

# **Antelope Valley Air Quality Management District Governing Board Regular Meeting**

## **Agenda**

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**TUESDAY, FEBRUARY 15, 2022  
10:00 A.M.**

### **BOARD MEMBERS**

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

THIS MEETING IS BEING HELD IN ACCORDANCE WITH RESOLUTION 22-01 OF THE BOARD OF DIRECTORS OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT (“DISTRICT”) PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY EXECUTIVE ORDERS N-25-20, N-29-20 AND N-35-20, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR A THIRTY (30) DAY PERIOD OF JANUARY 18, 2022 THROUGH FEBRUARY 18, 2022 PURSUANT TO BROWN ACT PROVISIONS.

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

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

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

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

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

## **CALL TO ORDER 10:00 A.M.**

Pledge of Allegiance.

Roll Call

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

PUBLIC COMMENT

## **CONSENT CALENDAR**

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

1. [Approve Minutes from Regular Governing Board Meeting of January 21, 2022.](#)
2. [Monthly Grant Funding Summary. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
3. [Monthly Activity Report. Receive and file. Presenter: Bret Banks, Executive Director/APCO.](#)
4. [Approve payments to MDAQMD in the amount of \\$192,334.94 for December 2021 expenditures. Presenter: Bret Banks, Executive Director/APCO.](#)
5. [Receive and file the Financial Report. The Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2021. The Financial Reports for November provide financial and budgetary performance information for the District for the period referenced. Presenter: Bret Banks, Executive Director/APCO.](#)
6. [Ratification of Board Chairman's determination pursuant to Government Code section 54953\(e\)\(3\) finding state or local officials continue to impose or recommend measures to promote social distancing. Adopt a resolution reaffirming the local Declaration of Emergency as adopted on April 27, 2020; ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020; and authorizing remote teleconference meetings of the Governing Board of the Antelope Valley Air Quality Management District \(AVAQMD\) for the period of February 15, 2022 through March 15, 2022 pursuant to provisions of the Brown Act. Presenter: Bret Banks, Executive Director/APCO.](#)
7. [Adopt a budget schedule for FY 22-2023. Presenter: Laquita Cole, Finance Manager.](#)
8. [Receive and file the Executive Director's report of surplus and disposal for capital and non-capital equipment. Presenter: Laquita Cole, Finance Manager.](#)

## **ITEMS FOR DISCUSSION**

DEFERRED ITEMS

NEW BUSINESS

9. [Receive and file the annual financial audit for Fiscal Year 2020-21. The financial audit is complete and presented for review to receive and file. Presenter: Laquita Cole, Finance Manager \(MDAQMD\) on behalf of the AVAQMD, with a representative from Fedak & Brown.](#)
10. [1\) Allocate an amount not to exceed \\$52,500 in AB 134 \(Community Air Protection Program\) funds to Desert Haven Enterprises to replace gasoline lawn and garden equipment with zero-emissions battery-electric equipment; 2\) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3\) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel. Presenter: Julie McKeehan, Grants Analyst.](#)
11. Reports: Governing Board Counsel, Executive Director/APCO, Staff.
12. Board Member Reports and Suggestions for Future Agenda Items.
13. Adjourn to Regular Governing Board Meeting of Tuesday, March 15, 2022.

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

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

**Mailed & Posted on: Thursday, February 10, 2022.**

***Deanna Hernandez***

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of January 21, 2022.](#)  
Please scroll down to view the backup material.

**ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD MEETING  
TUESDAY, JANUARY 18, 2022  
ANTELOPE VALLEY DISTRICT OFFICE  
LANCASTER, CA**

**Draft Minutes**

Board Members Present:

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

Board Members Absent:

Howard Harris, Los Angeles County

**CALL TO ORDER**

Chair **CRIST** called the meeting to order at 10:00 a.m. Chair **CRIST** asked Board Member **STEVEN HOFBAUER** to lead the Pledge of Allegiance. Roll call was taken.

**PUBLIC COMMENT**

❖ Chair **CRIST** called for **PUBLIC COMMENT**. At this time, no public comment was made telephonically or electronically, moved onto **CONSENT CALENDAR**.

**CONSENT CALENDAR**

**CONSENT CALENDAR** – The following consent items were acted upon by the Board at one time without discussion. Upon motion by Board Member **CHELETTE**, seconded by Board Member **HOFBAUER**, and carried by the following roll call vote, with six **AYES** votes by Board Members, **AUSTIN BISHOP, NEWTON CHELETTE, MARVIN CRIST, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, with Board Member HOWARD HARRIS absent**, on the Consent Calendar, as follows

**Agenda Item #1 – Approve Minutes from Regular Governing Board Meeting of December 21, 2021.**  
**Approved** Minutes from Regular Governing Board Meeting of December 21, 2021.

