

Antelope Valley Air Quality Management District Governing Board Regular Meeting

Agenda

PURSUANT TO GOVERNOR'S ORDER

N-29-20

TUESDAY, FEBRUARY 16, 2021

10:00 A.M.

BOARD MEMBERS

Marvin Crist, Chair, City of Lancaster
Austin Bishop, Vice Chair, City of Palmdale
Ron Hawkins, Los Angeles County
Howard Harris, Los Angeles County
Ken Mann, City of Lancaster
Steven Hofbauer, City of Palmdale
Newton Chelette, Public Member

THIS MEETING IS BEING HELD IN ACCORDANCE WITH THE BROWN ACT AS CURRENTLY IN EFFECT UNDER THE STATE EMERGENCY SERVICES ACT, THE GOVERNOR'S EMERGENCY DECLARATIONS RELATED TO COVID-19, AND THE GOVERNOR'S EXECUTIVE ORDER N-29-20 ISSUED ON MARCH 17, 2020 THAT ALLOWS ATTENDANCE BY MEMBERS OF THE DISTRICT, DISTRICT STAFF, AND THE PUBLIC TO PARTICIPATE AND CONDUCT THE MEETING BY TELECONFERENCE, VIDEOCONFERENCE, OR BOTH.

JOIN BY PHONE, DIAL US: +1.701.802.5348; ENTER ACCESS CODE: 5765772

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE LISTED PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE GOVERNING BOARD TELEPHONICALLY OR OTHERWISE ELECTRONICALLY AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO PROVIDE PUBLIC COMMENTS, PUBLIC COMMENTS ARE LIMITED TO FIVE MINUTES PER COMMENT.

PLEASE NOTE THAT THE BOARD MAY ADDRESS ITEMS IN THE AGENDA IN A DIFFERENT ORDER THAN THE ORDER IN WHICH THE ITEM HAS BEEN POSTED.

PUBLIC COMMENTS ON ANY AGENDA ITEM WILL BE HEARD AT THE TIME OF DISCUSSION OF THE AGENDA ITEM. PUBLIC COMMENTS NOT PERTAINING TO AGENDA ITEMS WILL BE HEARD DURING THE PUBLIC COMMENT PERIOD BELOW.

PUBLIC COMMENTS ON AGENDIZED ITEMS MAY BE SUBMITTED VIA EMAIL TO PUBLICCOMMENT@AVAQMD.CA.GOV AT LEAST TWO HOURS PRIOR TO THE START OF THE MEETING.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Roll Call

Items with potential Conflict of Interests — If you believe you have a conflict of interest, please recuse yourself at the appropriate time. If you have a question regarding a potential conflict of interest, please contact District Counsel.

PUBLIC COMMENT

CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial and will be acted upon by the Board at one time without discussion unless a Board Member requests an item be held for discussion under DEFERRED ITEMS.

1. [Approve Minutes from Regular Governing Board Meeting of January 19, 2021.](#)
2. [Monthly Grant Funding Summary. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
3. [Monthly Activity Report. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
4. [Approve payments to MDAQMD in the amount of \\$97,099.34 for December 2020. Presenter: Bret Banks, Executive Director/APCO.](#)
5. [Receive and file the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2020. Presenter: Bret Banks, Executive Director/APCO.](#)
6. [2021 Budget Schedule. Presenter: Bret Banks, Executive Director/APCO.](#)
7. [1\) Authorize \\$125,000 in Mobile Emission Reductions Program \(AB 2766\) funds to the Alternative Fuel Vehicle Program; and 2\) Authorize the Executive Director/APCO and staff to execute the Alternative Fuel Vehicle Program as outlined in the Work Plan. Presenter: Julie McKeehan, Grants Analyst.](#)

ITEMS FOR DISCUSSION

DEFERRED ITEMS

NEW BUSINESS

8. [Receive and file the annual financial audit for Fiscal Year 2019-20. Presenter: Laquita Cole, Finance Manager \(MDAQMD\) on behalf of the AVAQMD, with a representative from Fedak & Brown.](#)
9. Reports: Governing Board Counsel, Executive Director/APCO, Staff.
10. Board Member Reports and Suggestions for Future Agenda Items.
11. Adjourn to Regular Governing Board Meeting of Tuesday, March 16, 2021.

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board Meeting, please contact the Executive Director during regular business hours at 661.723.8070 x22. Notification received 48 hours prior to the meeting will enable the District to make reasonable accommodations. All accommodation requests will be processed swiftly and resolving any doubt in favor of accessibility.

I hereby certify, under penalty of perjury, that this agenda has been posted 72 hours prior to the stated meeting in a place accessible to the public. Copies of this agenda and any or all additional materials relating thereto are available at www.avaqmd.ca.gov or by contacting Deanna Hernandez at 760.245.1661 x6244 or by email at dhernandez@mdaqmd.ca.gov.

Mailed & Posted on: Tuesday, February 9, 2021.

Deanna Hernandez

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of January 19, 2021.](#)

Please scroll down to view the backup material.

**ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD MEETING
TUESDAY, JANUARY 19, 2021
ANTELOPE VALLEY DISTRICT OFFICE
LANCASTER, CA**

Draft Minutes

Board Members Present:

Marvin Crist, Chair, City of Lancaster
Austin Bishop, Vice Chair, City of Palmdale
Newton Chelette, Public Member
Howard Harris, Los Angeles County
Ron Hawkins, Los Angeles County
Steven Hofbauer, City of Palmdale
Ken Mann, City of Lancaster

Board Members Absent:

CALL TO ORDER

Chair **CRIST** called the meeting to order at 10:00 a.m. Chair **CRIST** waived the Pledge of Allegiance. Roll call was taken.

PUBLIC COMMENT

❖ No public comment was made in person, telephonically or electronically.

CONSENT CALENDAR

Agenda Item #1 – Approve Minutes from Regular Governing Board Meeting of December 15, 2020.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Approved** Minutes from Regular Governing Board Meeting of December 15, 2020.

Agenda Item #2 – Monthly Grant Funding Summary. Receive and file.

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Received and Filed** Monthly Grand Funding Summary.

Agenda Item #3 – Monthly Activity Report. Receive and file.

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Received and Filed** Monthly Activity Report.

Agenda Item #4 – Approve payment to MDAQMD in the amount of \$122,144.13 for November 2020.

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board, **Approved** payment to MDAQMD in the amount of \$122,144.13 for November 2020.

Agenda Item #5 – Receive and file the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2020.

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board, **Received and filed** the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2020.

ITEMS FOR DISCUSSION

DEFERRED ITEMS

None.

PRESENTATION

Agenda Item #7 - Presentation: Air Pollution Credits. Presenter: Bret Banks, Executive Director/APCO.

NEW BUSINESS

Agenda Item #8 – 1) Approve the FY 20-21 Application for Carl Moyer Program Year 23 Funds and authorize its submission to the California Air Resources Board (CARB); 2) Allocate a maximum of 15 percent of Mobile Source Emissions Reduction (MSER) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) Authorize the Executive Director/APCO and staff to execute the agreement, approved as to legal form.

Presenter: Julie McKeehan, Grants Analyst.

Julie McKeehan, Grants Analyst, presented the staff report and answered questions from the Board. After discussion and upon Motion by **BISHOP**, seconded by **HARRIS**, and carried unanimously with seven **AYES** votes by Board Members **AUSTIN BISHOP, NEWTON CHELETTE, MARVIN CRIST, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN**, the Board, 1) **Approved** the FY 20-21 Application for Carl Moyer Program Year 23 Funds and authorize its submission to the California Air Resources Board (CARB); 2) **Allocated** a maximum of 15 percent of Mobile Source Emissions Reduction (MSER) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) **Authorized** the Executive Director/APCO and staff to execute the agreement, approved as to legal form.

Agenda Item #9 – 1) Award an amount not to exceed \$178,344 of Carl Moyer Program funds to AV Farming to replace older diesel-powered farm equipment with cleaner technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.

Presenter: Julie McKeehan, Grants Analyst.

Julie McKeehan, Grants Analyst, presented the staff report and answered questions from the Board. After discussion and upon Motion by **HAWKINS**, seconded by **CHELETTE**, and carried unanimously with seven **AYES** votes by Board Members **AUSTIN BISHOP, MARVIN CRIST, NEWTON CHELETTE, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN**, the Board, 1) **Awarded** an amount not to exceed \$178,344 of Carl Moyer Program funds to AV Farming to replace older diesel-powered farm equipment with cleaner technology; and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.

Draft Minutes 01.19.2021

Agenda Item #10 – 1) Award an amount not to exceed \$73,106 of Mobile Source Emissions Reduction Program (AB 923) funds to AV Farming to replace older diesel-powered farm equipment with cleaner technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.

Presenter: Julie McKeehan, Grants Analyst.

Julie McKeehan, Grants Analyst, presented the staff report and answered questions from the Board. After discussion and upon Motion by CHELETTE, seconded by HOFBAUER, and carried unanimously with seven AYES votes by Board Members AUSTIN BISHOP, NEWTON CHELETTE, MARVIN CRIST, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, the Board, 1) Awarded an amount not to exceed \$73,106 of Mobile Source Emissions Reduction Program (AB 923) funds to AV Farming to replace older diesel-powered farm equipment with cleaner technology; and 2) Authorized the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.

Agenda Item #11 – 1) Award an amount not to exceed \$67,000 in Mobile Source Emissions Reduction Program (AB 923) funds to Crystalaire Country Club for the replacement of an older diesel generators with new, cleaner technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

Presenter: Julie McKeehan, Grants Analyst.

