



Annual Comprehensive Financial Report  
June 30, 2022

**Sacramento Metropolitan Air Quality  
Management District**  
Sacramento, California

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ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Sacramento Metropolitan Air Quality Management District  
Sacramento, California



Prepared by the Administrative Services Division  
Finance Section in Conjunction with District Staff

**Division Manager**  
Jamille Moens

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Sacramento Metropolitan Air Quality Management District

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## Introductory Section



December 22, 2022

## LETTER OF TRANSMITTAL

Chairman, Governing Board and Residents of the  
Sacramento Metropolitan Air Quality Management District

We are pleased to present the Annual Comprehensive Financial Report (Annual Report) of the Sacramento Metropolitan Air Quality Management District (District) for the year ended June 30, 2022, which includes the independent auditor's report. The Annual Report is submitted in compliance with state law, which requires local governments to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The District assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive internal control framework that was established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The District asserts to the best of its knowledge and belief, that this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Eide Bailly LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022 are free of material misstatement. The independent auditors concluded, based upon the audit, there was a reasonable basis for rendering an unmodified (clean) opinion that the District financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section of this report.

The District's independent financial statement audit was part of a broader, federally mandated "Single Audit" designed to meet the Federal grantor agencies special needs. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, including special emphasis on Federal award compliance.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

The District is one of 35 local or regional air quality management districts in California. It is responsible for monitoring air pollution within the Sacramento region and for developing and administering programs to reduce air pollution levels to meet the health-based ambient air quality standards established by the state and federal governments. The District is also actively pursuing actions to reduce greenhouse gas emissions and promote low-carbon development. The U.S. Environmental Protection Agency (EPA) has designated the District as a part of the Sacramento Federal Ozone Nonattainment Area (SFNA), which is comprised of all of Sacramento and Yolo Counties, the eastern portion of Solano County, the southern portion of Sutter County and the western slopes of El Dorado and Placer Counties up to the Sierra crest and includes four other local air districts. Roughly 63% of the SFNA's population falls within the District's boundaries.



## Population in Sacramento Federal Ozone Nonattainment Area

County	SFNA portion of the County	Population		County in SFNA/Total SFNA <sup>2</sup>
		County <sup>1</sup>	SFNA/County	
El Dorado	160,808	191,185	84%	6.4%
Placer	394,963	404,739	98%	15.8%
Sacramento	1,585,055	1,585,055	100%	63.3%
Solano	142,749	453,491	31%	5.7%
Sutter	3,241	99,633	3%	0.1%
Yolo	216,403	216,403	100%	8.7%
<b>Total</b>	<b>2,503,219</b>	<b>2,950,506</b>	<b>-</b>	<b>100.0%</b>

<sup>1</sup> The county population is based on the 2020 Census results. Downloaded from: [https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting\\_File--PL\\_94-171/California/](https://www2.census.gov/programssurveys/decennial/2020/data/01-Redistricting_File--PL_94-171/California/) on 02/10/2022

<sup>2</sup> Percentage values are rounded to 1 decimal point

<sup>3</sup> The SFNA/County ratio is based on the 2020 Census results

Air quality in the SFNA is designated nonattainment for the federal National Ambient Air Quality Standards (NAAQS) for ozone. The region is also administratively designated in nonattainment of the particulate matter NAAQS, although technically the short-term PM<sub>2.5</sub> and PM<sub>10</sub> standards have been met and maintained. A redesignation is expected once the requirement for a maintenance plan for each standard is completed. A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains and plenty of sunny days act to enhance smog formation and effectively trap pollutants in the Sacramento Valley Basin. The District Board approved a regional ozone State Implementation Plan (SIP) for the 2008 national ozone standard and the Plan is projecting attainment of that standard by 2024. The Plan was submitted to EPA in 2018 and has been deemed complete and is pending formal EPA approval. The District is also leading the SFNA in the development of an ozone SIP for meeting the most recent 2015 national ambient air quality standard. This plan will be submitted to the federal government in early 2023. The required maintenance plans for the PM standards are in development.

Air and climate emissions in the Sacramento region come from mobile, stationary and area-wide sources. The largest contributor is from the transportation sector, such as motor vehicles, airplanes, locomotives, and other fossil fuel combustion engines and portable equipment. The category also includes “off-road” sources, such as construction, mining, and agricultural equipment. State and federal regulations coupled with local programs to modernize the vehicle fleet will help to reduce the impact of motor vehicle fuel and engine emissions on our air quality in the future. However, as general activity and expected growth in our region return and bring more people and vehicles, mobile sources will continue to be the dominant factor in the region’s ongoing air pollution problem.

The District implements a broad range of programs and strategies to combat air and climate pollution and accomplish its mission of meeting state and federal clean air and climate change standards. From the development of clean air rules and enforcement of industrial emission permits to land use planning and deployment of millions of dollars in public funding for incentives for clean air projects, the annual budget serves as the foundation for the District’s financial planning and controls. The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. The budget is organized by fund and division and is adopted on a budgetary basis that includes encumbrances and expenditures. All annual appropriations lapse at fiscal year-end to the extent they have not been expended or encumbered. Amendments to increase the budget must be approved by the Governing Board.

The District maintains budgetary controls through both signature authority and automated budget verification. The objective of these controls is to ensure compliance with the annual appropriated budget approved by the Governing Board. As reflected in the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## ***Factors Affecting Financial Condition***

This section contains information useful in assessing the District’s economic condition and includes a discussion of the local economy, long-term financial planning, and major initiatives that may have a significant impact on revenues or expenditure trends.

### Local Economy

The 2019 annual unemployment rate in Sacramento County averaged 3.8% and increased to 9.8% in September 2020, due to the pandemic. As of September 2022, the unemployment rate has returned to pre-COVID levels and is hovering around 3.5%. The latest published economic forecast by California Department of Transportation for Sacramento County expects a relatively high rate of home building, positive population growth, and expanding job opportunities over the next five years. Sacramento County is becoming an emerging hub for technology firms largely because giants like HP, Intel, Oracle, and Apple already have prominent locations in the region. Employment in the manufacturing and transportation industries has remained relatively constant since 2012; no extraordinary growth in these industries is forecast over the next five years, though longer term, a contraction in manufacturing is likely due to robotics and other advances in technology. The economic forecast indicates relative stability in revenue from permit and other fees for the District; with Board approval however, continued growth in fee revenue is anticipated as a result of Consumer Price Index adjustments to help keep pace with rising costs and other fee increases to ensure full cost recovery for services.

### Long-term Financial Planning

Management presents a five-year financial forecast in the budget that evaluates potential internal, external and programmatic elements that could affect revenues and expenditures over the next fiscal year and beyond. The forecast continues to identify a significant funding gap between revenues and expenditures, which will require attention by the District Board of Directors. The imbalance is due primarily to the rising costs of doing business, such as employee services and capital expenditures outpacing current revenue increases, new state mandates that are not adequately funded, and a legacy of a lack of full cost-recovery for many of the District’s programs. For example, auto registration fees are not adjusted for inflation and will remain at current levels for the foreseeable future.

To address the funding gap in the immediate term, the District streamlined many of its operations, scaled back some activities, held vacancies open, and “right-sized” funding for professional services and collaborations, resulting in a return of \$2.7 million to fund balance in the General Fund for FY 2021/22. Meanwhile, the District is working closely with the Board of Directors to implement funding solutions necessary to attain full cost recovery, ensure the integrity of the District’s clean air efforts to remain eligible for federal transportation funding to the region, and continue to implement state requirements for low-carbon development and greenhouse gas (GHG) emission reductions, particularly in the transportation sector. Fortunately, the healthy financial reserves, which the District has grown over recent years, will serve as a bridge to support near-term operations until long-term fund stability is established.

### *General Fund*

The District’s General Fund receives revenue from a variety of sources, including permit fees paid by stationary sources that emit air pollution; automobile registration fees collected by the state of California Department of Motor Vehicles (DMV) and distributed to air districts throughout the state in support of motor vehicle emission reduction programs; federal, local government and state subvention funds; and local sales tax. The General Fund does not receive property tax support as is the case for some other air districts.

There are a few anticipated changes that may have moderate to significant impacts on revenues over the five-year forecast. DMV (AB 923) funding to achieve reductions in emissions from vehicular sources and offroad engines was recently reauthorized by the Governor ensuring continued revenue in this category until 2024; if this legislation is not reauthorized to continue the funding beyond 2024 or alternative funding is not appropriated, the District's ability to achieve its mission will be jeopardized. To address the ongoing issue of unfunded mandates and pursue full-cost recovery, a fee study is being initiated in FY 2022/23 that is anticipated to result in proposed fee increases and possibly new fees with a target effective date in FY 2024/25. Lastly, a recent initiative on the November 2022 ballot by a citizen's group known as "A Committee for a Better Sacramento" failed. This initiative would have generated additional sales tax revenue to support the District's transportation-related programs; consequently, as a result of the measure's failure, the District faces a significant challenge given the current and projected deficit for its transportation-related programs.

Expenditures for the General Fund are expected to gradually increase to address recurring expenses such as rising labor costs and long-term pension liabilities and non-recurring capital improvement expenditures, most notably the rehabilitation and replacement of several aging air monitoring stations. The ambient air quality monitoring network is critical District infrastructure, and improvements are planned for various monitoring stations over the next few years to remain in compliance with applicable federal requirements. The network is also an important foundation for additional localized monitoring under the AB 617 Community Air Protection Program (CAPP), and a new mobile air monitoring laboratory is scheduled to be added this year to the existing air monitoring network as part of the District's AB 617 efforts.

#### *Internal Service Fund*

The District Headquarters (Covell Building) is the primary asset in the Internal Service Fund and has historically been a very stable fund. The headquarters building is relatively new, therefore, annual operating and maintenance costs are anticipated to be consistently low during this period. Major rehabilitation and replacement projects are being identified and will be included in the long-term capital expenditure plan.

The District's tenant recently submitted notice that they will be vacating the building as their lease agreements expire in FY 2022/23 and FY 2023/24. Given the pending vacancy along with the anticipated changing needs for use of space due to the new hybrid (remote and onsite) work model, the District initiated a comprehensive building assessment including the following alternatives:

- Remain in Place and Secure New Tenant
- Sell Current Headquarters (HQ) and Purchase Smaller HQ Building
- Sell Current HQ and Lease/Sublease New Space

Based on the outcome of the analysis, this fund may potentially experience short-term volatility for one or more of the following reasons: 1) as a period of extended vacancy is anticipated due to market conditions, 2) investment in remodeling the existing/new building to meet new work environment needs, and/or 3) enhanced liquidity from the sale of an asset.

#### *Special Revenue Fund*

The Special Revenue Fund serves to track restricted revenue sources, primarily various emission technology and community air protection incentive grants from programs like Carl Moyer and CAPP. These programs are expected to be relatively stable for the next decade since the state has authorized a continuous appropriation for them. In addition, a significant amount of new state revenue continues to be directed to California Air Resources Board for new and existing mobile source emission reduction programs and to address the disproportionate impacts of air pollution in environmental justice

communities. Unfortunately, these grants rarely cover the full cost of implementation and DMV and sales tax revenues are used for the shortfall. Continuation and/or expansion of programs supported by this fund will directly depend on the availability of DMV and sales tax revenue until such time that the percentage of the grant allowed for program administrative is increased or new funding sources are secured. There are no capital expenditures associated with this fund.

### Major Initiatives

The FY 2022/23 District Budget was approved on May 26, 2022 and represents a status quo budget that includes funding for mission-critical programs such as attainment of the National Ambient Air Quality Standards, advancing the Region's Decarbonization Efforts, and CAPP. There is also funding for a couple of key initiatives noted below.

#### *Wildfire Smoke Response*

A new paradigm has emerged due to the unprecedented impact in the region from wildfire smoke. Assembly Bill 661 (AB 661, K. McCarty, Wildfire Smoke Air Pollution Emergency Plan) called on the District to work in coordination with the Sacramento County Health Officer and other entities to develop a plan for improved coordination and access to information related to responding to wildfire air pollution events. The plan was completed and adopted by the District's Board of Directors at their September 2022 meeting. Next the plan will be submitted to the California state Legislature. But, while completion of the plan per the AB 661 statute is a milestone, its implementation will continue in the future so long as wildfire impacts are seen in our region.

There was no funding source included with the adoption of AB 661. The Board's adoption of the resolution to approve the Emergency Plan allows the District to be eligible for any future funding that becomes available for the Plan's implementation, however it is unknown when or if funding will be approved. In addition, controlling pollution from wood smoke on days of expected poor air quality in the fall and winter is essential to maintaining the federal daily PM<sub>2.5</sub> standard. Consequently, the District's Wood Smoke Program, primarily the "Check Before You Burn" program, continues to be a priority as well as a significant strain on District resources as this program also lacks any direct funding source.

#### *Permitting/Compliance and Transportation Application*

The District is replacing two of its major applications and various shadow systems into a single enterprise level solution to improve efficiencies, accuracy, customer service and lower operating costs where feasible. Process improvement is expected to coincide with this software implementation and inclusion of best practices wherever possible to optimize software utilization. The project is expected to last 18-24 months. The initial software development and implementation expense is non-recurring; however, there will be ongoing costs for annual maintenance fees.

The current applications were developed over many years and have been in place for decades and new functionality is necessary to meet new operational requirements as well as integration with other contemporary technology solutions used by the District. It is expected that the new solution will improve efficiency through automated workflows, accountability through tracking and reporting of activities, customer service through more timely service delivery and self-service options, and reporting.

#### ***Awards and Acknowledgments***

The Government Finance Officers Association's (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for the FY 2020/21 Annual Report. In addition to receiving the award for the Annual Report, the District also received the Distinguished Budget Presentation Award for its FY 2022/23 Budget Book. The Certificate of Achievement is a prestigious national award recognizing

conformance with the highest standards for preparation of state and local government financial reports and budgets. This Annual Report will also be submitted to GFOA to determine its eligibility for the certificate as it is believed to also meet the requirements of the program.

The preparation of the Annual Report was made possible by the dedicated services of the finance and management staff of the District's Administrative Services Division. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support, and to all employees of the District who continue to improve operations to accomplish the District's mission in a fiscally responsible manner.

