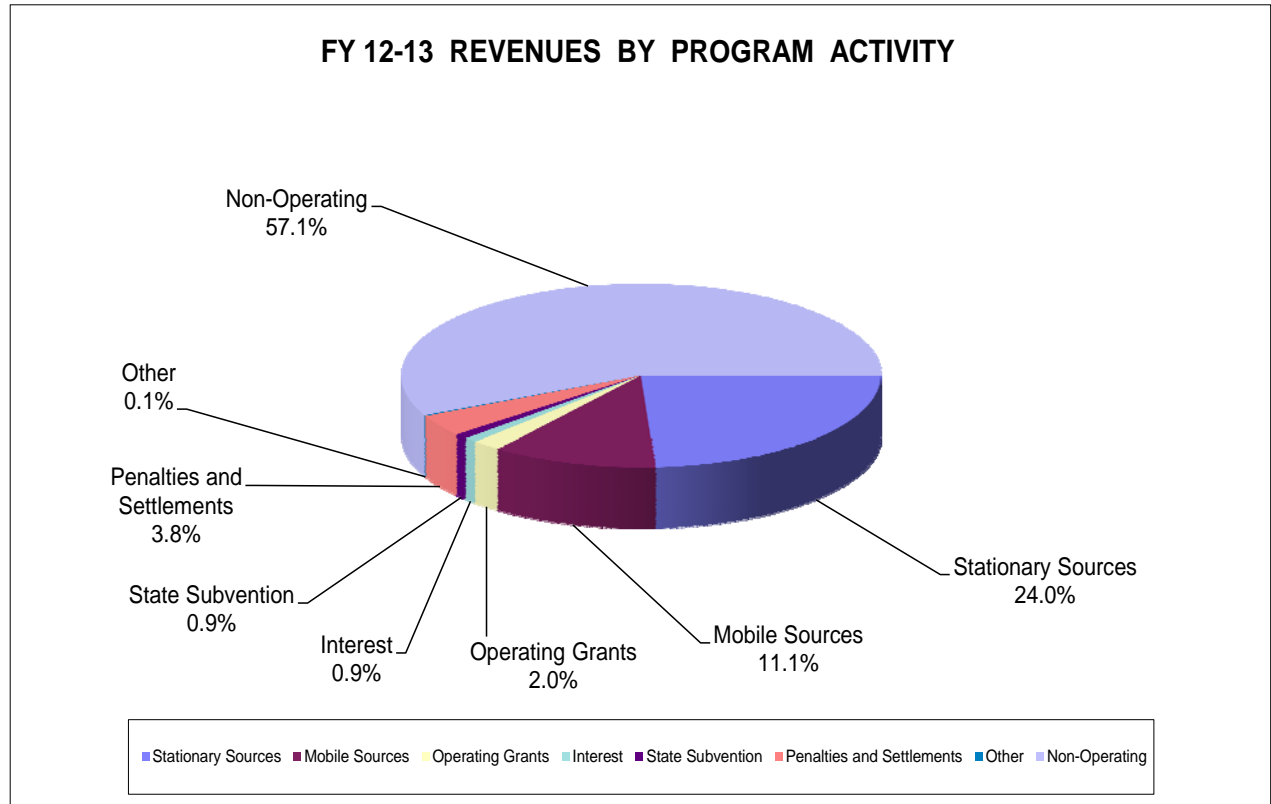
Source:  
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements



# SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

## REVENUES BY PROGRAM ACTIVITY Last Five Fiscal Years

Program Activity	2008-09	2009-10	2010-11	2011-12	2012-13
Stationary Sources	\$ 15,851,846	\$ 19,347,832	\$ 26,861,373	\$ 23,969,030	\$ 24,767,656
Mobile Sources	11,872,072	11,568,759	11,004,317	12,962,535	11,479,999
Operating Grants	2,055,373	1,630,002	2,123,425	2,200,999	2,034,170
Interest	652,846	164,572	392,185	552,185	919,905
State Subvention	898,823	900,090	901,102	916,983	923,280
Penalties and Settlements	3,604,528	4,661,655	6,151,499	5,715,216	3,895,600
Other	(11,024)	30,522	222,696	175,375	149,587
Non-Operating	37,347,323	98,837,105	55,523,858	116,153,677	58,848,227
Total Revenues	\$ 72,271,787	\$ 137,140,537	\$ 103,180,455	\$ 162,646,000	\$ 103,018,424