Julie McKeehan, Grants Analyst, presented the staff report and answered questions from the Board. After discussion and upon Motion by BISHOP, seconded by CHELETTE, and carried unanimously with seven AYES votes by Board Members AUSTIN BISHOP, NEWTON CHELETTE, MARVIN CRIST, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, the Board, 1) Awarded an amount not to exceed \$67,000 in Mobile Source Emissions Reduction Program (AB 923) funds to Crystalaire Country Club for the replacement of an older diesel generators with new, cleaner technology; and 2) Authorized the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

Agenda Item #12 – 1) Award an amount not to exceed \$63,742 in Carl Moyer Program funds to Five Star Contractors for the replacement of an older diesel backhoe with new, cleaner technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

Presenter: Julie McKeehan, Grants Analyst.

Julie McKeehan, Grants Analyst, presented the staff report and answered questions from the Board. After discussion and upon Motion by HAWKINS, seconded by HARRIS, and carried unanimously with six AYES votes by Board Members NEWTON CHELETTE, MARVIN CRIST, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, with Board Member BISHOP recusing, the Board, 1) Awarded an amount not to exceed \$63,742 in Carl Moyer Program funds to Five Star Contractors for the replacement of an older diesel backhoe with new, cleaner technology; and 2) Authorized the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

Agenda Item #13 – 1) Award an amount not to exceed \$220,860 of Carl Moyer Program and Mobile Source Emission Reductions Program (AB 923) funds to LA County’s Internal Services Department (ISD) of Energy and Environmental for Electric Vehicle Charging Station Projects; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

Presenter: Julie McKeehan, Grants Analyst.

Item pulled to the next Governing Board meeting, February 16, 2021.

Agenda Item #14 – Reports.

Governing Board Counsel –

- No report.

Executive Director/APCO –

- No report.

Staff –

- No report.

Agenda Item #15 – Board Member Reports and Suggestions for Future Agenda Items.

- None.

Agenda Item #16 – Adjourn to Regular Governing Board Meeting of Tuesday, February 16, 2021.

Being no further business, the meeting adjourned at 10:41 a.m. to the next regularly scheduled Governing Board Meeting of Tuesday, February 16, 2021.

The following page(s) contain the backup material for Agenda Item: [Monthly Grant Funding Summary. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
Please scroll down to view the backup material.

Item #2 – Grant Funds Project Summary

January 2021

AB 2766 (\$4 DMV Fee)

\$599,000 Annually by Monthly Distribution

These fees fund the District’s Mobile Source Emission Reductions (MSER) Grant Program. The funds must be used “to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988”.

Funding Limits: No surplus emission reductions or cost-effectiveness limit requirements.

Current Balance: \$255,000.00

PROPOSED PROJECTS

<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
Feb-21	AFV Program Add'l Funds	\$ 125,000.00	
BALANCE PENDING APPROVAL		\$ 130,000.00	

AB 2766 Approved Funding Awards			
<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
Mar-19	AFV Program Add'l Funds	15,000.00	paid
Apr-19	AFV Program Add'l Funds	30,000.00	paid
Apr-19	Curb Crafters Vehicle Replacement	19,029.00	cancelled
July-19	AFV Program Add'l Funds	20,000.00	paid
Sept-19	AFV Program Add'l Funds	50,000.00	paid
Oct-19	Kyle & Kyle Ranches HD Truck Replacement Project	33,000.00	paid
Dec-19	Public Transit Programs-Member Agencies	25,000.00	paid
Jan-20	AFV Program Add'l Funds	50,000.00	paid
Feb-20	City of Palmdale – SAVES Project	78,000.00	paid
Apr-20	AFV Program Add'l Funds	11,500.00	paid
Apr-20	Jack O’Connor Construction	30,000.00	paid
Apr-20	AV Fair Assoc. – Implementation of MSERP	36,093.00	paid
June-20	AFV Program Add'l Funds	15,000.00	paid
July-20	AFV Program Add'l Funds	20,000.00	paid
Oct-20	AFV Program Add'l Funds	50,000.00	paid
Jan-21	2021 Lawn and Garden Exchange	15,000.00	paid

AB 923 (\$2 DMV Fee)**\$609,500 Annually by Monthly Distribution**

These fees fund the District's Mobile Source Emission Reductions (MSER) Grant Program. The funds must be used to remediate air pollution harms created by motor vehicles.

Funding Limits: Carl Moyer eligible projects; unregulated agriculture vehicles and equipment; school bus projects; light-duty vehicle retirement program; and alternative fuel and electric infrastructure projects. Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$611,757.00

PROPOSED PROJECTS

<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
BALANCE PENDING APPROVAL		\$ 611,757.00	

AB 923 Approved Funding Awards			
<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
June-19	Waste Management-AV CNG Station	279,515.00	cancelled
June-19	City of Lancaster EV Charging City-MOAH	10,000.00	paid
July-19	Waste Management-AV CNG Station add'l funds	70,000.00	cancelled
July-19	Learn 4 Life EV Charging Project	47,591.00	cancelled
Sept-19	AVSTA CNG Fueling Station Project	104,000.00	pending
Oct-19	XL Hybrid Plug-In Truck Pilot Project	164,694.00	paid
Nov-19	Truck and Bus Replacement Project	120,000.00	paid
Nov-19	AV Chevy EV Charging Station	13,418.00	paid
Jan-20	City of Palmdale EV Charging Project	6,000.00	paid
Jan-20	Boething Treeland Farms ERP	138,418.00	paid
Feb-20	City of Palmdale - SAVES Project	30,000.00	paid
Feb-20	Lancaster School District - Electric Riding Mower	23,000.00	paid
Apr-20	Commercial Lawn and Garden Exchange Program	50,000.00	paid
Apr-20	City of Palmdale - SAVES Project add'l funds	5,799.00	paid
Apr-20	2020 Residential Lawn and Garden Exchange	9,570.00	paid
May-20	Jon Watson Loader Backhoe Services ERP	49,900.00	cancelled
July-20	Pacific Auto Recycling Center CNG Project	146,252.00	pending
Sept-20	Vehicle Retirement (VAVR) Add'l Funding	60,000.00	paid
Jan-21	2021 Lawn and Garden Exchange	5,000.00	paid
Jan-21	AV Farming Baler Project	73,106.00	pending
Jan-21	Crystalaire Country Club ICE Project	67,000.00	pending

Carl Moyer Program**\$701,500 Annually**

Carl Moyer Program (CMP) funds provide incentives to gain early or extra emission reductions by retrofitting, repowering, or replacing older more polluting engines with newer, cleaner engines including zero and near zero emission technologies. CMP funding categories include on-road heavy-duty vehicles, off-road equipment, locomotives, marine vessels, light-duty passenger vehicles, lawn mower replacement and alternative fuel infrastructure projects. Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$191,376.00

PROPOSED PROJECTS

<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
BALANCE PENDING APPROVAL		\$ 191,376.00	

Carl Moyer Program Approved Funding Awards			
<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
Deposit	Carl Moyer Program Yr. 21 FY 18-19	+ 661,741.00	received
Mar-19	Commercial Lawn and Garden Exchange Program	200,000.00	cancelled
Apr-19	AV Fair Assoc. ERP Aerial Lift Project 4	93,140.00	paid
Apr-19	Curb Crafters On-road Replacement Project	14,363.00	cancelled
June-19	Alameda Metals Corporation Equipment Replacement	214,111.00	paid
Deposit	Carl Moyer Program Interest FY 18-19	+ 15,179.00	received
Oct-19	XL Plug-In Hybrid Truck Pilot Project	115,306.00	cancelled
Apr-20	Bills Landscaping Equipment Replacement Project	18,967.00	paid
Apr-20	California Compaction Equipment Replacement Project	110,165.00	paid
May-20	B Mos Tractors ERP	83,071.00	pending
Deposit	Carl Moyer Program Yr. 22 FY 19-20	+ 708,927.00	received
July-20	IM Masonry Forklift Replacement Project	51,733.00	paid
Sept-20	Villa Del Sol Sweet Cherry Farms ERP	30,688.00	paid
Nov-20	Volta Industries Vons EV Charging Project	32,394.00	pending
Nov-20	Webb Builders Equipment Replacement Project	30,000.00	pending
Dec-20	Tenerelli Orchards ERP	25,000.00	paid
Dec-20	Gene Wheeler Farms ERP	273,103.00	pending
Jan-21	AV Farming Tractor & Baler Project	178,344.00	pending
Jan-21	Five Star Contractors ERP	63,742.00	pending

AB 617 Community Air Protection (CAP) Implementation**\$48,588 FY 19/20 Allocation**

The purpose of AB 617 is to reduce emission sources in disadvantaged and low income communities by community-based air monitoring and local emission reduction programs. Funding is allocated to Air Districts to implement and administer all aspects of AB 617. These funds support community collaborative/community involved programs such as the deployment of air monitoring systems (i.e. Purple Air Sensors) and supporting local emission reductions programs. As a result, the AVAQMD is able to create new and enhance existing programs (i.e. lawn and garden equipment replacement, vehicle retirement, light-duty alternative fuel vehicle purchase incentive and residential electric vehicle charging) suggested by individual residents and group members as programs that best serve emission reductions within the community).

Current Balance: \$ 0.00**PROPOSED PROJECTS**

<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
BALANCE PENDING APPROVAL		\$ 0.00	

AB 617 CAP Admin. Approved Funding Awards			
<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
June-18	AB 617 CAP Implementation Funds FY 17-18 (Initial)	\$ 65,569.00	received
Oct-18	AB 617 CAP Implementation Funds FY 17-18 (Amend)	+ 75,000.00	received
Feb-19	Lawn Mower Exchange Events 2019	45,000.00	paid
Mar-19	Admin Support Costs	15,489.00	paid
Mar-19	Commercial Lawn and Garden Program	75,000.00	paid
Apr-19	Air Quality Sensors	4,440.00	paid
Deposit	AB 617 CAP Implementation Funds FY 18-19	+ 79,305.00	received
Aug-19	CAP AFV Incentive Program	75,000.00	cancelled
Oct-19	Admin Support Costs	11,140.00	paid
Apr-20	Admin Support Costs	20,247.00	paid
May-20	AB 617 Implementation Funds FY 19-20	+ 48,588.00	pending receipt

AB 134 Community Air Protection (CAP) Projects**\$1,088,281 FY 19/20 Allocation**

The purpose of AB 134 funds is to implement projects under the Carl Moyer Program specifically for projects that meet the goals of AB 617. These funds are focused on replacing older polluting engines operating in disadvantaged and low-income communities with newer, cleaner engines prioritizing zero-emission projects. CMP funding categories include on-road heavy-duty vehicles, off-road equipment, locomotives, marine vessels, light-duty passenger vehicles, lawn mower replacement and alternative fuel infrastructure projects. Surplus emission reductions required. Subject to cost-effectiveness limit.