Respectfully submitted,



Alberto Ayala, PhD, MSE  
Executive Director and Air Pollution Control Officer



Jamille Moens  
Administrative Services Division Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sacramento Metropolitan Air Quality  
Management District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

## **Board of Directors**

Eric Guerra, Chair  
Mayor Pro Team, City of Sacramento

Patrick Kennedy, Vice Chair  
Supervisor, Sacramento County Board of Supervisors

Sarah Aquino  
Council Member, City of Folsom

Bret Daniels  
Council Member, City of Citrus Heights

Rich Desmond  
Vice Chair, Sacramento County Board of Supervisors

Sue Frost  
Supervisor, Sacramento County Board of Supervisors

Jeff Harris  
Council Member, City of Sacramento

Sean Loloee  
Council Member, City of Sacramento

Don Nottoli  
Chair, Sacramento County Board of Supervisors

Kevin Papineau  
Council Member, City of Galt

Phil Serna  
Supervisor, Sacramento County Board of Supervisors

Bobbie Singh-Allen  
Mayor, City of Elk Grove

Donald Terry  
Council Member, City of Rancho Cordova

Mai Vang  
Council Member, City of Sacramento

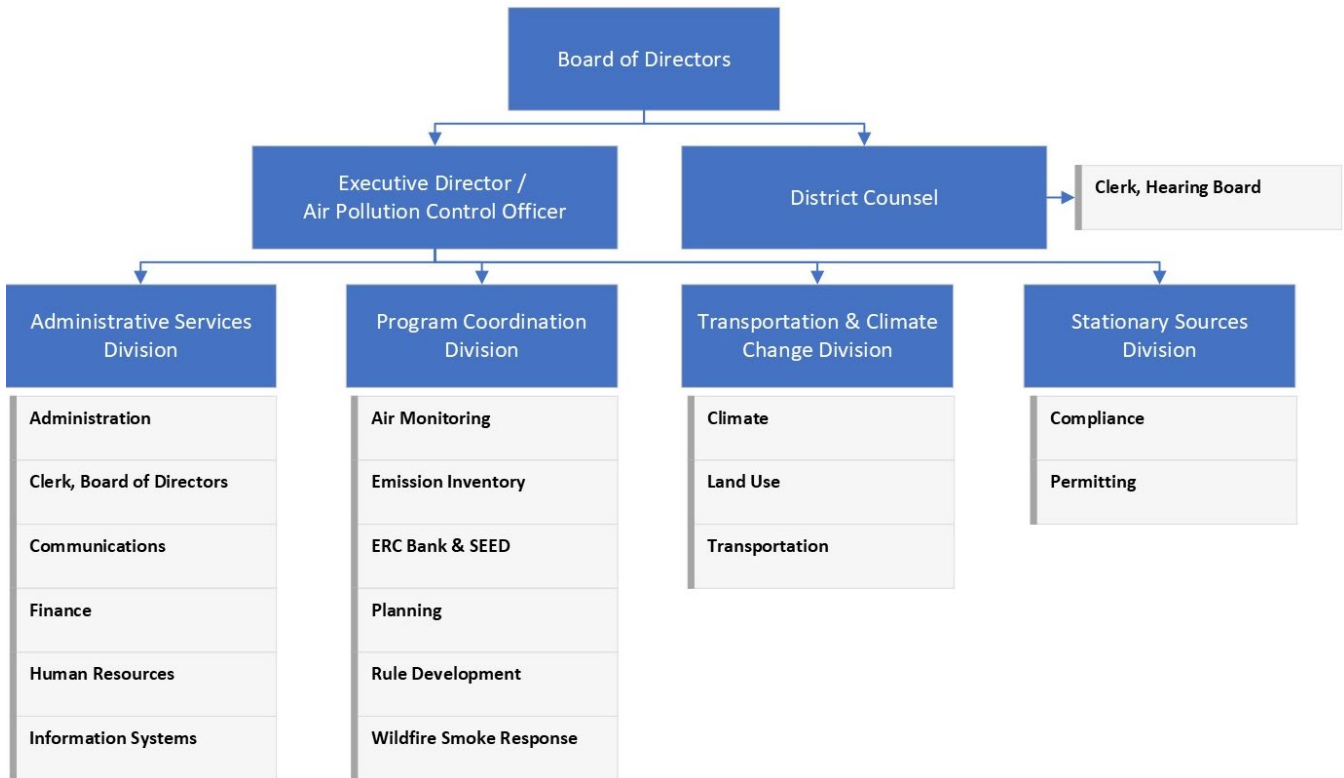
### **Executive Director / Air Pollution Control Officer**

Alberto Ayala, Ph.D., M.S.E.

### **District Counsel**

Kathrine Pittard

## Organization Chart





## Financial Section



## Independent Auditor's Report

To the Board of Directors  
Sacramento Metropolitan Air Quality Management District  
Sacramento, California

Report on the Audit of the Financial Statements

### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Metropolitan Air Quality Management District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities and the proprietary fund net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
December 22, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's Annual Comprehensive Financial Report provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2022. Please read this document in conjunction with the transmittal letter located in the introductory section and the District's financial statements which follow this discussion.

### Financial Highlights

- The District's overall net position at June 30, 2022 was \$72.8 million, an increase of \$4.3 million or 6.4 percent over the prior fiscal year.
- Total government-wide liabilities decreased by \$8.2 million mainly due to a reduction in the net pension liability.
- Government-wide deferred inflows of resources increased by \$4.9 million primarily related to pensions.
- The fiscal year 2021-22 (FY 21-22) General Fund revenues exceeded expenditures by \$2.7 million. This is mainly attributable to position vacancies and fewer professional services expenditures than expected for the year.

### Overview of Financial Statements

The District's Annual Comprehensive Financial Report (ACFR) is comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) footnotes and required supplementary information.

#### Government-wide Financial Statements

The government-wide financial statements provide readers with the overall financial position and activities of the District. These financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position reports all assets held, liabilities owed, and deferred inflows/outflows of resources of the District. Over time, increases or decreases in net position may serve as an indicator of whether the District's financial position is improving or deteriorating.

The Statement of Activities includes all current year revenues and expenses regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation leave. In the Statement of Activities, the air quality management functions are categorized as Business Compliance, Air Monitoring, Sustainable Land Use, Clean Transportation and Mobility Innovation, and Community Health Protection.

The District reports the Proprietary Fund as an Internal Service Fund since the main source of revenue for the fund is from an internal source rather than external sources.

## **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* Governmental funds are reported as governmental activities in the government-wide financial statements. However, 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 an entity's near-term financing requirements.

Because the governmental funds focus on near-term financing requirements, it is useful to compare the 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. The Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **Other Information**

In addition to the basic financial statements and accompanying notes, the District also presents certain supplementary information and a statistical section that covers revenue, expenditure, and fund balance trends for the past 10 years. Furthermore, the District presents a Schedule of Expenditures of Federal Awards (SEFA) in the Single Audit Section. The SEFA, under Uniform Guidance (2 CFR 200), is a supplemental schedule to the financial statements that a non-federal entity is required to produce when it is subject to the single audit requirement. The single audit requirement is triggered when the federal expenditures reported on the SEFA exceed \$750,000 or more over the non-federal entity's fiscal year. The District meets the single audit criteria and is responsible for arranging for the audit, preparing the appropriate financial statements, taking corrective action on audit findings (if any), and providing the auditor with access to all information required to perform the audit.

## Government-wide Financial Analysis

This section provides an analysis of the government-wide financial statements including long-term and short-term information about the District's overall financial condition. The following table is a summary of the District's overall net position.

### Condensed Statement of Net Position (in thousands)

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2022</b>
<b><u>Assets and Deferred Outflows of Resources</u></b>		
Current and Other Assets	\$ 78,258	\$ 79,938
Capital and Other Non-Current Assets	5,358	5,193
Total Assets	83,617	85,131
Deferred Outflows of Resources	3,988	3,533
<b><u>Liabilities and Deferred Inflows of Resources</u></b>		
Current Liabilities	3,436	2,687
Non-current Liabilities	15,268	7,839
Total Liabilities	18,704	10,526
Deferred Inflows of Resources	488	5,378
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	3,152	3,243
Restricted	69,663	71,238
Unrestricted	(4,402)	(1,722)
Total Net Position	\$ 68,412	\$ 72,759

- Total assets increased by \$1.5 million or 1.8 percent over the prior year, mainly due to a \$2.0 million increase in cash and an increase in lease receivables as a result of the implementation of GASB 87, *Leases*. Excess funds are invested in the Local Agency Investment Fund.
- Capital Assets decreased by \$0.2 million due to annual depreciation.
- Deferred outflows of resources were reduced by about \$0.5 million, primarily due to a decrease related to pensions.
- Total liabilities decreased by \$8.2 million mainly because of a \$6.6 million reduction in net pension liability as a result of favorable investment gains in 2021.
- Deferred inflows of resources increased by roughly \$4.9 million from the prior year, primarily due to a \$4.4 million increase in deferred inflows related to pensions.



- The net position of the District totaled \$72.8 million as of the end of FY 21-22 and increased \$4.3 million or 6.4 percent over FY 20-21.

The largest portion of the District's net position at June 30, 2022, \$71.2 million, consists of resources subject to external restrictions on how they may be used. An additional \$3.2 million of the total net position reflects its net investment in capital assets (e.g., land, buildings, and equipment less any related debt used to acquire those assets that is still outstanding). The remaining portion of the District's net position is a deficit of \$1.7 million related mainly to the net pension liability.

The District's total net position increased by \$4.3 million during the current fiscal year. Of this amount, \$1.6 million of the increase relates to the restricted net position and roughly \$2.7 million is associated with an increase in the unrestricted net position. The increase in the restricted net position is due to additional intergovernmental revenue received in the current year that will be disbursed in subsequent years. The increase in the unrestricted net position is primarily related to a decrease in pension liability. Net investment in capital assets increased slightly year-over-year mainly due to a reduction in long-term debt for the District Administrative Building.

The following schedule shows revenues by major source, expenses by function, and changes in net position for the fiscal years ended June 30, 2021, and June 30, 2022.

**Condensed Statement of Net Activities  
(in thousands)**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2022</b>
<b><u>Revenues</u></b>		
Charges for Services	\$ 8,878	\$ 9,653
Operating Grants and Contributions	30,308	9,660
General Revenues	7,858	8,008
Interest Income (a)	98	(669)
Gain (Loss) on Disposal of Capital Assets	3	-
Total Revenues	47,145	26,652
<b><u>Expenses</u></b>		
Business Compliance	7,543	6,839
Air Monitoring	3,962	3,446
Sustainable Land Use	2,625	1,999
Clean Transportation and Mobility Innovation	14,136	8,071
Community Health Protection	2,177	1,834
Interest on Long-Term Debt	85	76
Unallocated Depreciation	64	41
Total Expenses	30,592	22,305
Change in Net Position	16,553	4,347
Beginning Net Position	51,859	68,412
Net Position - Ending Balance	\$ 68,412	\$ 72,759

(a) Interest Income includes a Fair Market Value Adjustment per GASB 31.

Revenues for total governmental activities were \$26.7 million and decreased by \$20.5 million or 43.5% over the prior year primarily due to restricted grant revenue for incentive projects. These revenues are received in one year and can be disbursed to project participants over several years. As a result, there can be significant fluctuations in year-over-year revenues and expenses.

Overall expenses for governmental activities of \$22.3 million decreased by \$8.3 million mainly due to decreases in special revenue fund grant disbursements of \$5.5 million attributable to manufacturing delays in clean air technology equipment. In addition, net pension expense decreased by \$2.8 million over the prior year.

## Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The District has two governmental funds, the General and Special Revenue Funds. Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements.

The General Fund is the District's chief operating fund. At the end of FY 21-22, the total fund balance of the General Fund was \$20.4 million, an increase of \$2.7 million over the prior year. The Nonspendable Fund Balance represents prepaid expenses and was consistent with the prior year. The Restricted Fund Balance increased by \$2.4 million over the prior year to \$15.9 million, mainly due to the timing of the receipt of state intergovernmental revenues and fines and penalties revenues. Assigned Fund Balance is \$1.7 million, a decrease of \$1.3 million year-over-year reflecting a reduction in funds set aside for a projected budgetary deficit in FY 22-23. The Unassigned Fund Balance is \$2.7 million, an increase of \$1.6 million from the prior year primarily due to the reclassification (decrease) in the Assigned Fund balance due to the projected budget deficit at the end of the fiscal year.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total General Fund expenditures. Overall, the total fund balance represents approximately 109% of the total FY 21-22 General Fund expenditures, an improvement over the prior year. The growth of the fund balance has been intentional over the past several years to address potential economic downturns or other unanticipated factors and to implement District priorities for which near-term structural deficits are projected in the event no new revenue is received.

The Special Revenue total fund balance of \$55.0 million decreased by \$0.7 million as of June 30, 2022, over the prior year. This decrease was due to grant incentive disbursements in FY 21-22 being higher than the grant revenue the fund received in the current year. As previously noted, due to the multi-year nature of the Special Revenue fund grants, fluctuations normally occur in year-over-year revenues and expenses.

### Proprietary Fund

The Proprietary Fund (Covell Building Fund) is classified as an Internal Service Fund since most of the fund's revenue is derived from rent paid by the District for the internal use of its office building. The net income of the fund is included as an offset to expenses in the current year's Statement of Activities less any revenues generated externally.

The Proprietary Fund's total net position increased by \$0.4 million as of June 30, 2022, consistent with the increase in the prior year, to \$4.7 million. Highlights for the FY 21-22 fund results are as follows:

- Operating revenues from the building totaled \$1.2 million and were stable with the prior year. These revenues represent rental and parking income.
- Operating expenses for the building were \$0.7 million for the year, consistent with the prior fiscal period.
- Included in the lease payments is funding to build a reserve to support long-term capital improvements for the building. The reserve balance is \$200,000 as of June 30, 2022.
- The District made a principal payment of \$330,000 in FY 21-22 for the Certificates of Participation. Next year, the principal payment will be \$345,000.

### **Budgetary Highlights**

General Fund revenues were \$0.4 million more than the Approved Budget primarily due to higher-than-expected permit fees, and fines and penalties income, offset by lower federal revenues related to the Targeted Airshed Grants.

Expenditures for the General Fund were less than planned by \$5.2 million mainly due to position vacancies, reduced spending on professional services, fewer disbursements to Targeted Airshed Grant subrecipients, and capital project deferrals.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of FY 21-22, the District's net capital assets for its governmental activities was \$5.1 million, net of accumulated depreciation. Capital assets includes land, construction in process, building, and equipment including office equipment, laboratory equipment, and air monitoring stations. The total decrease in capital assets for the current fiscal year was \$0.2 million. Additional information on capital assets can be found in Note 5 under the Notes to the Basic Financial Statements section.