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

Presenter: Bret Banks, Executive Director/APCO.

**Received and Filed** Monthly Grand Funding Summary.

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

Presenter: Bret Banks, Executive Director/APCO.

**Received and Filed** Monthly Activity Report.

**Agenda Item #4 – Approve payment to MDAQMD in the amount of \$129,554.76 for November 2021 expenditures.**

Presenter: Bret Banks, Executive Director/APCO.

**Approved** payment to MDAQMD in the amount of \$129,554.76 for November 2021 expenditures.

**Agenda Item #5 – Receive and file the Financial Report. The Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2021.**

Presenter: Bret Banks, Executive Director/APCO.

**Received and filed** the Financial Report. The Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2021.

**Agenda Item #6 – Ratification of Board Chairman’s determination pursuant to Government Code section 54953(e)(3) finding state or local officials continue to impose or recommend measures to promote social distancing. Adopt a resolution reaffirming the local Declaration of Emergency as adopted on April 27, 2020; ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020; and authorizing remote teleconference meetings of the Governing Board of the Antelope Valley Air Quality Management District (AVAQMD) for the period of January 18, 2022 through February 18, 2022 pursuant to provisions of the Brown Act.**

Presenter: Bret Banks, Executive Director/ APCO.

**Ratified** the Board Chairman’s determination pursuant to Government Code section 54953(e)(3) finding state or local officials continue to impose or recommend measures to promote social distancing. Adopt a resolution reaffirming the local Declaration of Emergency as adopted on April 27, 2020; ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020; and authorizing remote teleconference meetings of the Governing Board of the Antelope Valley Air Quality Management District (AVAQMD) for the period of January 18, 2022 through February 18, 2022 pursuant to provisions of the Brown Act. **Adopted** Resolution 22-01, “**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT(“DISTRICT”) PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY EXECUTIVE ORDERS N-25-20, N-29-20 AND N-35-20, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR A THIRTY (30) DAY PERIOD PURSUANT TO BROWN ACT PROVISIONS.**”

**ITEMS FOR DISCUSSION**

**DEFERRED ITEMS**

None.

**NEW BUSINESS**

**Agenda Item #7 – 1) Award an amount not to exceed \$203,500 of District Grant funds to the City of Palmdale to replace their current street sweeping operations with newer, cleaner engine technology; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel, and pending review by the Governing Board Chairman.**

Presenter: Bret Banks, Executive Director/APCO.

Bret Banks, Executive Director/APCO, presented the background information and answered questions from the Board. After discussion, recommendation as amended to approve, upon motion by Board Member **CRIST**, seconded by Board Member **MANN**, and carried by the following roll call vote, with six **AYES** votes by Board

Members, **AUSTIN BISHOP, NEWTON CHELETTE, MARVIN CRIST, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, with Board Member HOWARD HARRIS absent**, the Board, 1) **Awarded** an amount not to exceed \$203,500 of other explored District Grant funds prior to utilizing AB 2766 grant funds to the City of Palmdale to replace their current street sweeping operations with newer, cleaner engine technology; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel, and pending review by the Governing Board Chairman.

**Agenda Item #8 – 1) Award an amount not to exceed \$300,000 of District grant funding to Antelope Valley Transit Authority (AVTA) for an Electric Vehicle Charging Project; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel, and pending review by the Governing Board Chairman.**

Presenter: Bret Banks, Executive Director/APCO.

Bret Banks, Executive Director/APCO, presented the background information and answered questions from the Board. After discussion, recommendation as amended to approve, upon motion by Board Member **CRIST**, seconded by Board Member **HOFBAUER**, and carried by the following roll call vote, with five **AYES** votes by Board Members, **NEWTON CHELETTE, MARVIN CRIST, RON HAWKINS, STEVEN HOFBAUER and KEN MANN, with Board Member BISHOP recusing and Board Member HARRIS absent**, the Board, 1) **Awarded** an amount not to exceed \$300,000 of District grant funding based upon an equitable solution to jurisdictional funding at Antelope Valley Transit Authority to Antelope Valley Transit Authority (AVTA) for an Electric Vehicle Charging Project; 2) **Authorized** the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel, and pending review by the Governing Board Chairman.

**Agenda Item #9– Reports.**

**Governing Board Counsel –**

- No report.