Current Balance: \$707,209.00

PROPOSED PROJECTS

<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
BALANCE PENDING APPROVAL		\$ 707,209.00	

AB 134 CAP Projects Approved Funding Awards			
<u>Action Date</u>	<u>Project Description</u>	<u>Grant Award</u>	<u>Status</u>
June-18	AB 134 CAP Funds Yr. 1 FY 2017-18	\$ 468,750.00	received
Dec-18	AVSTA (3) New Electric School Buses	468,750.00	paid
Deposit	CAP Interest FY 17/18	2581.00	received
Nov-19	AB 134 CAP Funds Yr. 2 FY 2018-19	1,008,281.00	received
Feb-20	AVTA - Level III EV Charging Project	500,000.00	cancelled
Feb-20	Coast Auto Salvage - Forklift Replacement Project	76,264.00	Paid
Apr-20	Waste Management CNG Fueling Station	349,515.00	pending
Apr-20	Lancaster Choice Energy - EV Charging Stations Project	150,000.00	pending
June-20	AB 134 CAP Funds Yr. 3 FY 2019-20	+ 855,673.00	pending receipt
Aug-20	ETP Pumping On-road Replacement Project	60,000.00	partial paid
Aug-20	ANM Construction ERP	51,733.00	paid
Oct-20	ANM Construction ERP #2	38,921.00	paid
Nov-20	Volta Industries Kohls EV Charging	32,893.00	pending
Dec-20	AV Fair Association EV Charging/Solar Project	400,000.00	pending

The following page(s) contain the backup material for Agenda Item: [Monthly Activity Report. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
Please scroll down to view the backup material.



Agenda Item #3

Date: February 2, 2021

Subject: January Operations Activity Report

Permit Inspections - 97

Notices of Violation (NOV) Issued – 1

Vapor Recovery Tests Witnessed – 6

Complaints - 1

Complaint Investigations – 1

Asbestos Notifications – 11

Asbestos Project Inspections - 0

Active Companies - 277

Active Facilities - 526

Active Permits - 1106

Certificate of Occupancy/Building Permit Reviews - 1

CEQA Project Comment Letters - 11

State or Local Air Monitoring Stations (SLAMS) Network Air Monitoring Site:

Lancaster Site (full meteorology, CO, NO_x, O₃, PM₁₀, PM_{2.5})

Full meteorology (exterior temperature, wind speed, wind direction, exterior pressure and relative humidity)

Community Sensors:

13 **PurpleAir** particulate sensors (Del Sur School, Leona Valley Elementary, Anaverde Hills, Esperanza Elementary School, Joe Walker Middle School, Desert Willow Middle School, Amargosa Creek, Eastside High School, Littlerock High School, Knight High School, Westside School District Offices, (2) Wilsona School District.

AVAQMD CEQA PROJECTS						
BOARD MEETING						
2/16/2021						
Date Rec'd	Location	Project Name	Description	Comment	Date Due	Date Sent
01/04/21	Palmdale	ASAP Home Health Service	Site Plan Review 12-05-4 Major Modification No. 1, Determination of Application Completeness/Condition Setting for the request to develop 5.28 acres with one building for an office use totaling 3,042 square feet to be located at 602 C, D and G Commerce Avenue (APNs 3003-080-040, -050, -051, and -054)	Rule 219 Asbestos Demo/Reno	01/11/21	01/05/21
01/04/21	Palmdale	Commercial Use Buiding	Pre-Application 20-034 Conceptual Review to develop a .83-acre parcel with one building to be utilized for a commercial use (towing company) located at the northeast corner of Avenue R-8 and Sierra Highway (APN: 3010-026-005)	No Comment	01/11/21	01/05/21
01/04/21	Palmdale	Manufacturing and Warehouse Use Buildings	Pre-Application 20-035 Conceptual Review, to develop 10 acres with two buildings (manufacturing and warehouse uses) totaling 90,000 square feet to be located at the northwest corner of Avenue Q and 30th Street East (APNs: 3022-011-022, -024, and -025)	Dust Control Plan CARB Equipment	01/11/21	01/05/21
01/15/21	Lancaster	Auto Repair Building	Site Plan Review 21-01 for a new auto repair building located at the southeast corner of 10th Street West and Avenue L-8 (APN: 3128-010-010)	No Comment	02/05/21	02/01/21
01/22/21	Lancaster	Vegetable Greenhouse	SPR 21-02 for a vegetable greenhouse located at the southwest corner of Avenue K and 65th Street East (APN: 3386-007-007) on approximately 82.36 acres	Dust Control Plan CARB Equipment	02/12/21	02/01/21
01/25/21	Palmdale	Dutch Bros Coffee	Pre-Application 21-001 Conceptual Review to develop a .47-acre parcel with one building totaling 20,480 square feet to be utilized for a drive-through coffee shop to be located at 2520 E. Palmdale Blvd. (APN: 3018-026-039).	No Comment	02/04/21	02/01/21

AVAQMD CEQA PROJECTS						
BOARD MEETING						
2/16/2021						
Date Rec'd	Location	Project Name	Description	Comment	Date Due	Date Sent
01/25/21	Palmdale	Pilot Travel Center	Tentative Parcel Map 83189, Conditional Use Permit 21-001, and Site Plan Review 21-001 Determination of Application Completeness/Condition Setting, to construct a commercial travel center located at the northwest corner of Pearblossom Highway and Fort Tejon Road (APN: 3051-021-022).	Dust Control Plan Permitting CARB Equipment	02/04/21	02/01/21
01/28/21	Lancaster	TTM 62484	TTM 62484 for 37 single-family lots located at the southeast corner of 25th Street East and Nugent Street on approximately 10 acres (APN:3150-027-026 and 3150-027-022)	Dust Control Plan CARB Equipment	02/17/21	02/01/21
01/28/21	Lancaster	TTM 62485	TTM 62485 for single-family residential lots located at the southwest corner of 30th Street East and Nugent Street on approximately 10 acres (APN:3150-027-025 and 3150-027-008)	Dust Control Plan CARB Equipment	02/17/21	02/01/21
01/29/21	Lancaster	Dutch Bros. Coffee	Director's Review 21-12 for a Dutch Bros. Coffee located at the southeast corner of 20th Street East and Avenue J (APN: 3150-009-065)	No Comment	02/10/21	02/01/21
01/29/21	Lancaster	Dutch Bros. Coffee	Director's Review 21-13 for a Dutch Bros. Coffee located at the southwest corner of 20th Street West and Avenue I (APN: 3121-034-042)	No Comment	02/10/21	02/01/21

The following page(s) contain the backup material for Agenda Item: [Approve payments to MDAQMD in the amount of \\$97,099.34 for December 2020. Presenter: Bret Banks, Executive Director/APCO.](#)

Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA**

AGENDA ITEM #4

DATE: February 16, 2021

RECOMMENDATION: Approve payments to MDAQMD in the amount of \$97,099.34 for December 2020.

SUMMARY: The District contracts for services with MDAQMD; an invoice for services is presented for payment.

BACKGROUND: Key Expenses: Staffing costs \$97,099.34.

REASON FOR RECOMMENDATION: The AVAQMD Governing Board must authorize all payments to the MDAQMD.

REVIEW BY OTHERS: This item was reviewed by Allison Burns, Special Counsel as to legal form; and by Bret Banks, Executive Director/APCO, on or before February 1, 2021.

FINANCIAL DATA: The contract and direct expenditure amounts are part of the approved District budget for FY21. No change in appropriations is anticipated as a result of the approval of this item.

PRESENTER: Bret Banks, Executive Director/APCO



Mojave Desert AQMD
 14306 Park Avenue
 Victorville, CA 92392
 760.245.1661

Due Date **DUE UPON RECEIPT**
 Invoice Date **12/31/2020**
 Invoice Number **42876**

INVOICE

Bill To :
ANTELOPE VALLEY AQMD 43301 DIVISION ST. SUITE 206 LANCASTER, CA 93535
Company ID 10193

FY21		Amount
Program Staff	Program Staff	85,174.86
OVERHEAD	OVERHEAD	11,924.48
<p>TO INSURE PROPER CREDIT - PLEASE INCLUDE A COPY OF THE INVOICE WITH YOUR PAYMENT</p> <p>FOR CREDIT CARD PAYMENTS PLEASE VISIT www.mdaqmd.ca.gov</p>		
		Invoice Total 97,099.34
MAKE CHECKS PAYABLE TO MOJAVE DESERT AQMD		Amount Paid 0.00
PLEASE INCLUDE THE INVOICE NUMBER ON THE CHECK		Balance Due 97,099.34

The following page(s) contain the backup material for Agenda Item: [Receive and file the Financial Report. This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2020.](#)
[Presenter: Bret Banks, Executive Director/APCO.](#)
Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA**

AGENDA ITEM #5

DATE: February 16, 2021

RECOMMENDATION: Receive and file.

SUMMARY: This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2020.

BACKGROUND: The Financial Reports for December provide financial and budgetary performance information for the District for the period referenced.

BALANCE SHEET. The balance sheet summarizes the District's financial position on December 31, 2020.

STATEMENT OF REVENUES & EXPENDITURES. A summary of all District revenue and related expenditures incurred in the day to day administration of District Operations.

STATEMENT OF ACTIVITY. The target variance for December is 50%.