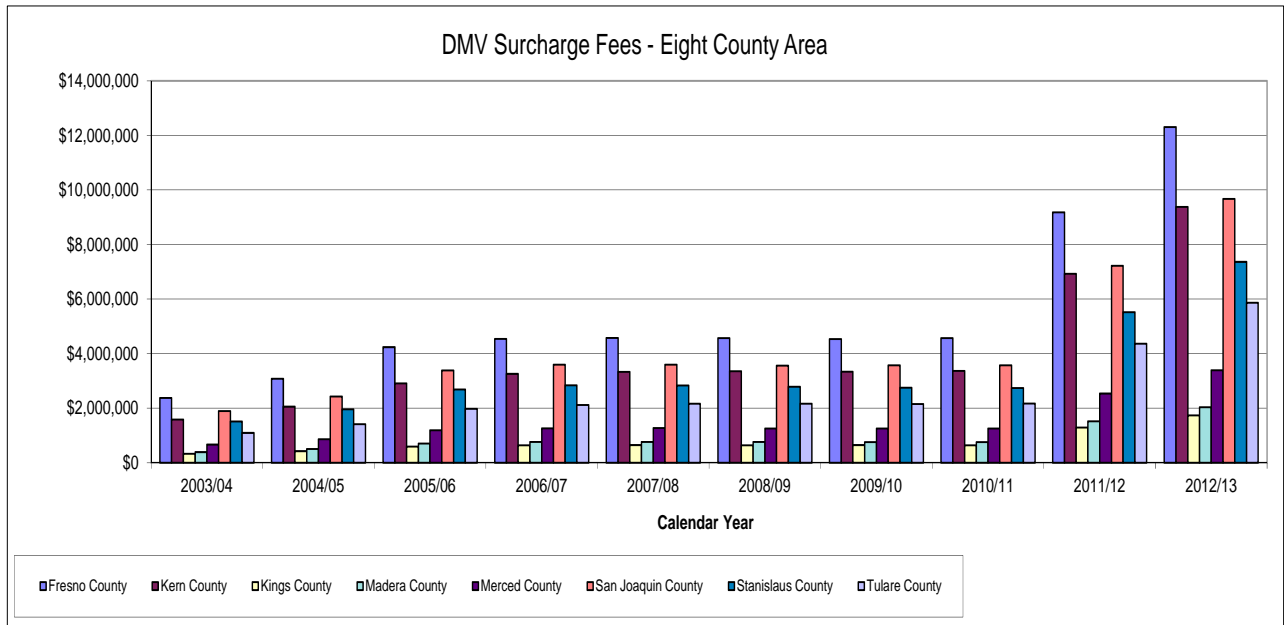
Notes:  
Other includes: Miscellaneous Revenue and Subscriptions

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**

Fiscal Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
2003/04	\$ 2,379,559	\$ 1,584,515	\$ 331,516	\$ 387,595	\$ 664,317	\$ 1,893,093	\$ 1,514,331	\$ 1,093,248	\$ 9,518,838	4.48%
2004/05	3,079,191	2,061,601	426,999	509,137	867,833	2,428,456	1,959,813	1,419,005	9,848,174	2.95%
2005/06	4,242,477	2,912,463	596,583	705,113	1,195,142	3,386,635	2,686,686	1,980,099	12,752,035	3.46%
2006/07	4,540,457	3,262,092	638,027	764,935	1,264,960	3,600,963	2,844,147	2,121,519	17,705,198	29.49%
2007/08	4,579,395	3,333,027	649,141	769,579	1,273,970	3,599,834	2,831,833	2,160,649	19,037,100	38.84%
2008/09	4,565,075	3,358,785	645,520	763,627	1,253,828	3,559,192	2,785,930	2,164,078	19,197,428	0.84%
2009/10	4,538,075	3,335,859	646,014	758,831	1,253,444	3,568,388	2,749,422	2,152,389	19,002,421	-1.02%
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	0.36%
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%