**Executive Director/APCO –**

- Bret Banks informed the Board on the status of the AV Office relocation into the Antelope Valley Fair Grounds offices.
- Bret Banks informed the Board on the on the status of the Lawn & Garden program regarding other supply chains for product including supplier Lowes and will report to the Board the findings soon.

**Staff –**

- Brad Poiriez, Executive Director/APCO, Mojave Desert AQMD, commented on CARB’s Small Off-Road Engines (SORE) program.

**Agenda Item #10 – Board Member Reports and Suggestions for Future Agenda Items.**

- None.

**Agenda Item #11 – Adjourn to Regular Governing Board Meeting of Tuesday, January 18, 2022.**

Being no further business, the meeting adjourned at 10:28 a.m. to the next regularly scheduled Governing Board Meeting of Tuesday, February 15, 2022.



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

## Item #2 – Grant Funds Project Summary

January 2022

### AB 2766 (\$4 DMV Fee)

#### **\$655,000 Annually by Monthly Distribution**

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

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

**Current Balance: \$306,893.00**

### AB 923 (\$2 DMV Fee)

#### **\$614,000 Annually by Monthly Distribution**

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

**Funding Limits:** Carl Moyer eligible projects; unregulated agriculture vehicles and equipment; school bus projects; light-duty vehicle retirement program; and alternative fuel and electric infrastructure projects.

Surplus emission reductions required. Subject to cost-effectiveness limit.

**Current Balance: \$409,025.00**

### Carl Moyer Program

#### **\$658,553.00 FY 20/21 Allocation**

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

**Current Balance: \$0**

### AB 134 Community Air Protection (CAP) Projects

#### **\$855,673 FY 19/20 Allocation**

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

**Current Balance: \$0**

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



## **Agenda Item #3**

**Date: February 3, 2022**

**Subject: December Operations Activity Report**

Permit Inspections - 97

Notices of Violation (NOV) Issued – 1

Vapor Recovery Tests Witnessed – X

Complaints - 1

Complaint Investigations – 1

Asbestos Notifications – XX

Asbestos Project Inspections - 0

Active Companies - 284

Active Facilities - 530

Active Permits - 1118

Certificate of Occupancy/Building Permit Reviews - X

CEQA Project Comment Letters - 10

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

Lancaster Site (full meteorology, CO, NO<sub>x</sub>, O<sub>3</sub>, PM<sub>10</sub>, PM<sub>2.5</sub>)

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

### ***Community Sensors:***

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

AVAQMD CEQA PROJECTS						
BOARD MEETING						
2/15/2022						
Date Rec'd	Location	Project Name	Description	Comment	Date Due	Date Sent
12/10/2021	Lancaster	Lancaster Logistics Center	SPR No. 21-15 for the proposed development of a 1.26 million square foot warehouse located at the southwest corner of West Avenue G and the Antelope Valley Freeway (APN: 3114-011-031).	Dust Control Plan Permitting Rule 219 CARB Equipment	1/7/2022	12/16/2021
12/13/2021	Palmdale	Cambria Hotel	Pre-Application 21-053 Conceptual Review requesting to develop a 56,412square foot hotel on 2.33 acres located south of Avenue P-4 and 5 <sup>th</sup> Street West (APN: 3003-081-068 and -034).	No Comment	1/4/2022	12/16/2021
12/28/2021	Lancaster	Tract Map	TTM 83590 for 115 single-family residential lots located along East Avenue J, between 30 <sup>th</sup> Street East and 40 <sup>th</sup> Street East (APNs: 3150-028-001 and 002) on approximately 30 acres	Dust Control Plan CARB Equipment	1/21/2022	1/10/2022
1/3/2022	Palmdale	New Beyond Market & Carwash	Pre-Application 21-057 to develop two commercial buildings, carwash and gas station on 2.5 acres (APNs:3018-028-023, -052, -053 and -054) at the northwest corner of 25 <sup>th</sup> Street East and Avenue R	Dust Control Signage Permitting CARB Equipment	1/18/2022	1/10/2022
1/3/2022	Palmdale	Tract Tract #061610	Pre-Application 21-050 requesting to develop 33 single family residential homes on 10.10 acres located 20' south of East Palmdale Blvd and west of Atlas Way (APNs: 3023-002-029 thru-032 and 3023-002-022).	Dust Control Plan CARB Equipment	1/18/2022	1/10/2022
1/3/2022	Palmdale	Residential Subdivision	Pre-Application 21-055 Conceptual Review requesting to subdivide approximately 34,410 square feet into a single family residential and a detention basin located at the SWC of 25 <sup>th</sup> Street East and Avenue Q (APN: 3018-016-041)	No Comment	1/18/2022	1/10/2022
1/18/2022	Palmdale	Quick Serve Restaurant	Pre-Application 22-001 Conceptual Review for the tenant improvements/remodel and addition of a Quick Serve Restaurant located at 2520 East Avenue S (APN: 3053-041-434).	Permitting Asbestos Demo/Reno CARB Equipment	2/2/2022	1/24/2022