District Wide reports details revenue and expenses for the District's operating account and grant funds. *Contracted Services* reports the expenses made by the (MDAQMD) and passed through to the District. *Report Recap* is consolidates both reports.

BANK REGISTERS. This report details the Districts bank activity.

DISTRICT CARDS. This report details purchases made using the District's credit cards.

REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about February 1, 2021.

PRESENTER: Bret Banks, Executive Director/APCO.

Antelope Valley AQMD
Balance Sheet - Governmental Funds
As of December 31, 2020

Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions</u>	<u>AB923 Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Total</u>
Assets					
Current Assets					
Cash	3,649,920.98	342,691.11	1,418,820.11	960,151.03	6,371,583.23
Cash Held For Other Fund	(173,551.77)	37,075.16	35,201.61	101,275.00	0.00
Receivables	130,261.20	0.00	0.00	0.00	130,261.20
Pre-Paid	12,845.30	0.00	0.00	0.00	12,845.30
Total Current Assets	3,619,475.71	379,766.27	1,454,021.72	1,061,426.03	6,514,689.73
Total Assets	3,619,475.71	379,766.27	1,454,021.72	1,061,426.03	6,514,689.73
Liabilities and Net Position					
Current Liabilities					
Payables	241,939.08	4,000.00	0.00	159,810.00	405,749.08
Accruals	(1,862.52)	0.00	0.00	0.00	(1,862.52)
Due to Others	2,940.00	0.00	0.00	0.00	2,940.00
Unearned Revenue	0.00	0.00	0.00	885,364.85	885,364.85
Total Current Liabilities	243,016.56	4,000.00	0.00	1,045,174.85	1,292,191.41
Restricted Fund Balance	0.00	456,250.57	1,223,524.71	77,790.23	1,757,565.51
Cash Reserves	487,785.00	0.00	0.00	0.00	487,785.00
Unassigned Fund Balance	3,179,448.81	0.00	0.00	0.00	3,179,448.81
Pre-Paid	12,962.15	0.00	0.00	0.00	12,962.15
Change in Net Position	(303,736.81)	(80,484.30)	230,497.01	(61,539.05)	(215,263.15)
Total Liabilities & Net Position	3,619,475.71	379,766.27	1,454,021.72	1,061,426.03	6,514,689.73

Antelope Valley AQMD
Statement of Revenues & Expenditures
For the Period Ending December 31, 2020

Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions Program</u>	<u>AB923 Mobile Emissions Program</u>	<u>Carl Moyer Program</u>	<u>Total Governmental Funds</u>
Revenues					
Application and Permit Fees	60,857.51	0.00	0.00	0.00	60,857.51
AB 2766 and Other Program Revenues	52,125.36	52,004.76	52,004.75	159,810.00	315,944.87
Fines	1,511.38	0.00	0.00	0.00	1,511.38
Investment Earnings	2,098.49	5.13	32.16	19.60	2,155.38
Federal and State	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	67.00	0.00	0.00	0.00	67.00
Total Revenues	116,659.74	52,009.89	52,036.91	159,829.60	380,536.14
Expenditures					
Program Staff	85,174.86	0.00	0.00	0.00	85,174.86
Services and Supplies	42,192.62	7,500.00	2,400.00	159,810.00	211,902.62
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	0.00	0.00	0.00	0.00	0.00
Total Expenditures	127,367.48	7,500.00	2,400.00	159,810.00	297,077.48
Excess Revenue Over (Under) Expenditures	(10,707.74)	44,509.89	49,636.91	19.60	83,458.66

Antelope Valley AQMD
Statement of Activity - MTD, MTM and YTD
For 12/31/2020

00 District Wide

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
Revenues				
Permitting	71,038.29	541,496.51	1,024,500.00	(0.53)
Programs	315,944.87	872,077.12	2,667,385.00	(0.33)
Revenue - Other	67.00	79.00	0.00	0.00
Application Fees	173.00	38,680.00	41,500.00	(0.93)
State Revenue	0.00	43,314.70	169,500.00	(0.26)
Fines & Penalties	1,511.38	8,805.27	10,000.00	(0.88)
Interest Earned	2,155.38	12,873.53	58,000.00	(0.22)
Adjustments to Revenue	(10,353.78)	(16,494.31)	0.00	0.00
Total Revenues	380,536.14	1,500,831.82	3,970,885.00	(0.38)
Expenses				
Office Expenses	12,894.70	51,822.66	97,475.00	0.53
Communications	1,831.91	17,565.07	18,500.00	0.95
Vehicles	0.00	2,099.30	5,500.00	0.38
Program Costs	181,712.43	843,289.78	2,036,085.00	0.41
Travel	0.00	3,503.00	12,150.00	0.29
Professional Services				
Payroll Contract	153.20	153.20	0.00	0.00
Research Studies	0.00	0.00	6,000.00	0.00
Consulting Fees	0.00	0.00	3,000.00	0.00
Stipends	700.00	4,100.00	8,400.00	0.49
Maintenance & Repairs	225.00	1,387.21	6,500.00	0.21
Non-Depreciable Inventory	0.00	960.84	1,000.00	0.96
Dues & Subscriptions	0.00	10,801.03	46,100.00	0.23
Legal	2,040.50	15,608.42	19,000.00	0.82
Miscellaneous Expense	420.40	(43,382.99)	1,000.00	(43.38)
Capital Expenditures	0.00	31,342.53	85,000.00	0.37
Total Expenses	199,978.14	939,250.05	2,345,710.00	0.40
Program Staff				
Excess Revenue Over (Under) Expenditures	180,558.00	561,581.77	1,625,175.00	(0.35)

Antelope Valley AQMD
Statement of Activity - MTD, MTM and YTD
For 12/31/2020

10 Contracted Services

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<u>Revenues</u>				
<u>Expenses</u>				
Office Expenses	0.00	74.83	0.00	0.00
Professional Services				
Payroll Contract	0.00	59.23	0.00	0.00
Financial Audit & Actuarial Svcs	11,924.48	99,740.56	200,000.00	0.50
Non-Depreciable Inventory	0.00	162.41	0.00	0.00
Total Expenses	11,924.48	100,037.03	200,000.00	0.50
<u>Program Staff</u>				
Program Staff	85,174.86	676,807.89	1,425,175.00	0.47
Total Program Staff	85,174.86	676,807.89	1,425,175.00	0.47
Excess Revenue Over (Under) Expenditures	(97,099.34)	(776,844.92)	(1,625,175.00)	(0.48)

Antelope Valley AQMD
Statement of Activity - MTD, MTM and YTD
For 12/31/2020

Report Recap

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
Revenues				
Permitting	71,038.29	541,496.51	1,024,500.00	(0.53)
Programs	315,944.87	872,077.12	2,667,385.00	(0.33)
Revenue - Other	67.00	79.00	0.00	0.00
Application Fees	173.00	38,680.00	41,500.00	(0.93)
State Revenue	0.00	43,314.70	169,500.00	(0.26)
Fines & Penalties	1,511.38	8,805.27	10,000.00	(0.88)
Interest Earned	2,155.38	12,873.53	58,000.00	(0.22)
Adjustments to Revenue	(10,353.78)	(16,494.31)	0.00	0.00
Total Revenues	380,536.14	1,500,831.82	3,970,885.00	(0.38)
Expenses				
Office Expenses	12,894.70	51,897.49	97,475.00	0.53
Communications	1,831.91	17,565.07	18,500.00	0.95
Vehicles	0.00	2,099.30	5,500.00	0.38
Program Costs	181,712.43	843,289.78	2,036,085.00	0.41
Travel	0.00	3,503.00	12,150.00	0.29
Professional Services				
Payroll Contract	153.20	212.43	0.00	0.00
Financial Audit & Actuarial Svcs	11,924.48	99,740.56	200,000.00	0.50
Research Studies	0.00	0.00	6,000.00	0.00
Consulting Fees	0.00	0.00	3,000.00	0.00
Stipends	700.00	4,100.00	8,400.00	0.49
Maintenance & Repairs	225.00	1,387.21	6,500.00	0.21
Non-Depreciable Inventory	0.00	1,123.25	1,000.00	1.12
Dues & Subscriptions	0.00	10,801.03	46,100.00	0.23
Legal	2,040.50	15,608.42	19,000.00	0.82
Miscellaneous Expense	420.40	(43,382.99)	1,000.00	(43.38)
Capital Expenditures	0.00	31,342.53	85,000.00	0.37
Total Expenses	211,902.62	1,039,287.08	2,545,710.00	0.41
Program Staff				
Program Staff	85,174.86	676,807.89	1,425,175.00	0.47
Total Program Staff	85,174.86	676,807.89	1,425,175.00	0.47
Excess Revenue Over (Under) Expenditures	83,458.66	(215,263.15)	0.00	0.00

