

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024  
**Sacramento Metropolitan Air  
Quality Management District**  
Sacramento, California

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# ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Sacramento Metropolitan Air Quality Management District  
Sacramento, California



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

**Division Director**  
Megan Shepard

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# Sacramento Metropolitan Air Quality Management District

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## Introductory Section

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December 17, 2024

## LETTER OF TRANSMITTAL

Honorable Chair, 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, 2024, which includes an independent auditor's report. This 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 accuracy 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, 2024, are free of material misstatement. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion that the District financial statements for the fiscal year ended June 30, 2024, 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.

### ***Profile of the District***

The District is a public health agency. It is one of five large air quality management districts out of a total of 35 local or regional air agencies in California. It is responsible for monitoring air pollution within the Sacramento region and for programs to reduce ambient air and climate pollution concentrations to meet

health-based ambient air quality standards established by the state and federal governments. The District also actively pursues actions to reduce greenhouse gas emissions to meet local, state, and federal decarbonization commitments. 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. Thus, the SFNA 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>3</sup>
		County <sup>1</sup>	SFNA/County <sup>2</sup>	
El Dorado	157,285	187,285	84%	6.3%
Placer	400,786	410,706	98%	16.0%
Sacramento	1,581,831	1,581,831	100%	63.1%
Solano	140,626	446,745	31%	5.6%
Sutter	3,193	98,151	3%	0.1%
Yolo	222,381	222,381	100%	8.9%
<b>Total</b>	<b>2,506,102</b>	<b>2,947,099</b>	<b>-</b>	<b>100.0%</b>

<sup>1</sup> The county population data is based on the 2023 California Department of Finance Population Estimates and Components of Change by County (Table E-6) <https://dof.ca.gov/Forecasting/Demographics/Estimates/>. It represents the population estimate as of July 2023.

<sup>2</sup> The SFNA/County population percentages are based on the 2020 Census Data, which was 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>3</sup> Percentage values are rounded to one decimal point.

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 nonattainment for the particulate matter NAAQS, although technically the short-term PM2.5 and PM10 standards have been met and maintained. A redesignation to attainment is expected once the requirement for a maintenance plan for each standard is completed. However, EPA has recently promulgated a new, more stringent annual PM2.5 standard. Thus, similar to various regions around the country, the District has begun the nonattainment designation analysis for EPA for the Sacramento region. This is the first step in a multi-year process to develop a new air quality management plan necessary for the Sacramento region to meet the new PM2.5 standard. A combination of many active sources of smog-precursor emissions, 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. Climate change is only making these conditions more challenging. The District Board approved a regional State Implementation Plan (SIP) for the 2008 ozone NAAQS, which projects attainment by 2024. The District and SFNA partners are in the process of completing the attainment demonstration for EPA, which when approved will be a monumental achievement for Sacramento. The SIP was submitted to the EPA in 2018 and is awaiting final approval. But the NAAQS are not static. A new ozone NAAQS is already in effect. Thus, the District is leading the development of a new SIP for the 2015 ozone NAAQS, which was submitted to the EPA in November 2023. The required maintenance plans for the PM standards are in development.

Air and climate pollution emissions in the Sacramento region come from mobile, stationary, and area-wide sources. The largest contributor is the transportation sector - motor vehicles, trucks, airplanes, locomotives, and other fossil fuel combustion engines. State and federal regulations coupled with local financial incentive programs for fleet modernization will help reduce pollution emissions, improve our air quality in the region, and help comply with the standards.

To accomplish its mission, the District implements a broad range of programs and strategies to combat air and climate pollution. 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 1st 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 expenditures.

#### Local Economy

The Sacramento regional economy continues to move from a government-based job market to a more diverse economic base. Economic indicators for the region rebounded post-pandemic and inflation was at 3.8% in 2023, down from 7.4% in 2022. A relatively high rate of home building, modest population growth, and expanding job opportunities result in a positive outlook over the next five years.

Sacramento County's population was approximately 1.6 million at the end of 2023. The county is expected to expand at an average rate of 0.43% per year from 2024 to 2028. This growth is mainly attributable to new residents many from the Bay Area, primarily attracted to the area due to affordable housing and job opportunities.

Sacramento County is becoming an emerging hub for technology firms largely because corporations like Intel, Apple, HP, Penumbra, and Oracle, already have prominent infrastructure in the region. Employment in the manufacturing and transportation industries has grown consistently since 2015; moderate growth in these industries is forecast over the next five years. The professional and business services sector will create a major share of future jobs in Sacramento County over the next several years, with an expected annual growth rate of 2.2%. Finally, the three largest sectors of the job market - government, education, and healthcare - are projected to show gains through 2028.

The 2023 annual unemployment rate in Sacramento County averaged 3.9%, a decrease from 7.0% in 2022. The latest published economic forecast by the California Department of Transportation for Sacramento County expects the unemployment rate to increase to 4.5% in 2024. An unemployment rate of below 5.0% indicates a fully employed workforce in the region.

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 because 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 elevates potential internal, external, and programmatic pressures that could affect revenues and expenditures. This forecast identifies a funding gap between revenues and expenditures, which will require attention by the District. 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 lack of full cost-recovery for many of the District's programs.

To address the projected funding gap in prior years, the District streamlined operations, scaled back some activities, held vacancies open, and "right-sized" funding for professional services and collaborations, resulting in a return of approximately \$4.2 million to the District's General Fund at the end of fiscal year 2022-2023 (FY22/23). Going forward, the District is anticipated to be fully staffed and will work closely with the Board of Directors to implement new funding solutions necessary to attain full cost recovery, ensure the integrity of the District's clean air efforts to enable the region to remain eligible for federal transportation funding and continue to implement state low-carbon development and greenhouse gas emission reduction programs. Fortunately, the financial reserves in the General Fund will bridge the necessary support for near-term operations until long-term fund stability is achieved.

### *General Fund*

The District's General Fund receives revenue from a variety of sources, including permit fees paid by stationary pollution sources (e.g., local private and public entities with equipment or operations that emit air pollution at certain levels; automobile registration fees collected by the State of California Department of Motor Vehicles (DMV) and distributed to air districts for 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 air districts.

There are a few anticipated changes that may have a moderate to significant impact on revenues over the five-year forecast. To inform a full-cost recovery policy and address the ongoing issue of unfunded mandates, a fee study will be initiated shortly to guide a potential permit fee increase. In addition, an increase in the ceiling for administrative costs for the Carl Moyer vehicle incentives program and the AB 617 Community Air Protection (CAP) program for several air districts is in process. These increases will provide additional funds to implement both programs more effectively, support applicants, and select projects that have the highest impact and/or offer the highest emission reductions for disadvantaged communities. Staff will continue to advocate for measures that can bring additional funding to the District and the region for clean transportation projects.

Expenditures for the General Fund are expected to gradually increase to address recurring expenses such as rising labor costs, long-term pension liabilities, and non-recurring capital improvement expenditures, most notably the rehabilitation and replacement of several aging regulatory ambient air monitoring stations. The ambient air quality monitoring network is critical District infrastructure and a part of a national network. 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 CAP, with a new mobile air monitoring laboratory recently added 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 about 38,000 square feet and a portion of the building previously was leased to a third-party tenant. The District's tenant vacated the building

when their lease agreements expired in fiscal year 2023/2024 (FY23/24). Given the tenant vacancy along with the anticipated changing needs for the use of space due to a new hybrid (remote and onsite) work model, the District completed a comprehensive building assessment of several alternatives. With Board support, the District plans to sell the current headquarters and lease or purchase a smaller headquarters facility, which is better suited for our hybrid-work arrangement.

As a result, this fund may experience short-term volatility due to 1) a period of extended reduced rental income given the termination of tenant leases while a potential buyer is identified, and/or 2) 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 state programs like Carl Moyer and CAP. While these programs have been long-standing state priorities and are supported with special funds rather than the general funds, these programs will fluctuate with the state budget. Thus, given the significant budget deficits the state has been facing in recent years, the long-term viability of these programs is part of the annual state budget process. In the next two to three years, the fund is stable due to funds being encumbered in previous fiscal years. Longer term, the state budget woes and whether alignment with climate and community priorities remain will determine the future. Another challenge for the District is that these grants rarely cover the full cost of implementation, forcing the use of local funding sources to cover the shortfall. However, the continuation and/or expansion of programs supported by local funding will directly depend on the availability of DMV and sales tax revenue until such time that the percentage of the grant allowed for program administration is adjusted. There are no capital expenditures associated with this fund.

While the forecasted fiscal year 2025/2026 (FY25/26) California State budget deficit is significant, the District will continue to proactively manage grant revenues to reduce the potential for funding gaps and ensure emission reductions are achieved as quickly as possible. No significant reduction in State grant disbursements for District programs is anticipated in FY24/25, however, future reductions are possible given the constraints described above.

### Major Initiatives

The FY24/25 District Budget was approved on May 23, 2024, and includes funding for mission-critical programs such as attainment of the NAAQS, advancing the region's decarbonization efforts, and the CAP program. In addition, the District was awarded funding for the next phase of the AB 617 CAP effort to support the transition of the South Sacramento-Florin community to a Community Emission Reduction Program (CERP) beginning in late 2024. The District will work in partnership with the Community Steering Committee to design, develop, and deliver a CERP to the state within the two-year timeline.

The budget also included funding to replace two of the District's major software applications (Permitting/Compliance and Transportation Incentives), and various shadow systems into a single enterprise-level solution we are calling AiriA to improve efficiencies, accuracy, customer service, and lower operating costs. Process improvement is expected to coincide with this software implementation and the inclusion of best practices wherever possible to optimize software utilization. The project development began in 2022 and is expected to last an additional 18-24 months. The initial software development and implementation expense is non-recurring; however, there will be ongoing costs for annual maintenance fees.

Another new key project for the District in FY24/25 is the Climate Pollution Reduction Grant (CPRG). CPRG is an EPA program funded by the Inflation Reduction Act for local actions that reduce greenhouse gases and associated criteria and toxic air pollution, create green jobs that strengthen the transition to a low-carbon economy, and provide tangible benefits to communities impacted by environmental injustice. The District served as the lead agency for the seven-county Sacramento-Roseville-Folsom Metropolitan Statistical Area under a federal designation. As such, the District was awarded \$1 million to develop three required deliverables – a Priority Climate Action Plan, a Comprehensive Climate Action Plan, and a Status Report. While unfortunately, the region did not receive any IRA funding for the implementation of identified CPRG strategies, entities represented in the 29-member steering committee have agreed to continue the collaboration.

Other important initiatives include expanding regional partnerships, enhancing performance management in the hybrid work environment, and relocating the District’s Headquarters.

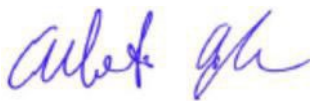
***Awards and Acknowledgments***

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the District for the FY22/23 Annual Report. In addition to receiving the award for the Annual Report, the District also received the Distinguished Budget Presentation Award for its FY24/25 Budget Book. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the 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 of the staff specifically have our sincere appreciation for their contributions to the work and preparation of this report.