#### **Long-term Debt**

At the end of FY 21-22, the District had outstanding bonds secured by the District's administrative building. The total debt outstanding as of June 30, 2022, was \$1.9 million. Based on the current payment schedule, these bonds will be paid off by the end of FY 26-27. Additional information on long-term liabilities can be found in Note 6 under the Notes to the Basic Financial Statements section.

## Next Year's Budget

Revenues for the 2022-2023 fiscal year for the General Fund are budgeted to increase by approximately \$2.0 million, with increases expected mainly in permit fees and federal grant revenues. The federal grant revenues relate to funds that the District administers on behalf of other air districts in the region.

FY 22-23 expenditures for the General Fund are expected to increase by \$6.4 million over the actual amounts expended in FY 21-22. The budget anticipates an increase of \$2.7 million for salaries and benefits reflecting the District's plan to continue to fill approved open positions in FY 22-23 and a cost-of-living adjustment for overall wages. Services and Supplies are expected to increase by \$4.1 million, primarily for expenditures related to professional services and disbursements to federal grant subrecipients. The budget anticipates an increase in capital spending of \$0.3 million mainly related to construction improvements for an air monitoring station and air monitoring equipment. Finally, interfund credits (offsets to expense) are planned to increase by \$0.7 million over FY 21-22 actuals. Overall, a \$1.7 million use of fund balance for the General Fund is budgeted for FY 22-23.

## Economic Factors

As of June 30, 2022, foreseeable economic or political conditions that may influence the financial position of the District include cost increases for goods and services due to inflation, increases in retirement rates, and decreases in the CalPERS discount rate. The effects, if any, of these events are not calculable at this time. However, the current inflationary economic environment is expected to significantly increase the cost of services and supplies in the near term.

Regarding revenues, the District is anticipating state and federal intergovernmental funding to stay relatively constant over the next few years. Measure A sales tax revenue is expected to increase by about 3.5% annually in the near term; however, it is unclear what effects inflation might have on government and consumer spending.

The District's multi-year forecast continues to show some significant funding gaps between revenues and expenses. The imbalance is due primarily to rising costs of doing business, such as employee services and capital expenditures outpacing revenue increases, new state mandates that are not adequately funded, and a legacy of a lack of full cost recovery for many of the District's programs. Staff will continue to work with the Board of Directors into FY 22-23 and beyond to identify additional funding strategies.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information may be emailed to [finance@airquality.org](mailto:finance@airquality.org) or be addressed to:

Sacramento Metropolitan Air Quality Management District  
Attn: Finance Department  
777 12<sup>th</sup> Street, Suite 300  
Sacramento CA 95814

## Basic Financial Statements

Sacramento Metropolitan Air Quality Management District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 75,945,794
Restricted cash and cash equivalents	416,336
Receivables	3,235,235
Lease receivable	204,427
Prepays	136,174
Total current assets	79,937,966
Non-Current Assets:	
Lease receivable	77,993
Capital assets	
Capital assets not being depreciated	1,180,537
Capital assets being depreciated, net	3,934,510
Total capital assets	5,115,047
Total non-current assets	5,193,040
Total assets	85,131,006
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	3,013,232
Deferred outflows related to OPEB	519,600
Total deferred outflows of resources	3,532,832
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	951,870
Accrued wages and benefits payable	497,154
Compensated absences - due within one year	888,242
Certificates of participation - due within one year	349,908
Total current liabilities	2,687,174

Sacramento Metropolitan Air Quality Management District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Non-Current Liabilities:</b>	
Deposits from others	\$ 23,147
Compensated absences - due in more than one year	493,800
Certificates of participation - due in more than one year	1,521,766
Net OPEB liability	676,612
Net pension liability	5,123,901
Total noncurrent liabilities	7,839,226
Total liabilities	10,526,400
<b>Deferred Inflow of Resources</b>	
Deferred inflows related to pensions	4,874,935
Deferred inflows related to OPEB	228,886
Deferred inflows related to leases	274,391
Total deferred inflows of resources	5,378,212
<b>Net Position</b>	
Net investment in capital assets	3,243,373
Restricted for	
Debt Service	416,336
Air Quality Programs	70,821,771
Unrestricted	(1,722,254)
Total net position	\$ 72,759,226



Sacramento Metropolitan Air Quality Management District  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
Business Compliance	\$ 6,838,518	\$ 8,366,030	\$ 38,539	\$ 1,566,051
Air Monitoring	3,445,578	320,017	2,531,593	(593,968)
Sustainable Land Use	1,998,722	263,316	388,652	(1,346,754)
Clean Transportation and Mobility Innovation	8,071,082	703	5,762,695	(2,307,684)
Community Health Protection	1,833,853	702,919	938,774	(192,160)
Interest on long-term debt	75,931	-	-	(75,931)
Unallocated depreciation	40,921	-	-	(40,921)
 Total primary government	 <u>\$ 22,304,605</u>	 <u>\$ 9,652,985</u>	 <u>\$ 9,660,253</u>	 <u>(2,991,367)</u>
General revenues:				
DMV fees				5,096,960
Sales tax				2,551,772
Grants - not restricted to specific activities				359,316
Investment (loss)				(669,433)
				<u>7,338,615</u>
				<u>4,347,248</u>
				<u>68,411,978</u>
				<u>\$ 72,759,226</u>

Sacramento Metropolitan Air Quality Management District  
Balance Sheet – Governmental Funds  
June 30, 2022

	General	Special Revenue Fund	Total Governmental Funds
<b>Assets</b>			
Cash and equivalents	\$ 18,497,481	\$ 54,888,824	\$ 73,386,305
Accounts receivable	2,610,052	489,158	3,099,210
Interest receivable	24,972	107,898	132,870
Prepays	136,174	-	136,174
	<u>21,268,679</u>	<u>55,485,880</u>	<u>76,754,559</u>
<b>Total assets</b>	<b><u>\$ 21,268,679</u></b>	<b><u>\$ 55,485,880</u></b>	<b><u>\$ 76,754,559</u></b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 368,398	\$ 525,824	\$ 894,222
Accrued wages and benefits payable	497,154	-	497,154
	<u>865,552</u>	<u>525,824</u>	<u>1,391,376</u>
<b>Total liabilities</b>	<b><u>865,552</u></b>	<b><u>525,824</u></b>	<b><u>1,391,376</u></b>
<b>Fund Balance</b>			
Nonspendable:			
Prepays	136,174	-	136,174
Restricted for:			
Air Quality Programs	15,861,715	54,960,056	70,821,771
Assigned to:			
Projected budgetary deficit	1,696,179	-	1,696,179
Unassigned	2,709,059	-	2,709,059
	<u>20,403,127</u>	<u>54,960,056</u>	<u>75,363,183</u>
<b>Total fund balances</b>	<b><u>20,403,127</u></b>	<b><u>54,960,056</u></b>	<b><u>75,363,183</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 21,268,679</u></b>	<b><u>\$ 55,485,880</u></b>	<b><u>\$ 76,754,559</u></b>

Sacramento Metropolitan Air Quality Management District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

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Fund balances - total governmental funds	\$	75,363,183
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets at historical cost	\$	3,759,595
Accumulated depreciation		<u>(2,282,493)</u>
		<u>1,477,102</u>
<p>Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.</p>		
Net pension liability		(5,123,901)
Net OPEB Liability		(676,612)
Compensated absences payable		<u>(1,382,042)</u>
		<u>(7,182,555)</u>
<p>Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows on the statement of net position.</p>		
Deferred outflows of resources relating to pensions		3,013,232
Deferred outflows of resources relating to OPEB		519,600
Deferred inflows of resources relating to pensions		(4,874,935)
Deferred inflows of resources relating to OPEB		<u>(228,886)</u>
		<u>(1,570,989)</u>
<p>Internal service funds are used by management to charge the costs of certain activities to individual governmental funds. The assets and liabilities of the internal service fund is therefore included in governmental activities in the statement of net position.</p>		
		<u>4,672,485</u>
Net position of governmental activities	\$	<u><u>72,759,226</u></u>

**Sacramento Metropolitan Air Quality Management District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2022**

	General	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
Sales Tax	\$ 2,551,772	\$ -	\$ 2,551,772
Fees and Licenses	8,765,312	-	8,765,312
<b>Intergovernmental:</b>			
Local Government	114,416	-	114,416
State	7,326,426	5,317,252	12,643,678
Federal	2,151,035	379,233	2,530,268
Fines, Forfeitures, and Penalties	677,527	35,375	712,902
Other	42,958	13,300	56,258
Investment (loss)	(136,763)	(526,223)	(662,986)
<b>Total revenues</b>	<b>21,492,683</b>	<b>5,218,937</b>	<b>26,711,620</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Business Compliance	7,868,485	-	7,868,485
Air Monitoring	3,687,463	-	3,687,463
Sustainable Land Use	2,226,768	-	2,226,768
Clean Transportation and Mobility Innovation	2,722,703	5,892,737	8,615,440
Community Health Protection	1,993,961	-	1,993,961
Capital Outlay	253,957	-	253,957
<b>Total expenditures</b>	<b>18,753,337</b>	<b>5,892,737</b>	<b>24,646,074</b>
<b>Net change in fund balances</b>	<b>2,739,346</b>	<b>(673,800)</b>	<b>2,065,546</b>
<b>Fund balances, July 1, 2021</b>	<b>17,663,781</b>	<b>55,633,856</b>	<b>73,297,637</b>
<b>Fund balances, June 30, 2022</b>	<b>\$ 20,403,127</b>	<b>\$ 54,960,056</b>	<b>\$ 75,363,183</b>

Sacramento Metropolitan Air Quality Management District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended June 30, 2022

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Net change in fund balances - total governmental funds \$ 2,065,546

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. (77,342)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (53,320)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Changes in pension liabilities and related deferred outflows and inflows of resources 1,868,388

Changes in OPEB liabilities and related deferred outflows and inflows of resources 93,932

Compensated absences 33,925

The internal service funds are used by management to charge the costs of building space and expenses to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 416,119

Changes in net position of governmental activities \$ 4,347,248

Sacramento Metropolitan Air Quality Management District  
Statement of Net Position – Proprietary Funds  
June 30, 2022

	Governmental Activities
	Internal Service Fund
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 2,559,489
Restricted cash and cash equivalents	416,336
Interest receivable	2,379
Lease receivable	204,427
Other receivable	776
Total current assets	3,183,407
Non-Current Assets:	
Lease receivable	77,993
Capital assets:	
Capital assets not being depreciated	1,086,652
Capital assets being depreciated, net	2,551,293
Total capital assets	3,637,945
Total non-current assets	3,715,938
Total assets	6,899,345
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	57,648
Certificates of participation - due within one year	349,908
Total current liabilities	407,556
Non-Current Liabilities:	
Deposits from others	23,147
Certificates of participation - due in more than one year	1,521,766
Total noncurrent liabilities	1,544,913
Total liabilities	1,952,469
<b>Deferred Inflows of Resources</b>	
Lease related	274,391
<b>Net Position</b>	
Net investment in capital assets	1,766,271
Restricted for:	
Debt Service	416,336
Unrestricted	2,489,878
Total net position	\$ 4,672,485

Sacramento Metropolitan Air Quality Management District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Rental income	\$ 1,105,373
Parking income	63,471
Total operating revenue	1,168,844
Operating Expenses:	
Repairs and maintenance costs	66,782
Utilities, security and communications	135,058
Management fees	115,204
Parking lot operations	158,407
Depreciation expense	191,292
Other expense	3,604
Total operating expenses	670,347
Operating income	498,497
Non-Operating Revenues And Expenses:	
Investment (loss)	(6,447)
Interest expense	(75,931)
Total non-operating revenues (expenses)	(82,378)
Change in net position	416,119
Net Position, July 1, 2021	4,256,366
Net Position, June 30, 2022	\$ 4,672,485

# Sacramento Metropolitan Air Quality Management District

## Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities:	
Cash received from rental and parking activities	\$ 1,160,039
Cash paid for goods and services	(441,983)
Net cash provided by operating activities	718,056
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(330,000)
Purchases of capital assets	(25,464)
Interest paid on long-term debt	(80,838)
Net cash used for capital and related financing activities	(436,302)
Cash flows from investing activities:	
Investment loss	(7,801)
Net cash used for investing activities	(7,801)
Net increase in cash and cash equivalents	273,953
Beginning cash balance July 1, 2021	2,701,872
Ending cash balance June 30, 2022	\$ 2,975,825
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 498,497
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	191,292
Effects of changes in:	
(Increase) in receivables	(283,196)
Decrease in accounts payable	37,072
Decrease in deferred inflows	274,391
Net cash provided by operating activities	\$ 718,056
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and investments	\$ 2,559,489
Restricted cash and investments	416,336
Total cash and cash equivalents	\$ 2,975,825
Noncash investing, capital and financing activities:	
Amortization of premium on long-term debt	\$ (4,907)



**Note 1 - Summary of Significant Accounting Policies****Accounting Policies**

The Sacramento Metropolitan Air Quality Management District (District) accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**Reporting Entity**

The Sacramento Air Pollution Control District was formed by the Sacramento County Board of Supervisors in December of 1959. In July of 1996, the Sacramento Metropolitan Air Quality Management District was created under Health and Safety Code Sections 40960 et. seq. to monitor, promote and improve air quality in the County of Sacramento. The District functions under the oversight of its fourteen-member Board of Directors, established and appointed pursuant to Health and Safety Code Section 40980. The District has no component units.

**Basis of Presentation*****Government-wide financial statements***

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, represented by function.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, reconciliations, containing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds, are included.

The government-wide statement of net position records all of the District's assets and liabilities including capital assets, long-term liabilities, and deferred inflows and deferred outflows of resources.

The government-wide statement of activities presents a comparison between total expenses and program revenues for each function or program of the District's governmental activities. Total expenses are those that are associated with or allocated to a service, program, or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District.

***Fund financial statements***

The focus of governmental fund financial statements is on major funds rather than reporting funds by activity type. The District has two major funds for reporting purposes: the General Fund and the Special Revenue Fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the balance sheet, which includes current assets and liabilities, and the statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The purchase of capital assets and long-term debt proceeds and payments are reflected as revenues and expenditures on these statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

***Revenues – exchange and non-exchange transactions***

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. District exchange transactions include the Proprietary Fund building rents and parking revenues and interest revenue.