**Notes:**

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

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

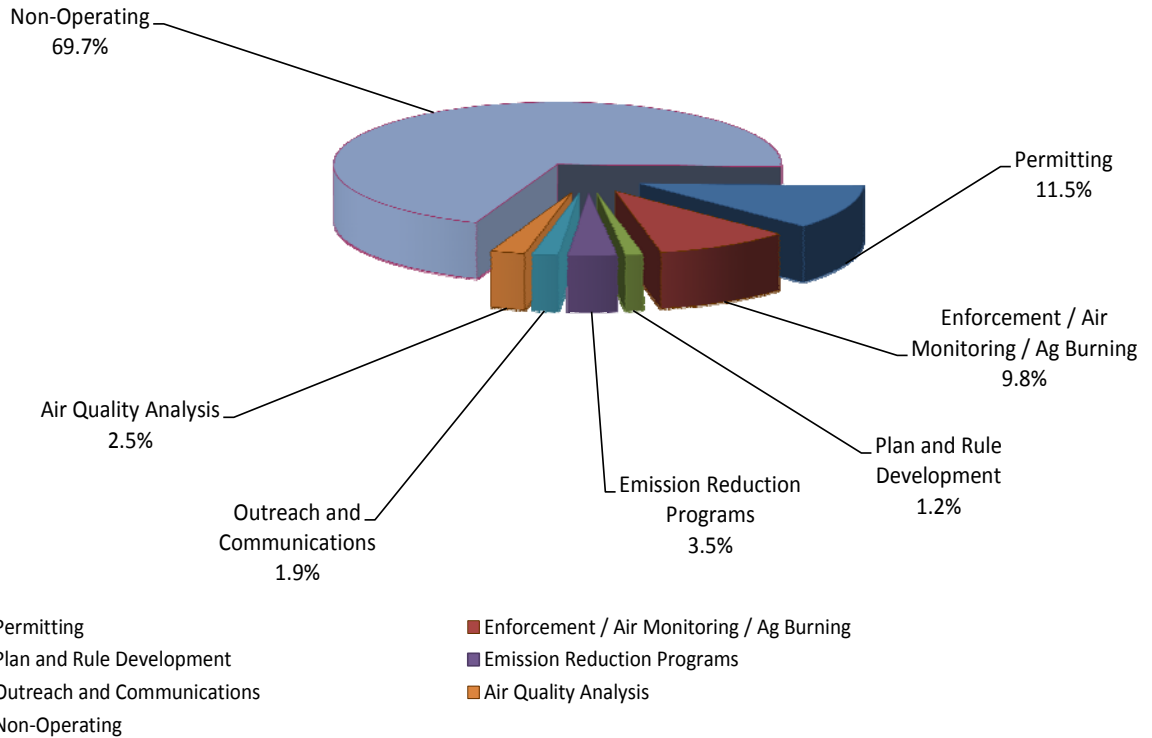
Source: California Department of Motor Vehicles

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

**EXPENDITURES BY PROGRAM ACTIVITY - (Accrual Basis)  
Last Five Fiscal Years**

<b>Program Activity</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Permitting	\$ 12,262,847	\$ 12,758,531	\$ 13,835,586	\$ 14,170,277	\$ 14,222,479
Enforcement / Air Monitoring / Ag Burning	12,274,833	12,697,970	12,063,812	12,110,993	12,112,312
Plan and Rule Development	2,484,135	2,034,991	2,054,340	1,696,327	1,539,504
Emission Reduction Programs	2,840,067	3,315,001	3,399,671	3,778,290	4,379,931
Outreach and Communications	2,275,970	2,320,601	2,251,876	2,215,619	2,324,962
Air Quality Analysis	1,156,358	1,560,082	3,022,735	3,335,839	3,096,749
Non-Operating	24,871,936	31,546,321	60,727,740	94,235,828	86,517,953
<b>Total Expenditures</b>	<b>\$ 58,166,146</b>	<b>\$ 66,233,497</b>	<b>\$ 97,355,760</b>	<b>\$ 131,543,173</b>	<b>\$ 124,193,890</b>