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0004318	12/04/2020	[10026] MOJAVE DESERT AQMD-FY21	142,847.36	0.00	248,047.71
0004319	12/04/2020	[10036] SECURA COM-Quarterly Security Monitoring - December 2020 - February 2021	116.85	0.00	247,930.86
0000001	12/07/2020	Credit Card Transaction - Restoration Mgmt	0.00	585.00	248,515.86
0000001	12/07/2020	Credit Card Transaction - Perimter Solutions	0.00	481.82	248,997.68
0004320	12/10/2020	[10996] ANTELOPE VALLEY EDGE-Invoices 427, 428	2,000.00	0.00	246,997.68
0004321	12/10/2020	[10006] BANK OF THE WEST-Credit Card Statement - Acct 4950 - 11/14/20	333.65	0.00	246,664.03
0004322	12/10/2020	[10006] BANK OF THE WEST-Credit Card Statement - Acct 8190 - 11/09/20	118.68	0.00	246,545.35
0004323	12/10/2020	[10518] AUSTIN BISHOP-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	246,445.35
0004324	12/10/2020	[10055] NEWTON CHELETTE-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	246,345.35
0004325	12/10/2020	[10057] MARVIN CRIST-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	246,245.35
0004326	12/10/2020	[10502] DIGITAL DEPLOYMENT INC-Invoices 106998, 107454, 107891	600.00	0.00	245,645.35
0004327	12/10/2020	[10019] FEDERAL EXPRESS CORPORATION-Shipping Charge 11/05/2020	17.83	0.00	245,627.52
0004328	12/10/2020	[10599] HOWARD HARRIS-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	245,527.52
0004329	12/10/2020	[10503] STEVEN D HOFBAUER-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	245,427.52
0004330	12/10/2020	[10023] LOS ANGELES COUNTY CLERK-NOE ERC Transfer Northrop Grumman	75.00	0.00	245,352.52
0004331	12/10/2020	[10054] KENNETH MANN-Attendance Governing Board Meeting Tuesday, November 17, 2020.	100.00	0.00	245,252.52
0004332	12/10/2020	[10071] QUADIENT LEASING-Postage Meter Lease 12/02-2020 to 01/21/2021	77.75	0.00	245,174.77
0004333	12/10/2020	[10971] SHREDS UNLIMITED INC-Shredding District documents and records.	261.00	0.00	244,913.77
0004334	12/10/2020	[10043] SOCALGAS-Service 10/26/2020-11/28/2020	70.66	0.00	244,843.11
0004335	12/10/2020	[10455] STRADLING YOCCA CARLSON & RAUTH-Invoices , , , , 09212020	4,310.00	0.00	240,533.11
0004336	12/10/2020	[10045] VERIZON BUSINESS-VLD Toll Free Switched Service 11/28-12/27/2020	67.76	0.00	240,465.35
R21-11	12/11/2020	Operating Fund Replenishment #7	0.00	142,964.21	383,429.56
	12/11/2020	Service Charge	238.79	0.00	383,190.77
0000001	12/14/2020	Credit Card Transaction - So Cal Remediation	0.00	1,755.00	384,945.77
0004337	12/17/2020	[10076] ANTELOPE VALLEY AQMD-Invoices 1330, 1348	98,033.13	0.00	286,912.64
0004338	12/17/2020	[10006] BANK OF THE WEST-Statement for card 8190 11/10/2020 to 12/09/2020	27.00	0.00	286,885.64
0004339	12/17/2020	[10006] BANK OF THE WEST-Statement for card 1628 11/05/2020 to 12/04/2020	288.90	0.00	286,596.74
0004340	12/17/2020	[10006] BANK OF THE WEST-Statement for card 1465 11/05/2020 to 12/04/2020	410.02	0.00	286,186.72
0004341	12/17/2020	[10069] BRET BANKS-Reimbursement for the employee cost of health care cost - eye exam/glasses	153.20	0.00	286,033.52
0004342	12/17/2020	[10518] AUSTIN BISHOP-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	285,933.52

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0004343	12/17/2020	[10007] BOHN'S PRINTING-Office Supplis	329.06	0.00	285,604.46
0004344	12/17/2020	[10055] NEWTON CHELETTE-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	285,504.46
0004345	12/17/2020	[10016] COUNTY OF LOS ANGELES-Bank Fees - July - September 2020	127.61	0.00	285,376.85
0004346	12/17/2020	[10057] MARVIN CRIST-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	285,276.85
0004347	12/17/2020	[10599] HOWARD HARRIS-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	285,176.85
0004348	12/17/2020	[10887] HATTRIX-Face Masks - 12/09/20	242.44	0.00	284,934.41
0004349	12/17/2020	[10058] RONALD HAWKINS-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	284,834.41
0004350	12/17/2020	[10503] STEVEN D HOFBAUER-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	284,734.41
0004351	12/17/2020	[10054] KENNETH MANN-Attendance Governing Board Meeting Tuesday, December 15, 2020.	100.00	0.00	284,634.41
0004352	12/17/2020	[10026] MOJAVE DESERT AQMD-FY21	115,645.16	0.00	168,989.25
0004353	12/17/2020	[10260] QCS BUILDING SERVICES-Janitorial Service December 2020	225.00	0.00	168,764.25
0004354	12/17/2020	[10039] SPARKLETTS-Water Service November 2020	30.23	0.00	168,734.02
0004355	12/17/2020	[10592] SPECTRUM BUSINESS-Internet 12/08/2020 to 01/07/2021	770.00	0.00	167,964.02
0004356	12/17/2020	[10045] VERIZON BUSINESS-VOIP 12/08/2020	427.94	0.00	167,536.08
0004357	12/17/2020	[10050] WOELFL FAMILY TRUST-Office Rent - Janaury 20201	4,719.83	0.00	162,816.25
R21-12	12/21/2020	Operating Fund Replenishment #8	0.00	8,532.33	171,348.58
R21-13	12/24/2020	Operating Fund Replenishment #9	0.00	222,129.52	393,478.10
0000001	12/28/2020	Credit Card Transaction - LACo Development Authority	0.00	452.78	393,930.88
Total for Report:			373,864.85	376,900.66	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
General Fund P6A LA County

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	2,098.49	2,226,969.71
0000001	12/04/2020	Daily Deposit	0.00	30,069.71	2,257,039.42
R21-11	12/11/2020		142,964.21	0.00	2,114,075.21
0000001	12/15/2020	Daily Deposit	0.00	65,393.04	2,179,468.25
0000001	12/16/2020	Daily Deposit	0.00	206,703.68	2,386,171.93
R21-12	12/21/2020		8,532.33	0.00	2,377,639.60
R21-13	12/24/2020		222,129.52	0.00	2,155,510.08
Total for Report:			373,626.06	304,264.92	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
WF AB2766

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	2.34	345,521.45
0022160	12/10/2020	[10745] BRIAN PAUL-AB2766 GRANT	500.00	0.00	345,021.45
0022161	12/10/2020	[11061] RUBY CORINA TORREZ-AB2766 GRANT	1,000.00	0.00	344,021.45
0022162	12/10/2020	[11062] RICARDO QUINTERO YEPES-AB2766 GRANT	500.00	0.00	343,521.45
0022163	12/17/2020	[11066] SILVIA AREVALO-AB2766 GRANT	500.00	0.00	343,021.45
0022164	12/17/2020	[11065] KELVIN W GREEN-AB2766 GRANT	500.00	0.00	342,521.45
0022165	12/17/2020	[11064] LUIS MARTINEZ-AB2766 GRANT	500.00	0.00	342,021.45
Total for Report:			3,500.00	2.34	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
LA County AB2766 U5R

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	2.79	669.66
Total for Report:			0.00	2.79	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
WF AB923

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0001024	12/10/2020	[10884] COAST AUTO SALVAGE-AB 923 Grant November 2020	<u>2,400.00</u>	<u>0.00</u>	1,411,290.46
Total for Report:			2,400.00	0.00	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
LA County AB923

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	32.16	7,529.65
Total for Report:			0.00	32.16	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
WF Carl Moyer

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	8.41	956,433.53
Total for Report:			0.00	8.41	

Antelope Valley AQMD
Bank Register from 12/01/2020 to 12/31/2020
LA County Carl Moyer U5S

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2020	Interest Earned	0.00	11.19	3,717.50
Total for Report:			0.00	11.19	

The following page(s) contain the backup material for Agenda Item: [2021 Budget Schedule](#). Presenter: [Bret Banks, Executive Director/APCO](#).

Please scroll down to view the backup material.

Antelope Valley Air Quality Management District

FY 21 Budget Development Schedule

February 16, 2021

Annually staff presents a schedule of the tasks required to prepare and present the annual fiscal budget for public comment and adoption by the Governing Board.

Staff work on the budget planning begins usually in March.

- **April 5, 2021:** Prepare Public Notice and sent to publication for publishing on or before April 16.
 - Public Notices - need to be mailed mail to permit holders on or before April 16.
- **April 16, 2021:** The proposed budget will be published (copy on the counter and posted to the website) and permit holders notified on or before this date.
- **May 18, 2021:** Public Hearing. The Governing Board will meet for budget workshop and opportunity for public comment on the proposed budget.
- **June 15, 2021:** The Proposed Budget for FY 2021-22 will be presented for final adoption.

This notice is provided for information and planning purposes. Adjustments or modifications by the Governing Board made at the time of the meeting will be implemented by staff.

Note: The H&S Code requires 30 days between the publication of the budget (April 16) and the Public Hearing (May 18) to allow comments to be received and evaluated. The H&S Code also requires that the Public Hearing is conducted at a meeting separate from the budget adoption. Historically, we schedule the budget activities to prevent additional meetings.

The following page(s) contain the backup material for Agenda Item: [1\) Authorize \\$125,000 in Mobile Emission Reductions Program \(AB 2766\) funds to the Alternative Fuel Vehicle Program; and 2\) Authorize the Executive Director/APCO and staff to execute the Alternative Fuel Vehicle Program as outlined in the Work Plan. Presenter: Julie McKeehan, Grants Analyst.](#)

Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA**

AGENDA ITEM #7

DATE: February 16, 2021

RECOMMENDATION: 1) Authorize \$125,000 in Mobile Emission Reductions Program (AB 2766) funds to the Alternative Fuel Vehicle Program; and 2) Authorize the Executive Director/APCO and staff to execute the Alternative Fuel Vehicle Program as outlined in the Work Plan.

SUMMARY: This item authorizes \$125,000 in Mobile Emission Reductions Program (AB 2766) funds to the District's ongoing grant program used to incentivize the purchase of light-duty alternative fuel vehicles.