We also would like to recognize our 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



Megan Shepard  
Administrative Services Division Director



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, 2023

*Christopher P. Morill*

Executive Director/CEO

# **Board of Directors**

## **Patrick Kennedy, Chair**

Chair

Sacramento County Board of Supervisors

## **Sarah Aquino, Vice-Chair**

Vice Mayor

City of Folsom

## **Rich Desmond**

Supervisor

Sacramento County Board of Supervisors

## **Sue Frost**

Supervisor

Sacramento County Board of Supervisors

## **Eric Guerra**

Council Member

City of Sacramento

## **Patrick Hume**

Supervisor

Sacramento County Board of Supervisors

## **Caity Maple**

Vice Mayor

City of Sacramento

## **Porsche Middleton**

Council Member

City of Citrus Heights

## **Kevin Papineau**

Council Member

City of Galt

## **Sergio Robles**

Council Member

City of Elk Grove

## **Phil Serna**

Vice Chair

Sacramento County Board of Supervisors

## **Donald Terry**

Council Member

City of Rancho Cordova

## **Shoun Thao**

Council Member

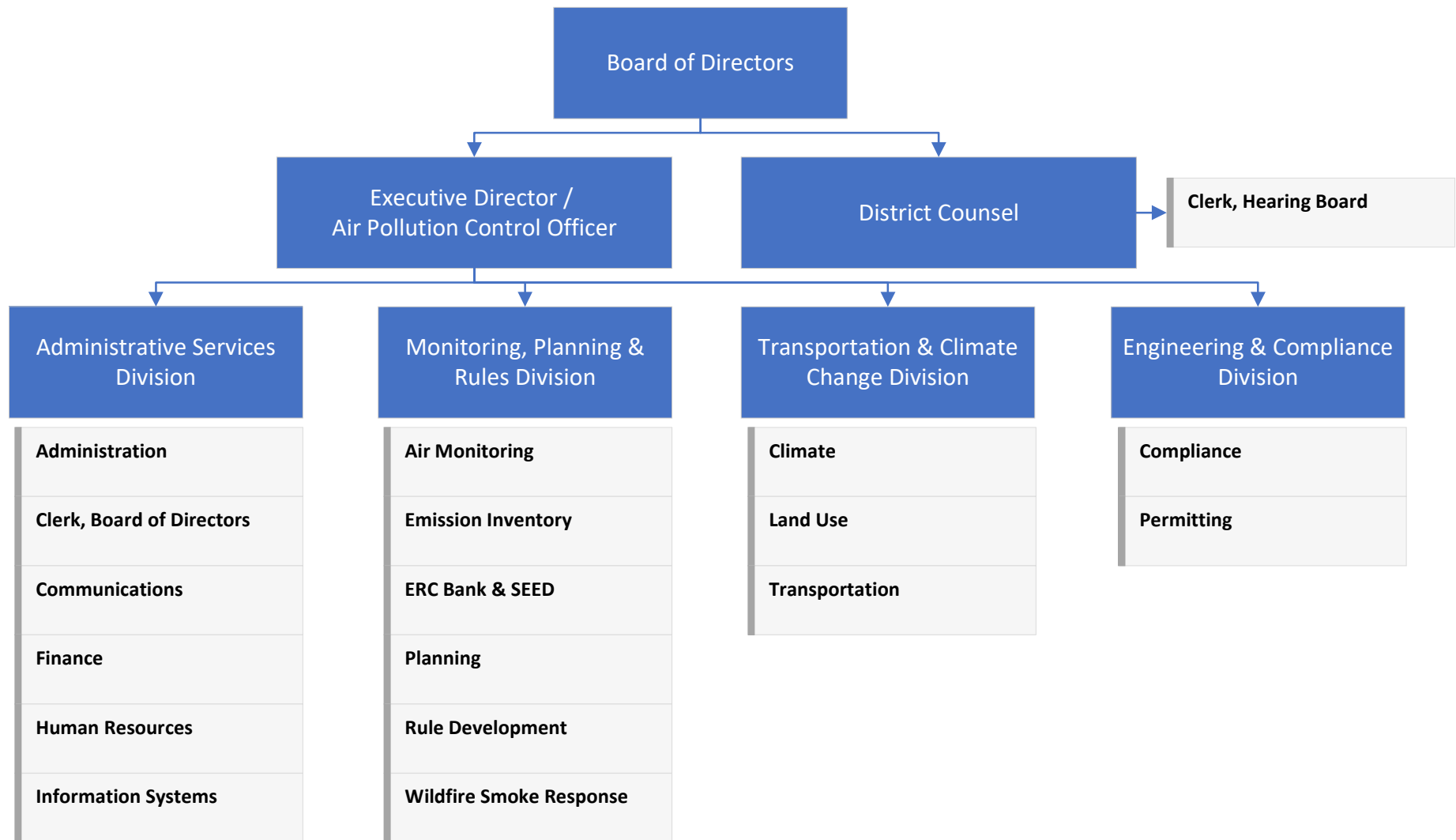
City of Sacramento

## **Mai Vang**

Council Member

City of Sacramento





## 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, 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.

#### *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 GAAS, 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 GAAS. 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 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sacramento, California  
December 17, 2024

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's Annual Comprehensive Annual Financial Report (ACFR) provides a narrative overview and analysis of the District's financial activities for the fiscal year (FY) that ended June 30, 2024. 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, 2024 was \$101.2 million, an increase of about \$27.4 million or 37.2 percent over the prior fiscal year.
- Government-wide assets increased by \$25.6 million primarily due to the timing of grant revenues and a resulting increase in cash and cash equivalents.
- Total government-wide liabilities decreased by \$1.5 million mainly due to a reduction in accounts payable and accrued liabilities and long-term debt for the FY 2023-24 offset by an increase in the net pension liability.
- Government-wide deferred outflows of resources were consistent with the prior year and deferred inflows decreased by \$332,000 primarily related to pensions.
- The FY 2023-24 General Fund revenues exceeded expenditures by \$6.6 million. This is mainly attributable to the timing of state grant revenues.

### Overview of Financial Statements

The District's 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. All of the District's funds can be divided into two categories: governmental funds and proprietary funds.

*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.

*Proprietary funds.* The District uses the Covell Building Fund to account for the operation and maintenance of the District's building. Proprietary fund financial statements are presented on a full accrual basis, the same basis as the government-wide financial statements.

## 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 Federal Award 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 as of June 30, 2024 and 2023.

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

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets and Deferred Outflows of Resources</b>		
Current and Other Assets	\$ 110,657	\$ 85,306
Capital and Other Non-Current Assets	5,074	4,873
Total Assets	115,732	90,179
Deferred Outflows of Resources	8,609	8,563
<b>Liabilities and Deferred Inflows of Resources</b>		
Current Liabilities	3,664	6,327
Non-Current Liabilities	18,598	17,445
Total Liabilities	22,261	23,772
Deferred Inflows of Resources	912	1,244
<b>Net Position</b>		
Net Investment in Capital Assets	3,770	3,351
Restricted	99,640	72,382
Unrestricted	(2,243)	(2,006)
Total Net Position	\$ 101,167	\$ 73,727

Total assets increased by \$25.6 million or 28.3 percent over the prior year, mainly due to a \$25.3 million increase in cash and cash equivalents. The increase in cash and cash equivalents relates to the timing of state grant revenues in FY 2023-24. Excess funds are invested in the Local Area Investment Fund and the California Asset Management Program.

- Capital Assets increased by \$201,000 primarily due to the acquisition of new fleet vehicles, software, and lab equipment.
- Deferred outflows of resources increased by about \$46,000, primarily related to OPEB.
- Total liabilities decreased by \$1.5 million mainly because of a \$3.0 million decrease in accounts payable offset by an increase of \$1.5 million in net pension liability.
- Deferred inflows of resources decreased by approximately \$332,000 from the prior year, primarily due to a reduction in deferred inflows related to pensions.
- The net position of the District totaled \$101.2 million as of the end of FY 2023-24 and increased approximately \$27.4 million or 37.2 percent over FY 2022-23.

Sacramento Metropolitan Air Quality Management District  
Management's Discussion and Analysis  
June 30, 2024

The largest portion of the District's net position at June 30, 2024, \$99.6 million, consists of resources subject to external restrictions on how they may be used. An additional \$3.8 million of the total net position reflects its net investment in capital assets (e.g., land, buildings, equipment, subscriptions and leases, less any related debt used to acquire those assets that is still outstanding). The unrestricted portion of the District's net position is a deficit of \$2.2 million related mainly to the net pension liability.

As noted above, the District's total net position increased by about \$27.4 million during the current fiscal year. Of this amount, \$27.3 million of the increase relates to the restricted net position, and roughly \$237,000 is associated with a decrease in the unrestricted net position. The increase in the restricted net position is due to additional intergovernmental grant revenue received in the current year that will be disbursed in subsequent years. Net investment in capital assets increased roughly \$419,000 year-over-year mainly due to net capital asset acquisitions and a reduction in long-term debt related to a capital asset.

The following schedule shows revenues by major source, expenses by function, and changes in net position for the fiscal years ended June 30, 2024, and June 30, 2023.

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

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Program revenues:		
Charges for Services	\$ 10,616	\$ 10,297
Operating Grants and Contributions	54,171	19,635
General Revenues:		
DMV	4,987	5,122
Sales tax	2,624	2,570
Grants - not restricted to specific activities	362	364
Investment income (a)	3,893	1,505
<b>Total Revenues</b>	<b>76,653</b>	<b>39,493</b>
<b>Expenses</b>		
Business Compliance	9,709	8,513
Air Monitoring	8,171	5,022
Sustainable Land Use	1,863	2,021
Clean Transportation and Mobility Innovation	27,336	20,885
Community Health Protection	2,059	1,992
Interest on Long-Term Debt	55	70
Unallocated Depreciation	19	22
<b>Total Expenses</b>	<b>49,213</b>	<b>38,525</b>
Change in Net Position	27,440	968
Beginning Net Position	73,727	72,759
<b>Net Position - Ending Balance</b>	<b>\$ 101,167</b>	<b>\$ 73,727</b>

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

Revenues for total governmental activities were \$76.7 million and increased by \$37.2 million or 94.1% over the prior year primarily due to 1) the timing of grant revenue received in the year restricted for air quality projects that will be disbursed in subsequent years and 2) investment income. The grants are generally multi-year agreements with funds received in one year and project disbursements made over several years often resulting in significant fluctuations in year-over-year revenues and expenses.