AVAQMD CEQA PROJECTS						
BOARD MEETING						
2/15/2022						
Date Rec'd	Location	Project Name	Description	Comment	Date Due	Date Sent
1/18/2022	Palmdale	Mister Car Wash	Site Plan Review 22-001 Determination of Application Completeness/Condition Setting for the construction of one building consisting of 6,564 square feet on 1.66 acres for an express car wash following the demolition of an existing building located at 18122 East Palmdale Boulevard (APN: 3014-021-039).	Permitting Asbestos Demo/Reno CARB	1/31/2022	1/24/2022
1/18/2022	Palmdale	Medical Office	Site Plan Review 22-002 Determination of Application Completeness Condition Setting, requesting to develop two buildings totaling approximately 30,000 square feet on two adjacent vacant parcels located approximately 260 feet east of Trade Center Drive between Auto Center Drive and Commerce Avenue on approximately 2 acres (APNs: 3003-080-006 and 3003-080-009).	No Comment	1/31/2022	1/24/2022
1/19/2022	Palmdale	Industrial Buildings	Pre-Application 22-002 Conceptual Review, requesting to construct two buildings totaling 47,600 square feet on 2.95 acres located at Sierra Highway and Avenue R-4 (APNs: 3010-025-016, -018, -026, -040 and -041).	No Comment	2/2/2022	1/24/2022

The following page(s) contain the backup material for Agenda Item: [Approve payments to MDAQMD in the amount of \\$192,334.94 for December 2021 expenditures. Presenter: Bret Banks, Executive Director/APCO.](#)

Please scroll down to view the backup material.

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

*AGENDA ITEM #4*

**DATE:** February 15, 2022

**RECOMMENDATION:** Approve payments to MDAQMD in the amount of \$192,334.94 for December 2021 expenditures.

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

**BACKGROUND:** Key Expenses: Staffing expenses of \$168,701.78.

The AVAQMD contracts with the MDAQMD for essential executive, administrative, fiscal, engineering, and air monitoring services.

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

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form; and by Bret Banks, Executive Director/APCO, on or before February 7, 2022.

**FINANCIAL DATA:** The contract and direct expenditure amounts are part of the approved District budget for FY22. No change in appropriations is anticipated as a result of the approval of this item.

**PRESENTER:** Bret Banks, Executive Director/APCO





**Mojave Desert AQMD**  
 14306 Park Avenue  
 Victorville CA 92392  
 760 245 1661  
[www.mdaqmd.ca.gov](http://www.mdaqmd.ca.gov)

**Invoice Date** 12/31/2021  
**Invoice Number** 43238  
**Due Date** DUE UPON RECEIPT

# INVOICE

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

<b>Facility Address :</b>
<b>Facility ID</b>

Invoice Description	Amount						
FY22 Program Staff OVERHEAD Professional Services	168,701.78 23,620.08 13.08						
TO INSURE PROPER CREDIT - PLEASE INCLUDE A COPY OF THE INVOICE WITH YOUR PAYMENT  FOR CREDIT CARD PAYMENTS PLEASE VISIT <a href="http://www.mdaqmd.ca.gov">www.mdaqmd.ca.gov</a>							
<b>MAKE CHECKS PAYABLE TO MOJAVE DESERT AQMD</b> <b>PLEASE INCLUDE THE INVOICE NUMBER ON THE CHECK</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"><b>Invoice Total</b></td> <td style="text-align: right;"><b>192,334.94</b></td> </tr> <tr> <td><b>Amount Paid</b></td> <td style="text-align: right;"><b>0.00</b></td> </tr> <tr> <td><b>Balance Due</b></td> <td style="text-align: right;"><b>192,334.94</b></td> </tr> </table>	<b>Invoice Total</b>	<b>192,334.94</b>	<b>Amount Paid</b>	<b>0.00</b>	<b>Balance Due</b>	<b>192,334.94</b>
<b>Invoice Total</b>	<b>192,334.94</b>						
<b>Amount Paid</b>	<b>0.00</b>						
<b>Balance Due</b>	<b>192,334.94</b>						

The following page(s) contain the backup material for Agenda Item: [Receive and file the Financial Report. The Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2021. The Financial Reports for November provide financial and budgetary performance information for the District for the period referenced. Presenter: Bret Banks, Executive Director/APCO.](#)

Please scroll down to view the backup material.