Imposed non-exchange transaction revenues result from assessments imposed on nongovernmental entities, including individuals (other than assessments imposed on exchange transactions) and the revenues are recognized in the period when use of the resources is required or first permitted. District imposed non-exchange transactions include Stationary Source permit fees and renewals, Land Use Mitigation permits, planning service charges, SEED program fees, Title V permits, Agricultural Burning fees, Asbestos Plan Check fees, Air Toxics fees, variances, and settlements.

Government-mandated non-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary non-exchange transactions result from agreements entered voluntarily by the parties thereto. Both types of non-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. District transactions of both types include the Moyer program, State Subvention and Enforcement Grants, Goods Movement Emission Reduction Program (GMERP), Lower Emission School Bus Program (LESBP), Measure A Sales Tax, the DMV surcharge, Environmental Protection Agency Section 103 and 105 grants, Congestion Mitigation in Air Quality (CMAQ) grants, State Implementation Plan (Spare the Air) and various agreements with Yolo/Solano Counties, El Dorado County and Placer County.

Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 90 days after year-end.

### ***Expenses/Expenditures***

The government-wide financial statements are presented using the accrual basis of accounting, where expenses are recognized at the time they are incurred. The focus of governmental fund accounting is short-term. Therefore, expenditures are recorded when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first. Then, unrestricted resources are used as needed.

### **Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity or net position, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District reports the following major funds:

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Special Revenue Fund** accounts for the resources accumulated and payments made primarily for restricted mobile source and community air protection incentive awards.

The District also reports the following fund type:

The **Proprietary Fund (Internal Service Fund)** reports the ownership and operational revenues and expenses of the District's building along with the long-term debt obligations.

**Cash and Cash Equivalents**

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Prepays**

Prepays represent payments for services that will benefit periods beyond June 30, 2022. The District uses the consumption method of accounting for Prepays. Under the consumption method, governments may initially report prepaid items they purchased as an asset and defer the recognition of the expenditure until the period the inventories and prepaid items are consumed or used.

**Capital Assets**

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and a useful life of greater than one year. They are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Machinery and equipment	2-20
Buildings	39

**Lease Receivables**

Lease receivables are recorded by the District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

**Compensated Absences**

Accumulated unpaid employee vacation benefits and compensated time-off for certain employees in lieu of overtime compensation and/or working on holidays per bargaining agreements are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are liquidated by the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, a portion of sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**Deferred Inflows/Outflows of Resources**

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension and OPEB plan after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and net OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense, OPEB expense, net pension liability, and net OPEB liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

In the governmental funds, the District reports revenues not collected within the period of availability as deferred inflows. Accordingly, these amounts are unavailable to pay for current liabilities and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows related to leases where the District is the lessor is reported in the proprietary fund and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is liquidated by the General Fund.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's CalPERS health program and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS health program. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net OPEB liability is liquidated by the General Fund.

**Fund Balance**

The District reports governmental fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g., prepaid items) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: The Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors. A Board resolution serves as the highest level of commitment.

*Assigned Fund Balance* reflects amounts intended to be used only for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in other classifications. The General Fund is the only fund that reports an unassigned fund balance amount.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**Long-Term Liabilities**

The District reports long-term liabilities of governmental funds at face value in the government-wide financial statements, and long-term liabilities payable from proprietary funds are reported in the proprietary fund financial statements and government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**Eliminations and Reclassifications**

In the process of aggregating data for the government-wide statements, some amounts reported as inter-fund activity and balances in the fund financial statements, were eliminated or reclassified. Inter-fund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the government activities column. Interfund services provided and used are not eliminated in the process of consolidation.

### Use of Estimates

Management is called upon to use estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

### Implementation of New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the District's financial reporting process. New standards applicable to the year ending June 30, 2022, are as follows:

GASB Statement No. 87 – Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires 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. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. The effect of the implementation of this standard on beginning net position is disclosed in Note 12 and the additional disclosures required by this standard are included in Note 4.

GASB Statement No. 89 – 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. 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. The District has determined that there is no material impact on the financial statements.

GASB 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District has determined that there is no material impact on the financial statements.

GASB Statement No. 93 – Replacement of Interbank Offered Rates (IBOR). The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The District has determined that there is no material impact on the financial statements.

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

GASB 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 Statement No.14 and No.84 and A Supersession of GASB Statement No.32. The objective of this Statement is (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. The Statement is effective for reporting periods beginning after June 15, 2021. The District has determined that there is no material impact on the financial statements.

## **Note 2 - Cash, Cash Equivalents, and Investments**

### ***Cash and Investments***

As of June 30, 2022, cash and investments were reported in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 75,945,794
Restricted cash and cash equivalents	416,336
Total cash and investments	\$ 76,362,130

Cash and investments as of June 30, 2022, consist of the following:

Deposits	
Balance per bank	\$ 3,865,635
Less outstanding checks and deposits	(75,914)
Investment in Local Agency Investment Fund	72,156,073
Investments with fiscal agent	416,336
Total cash and investments	\$ 76,362,130

### ***Deposits***

The carrying amount of the District's cash is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110 percent of the excess government funds on deposit. This collateral must be in the form of government-backed securities.



***Investments in the Local Agency Investment Fund (LAIF)***

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The LAIF financial statements are available at the State Treasurer's Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov). LAIF is not registered with the Securities and Exchange Commission and is not rated by the credit rating agencies.

***Investments Authorized by Debt Agreements***

The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These moneys are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. At June 30, 2022, \$416,336 was held in reserve related to the District's Certificates of Participation (COP) and is invested in a 2a-7 Money Market Mutual Fund. This type of investment primarily invests in short term U.S. Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities), agency mortgage-backed securities, and short-term high quality municipal obligations that provide income exempt from federal and California state income tax and federal alternative minimum tax. The fund holds AAAM and Aaa-mf ratings from Standard & Poor's and Moody's, respectively.

Moneys in the COP's reserve will at all times be in the amount of the Reserve Requirement. The Reserve Requirement is defined as the lesser of (i) 10 percent of the original principal amount, (ii) an amount equal to the maximum annual Lease payment payable in a Certificate Year by the District, or (iii) 125 percent of the average annual lease payment.

***Fair Value Measurement***

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as LAIF, are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The valuation of the 2a-7 Money Market Mutual funds held by fiscal agent for the COP's reserve is at one-dollar net asset value (NAV) per share.

**Investments Authorized by the District’s Investment Policy**

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address the maximum interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Notes & Agency Obligations	5 years	100%	N/A
Washington Supranational Obligations	5 years	30%	10%
Municipal Notes	5 years	80%	10%
Registered State Warrants	5 years	80%	10%
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	180 days	30%	10%
CRA Bank Deposit/Certificates of Deposit	1 year	30%	10%
Repurchase Agreements	1 year	30%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	180 days	30%	10%
Collateralized Mortgage Obligations	180 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$75 million	10%
Money Market Mutual Funds	N/A	20%	10%

**Note 3 - Receivables**

Receivables consisted of the following as of June 30, 2022:

Governmental Funds:	
Sales/Use Tax	\$ 181,625
Intergovernmental:	
State	1,385,865
Federal	1,466,952
Local	40,120
Permit/Fees	19,708
Interest Receivable	135,249
Miscellaneous	5,716
	<hr/>
Total	<u><u>\$ 3,235,235</u></u>

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

**Note 4 - Leases**

The District as lessor leases office space to tenants on a fixed monthly fee. Substantially all of the assets classified as capital assets in the proprietary fund are for the purpose of rental or related use.

The District has accrued a receivable for two office space leases. The remaining receivable for these leases was \$282,420 for the year ended June 30, 2022. Deferred inflows related to these leases were \$274,391 as of June 30, 2022. Interest revenue recognized on these leases was \$14,182 for the year ended June 30, 2022. Principal receipts of \$267,045 were recognized during the fiscal year. The interest rate on the leases ranged from 3.00% – 3.50%. Final receipt is expected in fiscal year 2023-24.

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Transfers	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,086,652	\$ -	\$ -	\$ 1,086,652
Construction in process	449,279	198	(355,592)	93,885
Total capital assets, not being depreciated	1,535,931	198	(355,592)	1,180,537
Capital assets, being depreciated				
Building	5,515,147	25,463	-	5,540,610
Equipment	3,072,503	253,760	355,592	3,681,855
Total capital assets, being depreciated	8,587,650	279,223	355,592	9,222,465
Less accumulated depreciation:				
Building	(2,798,026)	(191,292)	-	(2,989,318)
Equipment	(1,967,338)	(331,299)	-	(2,298,637)
Total accumulated depreciation	(4,765,364)	(522,591)	-	(5,287,955)
Total capital assets, being depreciated	3,822,286	(243,368)	355,592	3,934,510
Governmental activities capital assets, net	\$ 5,358,217	\$ (243,170)	\$ -	\$ 5,115,047

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

Depreciation expense is charged to functions and programs based upon usage of the related assets. The amounts allocated to each function or programs are as follows:

Governmental Activities	
Air Monitoring	\$ 290,378
Internal Service Fund	191,292
Unallocated	<u>40,921</u>
Total Governmental Activities	<u><u>\$ 522,591</u></u>

**Note 6 - Long-Term Liabilities**

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Participation	\$ 2,180,000	\$ -	\$ (330,000)	\$ 1,850,000	\$ 345,000
Premium	26,581	-	(4,907)	21,674	4,908
Compensated Absences	<u>1,415,967</u>	<u>1,007,787</u>	<u>(1,041,712)</u>	<u>1,382,042</u>	<u>888,242</u>
Total	<u><u>\$ 3,622,548</u></u>	<u><u>\$ 1,007,787</u></u>	<u><u>\$ (1,376,619)</u></u>	<u><u>\$ 3,253,716</u></u>	<u><u>\$ 1,238,150</u></u>

***Certificates of Participation***

In March 2012, the District refunded the 2002 certificates with the 2012 certificates in the amount of \$4,350,000, with interest rates ranging from 3.00 percent to 4.00 percent. As of June 30, 2022, the principal balance outstanding was \$1,850,000. Proceeds included a bond premium of \$72,382, which will be amortized over the life of the COPs. The agreement includes a provision that in the event of a default or breach, the trustee may declare all lease payments then remaining unpaid be immediately due and owing, without further demand.

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

The certificates mature as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 345,000	\$ 65,591	\$ 410,591
2024	355,000	53,100	408,100
2025	370,000	38,600	408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Total	1,850,000	188,691	2,038,691
Unamortized Premium	21,674	-	21,674
Total	<u>\$ 1,871,674</u>	<u>\$ 188,691</u>	<u>\$ 2,060,365</u>

For the year ended June 30, 2022, total interest expense for the COPs was \$75,931, and principal paid on the COPs was \$330,000. The COP's activity is recorded in the Internal Service Fund.

## **Note 7 - Risk Management/Claims Liabilities**

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District is covered by commercial insurance purchased from independent third parties

There have been no significant changes in insurance coverage and the District did not have any settlements that exceeded insurance coverage in any of the past three years.

During the fiscal year ended June 30, 2022, the District insured with the Special District Risk Management Authority (SDRMA) for general liability, errors and omissions, workers' compensation, and a variety of comprehensive coverage (See Note 8). The District also provides a selection of health insurance coverage and elective options for additional health related insurance coverage.

## **Note 8 - Joint Ventures (Joint Powers Agreement)**

The District is a member of the SDRMA, through a Joint Power Agreement (JPA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SDRMA arranges for and provides property, liability, error and omissions, auto liability, crime and fidelity, workers' comp and boiler and machinery insurance to its members. SDRMA is governed by a seven-member Board of Directors. Directors are elected at-large from the membership to serve four-year terms. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SDRMA.

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

Condensed audited financial information of SDRMA for the year ended June 30, 2022, is as follows:

Total Assets	\$ 140,005,598
Deferred Outflows of Resources	750,427
Total Liabilities	72,967,545
Deferred Inflows of Resources	<u>445,351</u>
 Net Position	 <u><u>\$ 67,343,129</u></u>
 Total Revenues	 \$ 82,252,069
Total Expenses	<u>81,252,227</u>
 Net Income (Loss)	 <u><u>\$ 999,842</u></u>

Complete audited financial statements for the JPA can be obtained by contacting SDRMA, 1112 I Street, Suite 300, Sacramento, California 95814.

***Nature of Participation***

Program	Deductible per Occurrence	Annual Coverage Limit
General Liability	\$ 500	\$5,000,000 Per Occurrence
Public Officials and Employees Errors and Omissions	\$ -	\$5,000,000 Per Occurrence/Annual Aggregate
Elected Officials Personal Liability	\$ 500	\$500,000 Per Occurrence/Annual Aggregate per each elected /appointed Board Member/Director
Employment Practices Liability	\$ -	\$5,000,000 Per Occurrence/General Aggregate
Employee Benefits Liability	\$ -	\$5,000,000 Per Occurrence/General Aggregate
Employee and Public Officials Dishonesty Coverage	\$ -	\$1,000,000 Per Occurrence
Auto Liability	\$ 1,000	\$5,000,000 Per Occurrence
Uninsured/Underinsured Motorist	\$ -	\$5,000,000 Each Accident
Property Coverage	\$ 1,000	\$800,000,000 Each Occurrence
Boiler and Machinery Coverage	\$ 1,000	\$100,000,000 Each Occurrence
Statutory Workers' Comp	\$ -	Statutory Per Occurrence
Cyber Coverage	\$ 50,000	\$750,000 - \$2,000,000 Annual Aggregate
Pollution Coverage	\$ 50,000	\$2,000,000 Blanket Limit per Pollution Condition

**Note 9 - Commitments and Contingencies*****State and Federal Allowances, Awards, and Grants***

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**Note 10 - Employee Retirement Systems****CalPERS***Plan Description*

Effective July 1, 1996, all qualified employees began participating in the California Public Employee Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS issues a separate Annual Comprehensive Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 Q Street, Room 3340, Sacramento, California 95811.

*Benefits Provided*

The benefits for public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. All qualified part-time and full-time employees of the District are required to participate in CalPERS. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with 5 years of total service are eligible to retire at age 50 or 52 (depending on the Plan) with statutorily reduced benefits.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date:		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	10.34%	7.59%
Final Compensation	36 months	36 months

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

## *Funding Policy*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1st following the notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's employer contributions to the Plan for the year ended June 30, 2022, were \$1,828,366.