Overall expenses for governmental activities of \$49.2 million increased by \$10.7 million mainly due to 1) increases in special revenue fund grant disbursements of \$5.2 million attributable to the timing of clean air technology incentive program payments, and 2) higher federal grant pass-through expenditures with sub-recipients of \$2.6 million. In addition, employee services expenses increased by \$1.8 million due to filling previously vacant positions, a cost-of-living adjustment of 3.6%, an increase in net pension costs of \$477,000, and higher health insurance costs. Finally, professional services expenses increased by \$388,000 to support federal grant programs, and information systems expenditures were higher by \$327,000 primarily related to the development of a new software solution that will replace two legacy systems used by the District.

### 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 2023-24, the total fund balance of the General Fund was \$27.7 million, an increase of \$6.8 million over the prior year. The Nonspendable Fund Balance represents prepaid expenses that increased by roughly \$53,000 from the prior year. The Restricted Fund Balance increased by \$6.3 million from the prior year mainly due to state grants. Assigned Fund Balance increased by \$350,000 year-over-year and is used to set aside funds for a projected budgetary deficit in FY 2024-25. The Unassigned Fund Balance increased by \$131,000 from the prior 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 104.6% of the total FY 2023-24 General Fund expenditures. The growth of the fund balance over the prior year is mainly attributable to the timing of state grant revenues that will be used in subsequent fiscal periods. In addition, over the past several years the increase in fund balance has been intentional to address potential economic downturns or other unanticipated factors and to implement District priorities for which near-term structural deficits are projected.

The Special Revenue total fund balance as of June 30, 2024 increased by \$21.0 million over the prior year. This increase was due to grant incentive revenue received by the fund in the current year being higher than the incentive disbursements in FY 2023-24. 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 and the resulting net change in fund balance.

## Proprietary Fund

The Proprietary Fund (Covell Building Fund) is classified as an Internal Service Fund since almost all of the fund's revenue is derived from rent paid by the District. The net income of the fund is included as an offset to expenses in the current year's Statement of Activities.

Net income from the Proprietary Fund increased the District's net position on June 30, 2024, by \$629,000, consistent with the increase in the prior year. Highlights for the FY 2023-24 Proprietary Fund results are as follows:

- Operating revenues from the building totaled \$1.3 million and decreased \$82,000 from the prior year mainly due to a third-party tenant vacating the building at the end of the lease term. These revenues represent rental and parking income.
- Operating expenses for the building were \$681,000 for the year, slightly less than the prior fiscal period.
- The District made a principal payment of \$355,000 in FY 2023-24 for the Certificates of Participation. Next year, the principal payment will be \$370,000.

## Budgetary Highlights

General Fund revenues were \$8.0 million more than the Approved FY 2023-24 Budget primarily due to the timing of the receipt of state grant revenues, additional permit revenues, and higher investment income.

Expenditures for the General Fund were less than planned by \$1.3 million mainly due to position vacancies, reduced spending on both professional services and a software solution project, fewer disbursements to federal grant subrecipients, and capital project deferrals. These variances were offset by a less-than-plan administrative credit related to the Special Revenue fund incentive grants.

## Capital Assets and Debt Administration

### Capital Assets

At the end of FY 2023-24, the District's net investment in capital assets for its governmental activities was \$5.1 million (net of accumulated depreciation/amortization), an increase of \$201,000 from the prior year. This investment in capital assets includes land, building, office equipment, laboratory equipment, vehicles, software, subscriptions, leases and air monitoring stations. The total investment in capital assets for the current fiscal year was \$881,000. Additional information on capital assets can be found in Note 4 under the Notes to the Basic Financial Statements section.

### Long-term Debt

At the end of FY 2023-24, the District had outstanding bonds secured by lease payments made to the trustee. The total debt outstanding as of June 30, 2024, was \$1.2 million. Based on the current payment schedule, these bonds will be paid off by the end of FY 2026-27. 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

General Fund revenues for the FY 2024-25 are budgeted to decrease by approximately \$6.2 million from the actual FY 2023-24 amounts, with a decline expected mainly in state grant revenues. The expected state grant revenues decrease of \$6.1 million is due to the timing of the receipt of grant funds.

FY 2024-25 expenditures for the General Fund are expected to increase by \$3.5 million over the actual amounts expended in FY 2023-24. The budget anticipates an increase of \$2.1 million for salaries and benefits reflecting 1) the addition of FTEs in late FY 2023-24 and the plan to add additional positions in FY 2024-25 to support increased grant and operating activities and 2) a cost-of-living adjustment for overall wages of 3.6%. Services and Supplies are expected to increase by \$2.3 million, primarily for expenditures related to professional services to support increased grant activities and higher disbursements to federal grant sub-recipients.

The budget anticipates an increase in capital spending of \$349,000 mainly related to construction improvements for an air monitoring station, air monitoring equipment, and replacement vehicles for the District's fleet. Finally, inter-fund grant administrative credits (offsets to expense) are planned to increase by \$1.1 million over the FY 2023-24 actual credits. Overall, a \$3.1 million use of fund balance for the General Fund is budgeted for FY 2024-25.

### Economic Factors

As of June 30, 2024, foreseeable economic or political conditions that may influence the financial position of the District include cost increases for goods and services due to continued 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 recent inflationary economic environment may continue to 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 2.0% annually in the near term. However, it is unclear what effects inflation might have on the local economy and related impacts on government and consumer spending.

The forecasted FY 2024-25 California State budget deficit is significant. The District proactively manages grant revenues to reduce the potential for funding gaps and ensure emission reductions are achieved as quickly as possible. While no significant reduction in State grant disbursements for District programs is anticipated in FY 2024-25, future reductions are possible. Finally, at the federal level, a reduction in grant funding could occur as a result of policy changes in the new administration.

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 2024-25 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:

Sac Metro Air 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, 2024

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 105,073,062
Restricted cash and cash equivalents	428,519
Receivables	5,010,205
Prepays	145,428
Total current assets	110,657,214
Non-Current Assets:	
Capital assets	
Capital assets not being depreciated	1,242,989
Capital assets, net of accumulated depreciation	3,831,443
Total capital assets	5,074,432
Total non-current assets	5,074,432
Total assets	115,731,646
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	7,331,002
Deferred outflows related to OPEB	1,277,835
Total deferred outflows of resources	8,608,837
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	1,485,746
Accrued wages and benefits payable	629,297
Compensated absences - due within one year	1,104,252
Subscription liability - due within one year	69,790
Certificates of participation - due within one year	374,907
Total current liabilities	3,663,992
Non-Current Liabilities:	
Deposits from others	500
Compensated absences - due in more than one year	407,779
Subscription liability - due in more than one year	72,847
Certificates of participation - due in more than one year	786,952
Net OPEB liability	1,543,385
Net pension liability	15,786,034
Total noncurrent liabilities	18,597,497
Total liabilities	22,261,489



Sacramento Metropolitan Air Quality Management District  
Statement of Net Position  
June 30, 2024

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	Governmental Activities
<b>Deferred Inflow of Resources</b>	
Deferred inflows related to pensions	\$ 765,056
Deferred inflows related to OPEB	147,351
Total deferred inflows of resources	912,407
<b>Net Position</b>	
Net investment in capital assets	3,769,936
Restricted for:	
Debt Service	428,519
Air Quality Programs	99,211,237
Unrestricted	(2,243,105)
Total net position	\$ 101,166,587

Sacramento Metropolitan Air Quality Management District

Statement of Activities  
Year Ended June 30, 2024

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	\$ 9,708,609	\$ 9,700,779	\$ 189,857	\$ 182,027
Air Monitoring	8,171,455	297,036	5,934,705	(1,939,714)
Sustainable Land Use	1,863,074	87,215	9,809	(1,766,050)
Clean Transportation and Mobility Innovation	27,336,208	3,263	40,872,435	13,539,490
Community Health Protection	2,059,295	527,498	7,163,973	5,632,176
Interest on long-term debt	55,183	-	-	(55,183)
Unallocated depreciation	19,001	-	-	(19,001)
Total primary government	\$ 49,212,825	\$ 10,615,791	\$ 54,170,779	15,573,745
General revenues:				
DMV				4,986,922
Sales tax				2,624,053
Grants - not restricted to specific activities				361,665
Investment income				3,893,413
Total general revenue				11,866,053
Change in net position				27,439,798
Net Position - beginning				73,726,789
Net Position - ending				\$ 101,166,587

Sacramento Metropolitan Air Quality Management District  
Balance Sheet – Governmental Funds  
June 30, 2024

	General	Special Revenue Fund	Total Governmental Funds
<b>Assets</b>			
Cash and equivalents	\$ 25,859,324	\$ 75,825,746	\$ 101,685,070
Accounts receivable	3,649,871	529,403	4,179,274
Interest receivable	190,279	625,487	815,766
Prepays	145,428	-	145,428
	<u>\$ 29,844,902</u>	<u>\$ 76,980,636</u>	<u>\$ 106,825,538</u>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,291,004	\$ 163,881	\$ 1,454,885
Accrued wages and benefits payable	629,297	-	629,297
	<u>1,920,301</u>	<u>163,881</u>	<u>2,084,182</u>
Deferred inflows of resources			
Unavailable revenues	190,994	-	190,994
	<u>190,994</u>	<u>-</u>	<u>190,994</u>
<b>Fund Balance</b>			
Nonspendable:			
Prepays	145,428	-	145,428
Restricted for:			
Air Quality Programs	22,394,482	76,816,755	99,211,237
Assigned to:			
Projected budgetary deficit	3,078,095	-	3,078,095
Unassigned	2,115,602	-	2,115,602
	<u>27,733,607</u>	<u>76,816,755</u>	<u>104,550,362</u>
Total fund balances	<u>27,733,607</u>	<u>76,816,755</u>	<u>104,550,362</u>
Total liabilities and fund balances	<u>\$ 29,844,902</u>	<u>\$ 76,980,636</u>	<u>\$ 106,825,538</u>

Sacramento Metropolitan Air Quality Management District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2024

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Fund balances - total governmental funds \$ 104,550,362

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets at historical cost	\$ 4,719,270	
Accumulated depreciation	(2,938,247)	\$ 1,781,023

Certain accounts and intergovernmental receivables are not available to pay for current-period expenditures and, therefore, are reflected as deferred inflows of resources in the governmental funds.

190,994

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Subscription liabilities	(142,637)	
Net pension liability	(15,786,034)	
Net OPEB Liability	(1,543,385)	
Compensated absences payable	(1,512,031)	(18,984,087)

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.

Deferred outflows of resources relating to pensions	7,331,002	
Deferred outflows of resources relating to OPEB	1,277,835	
Deferred inflows of resources relating to pensions	(765,056)	
Deferred inflows of resources relating to OPEB	(147,351)	7,696,430

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.