**FY 12-13 EXPENDITURES BY PROGRAM ACTIVITY  
(Accrual Basis)**



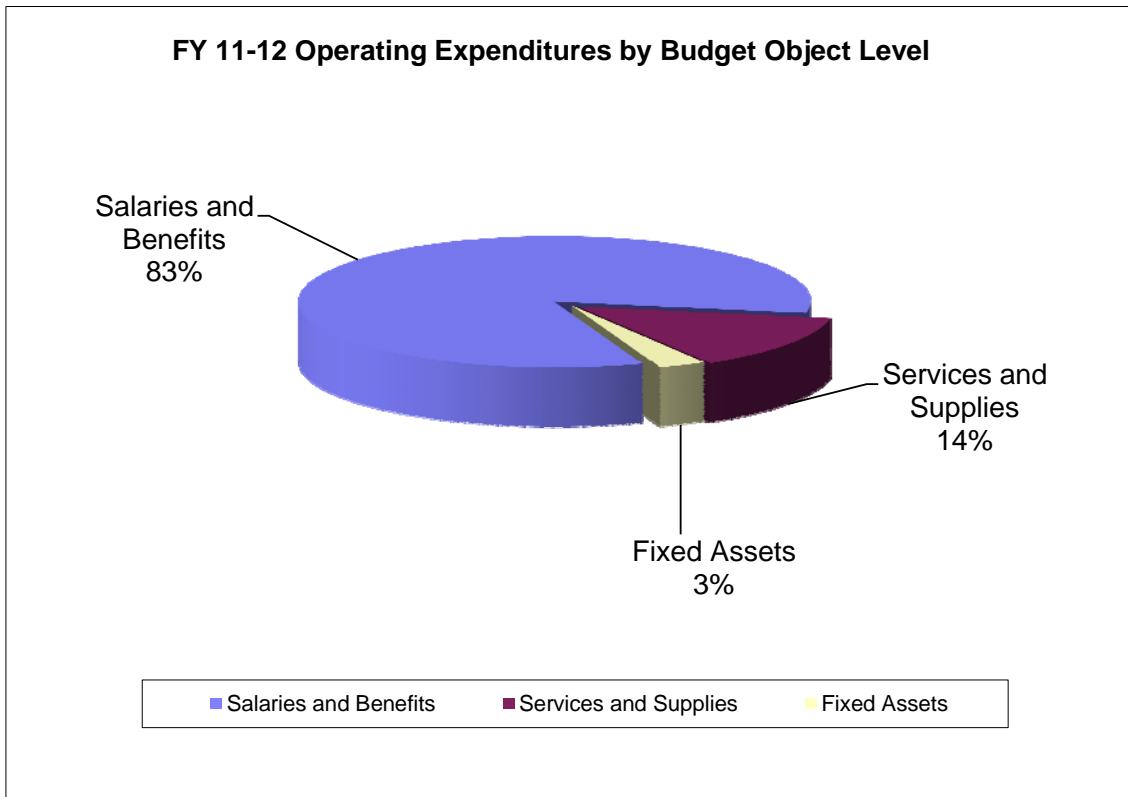
Source:  
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

Input Note: Expenditures come from Statement of Activities. Total Includes Capital Asset

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT**

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

<b>Fiscal Year</b>	<b>Salaries and Benefits</b>	<b>Services and Supplies</b>	<b>Fixed Assets</b>	<b>Total Operating Expenditures</b>
2003/04	\$ 17,083,592	\$ 3,673,348	\$ 1,741,708	\$ 22,498,648
2004/05	19,824,791	4,038,448	1,617,469	25,480,708
2005/06	21,693,531	4,463,578	1,273,182	27,430,291
2006/07	23,479,039	3,814,644	4,786,429	32,080,112
2007/08	24,195,285	4,246,694	2,854,440	31,296,419
2008/09	26,171,573	5,099,751	1,543,520	32,814,844
2009/10	27,209,307	5,094,841	2,183,316	34,487,464
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