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

As of June 30, 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of \$5,123,901.

The District's net pension liability for the Plan is measured as of June 30, 2021 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022, was as follows:

	Miscellaneous CLASSIC/PEPRA
Proportion - June 30, 2021	0.2789%
Proportion - June 30, 2022	0.2699%
Change - Increase (Decrease)	-0.0091%

For the year ended June 30, 2022, the District recognized pension expense of (\$40,022). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 574,591	\$ -
Net difference between projected and actual investment earnings	-	4,472,895
Difference between employer's contributions and proportionate share of contributions	-	402,040
Change in employer's proportion	610,275	-
Pension contributions made subsequent to measurement date	1,828,366	-
Total	\$ 3,013,232	\$ 4,874,935

\$1,828,366 reported as deferred outflows of resources relate to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.



# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

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

Year Ended June 30,	
2023	\$ (709,903)
2024	(791,910)
2025	(952,179)
2026	(1,236,077)
Total	\$ (3,690,069)

### *Actuarial assumptions*

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Investment Rate of Return	7.15%
Projected Salary Increase	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds (1)

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016 based on the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and assets allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100%</u>		

(a) an expected inflation of 2.00% is used for this period.

(b) an expected inflation of 2.92% is used for this period.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Subsequent Event* - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 6.15%	Current Discount Rate 7.15%	Discount Rate 8.15%
Net Pension Liability	<u>\$ 13,042,011</u>	<u>\$ 5,123,901</u>	<u>\$ (1,421,887)</u>

*Pension Plan Fiduciary Net Position* – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Note 11 - Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan**

*Plan Description.* The District participates in an agent multi-employer defined benefit medical plan administered by the California Public Employees’ Retirement System (CalPERS). The plan provides postemployment healthcare benefits to eligible retirees by contributing the minimum employer contributions (MEC) \$149 in calendar year 2022. An additional \$150 is contributed towards retiree health care costs based upon a Board approved employee contract. This coverage is available for employees who retire with the District on reaching normal retirement age. At June 30, 2022, the District had 28 retirees participating in the plan.

The District has established an irrevocable trust to fund the OPEB Plan with the California Employers’ Retiree Benefit Trust (CERBT).

The CERBT was established by Chapter 331 of the 1988 California Statutes, and employers elect to participate in the CERBT to pre-fund health, dental, and other non-pension postemployment benefits for their retirees and survivors. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers’ plans. There are three Board approved investment strategies for employers to choose from depending on their expected levels of return and volatility.

*Benefits provided.* The District provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

*Employees covered by benefit terms.* At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	28
Active employees	88
	116
Total	116

*Contributions.* The contribution rate is determined on an annual basis by an independent actuary. Employees are not required to contribute to the plan. The District's employer contributions to the Plan for the year ended June 30, 2022, were \$267,013.

### Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

*Actuarial assumptions:* The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.75% per annum
Investment rate of return	6% per annum
Medical trend rates	6.5% in 2021, decreasing 0.25% per year to an ultimate rate of 4.5% for 2031 and later years

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
CERBT		
Global Equity	22%	5.50%
Global Debt Securities	49%	2.35%
Inflation assets	16%	1.50%
Commodities	5%	1.75%
REITs	8%	3.65%
	100%	
Total	100%	

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

*Discount rate.* The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates through the CERBT under its investment allocation strategy 3. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Changes in the Net OPEB Liability

Change in the net OPEB liability for the measurement date June 30, 2021, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2021	\$ 3,675,075	\$ 2,606,464	\$ 1,068,611
Changes for the year:			
Service cost	138,934	-	138,934
Interest	223,724	-	223,724
Changes in assumptions	(2,214)	-	(2,214)
Differences between expected and actual experience	(56,477)	-	(56,477)
Contributions - employer	-	343,173	(343,173)
Net investment income	-	353,713	(353,713)
Benefit payments	(173,082)	(173,082)	-
Administrative expense	-	(920)	920
Net changes	<u>130,885</u>	<u>522,884</u>	<u>(391,999)</u>
Balances at June 30, 2022	<u>\$ 3,805,960</u>	<u>\$ 3,129,348</u>	<u>\$ 676,612</u>

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	\$ 1,181,098	\$ 676,612	\$ 255,792

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% for HMO and PPO decreasing to 3.5%) or 1-percentage-point higher (7.5% for HMO and PPO decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5% HMO / 5.5% PPO decreasing to 3.5% HMO / 3.5% PPO)	Healthcare Cost Trend Rates (6.5% HMO / 6.5% PPO decreasing to 4.5% HMO / 4.5% PPO)	1% Decrease (7.5% HMO / 7.5% PPO decreasing to 5.5% HMO / 5.5% PPO)
Net OPEB liability	\$ 282,356	\$ 676,612	\$ 1,168,116

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized OPEB expense of \$246,356. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	\$ 166,426	\$ 67,923
Changes of assumptions	86,161	1,968
Net difference between projected and actual earnings on OPEB plan investments	-	158,995
Contributions subsequent to measurement date	267,013	-
Total	\$ 519,600	\$ 228,886

Contributions made subsequent to the measurement date of \$267,013 that are recorded as a deferred outflow of resources will be recognized as a reduction of the net OPEB liability during the year ended June 30, 2023.

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2022

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

Year Ending June 30,	
2023	\$ 37,195
2024	31,708
2025	35,994
2026	(47,517)
2027	(9,053)
Thereafter	(24,626)
Total	\$ 23,701

**Note 12 - Adoption of New Standard**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires 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. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Governmental Activities	Proprietary Fund
Net position at June 30, 2021, as previously reported	\$ 68,411,978	\$ 4,256,366
Recognition of lease receivables	577,922	577,922
Recognition of deferred inflows of resources from leases	(577,922)	(577,922)
Net position at July 1, 2021, as restated	\$ 68,411,978	\$ 4,256,366



Required Supplementary Information  
June 30, 2022

# Sacramento Metropolitan Air Quality Management District



Sacramento Metropolitan Air Quality Management District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund – Budget to Actual  
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Sales Tax	\$ 2,117,637	\$ 2,117,637	\$ 2,551,772	\$ 434,135
Fees and Licenses	8,033,375	8,033,375	8,765,312	731,937
Local Government	525,826	525,826	114,416	(411,410)
State	7,285,960	7,285,960	7,326,426	40,466
Federal	2,892,579	2,892,579	2,151,035	(741,544)
Fines, Forfeitures, and Penalties	150,000	150,000	677,527	527,527
Other	6,500	6,500	42,958	36,458
<b>Investment Income (loss):</b>				
Interest Income	100,000	100,000	48,797	(51,203)
GASB 31 FMV Adjustment	-	-	(185,560)	(185,560)
<b>Total revenues</b>	<b>21,111,877</b>	<b>21,111,877</b>	<b>21,492,683</b>	<b>380,806</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Business Compliance	8,209,448	8,209,448	7,868,485	340,963
Air Monitoring	5,980,598	5,980,598	3,687,463	2,293,135
Sustainable Land Use	2,529,914	2,529,914	2,226,768	303,146
Clean Transportation and Mobility Innovation	3,931,149	3,931,149	2,722,703	1,208,446
Community Health Protection	2,347,473	2,347,473	1,993,961	353,512
Capital Outlay	1,127,000	1,127,000	253,957	873,043
<b>Total expenditures</b>	<b>24,125,582</b>	<b>24,125,582</b>	<b>18,753,337</b>	<b>5,372,245</b>
<b>Excess/(deficiency) of revenues over (under) expenditures</b>	<b>\$ (3,013,705)</b>	<b>\$ (3,013,705)</b>	<b>\$ 2,739,346</b>	<b>\$ 5,753,051</b>

Sacramento Metropolitan Air Quality Management District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Fund – Budget to Actual  
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State	\$ 20,698,190	\$ 20,698,190	\$ 5,317,252	\$ (15,380,938)
Federal	4,366,059	4,366,059	379,233	(3,986,826)
Fines, Forfeitures, and Penalties	-	-	35,375	35,375
Other	23,360	23,360	13,300	(10,060)
Investment Income (loss):				
Interest Income	390,000	390,000	218,848	(171,152)
GASB 31 FMV Adjustment	-	-	(745,071)	(745,071)
Total revenues	<u>25,477,609</u>	<u>25,477,609</u>	<u>5,218,937</u>	<u>(20,258,672)</u>
Expenditures:				
Current:				
Clean Transportation and Mobility Innovation	<u>38,258,525</u>	<u>38,258,525</u>	<u>5,892,737</u>	<u>32,365,788</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>\$ (12,780,916)</u>	<u>\$ (12,780,916)</u>	<u>\$ (673,800)</u>	<u>\$ 12,107,116</u>

**Sacramento Metropolitan Air Quality Management District**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Year Ended June 30, 2022**

	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>					
Service cost	\$ 127,662	\$ 135,322	\$ 139,382	\$ 135,587	\$ 138,934
Interest	151,691	162,804	173,500	213,797	223,724
Differences between expected and actual experience	-	-	332,851	(22,785)	(56,477)
Changes in assumptions	-	-	172,321	-	(2,214)
Benefit payments, including refunds of member contributions	(87,179)	(116,408)	(131,420)	(156,158)	(173,082)
<b>Net change in total OPEB liability</b>	<b>192,174</b>	<b>181,718</b>	<b>686,634</b>	<b>170,441</b>	<b>130,885</b>
Total OPEB liability – beginning	2,444,108	2,636,282	2,818,000	3,504,634	3,675,075
<b>Total OPEB liability – ending (a)</b>	<b>\$ 2,636,282</b>	<b>\$ 2,818,000</b>	<b>\$ 3,504,634</b>	<b>\$ 3,675,075</b>	<b>\$ 3,805,960</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$ 246,101	\$ 248,588	\$ 262,652	\$ 323,364	\$ 343,173
Net investment income	64,728	84,654	146,377	145,998	353,713
Benefit payments, including refunds of member contributions	(87,179)	(116,408)	(131,420)	(156,158)	(173,082)
Administrative expense	(822)	(939)	(435)	(1,139)	(920)
Other expense	-	(2,386)	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>222,828</b>	<b>213,509</b>	<b>277,174</b>	<b>312,065</b>	<b>522,884</b>
Plan fiduciary net position – beginning	1,580,888	1,803,716	2,017,225	2,294,399	2,606,464
<b>Plan fiduciary net position – ending (b)</b>	<b>1,803,716</b>	<b>2,017,225</b>	<b>2,294,399</b>	<b>2,606,464</b>	<b>3,129,348</b>
<b>District’s net OPEB liability – ending (a) – (b)</b>	<b>\$ 832,566</b>	<b>\$ 800,775</b>	<b>\$ 1,210,235</b>	<b>\$ 1,068,611</b>	<b>\$ 676,612</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>68.42%</b>	<b>71.58%</b>	<b>65.47%</b>	<b>70.92%</b>	<b>82.22%</b>
Covered-employee payroll	\$ 9,196,130	\$ 9,373,544	\$ 9,708,765	\$ 9,827,349	\$ 10,257,608
<b>District’s net OPEB liability as a percentage of covered-employee payroll</b>	<b>9.05%</b>	<b>8.54%</b>	<b>12.47%</b>	<b>10.87%</b>	<b>6.60%</b>
<b>Measurement Date</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>

Changes in assumptions: In 2020, the inflation rate was changed from 2.75% to 2.5% and salary increases changed from 3.0% plus merit to 2.75%.

\* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

Sacramento Metropolitan Air Quality Management District  
Schedule of the District's OPEB Contributions  
Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 221,719	\$ 221,414	\$ 262,674	\$ 269,898	\$ 267,013
Contributions in relation to the actuarially required contribution	<u>(248,588)</u>	<u>(221,414)</u>	<u>(262,674)</u>	<u>(269,898)</u>	<u>(267,013)</u>
Contribution deficiency (excess)	<u>\$ (26,869)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,373,544	\$ 9,708,765	\$ 9,827,349	\$ 10,257,608	\$ 10,453,736
Contributions as a percentage of covered-employee payroll	2.65%	2.28%	2.67%	2.63%	2.55%

\* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

Method and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level-percentage of payroll
Amortization period	11 years
Asset valuation method	Market value basis
Inflation	2.5% per annum
Healthcare cost trend rates	6.5% initial, decreasing by 0.25% per year to 4.5%
Salary increases	2.75% per annum, plus merit scale
Investment rate of return	6.0% per annum
Retirement age	According to the retirement rates under the 2017 experience
Mortality	According to the mortality rates per the 2017 experience study for the CalPERS pension plan

Sacramento Metropolitan Air Quality Management District  
Schedule of Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.1043%	0.2381%	0.2454%	0.2552%	0.2574%	0.2673%	0.2789%	0.2699%
District's proportionate share of the net pension liability (asset)	\$ 6,489,889	\$ 6,533,370	\$ 8,524,599	\$ 10,060,590	\$ 9,699,002	\$ 10,703,922	\$ 11,764,861	\$ 5,123,901
District's covered payroll	\$ 8,908,245	\$ 10,332,821	\$ 9,422,478	\$ 9,196,130	\$ 9,373,544	\$ 9,708,765	\$ 9,827,349	\$ 10,257,608
District's proportionate share of the net pension liability as percentage of covered payroll	72.85%	63.23%	90.47%	109.40%	103.47%	110.25%	119.72%	49.95%
Plan fiduciary net position as a percentage of the total pension liability	79.90%	79.89%	75.87%	75.39%	75.26%	75.26%	75.10%	88.29%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

Changes in assumptions: In 2015, the discount rate was changed from 7.50 percent to 7.65 percent. In 2017, the discount rate was changed from 7.65 percent to 7.15 percent. In 2018, the demographic assumptions and inflation rate changed from 2.75 percent to 2.5 percent.

\* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

Sacramento Metropolitan Air Quality Management District  
Schedule of Pension Contributions  
Year Ended June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 1,066,362	\$ 1,190,341	\$ 1,132,308	\$ 1,354,429	\$ 1,443,386	\$ 1,670,845	\$ 1,882,196	\$ 1,828,366
Contributions in relation to the actuarially determined contributions	<u>1,068,331</u>	<u>1,190,341</u>	<u>1,257,850</u>	<u>1,286,471</u>	<u>1,443,386</u>	<u>1,670,845</u>	<u>1,882,196</u>	<u>1,828,366</u>
Contribution deficiency (excess)	<u>\$ (1,969)</u>	<u>\$ -</u>	<u>\$ (125,542)</u>	<u>\$ 67,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,332,821	\$ 9,422,478	\$ 9,196,130	\$ 9,373,544	\$ 9,708,765	\$ 9,827,349	\$ 10,257,608	\$ 10,453,736
Contributions as a percentage of covered payroll	11.99%	11.52%	12.02%	14.59%	14.87%	17.00%	18.35%	17.49%

\* Fiscal year 2015 was the first year of implementation; therefore, only eight years are shown.

**Note 1 - Budgetary Comparison Schedule**

Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The legal level of budgetary control is the classification level.

On or before the last day in February of each year, all divisions of the District submit budget packages to the Administrative Services Division Manager so that a budget may be prepared. The District notices and holds two public meetings as part of the Sacramento Metropolitan Air Quality Management District Board of Directors meetings in April and May. As required by air pollution control laws, noticing is done 30 days prior to the public hearing. The Board holds public hearings, and a final budget or continuing budget resolution must be prepared and adopted no later than June 30th.

The appropriated budget is prepared by fund, function and division. The District's division managers may make transfers of appropriations within an object (e.g., salaries and benefits, services and supplies, capital outlay and inter-fund charges). Transfers of appropriations between objects require the approval of the Board.



Supplementary Information  
June 30, 2022

# Sacramento Metropolitan Air Quality Management District



Sacramento Metropolitan Air Quality Management District  
 Budgetary Schedules at Legal Level of Budgetary Control – General Fund  
 Year Ended June 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
State	\$ 1,771,669	\$ 1,771,669	\$ 1,870,150	\$ 98,481
ARB Subvention	360,820	360,820	359,316	(1,504)
DMV	5,153,471	5,153,471	5,096,960	(56,511)
Federal	2,892,579	2,892,579	2,151,035	(741,544)
Fees & Licenses (Other)	924,474	924,474	1,077,307	152,833
Fees & Licenses (Rule 301)	7,108,901	7,108,901	7,688,005	579,104
Local Government	525,826	525,826	114,416	(411,410)
Sales Use Tax	2,117,637	2,117,637	2,551,772	434,135
Fines/Forfeitures/Penalties	150,000	150,000	677,527	527,527
Investment income (loss):				
Interest Income	100,000	100,000	48,797	(51,203)
GASB 31 FMV Adjustment	-	-	(185,560)	(185,560)
Other	6,500	6,500	42,958	36,458
<b>Total revenues</b>	<b>21,111,877</b>	<b>21,111,877</b>	<b>21,492,683</b>	<b>380,806</b>
<b>Expenditures:</b>				
Employee Services	16,681,622	16,681,622	15,231,426	1,450,196
Services and Supplies	7,649,772	7,649,772	4,710,878	2,938,894
Capital Projects	1,127,000	1,127,000	253,957	873,043
Transfers	(1,332,812)	(1,332,812)	(1,442,924)	110,112
<b>Total expenditures</b>	<b>24,125,582</b>	<b>24,125,582</b>	<b>18,753,337</b>	<b>5,372,245</b>
<b>Excess /(deficiency) of revenues over(under) expenditures</b>	<b>\$ (3,013,705)</b>	<b>\$ (3,013,705)</b>	<b>\$ 2,739,346</b>	<b>\$ 5,753,051</b>

Sacramento Metropolitan Air Quality Management District  
 Budgetary Schedules at Legal Level of Budgetary Control – Special Revenue Fund  
 Year Ended June 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
State	\$ 18,121,454	\$ 18,121,454	\$ 2,768,772	\$ (15,352,682)
DMV	2,576,736	2,576,736	2,548,480	(28,256)
Federal Grants	4,366,059	4,366,059	379,233	(3,986,826)
Fines, Forfeitures, and Penalties	-	-	35,375	35,375
Investment income (loss):				
Interest Income	390,000	390,000	218,848	(171,152)
GASB 31 FMV Adjustment	-	-	(745,071)	(745,071)
Other	23,360	23,360	13,300	(10,060)
<b>Total revenues</b>	<b>25,477,609</b>	<b>25,477,609</b>	<b>5,218,937</b>	<b>(20,258,672)</b>
<b>Expenditures:</b>				
Services and Supplies	36,925,713	36,925,713	4,449,813	32,475,900
Transfers	1,332,812	1,332,812	1,442,924	(110,112)
<b>Total expenditures</b>	<b>38,258,525</b>	<b>38,258,525</b>	<b>5,892,737</b>	<b>32,365,788</b>
<b>Excess /(deficiency) of revenues over(under) expenditures</b>	<b>\$ (12,780,916)</b>	<b>\$ (12,780,916)</b>	<b>\$ (673,800)</b>	<b>\$ 12,107,116</b>

Statistical Section  
June 30, 2022



# Sacramento Metropolitan Air Quality Management District

This part of the comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Please note that the District made changes to the activity types in Fiscal Year 2019. As a result, some schedules will show six years of history with the previous activity types and a second schedule will contain four years of data with the new activity types for a total of 10 years of historical data. It was not feasible to restate prior years. In addition, it was determined in Fiscal Year 2019 that the Proprietary Fund was more properly classified as an Internal Service Fund; in previous years the fund was shown as an Enterprise fund. Prior years have not been restated for this change in fund classification.

#### Financial Trends

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

- Schedule 1 – Net Position by Component – Last Ten Fiscal Years
- Schedule 2 – Changes in Net Position – Last Ten Fiscal Years
- Schedule 3 – Fund Balances of Governmental Funds – Last Ten Fiscal Years
- Schedule 4 – Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years
- Schedule 5 – General Fund Expenditures by Major Object (Budgetary) – Last Ten Fiscal Years
- Schedule 6 – General Fund Expenditures by Major Object (Actual) – Last Ten Fiscal Years

#### Revenue Capacity

The following schedules present information to help the reader assess the District's own source revenue, permits and fees:

- Schedule 7 – General Government Revenues by Source – Last Ten Fiscal Years
- Schedule 8 – Own Source Government Revenue – Last Ten Fiscal Years

#### Operating Information

The following schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

- Schedule 9 – Demographic Information – Last Ten Years
- Schedule 10 – DMV Registrations (Autos & Trucks) – Last Ten Years
- Schedule 11 – Principal Employers – Current Year and Ten Years Ago
- Schedule 12 – District Staff Position List – Last Ten Fiscal Years
- Schedule 13 – Ratios of Outstanding Debt by Type – Last Ten Fiscal Years
- Schedule 14 – Capital Assets by Function/Program – Last Ten Fiscal Years

**Sacramento Metropolitan Air Quality Management District**  
**Schedule 1 – Net Position by Component –**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(unaudited)**  
**Year Ended June 30, 2022**

	2013	2014	2015	2016	2017
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 653,680	\$ 764,943	\$ 792,677	\$ 1,111,788	\$ 1,196,123
Restricted	19,018,128	18,732,929	14,705,749	19,374,392	18,788,183
Unrestricted	-	792,734	(900,807)	(157,287)	605,026
<b>Total governmental activities net position</b>	<b>19,671,808</b>	<b>20,290,606</b>	<b>14,597,619</b>	<b>20,328,893</b>	<b>20,589,332</b>
<b>Business-type Activities</b>					
Net investment in capital assets	113,259	93,109	232,801	613,133	820,602
Restricted	416,252	416,293	418,340	416,382	416,575
Unrestricted	1,094,081	1,274,390	1,331,412	1,190,967	1,142,715
<b>Total business-type activities net position</b>	<b>1,623,592</b>	<b>1,783,792</b>	<b>1,982,553</b>	<b>2,220,482</b>	<b>2,379,892</b>
<b>Primary government</b>					
Net investment in capital assets	766,939	858,052	1,025,478	1,724,921	2,016,725
Restricted	19,434,380	19,149,222	15,124,089	19,790,774	19,204,758
Unrestricted	1,094,081	2,067,124	430,605	1,033,680	1,747,741
<b>Total primary government net position</b>	<b>\$ 21,295,400</b>	<b>\$ 22,074,398</b>	<b>\$ 16,580,172</b>	<b>\$ 22,549,375</b>	<b>\$ 22,969,224</b>

Source: Annual Comprehensive Financial Report - Statement of Net Position

Sacramento Metropolitan Air Quality Management District  
Schedule 1 – Net Position by Component (continued) –  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(unaudited)  
Year Ended June 30, 2022

	2018 (a)	2019 (b)	2020	2021	2022
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 1,170,111	\$ 2,245,913	\$ 2,745,363	\$ 3,151,636	\$ 3,243,373
Restricted	30,250,374	36,909,801	51,881,357	69,562,558	71,238,107
Unrestricted	(5,625,047)	(3,921,835)	(2,768,037)	(4,302,216)	(1,722,254)
<b>Total governmental activities net position</b>	<b>25,795,438</b>	<b>35,233,879</b>	<b>51,858,683</b>	<b>68,411,978</b>	<b>72,759,226</b>
<b>Business-type Activities</b>					
Net investment in capital assets	984,226	-	-	-	-
Restricted	420,495	-	-	-	-
Unrestricted	1,575,033	-	-	-	-
<b>Total business-type activities net position</b>	<b>2,979,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Primary government</b>					
Net investment in capital assets	2,154,337	2,245,913	2,745,363	3,151,636	3,243,373
Restricted	30,670,869	36,909,801	51,881,357	69,562,558	71,238,107
Unrestricted	(4,050,014)	(3,921,835)	(2,768,037)	(4,302,216)	(1,722,254)
<b>Total primary government net position</b>	<b>\$ 28,775,192</b>	<b>\$ 35,233,879</b>	<b>\$ 51,858,683</b>	<b>\$ 68,411,978</b>	<b>\$ 72,759,226</b>

Notes:

(a) Reflects the new accounting treatment for pension and health liability

(b) The Proprietary Fund was more properly classified as an Internal Service Fund for the FY 2019 and is included in Governmental Activities component for FY 2019 forward.

Source: Annual Comprehensive Financial Report - Statement of Net Position

Sacramento Metropolitan Air Quality Management District  
Schedule 2 – Changes in Net Position –  
Last Ten Fiscal Years (a)  
(accrual basis of accounting)  
(unaudited)  
Year Ended June 30, 2022

	2013	2014	2015	2016	2017	2018
<b>Expenses</b>						
<b>Governmental Activities</b>						
Stationary source activities	\$ 5,739,977	\$ 5,747,748	\$ 5,918,050	\$ 6,162,041	\$ 6,222,368	\$ 7,496,314
Mobile source activities	28,384,959	11,478,921	14,884,085	11,207,276	11,561,366	8,427,228
Program coordination activities	3,768,674	3,836,739	3,883,548	4,359,691	4,381,093	4,901,319
Strategic planning activities	3,677,908	3,772,415	3,877,953	4,380,829	3,937,606	5,183,744
Depreciation expense-unallocated	144,940	148,389	211,551	209,891	237,940	226,521
<b>Total governmental activities</b>	<b>\$ 41,716,458</b>	<b>\$ 24,984,212</b>	<b>\$ 28,775,187</b>	<b>\$ 26,319,728</b>	<b>\$ 26,340,373</b>	<b>\$ 26,235,126</b>
<b>Business-type activities</b>						
Building operations and obligations	\$ 650,968	\$ 641,654	\$ 697,804	\$ 715,125	\$ 877,284	\$ 454,367
<b>Total primary government expenses</b>	<b>\$ 42,367,426</b>	<b>\$ 25,625,866</b>	<b>\$ 29,472,991</b>	<b>\$ 27,034,853</b>	<b>\$ 27,217,657</b>	<b>\$ 26,689,493</b>
<b>Program Revenues</b>						
<b>Governmental Activities</b>						
<b>Charges for services</b>						
Stationary source activities	\$ 5,431,158	\$ 5,867,492	\$ 6,440,801	\$ 6,692,235	\$ 7,235,968	\$ 8,140,016
Mobile source activities	824,850	996,018	106,376	153,178	156,288	155,097
Program coordination activities	96,170	68,314	265,185	89,163	60,341	154,767
Strategic planning activities	40,839	408,808	140,712	242,084	310,430	315,248
<b>Operating grants and contributions</b>						
Stationary source activities	401,685	-	-	-	-	-
Mobile source activities	24,933,316	9,141,087	13,910,787	15,076,802	8,932,391	13,690,540
Program coordination activities	926,954	1,446,883	1,442,936	1,438,170	1,438,170	1,596,487
Strategic planning activities	794,100	643,422	643,422	643,422	643,422	643,422
<b>Total governmental activities</b>	<b>\$ 33,449,072</b>	<b>\$ 18,572,024</b>	<b>\$ 22,950,219</b>	<b>\$ 24,335,054</b>	<b>\$ 18,777,010</b>	<b>\$ 24,695,577</b>
<b>Business-type activities</b>						
Building operations and obligations	\$ 748,642	\$ 795,771	\$ 888,592	\$ 943,891	\$ 1,018,795	\$ 1,025,568
<b>Total primary government program revenues</b>	<b>\$ 34,197,714</b>	<b>\$ 19,367,795</b>	<b>\$ 23,838,811</b>	<b>\$ 25,278,945</b>	<b>\$ 19,795,805</b>	<b>\$ 25,721,145</b>
<b>Net (Expense) Revenue</b>						
Government activities	\$ (8,267,386)	\$ (6,412,188)	\$ (5,824,968)	\$ (1,984,674)	\$ (7,563,363)	\$ (1,539,549)
Business-type activities	97,674	154,117	190,788	228,766	141,511	571,201
<b>Total primary government net (expenses) revenue</b>	<b>\$ (8,169,712)</b>	<b>\$ (6,258,071)</b>	<b>\$ (5,634,180)</b>	<b>\$ (1,755,908)</b>	<b>\$ (7,421,852)</b>	<b>\$ (968,348)</b>
<b>General revenues</b>						
<b>Governmental activities</b>						
Grants and subventions	\$ 6,056,461	\$ 6,614,984	\$ 6,808,183	\$ 7,087,643	\$ 7,347,831	\$ 6,995,834
Interest	64,378	18,965	25,241	5,438	81,700	116,467
Gain on sale of capital assets	-	-	16,270	-	-	-
Penalties/Settlements	446,663	397,037	569,708	622,868	394,272	496,575
Transfers	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 6,567,502</b>	<b>\$ 7,030,986</b>	<b>\$ 7,419,402</b>	<b>\$ 7,715,949</b>	<b>\$ 7,823,803</b>	<b>\$ 7,608,876</b>
<b>Business-type activities</b>						
Interest	\$ 10,268	\$ 6,083	\$ 7,973	\$ 9,163	\$ 17,899	\$ 28,661
Transfers	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>10,268</b>	<b>6,083</b>	<b>7,973</b>	<b>9,163</b>	<b>17,899</b>	<b>28,661</b>
<b>Total Primary government revenue</b>	<b>\$ 6,577,770</b>	<b>\$ 7,037,069</b>	<b>\$ 7,427,375</b>	<b>\$ 7,725,112</b>	<b>\$ 7,841,702</b>	<b>\$ 7,637,537</b>
<b>Change in net position</b>						
Government activities	\$ (1,699,884)	\$ 618,798	\$ 1,594,434	\$ 5,731,275	\$ 260,439	\$ 6,069,327
Business-type activities	107,942	160,200	198,761	237,929	159,410	599,862
<b>Total Primary government</b>	<b>\$ (1,591,942)</b>	<b>\$ 778,998</b>	<b>\$ 1,793,195</b>	<b>\$ 5,969,204</b>	<b>\$ 419,849</b>	<b>\$ 6,669,189</b>

Note:

(a) For the fiscal year ending 6/30/2019 activity categories were redefined. Therefore, this page includes the six-year period ending 6/30/2018. See next page for fiscal years subsequent to 6/30/2018.