5,931,865

Net position of governmental activities \$ 101,166,587

**Sacramento Metropolitan Air Quality Management District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2024**

	General	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
Sales Tax	\$ 2,624,053	\$ -	\$ 2,624,053
Fees and Licenses	9,967,646	-	9,967,646
Intergovernmental:			
Local Government	94,725	-	94,725
State	13,366,869	38,481,373	51,848,242
Federal	5,891,669	1,611,053	7,502,722
Fines, Forfeitures, and Penalties	374,177	5,700	379,877
Other	12,866	138,085	150,951
Investment income	808,549	2,989,153	3,797,702
<b>Total revenues</b>	<b>33,140,554</b>	<b>43,225,364</b>	<b>76,365,918</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Business Compliance	9,174,663	-	9,174,663
Air Monitoring	7,921,353	-	7,921,353
Sustainable Land Use	1,774,083	-	1,774,083
Clean Transportation and Mobility Innovation	4,783,935	22,272,588	27,056,523
Community Health Protection	1,970,304	-	1,970,304
<b>Debt Service:</b>			
Principal	76,037	-	76,037
Interest	2,083	-	2,083
Capital Outlay	818,667	-	818,667
<b>Total expenditures</b>	<b>26,521,125</b>	<b>22,272,588</b>	<b>48,793,713</b>
<b>Excess of Revenues over Expenditures</b>	<b>6,619,429</b>	<b>20,952,776</b>	<b>27,572,205</b>
<b>Other Financing Sources (Uses)</b>			
Subscription	218,674	-	218,674
<b>Net change in fund balances</b>	<b>6,838,103</b>	<b>20,952,776</b>	<b>27,790,879</b>
<b>Fund balances, July 1, 2023</b>	<b>20,895,504</b>	<b>55,863,979</b>	<b>76,759,483</b>
<b>Fund balances, June 30, 2024</b>	<b>\$ 27,733,607</b>	<b>\$ 76,816,755</b>	<b>\$ 104,550,362</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, 2024

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Net change in fund balances - total governmental funds	\$ 27,790,879
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/amortization expense. This is the amount by which depreciation expense exceeded capital outlays in the current period and other adjustments.	347,534
Revenues that are measurable but not available are deferred in the governmental funds under the modified accrual basis of accounting.	190,994
Debt service payments for principal payments are reported as expenditure in the government fund, but are not reported as expenses in the statement of activities.	
Subscription principal payments	76,037
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	(1,355,557)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	45,775
Compensated absences	(66,446)
The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities.	
Subscription proceeds	(218,674)
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.	<u>629,256</u>
Changes in net position of governmental activities	<u><u>\$ 27,439,798</u></u>

# Sacramento Metropolitan Air Quality Management District

## Statement of Net Position – Proprietary Funds

June 30, 2024

	Governmental Activities Internal Service Fund
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 3,387,992
Restricted cash and cash equivalents	428,519
Interest receivable	15,165
Total current assets	3,831,676
Non-Current Assets:	
Capital assets:	
Capital assets not being depreciated	1,086,652
Capital assets being depreciated, net	2,206,757
Total capital assets	3,293,409
Total non-current assets	3,293,409
Total assets	7,125,085
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	30,861
Certificates of participation - due within one year	374,907
Total current liabilities	405,768
Non-Current Liabilities:	
Deposits from others	500
Certificates of participation - due in more than one year	786,952
Total noncurrent liabilities	787,452
Total liabilities	1,193,220
<b>Net Position</b>	
Net investment in capital assets	2,131,550
Restricted for:	
Debt Service	428,519
Unrestricted	3,371,796
Total net position	\$ 5,931,865

Sacramento Metropolitan Air Quality Management District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2024

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	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Rental income	\$ 1,200,523
Parking income	66,829
Other	<u>563</u>
Total operating revenue	<u>1,267,915</u>
Operating Expenses:	
Repairs and maintenance costs	76,078
Utilities, security and communications	135,004
Management fees	110,354
Parking lot operations	180,434
Depreciation expense	175,735
Other expense	<u>3,664</u>
Total operating expenses	<u>681,269</u>
Operating income	<u>586,646</u>
Non-Operating Revenues And Expenses:	
Investment income	95,710
Interest expense	<u>(53,100)</u>
Total non-operating revenues (expenses)	<u>42,610</u>
Change in net position	629,256
Net Position, July 1, 2023	<u>5,302,609</u>
Net Position, June 30, 2024	<u><u>\$ 5,931,865</u></u>



# Sacramento Metropolitan Air Quality Management District

## Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities:	
Cash received from rental and parking activities	\$ 1,249,301
Cash paid for goods and services	(503,440)
Net cash provided by operating activities	745,861
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(364,815)
Purchases of capital assets	(29,970)
Interest paid on long-term debt	(48,193)
Net cash used for capital and related financing activities	(442,978)
Cash flows from investing activities:	
Investment income	90,343
Net cash provided by investing activities	90,343
Net increase in cash and cash equivalents	393,226
Beginning cash balance July 1, 2023	3,423,285
Ending cash balance June 30, 2024	\$ 3,816,511
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 586,646
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	175,735
Effects of changes in:	
Decrease in receivables	77,993
Increase in accounts payable	2,094
(Decrease) in deposits with others	(22,647)
(Decrease) in deferred inflows	(73,960)
Net cash provided by operating activities	\$ 745,861
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and investments	\$ 3,387,992
Restricted cash and investments	428,519
Total cash and cash equivalents	\$ 3,816,511
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), Targeted Air Shed and Climate Pollution Reduction grant, Community Air Protection incentive grants, 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, 2024. 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 capitalized at historical cost or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Federally funded assets maintain a threshold of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 2 to 39 years. Land is not depreciated.

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful lives of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful lives of the underlying asset using the straight-line method or the same method amortizing the debt. The amortization period varies from 2 to 3 years.

**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, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

**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**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by District.

### **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, 2024, are as follows:

GASB Statement No. 99 – *Omnibus 2022* – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in account and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. The District has determined this Statement did not have an impact on the financial statements.

GASB Statement No. 100 – *Accounting Changes and Error Correction* – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Correction*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District has determined this Statement did not have an impact on the financial statements.



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

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 105,073,062
Restricted cash and cash equivalents	428,519
	<u>428,519</u>
Total cash and investments	<u>\$ 105,501,581</u>

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

Deposits	
Balance per bank	\$ 13,188,776
Less outstanding checks and deposits	(72,133)
Investment in Local Agency Investment Fund	66,280,864
Investment in California Asset Management Program	25,675,555
Investments with fiscal agent	428,519
	<u>428,519</u>
Total cash and investments	<u>\$ 105,501,581</u>

***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.

***Local Government Investment Pools***

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.

The District also maintains an investment in the California Asset Management Program (CAMP) a California JPA established in 1989 by the treasurers and finance directors of several California agencies. It was created to provide professional investment services to California public agencies at a reasonable cost. The investment is maintained in the "Camp Pool" which is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income, consistent with its objectives of preserving principal. The District's Investment with CAMP as of June 30, 2024 was \$25,675,555 which approximates fair value.

#### ***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, 2024, \$428,519 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 and CAMP, 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.

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

**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
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	100%
California Asset Management Program	N/A	100%	100%
Money Market Mutual Funds	N/A	20%	10%

**Note 3 - Accounts Receivable**

Accounts receivable consisted of the following as of June 30, 2024:

Governmental Funds:	
Sales/Use Tax	\$ 361,085
Intergovernmental:	
State	1,499,824
Federal	2,288,877
Local	16,213
Miscellaneous	13,275
	<hr/>
Total	<u><u>\$ 4,179,274</u></u>

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

**Note 4 - Capital Assets**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,086,652	\$ -	\$ -	\$ 1,086,652
Construction in process	113,467	42,870	-	156,337
	<u>1,200,119</u>	<u>42,870</u>	<u>-</u>	<u>1,242,989</u>
Capital assets, being depreciated				
Building	5,547,998	29,970	-	5,577,968
Right to use subscription IT assets	184,026	218,674	(184,026)	218,674
Right to use leased vehicles	-	340,284	-	340,284
Equipment	3,870,668	249,652	(116,345)	4,003,975
	<u>9,602,692</u>	<u>838,580</u>	<u>(300,371)</u>	<u>10,140,901</u>
Less accumulated depreciation:				
Building	(3,195,476)	(175,735)	-	(3,371,211)
Right to use subscription IT assets	(113,604)	(95,768)	184,026	(25,346)
Right to use leased vehicles	-	(51,043)	-	(51,043)
Equipment	(2,621,068)	(353,905)	113,115	(2,861,858)
	<u>(5,930,148)</u>	<u>(676,451)</u>	<u>297,141</u>	<u>(6,309,458)</u>
Governmental activities capital assets, net	<u>\$ 4,872,663</u>	<u>\$ 204,999</u>	<u>\$ (3,230)</u>	<u>\$ 5,074,432</u>

Depreciation/amortization expense was charged to the functions/programs of the governmental activities as follows:

Governmental Activities:	
Air Monitoring	\$ 481,715
Internal Service Fund	175,735
Unallocated	19,001
Total depreciation/amortization expense	<u>\$ 676,451</u>

Depreciation/amortization expense held by the District's internal service fund is charged to various functions and programs based on their usage of the related assets.

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

**Note 5 - Leases**

During the current year, the District entered into several lease agreements as lessee for the use of vehicles. As of June 30, 2024, the value of the lease liability was \$0, as the District made upfront capital reduction payments substantially equal to the total payments due under the lease agreements. The leases have an interest rate of 5%. The total amount of right to use leased assets, and the related accumulated amortization on right to use leased assets was \$340,284 and \$51,043, as of June 30, 2024, respectively.

**Note 6 - Long-Term Liabilities**

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

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Participation	\$ 1,505,000	\$ -	\$ (355,000)	\$ 1,150,000	\$ 370,000
Premium	16,767	-	(4,908)	11,859	4,907
Compensated Absences	1,445,585	1,219,367	(1,152,921)	1,512,031	1,104,252
Total	<u>\$ 2,967,352</u>	<u>\$ 1,219,367</u>	<u>\$ (1,512,829)</u>	<u>\$ 2,673,890</u>	<u>\$ 1,479,159</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, 2024, the principal balance outstanding was \$1,150,000. Proceeds included a bond premium 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.

The certificates mature as follows:

Year Ending June 30	Principal	Interest	Totals
2025	\$ 370,000	\$ 38,600	\$ 408,600
2026	385,000	23,500	408,500
2027	395,000	7,900	402,900
Total	1,150,000	70,000	1,220,000
Unamortized Premium	11,859	-	11,859
Total	<u>\$ 1,161,859</u>	<u>\$ 70,000</u>	<u>\$ 1,231,859</u>

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, total interest expense for the COPs was \$53,100, and principal paid on the COPs was \$355,000. The COP's activity is recorded in the Internal Service Fund.

## **Note 7 - Subscription-Based Information Technology Arrangements (SBITAs)**

The District has entered into a SBITA contract for Microsoft Office 365 software. As of June 30, 2024, the value of the subscription liability was \$142,637. The District is required to make annual principal and interest payments of \$79,038 through March 2026. The subscription liability was valued using a discount rate of 4.38% based on the District's incremental borrowing rate at the inception of the subscription. The total amount of right to use subscription asset, and the related accumulated amortization on right to use subscription asset was \$218,674 and \$25,346 as of June 30, 2024, respectively.