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**

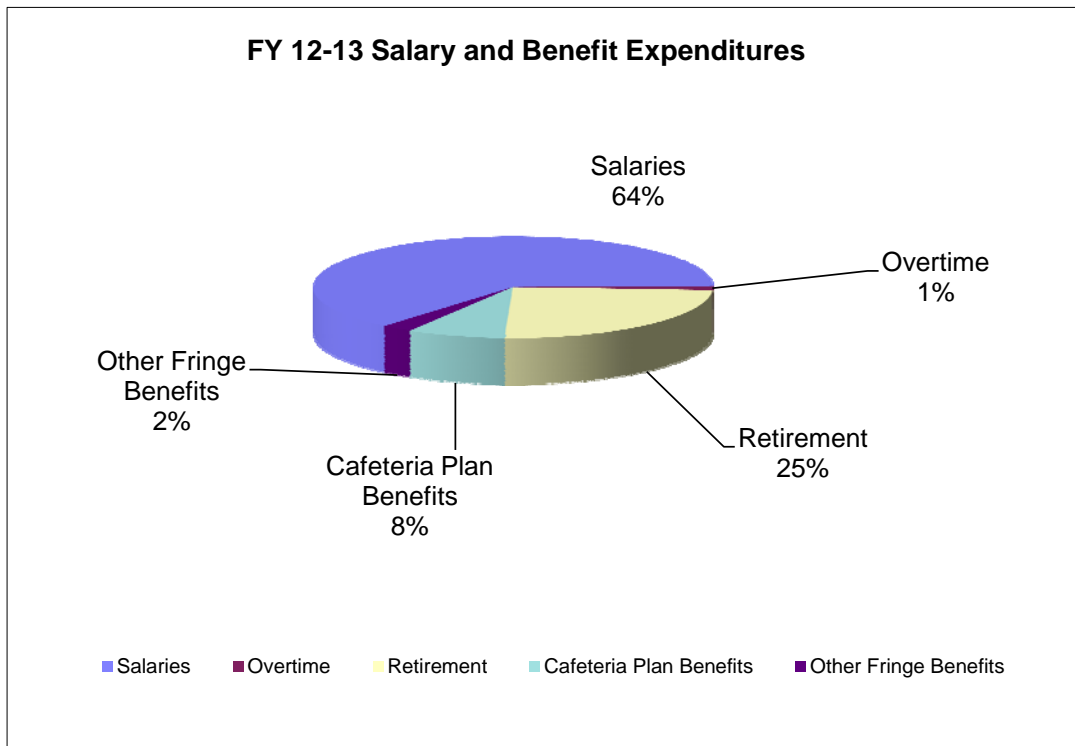
<b>Fiscal Year</b>	<b>Salaries</b>	<b>Overtime</b>	<b>Retirement</b>	<b>Cafeteria Plan Benefits</b>	<b>Other Fringe Benefits</b>	<b>Total Salaries and Benefits</b>
2003/04	\$ 12,760,813	\$ 226,307	\$ 1,995,013	\$ 1,398,170	\$ 703,289	\$ 17,083,592
2004/05	14,325,161	269,618	2,701,422	1,572,390	956,200	19,824,791
2005/06	14,850,007	254,625	4,040,114	1,700,021	848,764	21,693,531
2006/07	15,512,732	299,691	5,208,586	1,792,819	665,201	23,479,029
2007/08	16,267,143	276,813	5,078,432	1,909,038	663,859	24,195,285
2008/09	18,065,322	320,202	4,962,833	2,074,820	748,396	26,171,573
2009/10	18,492,855	321,901	5,653,041	2,020,012	721,498	27,209,307
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

Notes:

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

Other Fringe Benefits Includes: Unemployment Insurance, OASDI Insurance, Worker's Compensation

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



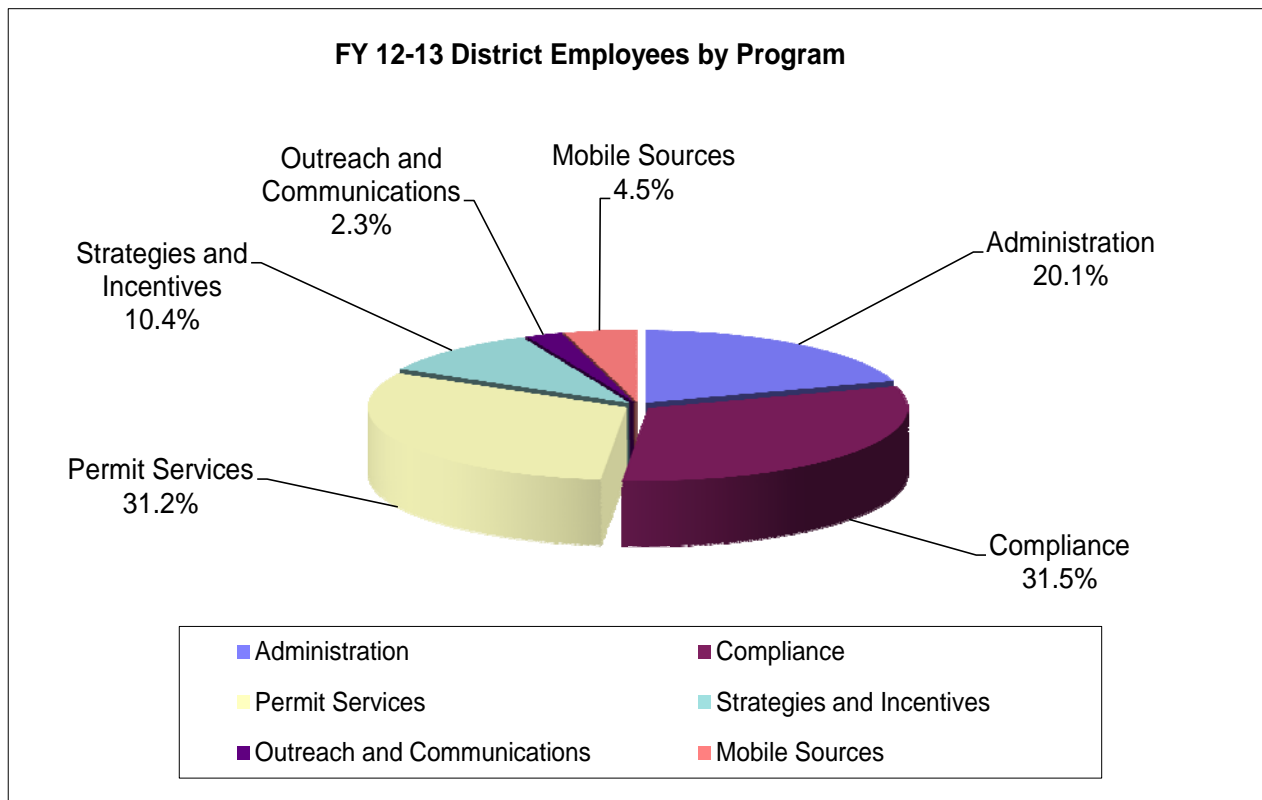
Source:

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
2003/04	49	78	89	40	6	9	271
2004/05	48	83	85	44	8	10	278
2005/06	50	83	89	45	8	14	289
2006/07	52	83	99	35	8	14	291
2007/08	60	85	95	36	7	23	306
2008/09	62	88	95	36	7	23	311
2009/10	61	97	94	28	7	21	308
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