BACKGROUND: In June 2006, the AVAQMD Board (the Board) established an incentive program to off-set the incremental cost associated with the purchase of natural gas-fueled vehicles and refueling units. In April 2011, the Board expanded the Alternative Fuel Vehicle (AFV) program to include all alternative fuel vehicles including electric and electric/hybrid vehicles. In March 2013, the Board approved new eligibility criteria limiting the District incentives to new AFV purchase or lease agreements made with local Dealerships, and one incentive per household. In September 2013, the Board approved to offer up to 50 percent of the current incentive to local residents who purchase or lease with Dealerships outside the District due to availability. In June 2014, the Board approved to continue the AFV program decreasing the incentive to \$1,000 and discontinuing the home refueling and charging incentives. In August 2019, the Board approved a pilot program to assist AV low-income residents in purchasing EVs new or pre-owned with an incentive up to \$2,500. Since inception, the AFV incentive program has provided incentives towards 905 vehicles and 139 home refueling/charging units totaling approx. \$2 million to local residents.

REASON FOR RECOMMENDATION: Governing Board authorization is needed to allocate Mobile Source Emission Reductions Program funds and/or changes to the guidelines.

REVIEW BY OTHERS: This item was reviewed by Allison E. Burns Special Counsel to the Governing Board as to legal form and by Bret Banks, Executive Director/APCO on or before February 2, 2021.

FINANCIAL DATA: Sufficient funds are available from the District's Mobile Source Emission Reductions (AB 2766) funds.

PRESENTER: Julie McKeehan, Grants Analyst

cc: Jean Bracy
Laquita Cole
Michelle Powell
Julie McKeehan

The following page(s) contain the backup material for Agenda Item: [Receive and file the annual financial audit for Fiscal Year 2019-20. Presenter: Laquita Cole, Finance Manager \(MDAQMD\) on behalf of the AVAQMD, with a representative from Fedak & Brown.](#)
Please scroll down to view the backup material.

**MINUTES OF THE GOVERNING BOARD
OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT
LANCASTER, CALIFORNIA**

AGENDA ITEM #8

DATE: February 16, 2021

RECOMMENDATION: Receive and file.

SUMMARY: The annual financial audit for Fiscal Year 2019-20 is complete and presented for review and to receive and file.

BACKGROUND: Fedak & Brown LLP of Riverside performed the audit services for the District for the first year of the District's second three-year engagement. They conducted the 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; and the State Controller's Minimum Audit Requirements for California Special Districts.

In their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Antelope Valley Air Quality Management District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

REASON FOR RECOMMENDATION: The audit process is complete and the information is provided to the Governing Board for review to receive and file.

REVIEW BY OTHERS: This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about February 3, 2021.

FINANCIAL DATA: Funds were budgeted for the service provided and sufficient funds were available to pay the obligation.

PRESENTER: Laquita Cole, Finance Manager (MDAQMD) on behalf of the AVAQMD, with a representative from Fedak & Brown.



**Antelope Valley Air Quality Management
District**

Lancaster, California

**Annual Financial Report
For the Fiscal Year Ended
June 30, 2020**



Governing Board as of June 30, 2020

Name	Title	Elected/ Public
Marvin Crist	Chair	Elected
Austin Bishop	Vice Chair	Elected
Ron Hawkins	Governing Board Member	Elected
Newton Chelette	Governing Board Member	Public
Steven Hofbauer	Governing Board Member	Elected
Ken Mann	Governing Board Member	Elected

Antelope Valley Air Quality Management District

**43301 Division Street, Suite 206
Lancaster, California 93535
(661) 723-8070**

Antelope Valley Air Quality Management District

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Draft

Antelope Valley Air Quality Management District

For the Fiscal Year Ended June 30, 2020

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Financial Section

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Independent Auditor's Report

Governing Board
Antelope Valley Air Quality Management District
Lancaster, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Antelope Valley Air Quality Management District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express our 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 each major fund of the Antelope Valley Air Quality Management District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 28 through 32 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2021, 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. That report can be found on pages 33 and 34.

Fedak & Brown LLP

Cypress, California

February 16, 2021

**Antelope Valley Air Quality Management District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

The following Management’s Discussion and Analysis (MD&A) of activities and financial performance of the Antelope Valley Air Quality Management District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2020, the District’s net position increased by 21.16% or \$988,392 to \$5,716,319.
- In 2020, total revenues from all sources increased 2.22% or \$113,348 to \$5,221,886.
- In 2020, total expenses increased 10.03% or \$385,046 to \$4,223,494.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District’s investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year’s revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District’s operations over the past year and can be used to determine the District’s profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District’s finances is, “Is the District better off or worse off as a result of this year’s activities?” The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District’s *net position* and changes in it. Think of the District’s net position – the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the District’s financial health or *financial position*. Over time, *increases or decreases* in the District’s net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors to assess the *overall financial health* of the District.

Antelope Valley Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12 through 27.

Government-wide Financial Analysis

Statements of Net Position

The following table is a summary of the statements of net position at June 30, 2020 and 2019.

Condensed Statements of Net Position			
	2020	2019	Change
Assets:			
Current assets	\$ 6,923,666	5,672,993	1,250,673
Capital assets, net	229,238	259,417	(30,179)
Total assets	7,152,904	5,932,410	1,220,494
Liabilities:			
Current liabilities	1,436,585	1,214,483	222,102
Total liabilities	1,436,585	1,214,483	222,102
Net position:			
Net investment in capital assets	229,238	259,417	(30,179)
Restricted	2,700,456	2,221,091	479,365
Unrestricted	2,786,625	2,237,419	549,206
Total net position	\$ 5,716,319	4,717,927	998,392

**Antelope Valley Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019**

Government-wide Financial Analysis, continued

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,716,319 as of June 30, 2020. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Statements of Activities

The following table is a summary of the statements of activities for the years ended June 30, 2020 and 2019.

Condensed Statements of Activities			
	2020	2019	Change
Revenues:			
Program revenues:			
Charges for services	\$ 988,938	1,301,813	(312,875)
Operating grants	4,116,806	3,711,580	405,226
Total program revenues	5,105,744	5,013,393	92,351
General revenues	116,142	95,145	20,997
Total revenues	5,221,886	5,108,538	113,348
Expenses:			
General	2,783,391	1,724,273	1,059,118
Mobile emission program AB 2766	530,166	776,246	(246,080)
Mobile emission program AB 923	425,577	474,844	(49,267)
Carl Moyer program	484,360	863,085	(378,725)
Total expenses	4,223,494	3,838,448	385,046
Changes in net position	998,392	1,270,090	(271,698)
Net position, beginning of year	4,717,927	3,447,837	1,270,090
Net position, end of year	\$ 5,716,319	4,717,927	998,392

In the case of the District, net position increased 21.16% or \$998,392 to \$5,716,319, from ongoing operations.

The District's total revenues from all sources increased 2.22% or \$113,348 to \$5,221,886. Program revenues increased \$92,351, primarily due to an increase in operating grants of \$405,226; which was offset by a decrease in charges for services of \$312,875. General revenues increased \$20,997, primarily due to an increase in fines, forfeitures, and penalties of \$22,210.

The District's total expenses increased by 10.03% or \$385,046 to \$4,223,494, due primarily to an increase in general fund expenses of \$1,059,118; which was offset by decreases in Carl Moyer program expenses of \$378,725, mobile emissions program (AB 2766) expenses of \$246,080, and mobile emissions program (AB 923) expenses of \$49,267.

Antelope Valley Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Governmental Fund Balance

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2020.

Condensed Changes in Fund Balance					
	<u>General Fund</u>	<u>AB 2766</u>	<u>AB 923</u>	<u>Carl Moyer</u>	<u>Total</u>
Fund balance, beginning of year	\$ 2,968,815	367,812	1,055,552	66,331	4,458,510
Changes in fund balance	<u>716,249</u>	<u>88,150</u>	<u>212,713</u>	<u>11,459</u>	<u>1,028,571</u>
Fund balance, end of year	<u>\$ 3,685,064</u>	<u>455,962</u>	<u>1,268,265</u>	<u>77,790</u>	<u>5,487,081</u>

In 2020, total fund balance increased by 23.07% or \$1,028,571 to \$5,487,081. The General fund increased by 24.13% or \$716,249 to \$3,685,064; the mobile emissions program (AB2766) increased by 23.97% or \$88,150 to \$455,962; the mobile emissions program (AB 923) increased by 20.15% or \$212,713 to \$1,268,265; and the Carl Moyer program increased by 17.28% or \$11,459 to \$77,790.

Governmental Activities Budgetary Highlights

For the year ended June 30, 2020, the final actual expenditures were more than budgeted for the General fund by \$817,672; and less than budgeted for the Mobile Emissions program (AB 9766) by \$82,834, Mobile Emissions program (AB 923) by \$193,423, and Carl Moyer program by \$258,906. For the year ended June 30, 2020, actual revenues were more than budgeted for the General Fund by \$1,596,921, Mobile Emissions program (AB 2766) by \$5,316, and Mobile Emissions program (AB 923) by \$19,290; and less than budgeted for the Carl Moyer program by \$247,447. At June 30, 2020, there were no differences between the original and final amended budgets. (See Budgetary Comparison Schedule for the General fund, Mobile Emissions program (AB 2766), Mobile Emissions program (AB 923), and Carl Moyer program under Required Supplementary Information section on pages 28 through 32).

Capital Asset Administration

	<u>Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u>
	<u>2019</u>			<u>2020</u>
Capital assets:				
Non-depreciable assets	\$ -	1,329	-	1,329
Depreciable assets	<u>701,327</u>	<u>21,165</u>	<u>-</u>	<u>722,492</u>
Total capital assets	701,327	22,494	-	723,821
Accumulated depreciation	<u>(441,910)</u>	<u>(52,673)</u>	<u>-</u>	<u>(494,583)</u>
Total capital assets, net	<u>\$ 259,417</u>	<u>(30,179)</u>	<u>-</u>	<u>229,238</u>

At the end of fiscal year 2020, the District's investment in capital assets amounted to \$229,238 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture and fixtures, machinery and equipment, vehicles, computers, and software. The capital assets of the District are more fully analyzed in Note 3 to the basic financial statements.

**Antelope Valley Air Quality Management District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020**

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Deputy Director / Administration, Mojave Desert Air Quality Management District, contractor to the Antelope Valley Air Quality Management District, 43301 Division Street, Suite 206, Lancaster, California 93535 or (661) 723-8070.