A summary of the changes in subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Subscription IT liabilities	\$ -	\$ 218,674	\$ (76,037)	\$ 142,637	\$ 69,790
Total	\$ -	\$ 218,674	\$ (76,037)	\$ 142,637	\$ 69,790

Remaining principal and interest payments on subscriptions are as follows:

Years Ending June 30,	Principal	Interest
2025	\$ 69,790	\$ 5,227
2026	72,847	2,127
	\$ 142,637	\$ 7,354

## **Note 8 - 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, 2024, 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 9). The District also provides a selection of health insurance coverage and elective options for additional health related insurance coverage.

**Note 9 - Jointly Governed Organization**

The District is a member of the Special District Risk Management Authority (SDMRA), 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.

Condensed audited financial information of SDRMA for the year ended June 30, 2024, is as follows:

Total Assets	\$ 162,354,367
Deferred Outflows of Resources	1,620,957
Total Liabilities	78,404,034
Deferred Inflows of Resources	<u>384,924</u>
Net Position	<u>\$ 85,186,366</u>
Total Revenues	\$ 107,500,542
Total Expenses	104,002,777
Total Non-Operating Income	<u>10,167,398</u>
Net Income	<u>\$ 13,665,163</u>

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

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

***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 10 - 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 11 - 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. CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

*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, 2024, 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%	7.75%
Required employer contribution rates	11.84%	7.68%
Final Compensation	36 months	36 months

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

## *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, 2024, were \$2,196,541.

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of \$15,786,034.

The District's net pension liability for the Plan is measured as of June 30, 2023 (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, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.3044%
Proportion - June 30, 2023	0.3157%
Change - Increase (Decrease)	0.0113%

For the year ended June 30, 2024, the District recognized pension expense of \$3,552,099. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 953,074	\$ -
Differences between expected and actual experience	806,436	125,098
Net difference between projected and actual investment earnings	2,555,901	-
Difference between employer's contributions and proportionate share of contributions	-	639,958
Change in employer's proportion	819,050	-
Pension contributions made subsequent to measurement date	2,196,541	-
Total	\$ 7,331,002	\$ 765,056

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

\$2,196,541 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, 2025. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2025	\$ 1,410,154
2026	929,161
2027	1,956,750
2028	73,340
Total	\$ 4,369,405

### *Actuarial assumptions*

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Investment Rate of Return	6.90%
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 generational mortality improvements using Society of Actuaries Scale 80% of scale MP 2020 based on the November 2021 experience study report (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website at <https://www.calpers.ca.gov/page/forms-publications>.

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, 2024

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return(a)(b)</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Estate	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100%</u>	

(a) an expected inflation of 2.30% is used for this period.

(b) figures are based on the 2021 Asset Liability Management study.

*Discount Rate* - The discount rate used to measure the total pension liability was 6.90 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.

*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 6.90 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 5.90%	Current Discount Rate 6.90%	Discount Rate 7.90%
Net Pension Liability	<u>\$ 25,321,038</u>	<u>\$ 15,786,034</u>	<u>\$ 7,937,909</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 12 - 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) \$151 in calendar year 2024. 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.

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.

*Employees covered by benefit terms.* At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Active employees	95
	<hr/>
Total	<u>129</u>

*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, 2024, were \$426,057.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

# Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

*Actuarial assumptions:* Total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.80% per annum
Investment rate of return	5% per annum
Medical trend rates	8.00% in 2023, decreasing 0.25% per year to an ultimate rate of 4.5% for 2038 and later years
Mortality	General - SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021. Surviving Spouse - SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.

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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (a)
CERBT		
Global Equity	23%	N/A
Global Debt Securities	51%	N/A
Inflation assets	9%	N/A
Commodities	3%	N/A
REITs	14%	N/A
Total	100%	5.00%

(a) Consistent with the information provided as of the measurement date. Long-term expected real rate of return is not provided by asset class and therefore shown as N/A here.

*Discount rate.* The discount rate used to measure the total OPEB liability was 5.0 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.

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

**Changes in the Net OPEB Liability**

Change in the net OPEB liability for the measurement date June 30, 2023, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2023	\$ 4,421,872	\$ 2,948,332	\$ 1,473,540
Changes for the year:			
Service cost	170,320	-	170,320
Interest	224,862	-	224,862
Changes in assumptions	49,341	-	49,341
Differences between expected and actual experience	(23,031)	-	(23,031)
Contributions - employer	-	306,405	(306,405)
Net investment income	-	46,080	(46,080)
Benefit payments	(192,247)	(192,247)	-
Administrative expense	-	(838)	838
Net changes	<u>229,245</u>	<u>159,400</u>	<u>69,845</u>
Balances at June 30, 2024	<u>\$ 4,651,117</u>	<u>\$ 3,107,732</u>	<u>\$ 1,543,385</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 (4.0%) or 1-percentage-point higher (6.0%) than the current discount rate:

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 2,141,724	\$ 1,543,385	\$ 1,041,406

*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 (7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% decreasing to 4.5%)	1% Increase (9.0% decreasing to 5.5%)
Net OPEB liability	\$ 1,051,025	\$ 1,543,385	\$ 2,160,539

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

Sacramento Metropolitan Air Quality Management District

Notes to Financial Statements

June 30, 2024

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$453,185. At June 30, 2024, 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	\$ 55,476	\$ 145,875
Changes of assumptions	473,465	1,476
Net difference between projected and actual earnings on OPEB plan investments	322,837	-
Contributions subsequent to measurement date	426,057	-
Total	\$ 1,277,835	\$ 147,351

Contributions made subsequent to the measurement date of \$426,057 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, 2025.

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,	
2025	\$ 211,667
2026	128,156
2027	166,618
2028	60,905
2029	40,081
Thereafter	97,000
Total	\$ 704,427



Required Supplementary Information  
June 30, 2024

**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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Sales Tax	\$ 2,590,825	\$ 2,590,825	\$ 2,624,053	\$ 33,228
Fees and Licenses	9,379,397	9,379,397	9,967,646	588,249
Local Government	36,533	36,533	94,725	58,192
State	7,070,033	7,070,033	13,366,869	6,296,836
Federal	5,461,056	5,461,056	5,891,669	430,613
Fines, Forfeitures, and Penalties	350,000	350,000	374,177	24,177
Other	17,524	17,524	12,866	(4,658)
Interest Income	191,865	191,865	808,549	616,684
Total revenues	<u>25,097,233</u>	<u>25,097,233</u>	<u>33,140,554</u>	<u>8,043,321</u>
<b>Expenditures:</b>				
Current:				
Business Compliance	9,779,544	9,779,544	9,174,663	604,881
Air Monitoring	8,662,707	8,662,707	7,921,353	741,354
Sustainable Land Use	2,018,435	2,018,435	1,774,083	244,352
Clean Transportation and Mobility Innovation	3,562,848	3,562,848	4,783,935	(1,221,087)
Community Health Protection	2,562,798	2,562,798	1,970,304	592,494
Debt Service:				
Principal	-	-	76,037	(76,037)
Interest	-	-	2,083	(2,083)
Capital Outlay	1,238,500	1,238,500	818,667	419,833
Total expenditures	<u>27,824,832</u>	<u>27,824,832</u>	<u>26,521,125</u>	<u>1,303,707</u>
Excess/(deficiency) of revenues over (under) expenditures	(2,727,599)	(2,727,599)	6,619,429	9,347,028
Other Financing Sources (Uses)				
Subscription	-	-	218,674	218,674
Net change in fund balances	<u>\$ (2,727,599)</u>	<u>\$ (2,727,599)</u>	<u>\$ 6,838,103</u>	<u>\$ 9,565,702</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State	\$ 26,585,809	\$ 26,585,809	\$ 38,481,373	\$ 11,895,564
Federal	3,450,000	3,450,000	1,611,053	(1,838,947)
Fines, Forfeitures, and Penalties	-	-	5,700	5,700
Other	66,438	66,438	138,085	71,647
Interest Income	738,135	738,135	2,989,153	2,251,018
Total revenues	<u>30,840,382</u>	<u>30,840,382</u>	<u>43,225,364</u>	<u>12,384,982</u>
Expenditures:				
Current:				
Clean Transportation and Mobility Innovation	<u>29,032,269</u>	<u>29,032,269</u>	<u>22,272,588</u>	<u>6,759,681</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>\$ 1,808,113</u>	<u>\$ 1,808,113</u>	<u>\$ 20,952,776</u>	<u>\$ 19,144,663</u>

Sacramento Metropolitan Air Quality Management District  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Year Ended June 30, 2024

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 127,662	\$ 135,322	\$ 139,382
Interest	151,691	162,804	173,500
Differences between expected and actual experience	-	-	332,851
Changes in assumptions	-	-	172,321
Benefit payments, including refunds of member contributions	<u>(87,179)</u>	<u>(116,408)</u>	<u>(131,420)</u>
Net change in total OPEB liability	192,174	181,718	686,634
Total OPEB liability – beginning	<u>2,444,108</u>	<u>2,636,282</u>	<u>2,818,000</u>
Total OPEB liability – ending (a)	<u><u>\$ 2,636,282</u></u>	<u><u>\$ 2,818,000</u></u>	<u><u>\$ 3,504,634</u></u>
Plan fiduciary net position			
Contributions – employer	\$ 246,101	\$ 248,588	\$ 262,652
Net investment income	64,728	84,654	146,377
Benefit payments, including refunds of member contributions	(87,179)	(116,408)	(131,420)
Administrative expense	(822)	(939)	(435)
Other expense	-	(2,386)	-
Net change in plan fiduciary net position	222,828	213,509	277,174
Plan fiduciary net position – beginning	<u>1,580,888</u>	<u>1,803,716</u>	<u>2,017,225</u>
Plan fiduciary net position – ending (b)	<u>1,803,716</u>	<u>2,017,225</u>	<u>2,294,399</u>
District’s net OPEB liability – ending (a) – (b)	<u><u>\$ 832,566</u></u>	<u><u>\$ 800,775</u></u>	<u><u>\$ 1,210,235</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.42%	71.58%	65.47%
Covered-employee payroll	\$ 9,196,130	\$ 9,373,544	\$ 9,708,765
District’s net OPEB liability as a percentage of covered-employee payroll	9.05%	8.54%	12.47%
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019

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

Sacramento Metropolitan Air Quality Management District  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Year Ended June 30, 2024