Source: Annual Comprehensive Financial Report-Statement of Activities

Sacramento Metropolitan Air Quality Management District

Schedule 2 – Changes in Net Position –

Last Ten Fiscal Years (a)

(accrual basis of accounting)

(unaudited)

Year Ended June 30, 2022

	2019	2020	2021	2022
<b>Expenses</b>				
<b>Governmental Activities</b>				
Business Compliance	\$ 6,762,504	\$ 6,863,473	\$ 7,542,903	\$ 6,838,518
Air Monitoring	3,649,645	4,099,677	3,961,441	3,445,578
Sustainable Land Use	2,344,711	2,459,163	2,625,410	1,998,722
Clean Transportation and Mobility Innovation	18,821,767	18,993,969	14,136,285	8,071,082
Community Health Protection	2,065,860	2,249,228	2,177,038	1,833,853
Interest on long-term debt	103,843	94,544	85,350	75,931
Unallocated Depreciation	101,626	72,812	63,474	40,921
<b>Total primary government</b>	<b>\$ 33,849,956</b>	<b>\$ 34,832,866</b>	<b>\$ 30,591,901</b>	<b>\$ 22,304,605</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for services</b>				
Business Compliance	\$ 7,553,612	\$ 8,268,370	\$ 7,783,865	\$ 8,366,030
Air Monitoring	486,231	506,363	207,691	320,017
Sustainable Land Use	72,934	153,625	75,977	263,316
Clean Transportation and Mobility Innovation	-	15,312	2	703
Community Health Protection	618,738	838,971	810,063	702,919
<b>Operating grants and contributions</b>				
Business Compliance	247,581	98,128	106,339	38,539
Air Monitoring	1,634,076	3,965,427	1,200,745	2,531,593
Sustainable Land Use	277,370	481,535	615,674	388,652
Clean Transportation and Mobility Innovation	20,182,390	27,888,607	27,650,746	5,762,695
Community Health Protection	829,551	827,702	734,325	938,774
<b>Total primary government</b>	<b>\$ 31,902,483</b>	<b>\$ 43,044,040</b>	<b>\$ 39,185,427</b>	<b>\$ 19,313,238</b>
<b>Net (Expense) Revenue</b>				
<b>Total primary government</b>	<b>\$ (1,947,473)</b>	<b>\$ 8,211,174</b>	<b>\$ 8,593,526</b>	<b>\$ (2,991,367)</b>
<b>General revenues</b>				
Grants and subventions	\$ 7,308,273	\$ 7,413,413	\$ 7,858,435	\$ 8,008,048
Interest (loss)	730,405	1,007,653	98,516	(669,433)
Gain (loss) on disposal of capital assets	-	(7,436)	2,818	-
<b>Total general revenue</b>	<b>\$ 8,038,678</b>	<b>\$ 8,413,630</b>	<b>\$ 7,959,769</b>	<b>\$ 7,338,615</b>
<b>Change in net position for the period</b>	<b>\$ 6,091,205</b>	<b>\$ 16,624,804</b>	<b>\$ 16,553,295</b>	<b>\$ 4,347,248</b>

Note:

(a) For the fiscal year ending 6/30/2019 activity categories were redefined. Therefore, this page includes the four-year period after 6/30/2018. See prior page for fiscal years previous to 6/30/2019.

Source: Annual Comprehensive Financial Report-Statement of Activities



**Sacramento Metropolitan Air Quality Management District**  
 Schedule 3 – Fund Balances of Governmental Funds –  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (unaudited)  
 Year Ended June 30, 2022

	2013	2014	2015 (a)	2016	2017
<b>General Fund</b>					
Nonspendable	\$ -	\$ -	\$ 155,110	\$ 171,675	\$ 190,202
Restricted	11,350,172	10,998,388	10,287,274	8,796,696	8,061,391
Assigned	320,000	320,000	320,000	320,000	320,000
Unrestricted	-	792,734	1,395,878	1,798,521	1,737,137
<b>Total General Fund</b>	<b>\$ 11,670,172</b>	<b>\$ 12,111,122</b>	<b>\$ 12,158,262</b>	<b>\$ 11,086,892</b>	<b>\$ 10,308,730</b>
<b>Special Revenue Fund (b)</b>					
Restricted	\$ 8,194,251	\$ 8,277,548	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422
<b>Total Special Revenue Fund</b>	<b>\$ 8,194,251</b>	<b>\$ 8,277,548</b>	<b>\$ 9,549,952</b>	<b>\$ 15,185,241</b>	<b>\$ 14,623,422</b>

Notes:

(a) GASB Statement 54 replaced the categories that previously had been used to classify fund balance.

This schedule reclassifies nonspendable from restricted per that statement.

(b) The Special Revenue Fund was previously referred to as the Emission Technology Fund.

Source: Annual Comprehensive Financial Report - Balance Sheet - Governmental Funds

Sacramento Metropolitan Air Quality Management District  
Schedule 3 – Fund Balances of Governmental Funds (continued) –  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(unaudited)  
Year Ended June 30, 2022

	2018	2019	2020	2021	2022
<b>General Fund</b>					
Nonspendable	\$ 402,380	\$ 152,580	\$ 98,462	\$ 131,192	\$ 136,174
Restricted	7,811,623	9,572,931	12,588,465	13,459,160	15,861,715
Assigned	320,000	2,607,673	1,737,431	3,013,705	1,696,179
Unrestricted	2,043,980	-	2,298,950	1,059,724	2,709,059
<b>Total General Fund</b>	<b>\$ 10,577,983</b>	<b>\$ 12,333,184</b>	<b>\$ 16,723,308</b>	<b>\$ 17,663,781</b>	<b>\$ 20,403,127</b>
<b>Special Revenue Fund (b)</b>					
Restricted	\$ 22,438,751	\$ 26,130,091	\$ 39,377,251	\$ 55,633,856	\$ 54,960,056
<b>Total Special Revenue Fund</b>	<b>\$ 22,438,751</b>	<b>\$ 26,130,091</b>	<b>\$ 39,377,251</b>	<b>\$ 55,633,856</b>	<b>\$ 54,960,056</b>

Notes:

(b) The Special Revenue Fund was previously referred to as the Emission Technology Fund.

Source: Annual Comprehensive Financial Report - Balance Sheet - Governmental Funds

Sacramento Metropolitan Air Quality Management District  
 Schedule 4 – Changes in Fund Balances of Governmental Funds –  
 Last Ten Fiscal Years (a)  
 (modified accrual basis of accounting)  
 (unaudited)  
 Year Ended June 30, 2022

	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>						
Sales Tax	\$ 7,929,307	\$ 8,334,914	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	25,879,092	10,507,331	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	6,015,064	6,741,800	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	193,112	18,965	60,372	(31,188)	226,170	1,004,824
<b>Total Revenue</b>	<b>\$ 40,016,575</b>	<b>\$ 25,603,010</b>	<b>\$ 30,353,348</b>	<b>\$ 32,051,002</b>	<b>\$ 26,600,812</b>	<b>\$ 32,304,454</b>
<b>EXPENDITURES</b>						
Current:						
Stationary Sources	\$ 5,758,644	\$ 5,741,059	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	28,394,103	11,475,645	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,780,971	3,832,332	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,684,435	3,770,076	3,918,802	4,517,235	4,168,340	4,861,221
Capital Outlay	290,995	259,652	239,283	529,002	322,275	200,510
<b>Total Expenditures</b>	<b>\$ 41,909,148</b>	<b>\$ 25,078,764</b>	<b>\$ 29,050,073</b>	<b>\$ 27,487,084</b>	<b>\$ 27,940,793</b>	<b>\$ 24,219,871</b>
Excess (Deficiency) of Revenue over Expenditures	\$ (1,892,573)	\$ 524,246	\$ 1,303,275	\$ 4,563,918	\$ (1,339,981)	\$ 8,084,583
<b>OTHER FINANCING SOURCES (USES)</b>						
Gain on sale of capital assets	-	-	16,270	-	-	-
<b>Net change in fund balances</b>	<b>\$ (1,892,573)</b>	<b>\$ 524,246</b>	<b>\$ 1,319,545</b>	<b>\$ 4,563,918</b>	<b>\$ (1,339,981)</b>	<b>\$ 8,084,583</b>

Note:

(a) For the fiscal year ending 6/30/2019 activity categories were redefined. Therefore, this page includes the six-year period ending 6/30/2018.  
 See next page for fiscal years subsequent to 6/30/2018.

Source: Annual Comprehensive Financial Report-Changes in Fund Balances of Governmental Funds

**Sacramento Metropolitan Air Quality Management District**  
**Schedule 4 – Changes in Fund Balances of Governmental Funds (continued) –**  
**Last Ten Fiscal Years (a)**  
**(modified accrual basis of accounting)**  
**(unaudited)**  
**Year Ended June 30, 2022**

	2019	2020	2021	2022
<b>REVENUES</b>				
Sales Tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362
Fees and Licenses	8,109,883	8,823,399	8,484,401	8,765,312
Use of Money/Property	1,340,691	1,844,719	421,100	106,174
<b>Total Revenue</b>	<b>\$ 39,120,713</b>	<b>\$ 51,924,555</b>	<b>\$47,363,652</b>	<b>\$26,711,620</b>
<b>EXPENDITURES</b>				
Current:				
Business Compliance	\$ 6,771,994	\$ 6,579,044	\$ 7,334,384	\$ 7,868,485
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768
Clean Transportation and				
Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961
Capital Outlay	114,569	507,044	397,461	253,957
<b>Total Expenditures</b>	<b>\$ 33,674,072</b>	<b>\$ 34,287,271</b>	<b>\$30,166,574</b>	<b>\$24,646,074</b>
<b>Net change in fund balances</b>	<b>\$ 5,446,641</b>	<b>\$ 17,637,284</b>	<b>\$17,197,078</b>	<b>\$ 2,065,546</b>

Note:

(a) For the fiscal year ending 6/30/2019, activity categories were redefined. Therefore, this page includes the four-year period after 6/30/2018. See prior pages for fiscal years previous to 6/30/2019.

Source: Annual Comprehensive Financial Report-Changes in Fund Balances of Governmental Funds

Sacramento Metropolitan Air Quality Management District  
Schedule 5 – General Fund Expenditures by Major Object (Budgetary) –  
Last Ten Fiscal Years (a)  
(budgetary basis)  
(unaudited)  
Year Ended June 30, 2022

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
12-13	\$ 11,997,789	\$ 6,232,631	\$ 397,000	\$ -	\$ 18,627,420
13-14	12,472,301	5,939,276	180,532	-	18,592,109
14-15	13,018,613	6,742,313	564,532	-	20,325,458
15-16	13,396,624	7,157,659	798,332	-	21,352,615
16-17	13,898,555	7,327,432	1,747,000	-	22,972,987
17-18	14,969,998	6,493,742	881,800	-	22,345,540
18-19	15,811,786	6,728,496	1,164,200	(1,947,586)	21,756,896
19-20	16,688,251	6,489,409	1,905,500	(2,116,371)	22,966,789
20-21	16,378,640	6,795,570	984,500	(1,721,108)	22,437,602
21-22	16,681,622	7,649,772	1,127,000	(1,332,812)	24,125,582

Note:

(a) The budgeted expenditures represent the adopted budget adjusted for Board approved amendments, if applicable, based on new or modified expenditures.

Source: Approved Budget General Fund 100-Summary of Revenues, Expenditures and Budgeted Fund Balances

Sacramento Metropolitan Air Quality Management District  
 Schedule 6 – General Fund Expenditures by Major Object (Actual) –  
 Last Ten Fiscal Years  
 (unaudited)  
 Year Ended June 30, 2022

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
12-13	\$ 11,817,905	\$ 4,290,069	\$ 290,995	\$ -	\$ 16,398,969
13-14	12,011,320	4,217,453	259,652	-	16,488,425
14-15	12,112,938	4,858,855	239,283	-	17,211,076
15-16	12,959,077	5,584,127	529,002	-	19,072,206
16-17	13,199,676	5,541,055	322,275	-	19,063,006
17-18	13,660,805	5,236,263	200,510	-	19,097,578
18-19	13,619,667	4,836,842	114,569	(1,513,730)	17,057,348
19-20	14,518,535	4,604,776	507,044	(1,249,271)	18,381,084
20-21	14,924,266	4,830,240	394,643	(1,420,507)	18,728,642
21-22	15,231,426	4,710,878	253,957	(1,442,924)	18,753,337

Source: Annual Comprehensive Financial Report- Budgetary Schedules at Legal Level of Budgetary Control - General Fund

Sacramento Metropolitan Air Quality Management District

Schedule 7 – General Fund Revenues by Source –

Last Ten Fiscal Years

(unaudited)

Year Ended June 30, 2022

Fiscal Year	Taxes (a)	Intergovern- mental (a)	Licenses/ Permits	Use of Money & Property	Other	Total
12-13	\$ 5,862,442	\$ 3,637,602	\$ 6,015,064	\$ 64,380	\$ -	\$ 15,579,488
13-14	6,095,314	4,082,326	6,741,800	9,934	-	16,929,374
14-15	6,283,412	3,516,824	7,416,470	25,241	-	17,241,947
15-16	6,609,429	3,739,523	7,779,365	5,438	-	18,133,755
16-17	6,764,376	3,437,689	8,001,079	81,700	-	18,284,844
17-18	6,859,462	3,336,946	9,016,456	153,968	-	19,366,832
18-19	1,940,485	8,238,416	8,281,069	257,341	95,238	18,812,549
19-20	1,938,341	11,097,630	8,823,399	853,233	58,605	22,771,208
20-21	2,264,451	8,678,334	8,484,401	195,224	49,530	19,671,940
21-22	2,551,772	9,591,877	8,765,312	540,764	42,958	21,492,683

Note:

(a) Prior to FY 2019, the DMV surcharge was included in the Taxes revenue category. Starting in FY 2019, the DMV surcharge is more appropriately classified as Intergovernmental revenue.