Draft

Basic Financial Statements

Draft

Antelope Valley Air Quality Management District
Statement of Net Position
June 30, 2020

	2020
Assets:	
Current assets:	
Cash and cash equivalents (note 2)	\$ 3,789,418
Restricted cash and cash equivalent (note 2)	2,700,456
Accounts receivable	432,162
Prepaid expenses and other assets	1,630
Total current assets	6,923,666
Non-current assets:	
Capital assets – not being depreciated, net (note 3)	1,329
Capital assets – being depreciated, net (note 3)	227,909
Total non-current assets	229,238
Total assets	7,152,904
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	348,792
Unearned revenues (note 5)	1,087,793
Total current liabilities	1,436,585
Total liabilities	1,436,585
Net position (note 7):	
Net investment in capital assets	229,238
Restricted	2,700,456
Unrestricted	2,786,625
Total net position	\$ 5,716,319

See accompanying notes to the basic financial statements

Antelope Valley Air Quality Management District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants</u>	
Governmental activities				
General	\$ 2,783,391	988,938	2,400,782	606,329
Mobile emission program AB 2766	530,166	-	615,832	85,666
Mobile emission program AB 923	425,577	-	615,832	190,255
Carl Moyer program	484,360	-	484,360	-
Total governmental activities	\$ 4,223,494	988,938	4,116,806	882,250
General revenues:				
				\$ 33,660
				82,299
				183
				<u>116,142</u>
				998,392
				<u>4,717,927</u>
				\$ 5,716,319

See accompanying notes to the basic financial statements

**Antelope Valley Air Quality Management District
Reconciliation of the Balance of Governmental Funds to the
Statement of Net Position
June 30, 2020**

	<u>General Fund</u>	<u>AB 2766 Fund</u>	<u>AB 923 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
Assets:					
Cash and cash equivalents	\$ 3,789,418	-	-	-	3,789,418
Restricted cash and cash equivalents	-	348,072	1,230,883	1,121,501	2,700,456
Accounts receivable	203,856	114,153	114,153	-	432,162
Inter-fund receivable (note 4)	5,049	6,737	-	44,082	55,868
Prepaid expenses	1,630	-	-	-	1,630
Total assets	<u>\$ 3,999,953</u>	<u>468,962</u>	<u>1,345,036</u>	<u>1,165,583</u>	<u>6,979,534</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 308,152	13,000	27,640	-	348,792
Inter-fund payable (note 4)	6,737	-	49,131	-	55,868
Unearned revenue	-	-	-	1,087,793	1,087,793
Total liabilities	<u>314,889</u>	<u>13,000</u>	<u>76,771</u>	<u>1,087,793</u>	<u>1,492,453</u>
Fund balance (note 8):					
Nonspendable	1,630	-	-	-	1,630
Restricted	-	455,962	1,268,265	77,790	1,802,017
Unassigned	3,683,434	-	-	-	3,683,434
Total fund balance	<u>3,685,064</u>	<u>455,962</u>	<u>1,268,265</u>	<u>77,790</u>	<u>5,487,081</u>
Total liabilities and fund balance	<u>\$ 3,999,953</u>	<u>468,962</u>	<u>1,345,036</u>	<u>1,165,583</u>	<u>6,979,534</u>
Reconciliation:					
Total Fund Balances of Governmental Funds				\$ 5,487,081	
Amounts reported for governmental activities in the statement of net position is different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, not in the governmental fund balance sheet. However, the statement of net position includes those capital position among the assets of the District as a whole as follows:					
Capital assets, net					<u>229,238</u>
Net Position of Governmental Activities				\$ <u>5,716,319</u>	

See accompanying notes to the basic financial statements

Antelope Valley Air Quality Management District
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>AB 2766 Fund</u>	<u>AB 923 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
Revenues:					
Charge for services	\$ 988,938	-	-	-	988,938
Operating grants	2,400,782	615,832	615,832	484,360	4,116,806
Fine, forfeitures, and penalties	33,660	-	-	-	33,660
Investment earnings	45,898	2,484	22,458	11,459	82,299
Other revenue	183	-	-	-	183
Total revenues	<u>3,469,461</u>	<u>618,316</u>	<u>638,290</u>	<u>495,819</u>	<u>5,221,886</u>
Expenditures:					
Services and supplies	2,729,468	530,166	425,577	484,360	4,169,571
Contributions	1,250	-	-	-	1,250
Capital outlay	22,494	-	-	-	22,494
Total expenditures	<u>2,753,212</u>	<u>530,166</u>	<u>425,577</u>	<u>484,360</u>	<u>4,193,315</u>
Net change in fund balance	716,249	88,150	212,713	11,459	1,028,571
Fund balance – beginning of year	<u>2,968,815</u>	<u>367,812</u>	<u>1,055,552</u>	<u>66,331</u>	<u>4,458,510</u>
Fund balance – end of year	<u>\$ 3,685,064</u>	<u>455,962</u>	<u>1,268,265</u>	<u>77,790</u>	<u>5,487,081</u>

Reconciliation:

Net Change in Fund Balance – Total Governmental Funds	\$ 1,028,571
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:	
Depreciation expense	(52,673)
Capital outlay	22,494
Changes in Net Position of Governmental Activities	<u>\$ 998,392</u>

See accompanying notes to the basic financial statements

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Antelope Valley Air Quality Management District (District) was created based on a program established in 1997 by the State Legislature and pursuant to Health and Safety Code Section 41300, which separated Antelope Valley, located in the northern Los Angeles County, from the South Coast Air Quality Management District. The District's primary responsibility is to develop, implement, monitor, and enforce air pollution control strategies and motor vehicle use reduction measures. The District represents the citizens within its jurisdiction covering the San Bernardino County line to the east, the Kern County line to the north, the San Gabriel Mountains to the south, and the Sierra Nevada Mountains to the west.

The District's mission is to work in partnership with the local communities to achieve and preserve a healthful environment through effective air quality programs by promoting community and individual responsibility for air quality while supporting strong-economic growth throughout the region. The District is an independent special district, governed by a seven member Governing Board consisting of two City Council members of the City of Lancaster by appointment, two City Council members of the City of Palmdale by appointment, two members appointed by the Board of Supervisors of the County of Los Angeles, and one appointed public member.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for governmental activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used; such as unbilled but utilized utility services that are recorded at year end. The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items, properly not included among program revenues, are reported instead as general revenues.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balance, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on 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. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are interest earnings, investment revenue, and operating grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operational fund of the District or meets the following criteria:

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type;
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined; or
- c) The entity has determined that a fund is important to the financial statement user.

The governmental funds of the financial reporting entity are described below:

General – this fund is a government’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Mobile Emissions Program (AB 2766) – this fund is a special revenue fund used to account for the retention of funds allocated for the support of the District’s mobile emissions grant program pursuant to Assembly Bill No. 2766.

Mobile Emissions Program (AB 923) – this fund is a special revenue fund used to account for the retention of funds allocated for the support of the District’s mobile emissions grant program pursuant to Assembly Bill No. 923.

Carl Moyer Fund – this fund is a special revenue fund used to account for revenues received pursuant to the Carl Moyer Air Quality Standards Attainment Program. Expenditures are restricted to providing incentive for participating entities to undertake reduced-emission heavy-duty engine projects.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncement in the current year:

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

D. Financial Statement Elements

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. Investments and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following area:

- Los Angeles County Pooled Surplus Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

5. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

6. Prepaid Expenses

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

7. Internal Balances and Activities

Internal activities and balances reported as inter-fund activity in the governmental fund financial statements are reclassified or eliminated in the preparation of the government-wide statements of net position and activities. This elimination will avoid the “grossing up” of amounts resulting from internal activity within the primary government.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value and/or historical cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings – 20 to 50 years
- Buildings and improvements – 20 years
- Vehicles – 5 years
- Machinery and equipment – 15 to 20 years
- Computer equipment – 3 to 15 years

9. Unearned Revenues

Certain receipts from customer reflect revenue applicable to future accounting periods and are recorded as unearned revenues in both the government-wide and fund financial statements.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

10. Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and amortization, and reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

11. Fund Balance

The government fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Governing Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

11. Fund Balance, continued

Fund Balance Policy

The Governing Board establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified as follows:

	2020
Unrestricted cash and cash equivalents:	
General Fund	\$ 3,789,418
Total unrestricted cash and cash equivalents	3,789,418
Restricted cash and cash equivalents:	
AB 2766 Fund	348,072
AB 923 Fund	1,230,883
Carl Moyer Fund	1,121,501
Total restricted cash and cash equivalents	2,700,456
Total cash and cash equivalents	\$ 6,489,874

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

	2020
Deposits held with financial institutions	\$ 1,260,172
Deposits held with Los Angeles County Treasurer	5,229,702
Total	\$ 6,489,874

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(2) Cash and Cash Equivalents, continued

Authorized Deposits and Investments

Under the District's investment policy and in accordance with Section 53601 of the California Government Code, the District invests in the Los Angeles County Pooled Surplus Investments.

Los Angeles County Pooled Surplus Investments complies with the California Government Code Sections 53601 and 53635, and the investment policy adopted by the Board of Supervisors of the County of Los Angeles. The Treasurer and Tax Collector of the Los Angeles County have the delegated authority to invest funds in the County Treasury.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental 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. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the code.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of June 30, 2020, the District's deposits in Los Angeles County Pooled Surplus Investments had an average of 590 days to maturity for the entire portfolio.