2021	2022	2023	2024
\$ 135,587	\$ 138,934	\$ 137,220	\$ 170,320
213,797	223,724	231,526	224,862
(22,785)	(56,477)	(96,220)	(23,031)
-	(2,214)	514,719	49,341
<u>(156,158)</u>	<u>(173,082)</u>	<u>(171,333)</u>	<u>(192,247)</u>
170,441	130,885	615,912	229,245
<u>3,504,634</u>	<u>3,675,075</u>	<u>3,805,960</u>	<u>4,421,872</u>
<u><u>\$ 3,675,075</u></u>	<u><u>\$ 3,805,960</u></u>	<u><u>\$ 4,421,872</u></u>	<u><u>\$ 4,651,117</u></u>
\$ 323,364	\$ 343,173	\$ 327,336	\$ 306,405
145,998	353,713	(336,224)	46,080
(156,158)	(173,082)	(171,333)	(192,247)
(1,139)	(920)	(795)	(838)
-	-	-	-
312,065	522,884	(181,016)	159,400
<u>2,294,399</u>	<u>2,606,464</u>	<u>3,129,348</u>	<u>2,948,332</u>
<u>2,606,464</u>	<u>3,129,348</u>	<u>2,948,332</u>	<u>3,107,732</u>
<u><u>\$ 1,068,611</u></u>	<u><u>\$ 676,612</u></u>	<u><u>\$ 1,473,540</u></u>	<u><u>\$ 1,543,385</u></u>
70.92%	82.22%	66.68%	66.82%
\$ 9,827,349	\$ 10,257,608	\$ 10,453,736	\$ 11,902,248
10.87%	6.60%	14.10%	12.97%
June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

Sacramento Metropolitan Air Quality Management District  
Schedule of the District's OPEB Contributions  
Year Ended June 30, 2024

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

\* Fiscal year 2018 was the first year of implementation; therefore, only seven 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	10 years
Inflation	2.5% per annum
Healthcare cost trend rates	Actual 6.25%, decreasing by 0.25% per year to 4.5%
Salary increases	2.80% per annum, plus merit scale
Investment rate of return	5.0% per annum

Sacramento Metropolitan Air Quality Management District  
 Schedule of the District's OPEB Contributions  
 Year Ended June 30, 2024

2021	2022	2023	2024
\$ 269,898	\$ 267,013	\$ 233,501	\$ 426,057
<u>(269,898)</u>	<u>(267,013)</u>	<u>(233,501)</u>	<u>(426,057)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,257,608	\$ 10,453,736	\$ 11,902,248	\$ 12,489,587
2.63%	2.55%	1.96%	3.41%

Sacramento Metropolitan Air Quality Management District  
Schedule of Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

	2015	2016	2017	2018
District's proportion of the net pension liability	0.1043%	0.2381%	0.2454%	0.2552%
District's proportionate share of the net pension liability (asset)	\$ 6,489,889	\$ 6,533,370	\$ 8,524,599	\$ 10,060,590
District's covered payroll	\$ 8,908,245	\$ 10,332,821	\$ 9,422,478	\$ 9,196,130
District's proportionate share of the net pension liability as percentage of covered payroll	72.85%	63.23%	90.47%	109.40%
Plan fiduciary net position as a percentage of the total pension liability	79.90%	79.89%	75.87%	75.39%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

Changes in assumptions: The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. In 2021, the discount rate was changed from 7.15 percent to 6.90 percent. In 2021, the demographic assumptions and inflation rate changed from 2.50 percent to 2.30 percent.



Sacramento Metropolitan Air Quality Management District  
Schedule of Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

2019	2020	2021	2022	2023	2024
0.2574%	0.2673%	0.2789%	0.2699%	0.3044%	0.3157%
\$ 9,699,002	\$ 10,703,922	\$ 11,764,861	\$ 5,123,901	\$ 14,243,087	\$ 15,786,034
\$ 9,373,544	\$ 9,708,765	\$ 9,827,349	\$ 10,257,608	\$ 10,453,736	\$ 11,129,538
103.47%	110.25%	119.72%	49.95%	136.25%	141.84%
75.26%	75.26%	75.10%	88.29%	76.68%	76.21%
June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

Sacramento Metropolitan Air Quality Management District  
Schedule of Pension Contributions  
Year Ended June 30, 2024

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,066,362	\$ 1,190,341	\$ 1,132,308	\$ 1,354,429
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>
Contribution deficiency (excess)	<u>\$ (1,969)</u>	<u>\$ -</u>	<u>\$ (125,542)</u>	<u>\$ 67,958</u>
Covered payroll	\$ 10,332,821	\$ 9,422,478	\$ 9,196,130	\$ 9,373,544
Contributions as a percentage of covered payroll	11.99%	11.52%	12.02%	14.59%

Sacramento Metropolitan Air Quality Management District  
Schedule of Pension Contributions  
Year Ended June 30, 2024

2019	2020	2021	2022	2023	2024
\$ 1,443,386	\$ 1,670,845	\$ 1,882,196	\$ 1,828,366	\$ 2,024,793	\$ 2,196,541
<u>(1,443,386)</u>	<u>(1,670,845)</u>	<u>(1,882,196)</u>	<u>(1,828,366)</u>	<u>(2,024,793)</u>	<u>(2,196,541)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,708,765	\$ 9,827,349	\$ 10,257,608	\$ 10,453,736	\$ 11,129,538	\$ 12,489,587
14.87%	17.00%	18.35%	17.49%	18.19%	17.59%

**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.

On or before the last day in February of each year, all divisions of the District submit budget packages to the Administrative Services Division Director 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 budget is prepared by fund, division, and program. Transfers of appropriations within a classification (e.g., employee services, services and supplies, capital expense, and transfers) or across classifications within the same fund may be made without Board approval. Board approval is required to amend the budget once it is adopted if there is a need to increase the expenditure budget. Transfers of appropriations between funds require Board approval as the legal level of budgetary control is the fund level.

Statistical Section

June 30, 2024

Sacramento Metropolitan Air  
Quality Management District

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## Statistical Section Overview

This part of the Sacramento Metropolitan Air Quality Management District's (District) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicate about the District's overall financial health.

Please note that the District made changes to the activity types in FY 2019. As a result, some schedules will show four years of history with the previous activity types and a second schedule will contain six 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 FY 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 Year

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 Government Expenditures by Major Object (Budgetary) - Last Ten Fiscal Years

Schedule 6 - General Government Expenditures by Major Object (Actual) - Last Ten Fiscal Years

## Revenue Capacity

The following schedules present trend 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 Registration (Autos and Trucks) - Last Ten Years

Schedule 11 - Principal Employers - Current 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, 2024

	2015	2016	2017	2018 (a)
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 792,677	\$ 1,111,788	\$ 1,196,123	\$ 1,170,111
Restricted	14,705,749	19,374,392	18,788,183	30,250,374
Unrestricted	(900,807)	(157,287)	605,026	(5,625,047)
<b>Total governmental activities net position</b>	<b>14,597,619</b>	<b>20,328,893</b>	<b>20,589,332</b>	<b>25,795,438</b>
<b>Business-type Activities</b>				
Net investment in capital assets	232,801	613,133	820,602	984,226
Restricted	418,340	416,382	416,575	420,495
Unrestricted	1,331,412	1,190,967	1,142,715	1,575,033
<b>Total business-type activities net position</b>	<b>1,982,553</b>	<b>2,220,482</b>	<b>2,379,892</b>	<b>2,979,754</b>
<b>Primary government</b>				
Net investment in capital assets	1,025,478	1,724,921	2,016,725	2,154,337
Restricted	15,124,089	19,790,774	19,204,758	30,670,869
Unrestricted	430,605	1,033,680	1,747,741	(4,050,014)
<b>Total primary government net position</b>	<b>\$ 16,580,172</b>	<b>\$ 22,549,375</b>	<b>\$ 22,969,224</b>	<b>\$ 28,775,192</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 FY 2019 and is included in Governmental Activities component for FY2019 forward.

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, 2024

2019 (b)	2020	2021	2022	2023	2024
\$ 2,245,913	\$ 2,745,363	\$ 3,151,636	\$ 3,243,373	\$ 3,350,896	\$ 3,769,936
36,909,801	51,881,357	69,562,558	71,438,107	72,382,091	99,639,756
(3,921,835)	(2,768,037)	(4,302,216)	(1,922,255)	(2,006,198)	(2,243,105)
<u>35,233,879</u>	<u>51,858,683</u>	<u>68,411,978</u>	<u>72,759,225</u>	<u>73,726,789</u>	<u>101,166,587</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,245,913	2,745,363	3,151,636	3,243,373	3,350,896	3,769,936
36,909,801	51,881,357	69,562,558	71,438,107	72,382,091	99,639,756
(3,921,835)	(2,768,037)	(4,302,216)	(1,922,255)	(2,006,198)	(2,243,105)
<u>\$ 35,233,879</u>	<u>\$ 51,858,683</u>	<u>\$ 68,411,978</u>	<u>\$ 72,759,225</u>	<u>\$ 73,726,789</u>	<u>\$ 101,166,587</u>

# 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, 2024

	2015	2016	2017	2018
<b>Expenses</b>				
<b>Governmental Activities</b>				
Stationary source activities	\$ 5,918,050	\$ 6,162,041	\$ 6,222,368	\$ 7,496,314
Mobile source activities	14,884,085	11,207,276	11,561,366	8,427,228
Program coordination activities	3,883,548	4,359,691	4,381,093	4,901,319
Strategic planning activities	3,877,953	4,380,829	3,937,606	5,183,744
Depreciation expense-unallocated	211,551	209,891	237,940	226,521
<b>Total governmental activities</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	\$ 697,804	\$ 715,125	\$ 877,284	\$ 454,367
<b>Total primary government expenses</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	\$ 6,440,801	\$ 6,692,235	\$ 7,235,968	\$ 8,140,016
Mobile source activities	106,376	153,178	156,288	155,097
Program coordination activities	265,185	89,163	60,341	154,767
Strategic planning activities	140,712	242,084	310,430	315,248
<b>Operating grants and contributions</b>				
Stationary source activities	-	-	-	-
Mobile source activities	13,910,787	15,076,802	8,932,391	13,690,540
Program coordination activities	1,442,936	1,438,170	1,438,170	1,596,487
Strategic planning activities	643,422	643,422	643,422	643,422
<b>Total governmental activities</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	\$ 888,592	\$ 943,891	\$ 1,018,795	\$ 1,025,568
<b>Total primary government program revenues</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	\$ (5,824,968)	\$ (1,984,674)	\$ (7,563,363)	\$ (1,539,549)
Business-type activities	190,788	228,766	141,511	571,201
<b>Total primary government net (expenses) revenue</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	\$ 6,808,183	\$ 7,087,643	\$ 7,347,831	\$ 6,995,834
Interest	25,241	5,438	81,700	116,467
Gain on sale of capital assets	16,270	-	-	-
Penalties/Settlements	569,708	622,868	394,272	496,575
Transfers	-	-	-	-
<b>Total governmental activities</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	\$ 7,973	\$ 9,163	\$ 17,899	\$ 28,661
Transfers	-	-	-	-
<b>Total business-type activities</b>	<b>7,973</b>	<b>9,163</b>	<b>17,899</b>	<b>28,661</b>
<b>Total Primary government revenue</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	\$ 1,594,434	\$ 5,731,275	\$ 260,439	\$ 6,069,327
Business-type activities	198,761	237,929	159,410	599,862
<b>Total Primary government</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 four-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 (continued) –  
Last Ten Fiscal Years (a)  
(accrual basis of accounting)  
(unaudited)  
Year Ended June 30, 2024