\*Adjusted Budget at June 30th

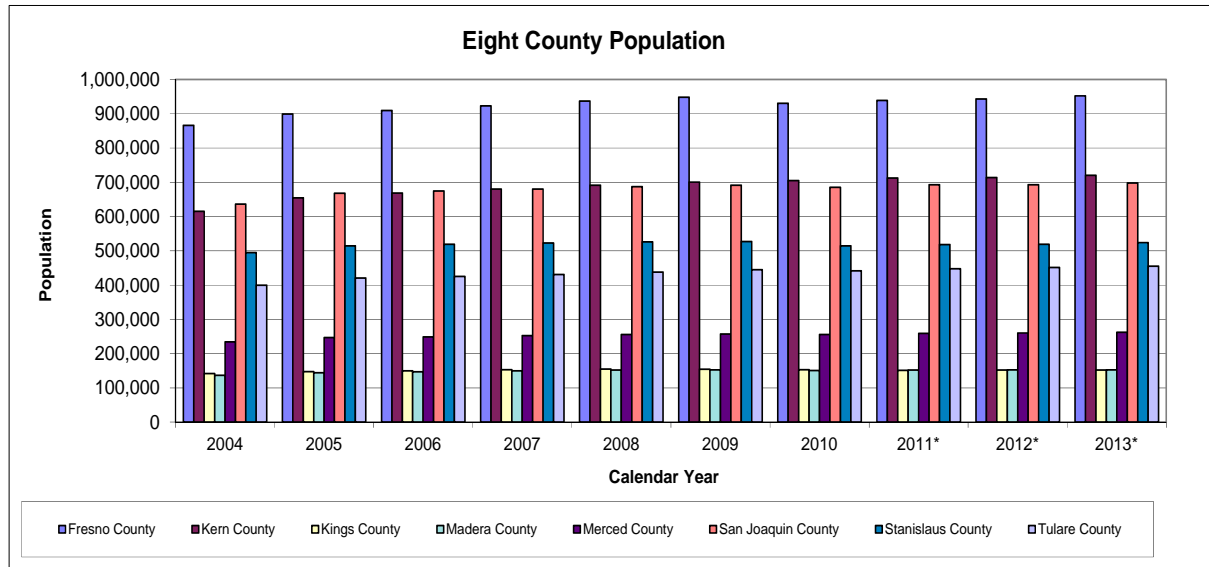
Source:

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
2004	866,500	615,200	141,500	136,900	234,200	636,500	494,800	400,100	3,525,700	3.03%
2005	899,500	655,100	147,700	144,400	246,800	668,300	514,400	420,600	3,696,800	4.85%
2006	909,400	668,900	149,800	147,200	249,100	674,300	519,300	425,600	3,743,600	1.27%
2007	923,100	680,300	153,300	149,900	252,500	680,200	523,100	431,000	3,793,400	1.33%
2008	936,800	691,800	155,000	151,900	256,100	687,000	526,000	438,300	3,842,900	1.30%
2009	948,500	700,500	154,700	152,900	257,000	691,700	527,100	445,000	3,877,400	0.90%
2010	930,450	705,300	152,982	150,865	255,793	685,306	514,453	442,179	3,837,328	-1.03%
2011*	939,278	713,025	151,655	152,008	259,289	692,862	518,141	447,665	3,873,923	0.95%
2012*	943,493	713,981	151,774	152,325	260,029	692,997	519,339	451,540	3,885,478	0.30%
2013*	952,166	720,621	152,007	152,711	262,478	698,414	524,124	455,599	3,918,120	0.84%



\* Estimated population

Notes:

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

Source: California State Department of Finance - Demographic Research Unit - (SJVUAPCD Portion of Kern County estimated at 84%)

# San Joaquin Valley Unified Air Pollution Control District

## Demographic and Miscellaneous Statistics

District Established:	March 21, 1991
Area Covered:	25,000 Square Miles
Counties Included in District:	San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the Valley portion of Kern County
Population:	3,918,120 (2013 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:	2,675,000 (6/30/13) 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, ARB, Tribal, and National Park Service Combined (Including 2 Lower Air Profilers)
District Full-time Authorized Positions:	308
Adopted FY 2013-14 Budget:	\$166,483.496



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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