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 a rating by a nationally recognized statistical rating organization. The Los Angeles County Pooled Surplus Investments is not rated.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(3) Capital Assets

Change in capital assets as of June 30 was as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Work in progress	\$ -	1,329	-	1,329
Total non-depreciable assets	<u>-</u>	<u>1,329</u>	<u>-</u>	<u>1,329</u>
Depreciable assets:				
Improvements	15,875	-	-	15,875
Furniture and fixtures	66,350	-	6,407	72,757
Machinery and equipment	145,314	21,165	(6,407)	160,072
Vehicles	77,409	-	-	77,409
Computers	30,732	-	-	30,732
Software	365,647	-	-	365,647
Total depreciable assets	<u>701,327</u>	<u>21,165</u>	<u>-</u>	<u>722,492</u>
Accumulated depreciation:				
Improvements	(13,890)	(3,083)	-	(16,973)
Furniture and fixtures	(55,162)	(4,097)	-	(59,259)
Machinery and equipment	(125,383)	(9,967)	-	(135,350)
Vehicles	(56,801)	(5,740)	-	(62,541)
Computers	(30,732)	-	-	(30,732)
Software	(159,942)	(29,786)	-	(189,728)
Total accumulated depreciation	<u>(441,910)</u>	<u>(52,673)</u>	<u>-</u>	<u>(494,583)</u>
Total depreciable assets, net	<u>259,417</u>	<u>(31,508)</u>	<u>-</u>	<u>227,909</u>
Total capital assets, net	<u>\$ 259,417</u>			<u>229,238</u>

(4) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources between the General fund, AB 2766 fund, AB 923 fund, and the Carl Moyer fund as advances to temporarily support the operations of each respective fund.

As of June 30, 2020 inter-fund receivables/payables between the District's funds were as follows:

<u>Receivable from</u>	<u>Payable to</u>	<u>2020</u>
AB 923 Fund	General Fund	\$ 5,049
AB 923 Fund	Carl Moyer Fund	44,082
General Fund	AB 2766 Fund	<u>6,737</u>
Inter-fund receivables/payables		<u>\$ 55,868</u>

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(5) Unearned Revenues

Change in unearned revenues as of June 30 was as follows:

	<u>Balance 2019</u>	<u>New Awards</u>	<u>Expenses/ Revenues</u>	<u>Balance 2020</u>
Carl Moyer Grant				
Round 20	\$ 5,675	-	(3,069)	2,606
Round 21	756,276	-	(481,291)	274,985
Round 22	-	810,202	-	810,202
Total unearned revenues	<u>\$ 761,951</u>	<u>810,202</u>	<u>(484,360)</u>	<u>1,087,793</u>

(6) Operating Lease

The District has entered into an operating lease with the Woelfl Family Trust for office space located at 43301 Division Street, Suites 205 and 206, Lancaster, California. The operating lease calls for monthly rent of \$4,720 through 2025. Future rent payments subsequent to year end are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 56,638
2022	56,638
2023	56,638
2024	56,638
2025	56,638
Total	<u>\$ 283,190</u>

For the year ended June 30, 2020, rent expense totaled \$57,033.

(7) Net Position

Net investment in capital assets is calculated as follows:

	<u>2020</u>
Net investment in capital asset:	
Capital assets – not being depreciated, net	\$ 1,329
Capital assets – being depreciated, net	<u>227,909</u>
Total net investment in capital asset	<u>\$ 229,238</u>

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(7) Net Position, continued

Restricted net position is calculated as follows:

	2020
Restricted:	
Restricted cash and cash equivalents	\$ <u>2,700,456</u>
Total restricted	\$ <u><u>2,700,456</u></u>

Unrestricted net position is calculated as follows:

	2020
Unrestricted:	
Non-spendable net position	
Prepaid expenses and other assets	\$ 1,630
Spendable net position	
Unrestricted	<u>2,784,995</u>
Total unrestricted	\$ <u><u>2,786,625</u></u>

(8) Fund Balance

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.11 for a description of these categories). Fund balance and its funding composition at June 30, 2020, are as follows:

	2020
Nonspendable:	
Prepaid expenses and other asset	\$ <u>1,630</u>
Restricted:	
Mobile Emissions Program AB 2766	455,962
Mobile Emissions Program AB 923	1,268,265
Carl Moyer Program	<u>77,790</u>
Total restricted	<u>1,802,017</u>
Unassigned	
Operations	<u>3,683,434</u>
Total fund balance	\$ <u><u>5,487,081</u></u>

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(9) 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 is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2020, the District participated in the liability and property programs of the SDRMA as follows:

- Property coverage consists of general property and catastrophic loss of \$800 million, boiler & machinery of \$100 million, and pollution of \$2 million per occurrence.
- General liability insurance covers bodily injury, property damage, employment benefits, employee and public officials errors and omission, and employment practices liability of \$2.5 million per occurrence; public officials personal of \$500,000 per occurrence; and employee and public officials dishonesty of \$1 million per occurrence.
- Auto liability consists of auto bodily injury and auto property damage of \$2.5 million per occurrence.

Settled claims, if any, have not exceeded any of the coverage amounts in the last fiscal year. There were no reductions in insurance coverage in fiscal year 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2020.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 90, continued

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 92, continued

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 94, continued

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Antelope Valley Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2020

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 97, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

(11) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(12) Subsequent Event

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of February 16, 2021, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

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**Antelope Valley Air Quality Management District
Budget Comparison Schedule – General Fund
For the Year Ended June 30, 2020**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Charge for services	\$ 1,039,500	-	1,039,500	988,938	(50,562)
Operating grants	817,605	-	817,605	2,400,782	1,583,177
Fine, forfeitures, and penalties	9,000	-	9,000	33,660	24,660
Investment earnings	6,435	-	6,435	45,898	39,463
Other revenue	-	-	-	183	183
Total revenues	<u>1,872,540</u>	<u>-</u>	<u>1,872,540</u>	<u>3,469,461</u>	<u>1,596,921</u>
Expenditures:					
Services and supplies	1,755,540	-	1,755,540	2,729,468	(973,928)
Contributions	85,000	-	85,000	1,250	83,750
Capital outlay	95,000	-	95,000	22,494	72,506
Total expenditures	<u>1,935,540</u>	<u>-</u>	<u>1,935,540</u>	<u>2,753,212</u>	<u>(817,672)</u>
Net change in fund balance	<u>(63,000)</u>	<u>-</u>	<u>(63,000)</u>	<u>716,249</u>	<u>779,249</u>
Fund balance – beginning of year	<u>2,968,815</u>		<u>2,968,815</u>	<u>2,968,815</u>	
Fund balance – end of year	<u>\$ 2,905,815</u>		<u>2,905,815</u>	<u>3,685,064</u>	

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**Antelope Valley Air Quality Management District
Budget Comparison Schedule – Mobile Emissions Program (AB 2766)
For the Year Ended June 30, 2020**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Operating grants	\$ 610,000	-	610,000	615,832	5,832
Investment earnings	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>2,484</u>	<u>(516)</u>
Total revenues	<u>613,000</u>	<u>-</u>	<u>613,000</u>	<u>618,316</u>	<u>5,316</u>
Expenditures:					
Services and supplies	<u>613,000</u>	<u>-</u>	<u>613,000</u>	<u>530,166</u>	<u>82,834</u>
Total expenditures	<u>613,000</u>	<u>-</u>	<u>613,000</u>	<u>530,166</u>	<u>82,834</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,150</u>	<u>88,150</u>
Fund balance – beginning of year	<u>367,812</u>		<u>367,812</u>	<u>367,812</u>	
Fund balance – end of year	<u>\$ 367,812</u>		<u>367,812</u>	<u>455,962</u>	

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**Antelope Valley Air Quality Management District
Budget Comparison Schedule – Mobile Emissions Program (AB 923)
For the Year Ended June 30, 2020**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Operating grants	\$ 610,000	-	610,000	615,832	5,832
Investment earnings	<u>9,000</u>	-	<u>9,000</u>	<u>22,458</u>	<u>13,458</u>
Total revenues	<u>619,000</u>	-	<u>619,000</u>	<u>638,290</u>	<u>19,290</u>
Expenditures:					
Services and supplies	<u>619,000</u>	-	<u>619,000</u>	<u>425,577</u>	<u>193,423</u>
Total expenditures	<u>619,000</u>	-	<u>619,000</u>	<u>425,577</u>	<u>193,423</u>
Net change in fund balance	-	<u>-</u>	-	212,713	<u>212,713</u>
Fund balance – beginning of year	<u>1,055,552</u>		<u>1,055,552</u>	<u>1,055,552</u>	
Fund balance – end of year	<u>\$ 1,055,552</u>		<u>1,055,552</u>	<u>1,268,265</u>	

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**Antelope Valley Air Quality Management District
Budget Comparison Schedule – Carl Moyer Fund
For the Year Ended June 30, 2020**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Operating grants	\$ 739,266	-	739,266	484,360	(254,906)
Investment earnings	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>11,459</u>	<u>7,459</u>
Total revenues	<u>743,266</u>	<u>-</u>	<u>743,266</u>	<u>495,819</u>	<u>(247,447)</u>
Expenditures:					
Services and supplies	<u>743,266</u>	<u>-</u>	<u>743,266</u>	<u>484,360</u>	<u>258,906</u>
Total expenditures	<u>743,266</u>	<u>-</u>	<u>743,266</u>	<u>484,360</u>	<u>258,906</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,459</u>	<u>11,459</u>
Fund balance – beginning of year	<u>66,331</u>		<u>66,331</u>	<u>66,331</u>	
Fund balance – end of year	<u>\$ 66,331</u>		<u>66,331</u>	<u>77,790</u>	

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**Antelope Valley Air Quality Management District
Notes to the Required Supplementary Information
June 30, 2020**

Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's Executive Director will prepare and submit an operating budget to the Governing Board and the operating budget is adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types. The adopted budget becomes operative on July 1.

The Governing Board must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General fund, Mobile Emissions Program (AB 2766), Mobile Emissions Program (AB 923), and the Carl Moyer fund.

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Report on Internal Controls and Compliance

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**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Governing Board
Antelope Valley Air Quality Management District
Lancaster, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Antelope Valley Air Quality Management District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor’s Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
February 16, 2021

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