	2019	2020	2021	2022	2023	2024
<b>Expenses</b>						
<b>Governmental Activities</b>						
Business Compliance	\$ 6,762,504	\$ 6,863,473	\$ 7,542,903	\$ 6,838,518	\$ 8,534,841	\$ 9,708,609
Air Monitoring	3,649,645	4,099,677	3,961,441	3,445,578	5,021,842	8,171,455
Sustainable Land Use	2,344,711	2,459,163	2,625,410	1,998,722	2,021,329	1,863,074
Clean Transportation and Mobility Innovation	18,821,767	18,993,969	14,136,285	8,071,082	20,884,866	27,336,208
Community Health Protection	2,065,860	2,249,228	2,177,038	1,833,853	1,992,262	2,059,295
Interest on long-term debt	103,843	94,544	85,350	75,931	69,885	55,183
Unallocated Depreciation	101,626	72,812	63,474	40,921		19,001
<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>\$ 38,525,025</b>	<b>\$ 49,212,825</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	\$ 8,842,587	\$ 9,700,779
Air Monitoring	486,231	506,363	207,691	320,017	754,480	297,036
Sustainable Land Use	72,934	153,625	75,977	263,316	261,527	87,215
Clean Transportation and Mobility Innovation	-	15,312	2	703	7,412	3,263
Community Health Protection	618,738	838,971	810,063	702,919	708,880	527,498
<b>Operating grants and contributions</b>						
Business Compliance	247,581	98,128	106,339	38,539	231,085	189,857
Air Monitoring	1,634,076	3,965,427	1,200,745	2,531,593	1,834,940	5,934,705
Sustainable Land Use	277,370	481,535	615,674	561,434		9,809
Clean Transportation and Mobility Innovation	20,182,390	27,888,607	27,650,746	5,762,695	14,215,221	40,872,435
Community Health Protection	829,551	827,702	734,325	938,774	792,715	7,163,973
<b>Total primary government</b>	<b>\$ 31,902,483</b>	<b>\$ 43,044,040</b>	<b>\$ 39,185,427</b>	<b>\$ 19,486,020</b>	<b>\$ 27,648,847</b>	<b>\$ 64,786,570</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>\$ (2,818,585)</b>	<b>\$ (10,876,178)</b>	<b>\$ 15,573,745</b>
<b>General revenues</b>						
Grants and subventions	\$ 7,308,273	\$ 7,413,413	\$ 7,858,435	\$ 7,835,266	\$ 10,338,433	\$ 7,972,640
Interest	730,405	1,007,653	98,516	(669,433)	1,505,308	3,893,413
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>\$ 7,165,833</b>	<b>\$ 11,843,741</b>	<b>\$ 11,866,053</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>	<b>\$ 967,563</b>	<b>\$ 27,439,798</b>

Note:

(a) For the fiscal year ending 6/30/2019 activity categories were redefined. Therefore, this page includes the six-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, 2024

	2015 (a)	2016	2017	2018	2019
<b>General Fund</b>					
Nonspendable	\$ 155,110	\$ 171,675	\$ 190,202	\$ 402,380	\$ 152,580
Restricted	10,287,274	8,796,696	8,061,391	7,811,623	9,572,931
Assigned	320,000	320,000	320,000	320,000	2,607,673
Unrestricted	1,395,878	1,798,521	1,737,137	2,043,980	-
<b>Total General Fund</b>	<b>\$ 12,158,262</b>	<b>\$ 11,086,892</b>	<b>\$ 10,308,730</b>	<b>\$ 10,577,983</b>	<b>\$ 12,333,184</b>
<b>Special Revenue Fund (b)</b>					
Restricted	\$ 9,549,952	\$ 15,185,241	\$ 14,623,422	\$ 22,438,751	\$ 26,130,091
<b>Total Special Revenue Fund</b>	<b>\$ 9,549,952</b>	<b>\$ 15,185,241</b>	<b>\$ 14,623,422</b>	<b>\$ 22,438,751</b>	<b>\$ 26,130,091</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, 2024

2020	2021	2022	2023	2024
\$ 98,462	\$ 131,192	\$ 136,174	\$ 92,472	\$ 145,428
12,588,465	13,459,160	15,861,714	16,090,972	22,394,482
1,737,431	3,013,705	1,696,179	2,727,599	3,078,095
2,298,950	1,059,724	2,709,060	1,984,461	2,115,602
<u>\$ 16,723,308</u>	<u>\$ 17,663,781</u>	<u>\$ 20,403,127</u>	<u>\$ 20,895,504</u>	<u>\$ 27,733,607</u>
<u>\$ 39,377,251</u>	<u>\$ 55,633,856</u>	<u>\$ 54,960,056</u>	<u>\$ 55,863,979</u>	<u>\$ 76,816,755</u>
<u>\$ 39,377,251</u>	<u>\$ 55,633,856</u>	<u>\$ 54,960,056</u>	<u>\$ 55,863,979</u>	<u>\$ 76,816,755</u>

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, 2024

	2015	2016	2017	2018
<b>REVENUES</b>				
Taxes	\$ 8,533,576	\$ 8,990,702	\$ 9,141,145	\$ 9,185,904
Intergovernmental	14,342,930	15,445,047	9,232,418	13,718,592
Licenses/Permits	7,416,470	7,646,441	8,001,079	8,395,134
Use of Money/Property	60,372	(31,188)	226,170	1,004,824
<b>Total Revenue</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	\$ 6,016,226	\$ 6,501,339	\$ 6,799,202	\$ 6,725,548
Mobile Source	14,932,141	11,367,756	11,916,194	8,048,476
Program Coordination	3,943,621	4,571,752	4,734,782	4,384,116
Strategic Planning	3,918,802	4,517,235	4,168,340	4,861,221
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	239,283	529,002	322,275	200,510
<b>Total Expenditures</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	\$ 1,303,275	\$ 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>\$ 1,319,545</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 four-year period ending 6/30/2018.

See next page for fiscal years subsequent to 6/30/2018

Source : Annual Comprehensive Financial Report-Statement of Revenues, Expenditures, and 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, 2024**

	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>						
Sales Tax	\$ 1,940,485	\$ 1,938,341	\$ 2,264,451	\$ 2,551,772	\$ 2,569,539	\$ 2,624,053
Intergovernmental	27,729,654	39,318,096	36,193,700	15,288,362	25,225,851	59,445,689
Fees and Licenses	8,109,883	8,823,399	8,484,401	8,765,312	9,799,466	9,967,646
Use of Money/Property	1,340,691	1,844,719	421,100	106,174	1,848,613	4,328,530
<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>\$ 39,443,469</b>	<b>\$ 76,365,918</b>
<b>EXPENDITURES</b>						
Current:						
Business Compliance	\$ 6,771,994	\$ 6,579,044	\$ 7,334,384	\$ 7,868,485	\$ 8,220,645	\$ 9,174,663
Air Monitoring	3,545,919	3,798,537	3,698,370	3,687,463	4,860,572	7,921,353
Sustainable Land Use	2,347,083	2,383,320	2,571,041	2,226,768	1,959,275	1,774,083
Clean Transportation and Mobility Innovation	18,826,749	18,820,962	14,022,933	8,615,440	20,728,882	27,056,523
Community Health Protection	2,067,758	2,198,364	2,142,385	1,993,961	1,941,602	1,970,304
Debt Service:						
Principal	-	-	-	-	110,879	76,037
Interest	-	-	-	-	4,291	2,083
Capital Outlay	114,569	507,044	397,461	253,957	221,023	818,667
<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>\$ 38,047,169</b>	<b>\$ 48,793,713</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>\$ 5,446,641</b>	<b>\$ 17,637,284</b>	<b>\$ 17,197,078</b>	<b>\$ 2,065,546</b>	<b>\$ 1,396,300</b>	<b>\$ 27,572,205</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Subscription	-	-	-	-	-	218,674
<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>	<b>\$ 1,396,300</b>	<b>\$ 27,790,879</b>

Note:

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

Source : Annual Comprehensive Financial Report-Statement of Revenues, Expenditures, and 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, 2024

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
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
22-23	17,886,807	8,808,754	601,000	(2,117,830)	25,178,731
23-24	18,411,602	10,290,233	1,238,500	(2,115,503)	27,824,832

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, 2024

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/ Capital Assets	Interfund Charges	Total
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
22-23	16,325,362	5,435,115	221,023	(909,730)	21,071,770
23-24	17,761,492	8,908,231	896,787	(1,045,385)	26,521,125

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, 2024

Fiscal Year	Taxes (a)	Intergovernmen tal (a)	Licenses/ Permits	Use of Money & Property	Other	Total
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
22-23	2,569,539	8,562,389	9,799,466	608,738	24,015	21,564,147
23-24	2,624,053	19,353,263	9,967,646	1,182,726	12,866	33,140,554

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, 2024

Year	Active Permits (a)	Actual Revenue (b)
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
2023	4,425	7,975,746
2024	4,456	8,517,732

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 2015-2018.