Source: Annual Comprehensive Financial Report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (General Fund).

Sacramento Metropolitan Air Quality Management District  
 Schedule 8 – Own Source Government Revenue Base –  
 Last Ten Fiscal Years  
 (unaudited)  
 Year Ended June 30, 2022

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Year	Active Permits (a)	Actual Revenue (b)
2013	4,269	\$ 4,217,601
2014	4,331	4,465,746
2015	4,346	5,059,167
2016	4,344	5,098,778
2017	4,397	5,622,626
2018	4,411	6,393,690
2019	4,461	6,197,766
2020	4,437	7,231,406
2021	4,434	6,977,427
2022	4,446	7,045,970

Notes:

- (a) Stationary Source Data Base as of June 30. Active permits are Annual Renewal only.
- (b) Annual permit revenue from Annual Report Working Trial Balance for FY 2013-2018.  
 Annual permit revenue from Revenue by Payment Type report from Tyler NW system for FY 2019 forward. NW Report on Receipts by Payment Code Report for the reporting FY with the following Status: Posted; Report Detail: Detail; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V).

Source: Sacramento Metropolitan Air Quality Management District



Sacramento Metropolitan Air Quality Management District

Schedule 9 – Demographic Information –

Last Ten Fiscal Years (a)

(unaudited)

Year Ended June 30, 2022

<u>Year</u>	<u>County Population</u>	<u>County Total Personal Income</u>	<u>County Per Capita Income</u>	<u>County Unemployment Rate</u>
2012	1,435,000	\$ 57,498,308	\$ 40,068	12.1%
2013	1,447,000	59,775,785	41,303	10.5%
2014	1,460,000	61,654,690	42,229	8.9%
2015	1,478,000	65,486,553	44,303	7.3%
2016	1,497,000	70,110,138	46,845	6.0%
2017	1,514,000	72,878,458	48,122	5.4%
2018	1,531,000	76,832,120	50,197	4.6%
2019	1,541,000	80,969,087	52,544	3.8%
2020	1,552,000	85,775,621	55,266	3.7%
2021	1,559,000	90,908,707	58,307	9.3%

Notes:

(a) Most recent information available.

Source:

County of Sacramento Annual Comprehensive Financial Report

Sacramento Metropolitan Air Quality Management District

Schedule 10 – DMV Registrations (Autos & Trucks) –

Last Ten Years (a)

(unaudited)

Year Ended June 30, 2022

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<u>Year</u>	<u>Vehicles Registered (As of December 31)</u>
2012	1,142,212
2013	1,179,656
2014	1,208,025
2015	1,274,248
2016	1,313,152
2017	1,300,939
2018	1,317,994
2019	1,357,361
2020	1,358,137
2021	1,374,965

Notes:

(a) Most recent information available.

Source: California Department of Motor Vehicles

<https://www.dmv.ca.gov/portal/dmv-research-reports/>

Sacramento Metropolitan Air Quality Management District

Schedule 11 – Principal Employers –

Current Year and Ten Years Ago

(unaudited)

Year Ended June 30, 2022

Employer	2012			2022		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Private Industry	632,100	1	72.7%	805,500	1	75.8%
State Government	109,900	2	12.6%	129,500	2	12.2%
Local Government	103,900	3	11.9%	103,200	3	9.7%
Federal Government	13,900	4	1.6%	14,300	4	1.3%
Farm	10,200	5	1.2%	10,000	5	0.9%
Total All Industries	<u>870,000</u>		<u>100%</u>	<u>1,062,500</u>		<u>100%</u>

Source: <https://www.labormarketinfo.edd.ca.gov/data/employment-by-industry.html>

Employment by Industry Data

Geographical Areas-Sacramento MSA

# Sacramento Metropolitan Air Quality Management District

## Schedule 12 – District Staff Position List–

Last Ten Fiscal Years

Year Ended June 30, 2022

Classification	Full-Time Equivalent Employees as of June 30				
	2013	2014	2015	2016	2017
Administrative Assistant I/II	2.0	2.0	2.0	2.0	2.0
Administrative Specialist I/II	-	-	-	-	-
Administrative Supervisor/Clerk of the Board	-	-	-	-	-
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	19.5	19.5	19.5	20.5	20.5
Air Quality Engineer/Specialist/Planner	-	-	-	-	-
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	10.0	10.0	10.0	11.0	11.0
Air Quality Specialist	18.6	18.6	18.6	18.6	18.6
Assistant Air Pollution Control Officer	-	-	-	-	1.0
Clerical Services Supervisor	1.0	1.0	1.0	1.0	1.0
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9
Controller	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0
Division Manager	3.0	3.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	1.0	1.0
Financial Analyst	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0
Human Resource Assistant I/II	2.0	2.0	2.0	2.0	2.0
Human Resource Technician I/II	-	-	-	-	-
Human Resources Officer	1.0	1.0	1.0	1.0	1.0
Information Systems Administrator	1.0	1.0	1.0	1.0	-
Information Systems Analyst	2.0	2.0	2.0	2.0	2.0
Information Systems Manager	-	-	-	-	1.0
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0
Office Assistant I/II	2.0	2.0	2.0	2.0	2.0
Program Coordinator	12.0	12.0	12.0	12.0	12.0
Program Manager	-	-	-	-	-
Program Supervisor	5.0	5.0	5.0	5.0	5.0
Senior Accountant	1.0	1.0	1.0	1.0	1.0
Statistician	1.0	1.0	1.0	1.0	1.0
<b>Subtotal Funded Positions</b>	<b>93.0</b>	<b>93.0</b>	<b>94.0</b>	<b>96.0</b>	<b>97.0</b>
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	2.0	2.0	2.0	1.0	1.0
Air Quality Engineer/Specialist/Planner	-	-	-	-	-
Air Quality Planner/Analyst	1.0	1.0	1.0	-	-
Air Quality Specialist	2.0	2.0	2.0	2.0	1.0
Communication & Marketing Specialist	-	-	-	-	-
Division Manager	1.0	1.0	-	-	-
Human Resource Technician I/II	-	-	-	-	-
Office Assistant I/II	1.0	1.0	1.0	1.0	1.0
Program Coordinator	1.0	1.0	1.0	1.0	-
Program Supervisor	-	-	-	-	1.0
<b>Subtotal Unfunded Positions</b>	<b>9.0</b>	<b>9.0</b>	<b>8.0</b>	<b>6.0</b>	<b>5.0</b>
<b>Total Funded + Unfunded Positions</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>

Source: Approved/Amended Budget

Sacramento Metropolitan Air Quality Management District

Schedule 12 – District Staff Position List–

Last Ten Fiscal Years

Year Ended June 30, 2022

Full-Time Equivalent Employees as of June 30				
2018	2019	2020	2021	2022
-	-	-	-	-
2.0	2.0	2.0	3.0	3.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
20.5	19.5	19.5	15.5	16.5
-	5.5	5.5	5.0	3.0
3.0	3.0	3.0	3.0	3.0
10.0	10.0	10.0	10.0	11.0
19.6	18.6	18.6	18.6	18.6
1.0	-	-	-	-
-	-	-	-	-
1.9	1.9	1.9	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
4.0	4.0	4.0	4.0	4.0
-	-	-	-	-
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	-	-
-	-	-	-	-
2.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
-	-	-	-	-
3.0	3.0	3.0	3.0	3.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	3.0
-	-	-	-	-
5.0	5.0	5.0	5.0	5.0
12.0	12.0	12.0	12.0	12.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<b>98.0</b>	<b>99.5</b>	<b>99.5</b>	<b>94.1</b>	<b>94.1</b>
1.0	-	-	-	-
1.0	1.0	1.0	5.0	4.0
-	-	-	0.5	-
1.0	-	-	-	-
1.0	1.0	1.0	1.0	2.0
-	-	-	1.0	1.0
-	-	-	-	-
-	1.0	1.0	1.0	1.0
-	-	-	-	-
-	-	-	-	-
1.0	-	-	-	-
<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>8.5</b>	<b>8.0</b>
<b>103.0</b>	<b>102.5</b>	<b>102.5</b>	<b>102.6</b>	<b>102.1</b>

Sacramento Metropolitan Air Quality Management District

Schedule 13 – Ratios of Outstanding Debt by Type –

Last Ten Fiscal Years

(unaudited)

Internal Service Fund

Year Ended June 30, 2022

<u>Fiscal Year</u>	<u>Certificate of Participation</u>	<u>Bond Premium</u>	<u>Total Primary Government</u>	<u>Total Debt as a Percentage of Sacramento County Personal Income (a)</u>	<u>Total Debt Per Capita for Sacramento County (a)</u>
2013	\$ 4,350,000	\$ 65,840	\$ 4,415,840	7%	3.05
2014	4,250,000	60,933	4,310,933	7%	2.95
2015	3,980,000	56,026	4,036,026	6%	2.73
2016	3,705,000	51,118	3,756,118	5%	2.51
2017	3,420,000	46,210	3,466,210	5%	2.29
2018	3,125,000	41,305	3,166,305	4%	2.07
2019	2,820,000	36,396	2,856,396	4%	1.85
2020	2,505,000	31,489	2,536,489	3%	1.63
2021	2,180,000	26,581	2,206,581	2%	1.42
2022	1,850,000	21,674	1,871,674	(b)	(b)

Notes

(a) See Schedule 9 (Demographic Information- Last Ten Years) for personal income and population data.

(b) Not yet available.

**Sacramento Metropolitan Air Quality Management District**  
**Schedule 14 – Capital Assets by Function/Program –**  
**Last Ten Fiscal Years**  
**(unaudited)**  
**Year Ended June 30, 2022**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Monitoring Air Quality										
Number of air monitoring stations (a)	10	11	11	11	9	9	8	7	7	6
Number of air monitoring instruments installed in the air monitoring stations to measure air quality (b)	77	89	89	88	82	82	75	74	74	69
Vehicles	19	19	19	23	23	23	23	22	21	21

Notes:

- (a) In addition to the stations noted above, the District owns an AB617 air monitoring trailer. The trailer is expected to be in service in FY 22-23.
- (b) The AB617 air monitoring trailer houses a total of 12 air monitoring instruments, in addition to the total stated above.

Source: Program Supervisor - Program Coordination Division



Federal Award Section  
June 30, 2022

**Sacramento Metropolitan Air Quality  
Management District**





**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**

To the Board of Directors  
Sacramento Metropolitan Air Quality Management District  
Sacramento, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Metropolitan Air Quality Management District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 22, 2022. Our report includes an emphasis of matter related to the District’s adoption of the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

## **Report on 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 financial statements. 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*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
December 22, 2022



## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Sacramento Metropolitan Air Quality Management District  
Sacramento, California

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Sacramento Metropolitan Air Quality Management District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
December 22, 2022

Sacramento Metropolitan Air Quality Management District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
U.S Environmental Protection Agency				
Direct Programs				
Air Pollution Control Program Support: 10/01/2020 - 09/30/2021	66.001	A 00903120	\$ 38,986	\$ 38,986
Air Pollution Control Program Support: 10/01/2021 - 09/30/2022	66.001	A 00903121	1,123,030	-
Total Assistance Listing No. 66.001			<u>1,162,016</u>	<u>38,986</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act: 04/1/2021 - 03/31/2022	66.034	PM 00T61201	9,241	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act: 04/1/2021 - 03/31/2022	66.034	PM 98T04201	30,186	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act: Community Scale Air Toxics Ambient Monitoring: 10/1/2020 - 12/31/2024	66.034	XA 98T17601	91,945	-
Total Assistance Listing No. 66.034			<u>131,372</u>	<u>-</u>
Targeted Airshed Grant Program: 4/15/2021 - 4/30/2026	66.956	TA98T10501	27,821	26,720
Targeted Airshed Grant Program: 5/1/2022 - 4/30/2027	66.956	TA98T36001	3,675	3,675
Total Assistance Listing No. 66.956			<u>31,496</u>	<u>30,395</u>
Total U.S Environmental Protection Agency			<u>1,324,884</u>	<u>69,381</u>
U.S Department of Transportation				
Highway Planning and Construction Cluster:				
Passed through the California Department of Transportation				
Highway Planning and Construction: Spare The Air Year 14	20.205	CML -6236 (019)	826,150	-
Highway Planning and Construction: SECAT Phase III	20.205	CML -6236 (016)	379,233	-
Passed through Sacramento Area Council of Governments (SACOG)				
Highway Planning and Construction: Transportation Demand Management	20.205	1718014	8,216	-
Total Highway Planning and Construction Cluster			<u>1,213,599</u>	<u>-</u>
Total U.S Department of Transportation			<u>1,213,599</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 2,538,483</u>	<u>\$ 69,381</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The District has not elected to use the 10-percent de minimis indirect cost rate.

**Note 4 - Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule will show, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the District has determined that no identifying number is assigned for the program, or the District was unable to obtain an identifying number from the pass-through entity.

## Findings and Questioned Costs



Sacramento Metropolitan Air Quality Management District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Air Pollution Control Program Support	66.001
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Sacramento Metropolitan Air Quality Management District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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**Section II – Financial Statement Findings**

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None reported.

Sacramento Metropolitan Air Quality Management District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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**Section III – Federal Award Findings and Questioned Costs**

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None reported.

Sacramento Metropolitan Air Quality Management District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022

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None reported.