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: Summary; Selected Payment Code(s): RNW (Air Toxics, Permit, Reinspection, Source Test & Title V)

Source: Sacramento Metropolitan Air Quality Management District internal systems

Sacramento Metropolitan Air Quality Management District

Schedule 9 – Demographic Information –

Last Ten Fiscal Years (a)

(unaudited)

Year Ended June 30, 2024

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Year	County Population	County Total Personal Income	County Per Capita Income	County Unemployment Rate
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%
2022	1,589,000	98,241,828	61,829	7.0%
2023	1,588,000	98,105,641	61,775	3.9%

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, 2024

Year	Vehicles Registered (As of December 31)
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
2022	1,342,137
2023	1,344,026

Notes:

(a) Most recent information available

Source: California Department of Motor Vehicles

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

Research & Development Data Dashboards --> Vehicles Registered By County

<https://www.dmv.ca.gov/portal/dmv-research-reports/research-development-data-dashboards/vehicles-registered-by-county/>

Sacramento Metropolitan Air Quality Management District

Schedule 11 – Principal Employers –

Current Year and Ten Years Ago

(unaudited)

Year Ended June 30, 2024

Employer	2014			2024		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Private Industry	665,300	1	73.2%	835,600	1	75.0%
State Government	114,700	2	12.6%	140,700	2	12.6%
Local Government	104,700	3	11.5%	112,700	3	10.1%
Federal Government	13,700	4	1.5%	14,700	4	1.3%
Farm	10,700	5	1.2%	9,800	5	0.9%
Total All Industries	<u>909,100</u>		<u>100%</u>	<u>1,113,500</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, 2024

	Full-Time Equivalent Employees as of June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Classification</b>										
Administrative Assistant I/II	2.0	2.0	2.0	-	-	-	-	-	-	-
Administrative Specialist I/II	-	-	-	2.0	2.0	2.0	3.0	3.0	4.0	4.0
Administrative Supervisor/Clerk of the Board	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Pollution Control Officer /Executive Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Air Quality Engineer	19.5	20.5	20.5	20.5	19.5	19.5	15.5	16.5	19.0	19.0
Air Quality Engineer/Specialist/Planner	-	-	-	-	5.5	5.5	5.0	3.0	1.0	1.0
Air Quality Instrument Specialist I/II	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Air Quality Planner/Analyst	10.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Air Quality Specialist	18.6	18.6	18.6	19.6	18.6	18.6	18.6	19.6	21.6	21.6
Assistant Air Pollution Control Officer	-	-	1.0	1.0	-	-	-	-	-	-
Clerical Services Supervisor	1.0	1.0	1.0	-	-	-	-	-	-	-
Communications & Marketing Specialist	1.9	1.9	1.9	1.9	1.9	1.9	1.0	1.0	1.0	1.0
Controller	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
District Counsel	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Division Manager	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Executive Assistant/Clerk to the Board	1.0	1.0	1.0	-	-	-	-	-	-	-
Financial Analyst	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fiscal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Human Resource Assistant I/II	2.0	2.0	2.0	-	-	-	-	-	-	-
Human Resource Technician I/II	-	-	-	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Human Resources Officer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information Systems Administrator	1.0	1.0	-	-	-	-	-	-	-	-
Information Systems Analyst	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Systems Manager	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Legal Assistant I/II	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Office Assistant I/II	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Program Coordinator	12.0	12.0	12.0	-	-	-	-	-	-	-
Program Manager	-	-	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Program Supervisor	5.0	5.0	5.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Senior Accountant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Statistician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Subtotal Funded Positions</b>	<b>94.0</b>	<b>96.0</b>	<b>97.0</b>	<b>98.0</b>	<b>99.5</b>	<b>99.5</b>	<b>94.1</b>	<b>94.1</b>	<b>97.6</b>	<b>97.6</b>
Administrative/Legal Analyst	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Air Quality Engineer	2.0	1.0	1.0	1.0	1.0	1.0	5.0	4.0	-	-
Air Quality Engineer/Specialist/Planner	-	-	-	-	-	-	0.5	-	-	-
Air Quality Planner/Analyst	1.0	-	-	1.0	-	-	-	-	-	-
Air Quality Specialist	2.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0	-	-
Communication & Marketing Specialist	-	-	-	-	-	-	1.0	1.0	-	-
Human Resource Technician I/II	-	-	-	-	1.0	1.0	1.0	1.0	-	-
Information Systems Analyst	-	-	-	-	-	-	-	1.0	-	-
Office Assistant I/II	1.0	1.0	1.0	-	-	-	-	-	-	-
Program Coordinator	1.0	1.0	-	-	-	-	-	-	-	-
Program Supervisor	-	-	1.0	1.0	-	-	-	-	-	-
<b>Subtotal Unfunded Positions</b>	<b>8.0</b>	<b>6.0</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>8.5</b>	<b>9.0</b>	<b>-</b>	<b>-</b>
<b>Total Funded + Unfunded Positions</b>	<b>102.0</b>	<b>102.0</b>	<b>102.0</b>	<b>103.0</b>	<b>102.5</b>	<b>102.5</b>	<b>102.6</b>	<b>103.1</b>	<b>97.6</b>	<b>97.6</b>
Source: Approved/Amended Budget										
The Positions by Classification and Positions by Operating Division tables previously included unfunded positions. Beginning with this budget cycle, FY22/23, only funded positions are included in the budget.										

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, 2024

<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>
2015	\$ 3,980,000	\$ 56,026	\$ 4,036,026	6.2%	2.73
2016	3,705,000	51,118	3,756,118	5.4%	2.51
2017	3,420,000	46,210	3,466,210	4.8%	2.29
2018	3,125,000	41,305	3,166,305	4.1%	2.07
2019	2,820,000	36,396	2,856,396	3.5%	1.85
2020	2,505,000	31,489	2,536,489	3.0%	1.63
2021	2,180,000	26,581	2,206,581	2.4%	1.42
2022	1,850,000	21,674	1,871,674	1.9%	1.18
2023	1,505,000	16,767	1,521,767	1.6%	0.96
2024	1,150,000	11,859	1,161,859	(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, 2024

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Monitoring Air Quality										
Number of air monitoring stations (a)	11	11	9	9	8	7	7	6	6	6
Number of air monitoring instruments installed in the air monitoring stations to measure air quality (b)	89	88	82	82	75	74	74	69	69	71
Vehicles	19	23	23	23	23	22	21	21	21	21

Notes:

- (a) In addition to the stations noted above, the District owns and operates an AB 617 portable air monitoring lab
- (b) Currently, the AB617 lab is running 14 air monitoring instruments

Source: Program Supervisor - Program Coordination Division

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Federal Award Section  
June 30, 2024

# 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 (*Government Auditing Standards*), 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, 2024, 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 17, 2024.

**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 17, 2024



## **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**

#### ***Qualified Opinion***

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, 2024. 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.

#### ***Qualified Opinion on the Targeted Airshed Grant Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, 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 identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

#### ***Basis for Qualified Opinion***

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.

*Matter Giving Rise to Qualified Opinion on the Targeted Airshed Grant Program*

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Federal Financial Assistance Listing No. 66.956 Targeted Airshed Grant Program as described in finding number 2024-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

***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 program.

***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.

## **Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Sacramento, California  
December 17, 2024



Sacramento Metropolitan Air Quality Management District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

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 -10/01/2022 - 09/30/2023	66.001	A 00903123	\$ 61,035	\$ -
Air Pollution Control Program Support - 10/01/2023 - 09/30/2024	66.001	A 00903124	<u>1,133,979</u>	<u>-</u>
Total Assistance Listing No. 66.001			<u>1,195,014</u>	<u>-</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities				
Relating to the Clean Air Act - 04/1/2023 - 03/31/2024	66.034	PM 98T04201	157,794	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities				
Relating to the Clean Air Act - 04/1/2023 - 03/31/2024	66.034	PM 98T60001	41,496	-
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	<u>161,046</u>	<u>-</u>
Total Assistance Listing No. 66.034			<u>360,336</u>	<u>-</u>
Climate Pollution Reduction Grants - 06/01/2023 - 06/30/2027	66.046	5D 98T74301	<u>391,929</u>	<u>82,878</u>
Targeted Airshed Grant Program - Targeted Airshed #1 - 04/15/2021 - 04/30/2026	66.956	TA98T10501	479,138	472,355
Targeted Airshed Grant Program - Targeted Airshed #2 - 05/01/2022 - 04/30/20267	66.956	TA98T36001	<u>2,362,433</u>	<u>2,358,306</u>
Total Assistance Listing No. 66.956			<u>2,841,571</u>	<u>2,830,661</u>
Total U.S Environmental Protection Agency			<u>4,788,850</u>	<u>2,913,539</u>
U.S Department of Transportation				
Passed through the California Department of Transportation				
Highway Planning and Construction - Spare The Air	20.205	CML -6236 (019)	533,440	-
Highway Planning and Construction - Spare The Air	20.205	CML -6236 (021)	306,303	-
Highway Planning and Construction - SECAT Phase III	20.205	CML -6236 (016)	1,511,032	-
Highway Planning and Construction - SECAT Phase III	20.205	CML -6236 (020)	<u>122,106</u>	<u>-</u>
Total Assistance Listing No. 20.205			<u>2,472,881</u>	<u>-</u>
Total U.S Department of Transportation			<u>2,472,881</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 7,261,731</u>	<u>\$ 2,913,539</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, 2024. 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, 2024

**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	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Targeted Airshed Grant Program	66.956
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, 2024

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**Section II – Financial Statement Findings**

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None reported.

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

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**2024-001**      **Program:** Targeted Airshed Grant Program  
**Federal Financial Assistance Listing Number:** 66.956  
**Federal Grantor:** Environmental Protection Agency  
**Award Year:** 4/15/2021-4/30/2026; 5/1/2022-4/30/2027  
**Grant Award Number:** TA98T10501; TA98T36001

**Compliance Requirements:** Procurement and Suspension and Debarment  
**Type of Finding:** Material Weakness in Internal Control over Compliance

*Criteria:*

2 CFR section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 2 CFR Section 200.214 of the Uniform Guidance states that the District must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

The 2024 Compliance Supplement states:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

*Condition:*

As a result of our testwork, we noted three (3) out of three (3) instances where there was no evidence that the District verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract. However, none of the payments in our sample were made to a suspended or debarred party.

*Cause:*

The District did not have policies and procedures in place to verify the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract.

*Effect:*

The District lacked documentation to support compliance with suspension and debarment requirements.

*Questioned Costs:*

No questioned costs were identified as a result of our procedures.

*Context/Sampling:*

Suspension and debarment was applicable to 3 subrecipients. We tested all 3 subrecipients during the year.

*Repeat Finding from Prior Years:*

No.

*Recommendation:*

We recommend that the District implement procedures to retain documentation supporting compliance with major federal program compliance requirements regarding suspension and debarment.

*Views of Responsible Officials:*

Management agrees. See separately issued Corrective Action Plan.

**2024-002**      **Program:** Targeted Airshed Grant Program  
**Federal Financial Assistance Listing Number:** 66.956  
**Federal Grantor:** Environmental Protection Agency  
**Award Year:** 4/15/2021-4/30/2026; 5/1/2022-4/30/2027  
**Grant Award Number:** TA98T10501; TA98T36001

**Compliance Requirements:** Reporting

**Type of Finding:** Material Weakness in Internal Control over Compliance and Material Instance of Non-Compliance

*Criteria:*

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

*Condition:*

During the period July 1, 2023 through June 30, 2024 no reports for subawards were filed with the FSRS that were \$30,000 or more in federal funds.

*Cause:*

Management was not aware of the filing requirement.

*Effect:*

No FFATA reports were filed during the period July 1, 2023 through June 30, 2024. Thus, the District did not comply with 2 CFR Part 170.

*Questioned Costs:*

None.

*Context/Sampling:*

Sampling not applicable since no reports were submitted. For the period July 1, 2023 through June 30, 2024, subrecipient expenditures totaled \$2,830,661.

*Repeat Finding from Prior Year:*

No.



*Recommendation:*

We recommend the District implement policies and procedures to ensure the requirement FFATA reports are prepared and submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System in a timely manner.

*Views of Responsible Officials:*

Management agrees. See separately issued Corrective Action Plan.

Sacramento Metropolitan Air Quality Management District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024

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None reported.