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

*AGENDA ITEM #5*

**DATE:** February 15, 2022

**RECOMMENDATION:** Receive and file.

**SUMMARY:** This Preliminary Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at December 31, 2021.

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

**BALANCE SHEET.** The balance sheet summarizes the District's financial position on December 31, 2021.

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

**STATEMENT OF ACTIVITY.** The target variance for October is 50%.

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

**BANK REGISTERS.** This report details the Districts bank activity.

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

**REASON FOR RECOMMENDATION:** Receive and file.

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about February 7, 2022.

**PRESENTER:** Bret Banks, Executive Director/APCO.

**Antelope Valley AQMD**  
**Balance Sheet - Governmental Funds**  
**As of December 31, 2021**

## Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions</u>	<u>AB923 Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Total</u>
<b>Assets</b>					
Current Assets					
Cash	4,747,143.23	605,277.81	1,500,515.97	890,433.76	7,743,370.77
Cash Held For Other Fund	(209,393.86)	86,932.88	122,453.80	7.18	0.00
Receivables	226,750.16	0.00	0.00	0.00	226,750.16
Pre-Paid	18,473.76	0.00	0.00	0.00	18,473.76
<b>Total Current Assets</b>	<b>4,782,973.29</b>	<b>692,210.69</b>	<b>1,622,969.77</b>	<b>890,440.94</b>	<b>7,988,594.69</b>
<b>Total Assets</b>	<b>4,782,973.29</b>	<b>692,210.69</b>	<b>1,622,969.77</b>	<b>890,440.94</b>	<b>7,988,594.69</b>
<b>Liabilities and Net Position</b>					
Current Liabilities					
Payables	567,257.01	0.00	110.00	0.00	567,367.01
Due to Others	2,715.00	0.00	0.00	0.00	2,715.00
Unearned Revenue	2,017,902.69	0.00	0.00	901,344.41	2,919,247.10
<b>Total Current Liabilities</b>	<b>2,587,874.70</b>	<b>0.00</b>	<b>110.00</b>	<b>901,344.41</b>	<b>3,489,329.11</b>
Restricted Fund Balance	2,017,902.69	649,150.86	1,650,543.42	(10,907.13)	4,306,689.84
Cash Reserves	577,718.00	0.00	0.00	0.00	577,718.00
Unassigned Fund Balance	(159,604.85)	0.00	0.00	0.00	(159,604.85)
Pre-Paid	914.05	0.00	0.00	0.00	914.05
Change in Net Position	(241,831.30)	43,059.83	(27,683.65)	3.66	(226,451.46)
<b>Total Liabilities &amp; Net Position</b>	<b>4,782,973.29</b>	<b>692,210.69</b>	<b>1,622,969.77</b>	<b>890,440.94</b>	<b>7,988,594.69</b>

**Antelope Valley AQMD**  
**Statement of Revenues & Expenditures**  
**For the Period Ending December 31, 2021**

## Financial Report

	<u>General Fund</u>	<u>AB2766 Mobile Emissions Program</u>	<u>AB923 Mobile Emissions Program</u>	<u>Carl Moyer Program</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Application and Permit Fees	67,178.16	0.00	0.00	0.00	67,178.16
AB 2766 and Other Program Revenues	101,992.59	101,857.03	101,857.03	0.00	305,706.65
Fines	3,523.68	0.00	0.00	0.00	3,523.68
Investment Earnings	1,506.55	0.00	0.84	0.30	1,507.69
Federal and State	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
<b>Total Revenues</b>	<b>174,200.98</b>	<b>101,857.03</b>	<b>101,857.87</b>	<b>0.30</b>	<b>377,916.18</b>
<b>Expenditures</b>					
Program Staff	168,701.78	0.00	0.00	0.00	168,701.78
Services and Supplies	34,198.01	3,000.00	11,680.00	0.00	48,878.01
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>202,899.79</b>	<b>3,000.00</b>	<b>11,680.00</b>	<b>0.00</b>	<b>217,579.79</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>(28,698.81)</b>	<b>98,857.03</b>	<b>90,177.87</b>	<b>0.30</b>	<b>160,336.39</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 12/31/2021**

00 District Wide

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<b>Revenues</b>				
Permitting	66,037.79	528,319.53	1,047,500.00	(0.50)
Programs	305,706.65	886,525.09	2,833,400.00	(0.31)
Application Fees	1,140.37	9,563.37	30,500.00	(0.31)
State Revenue	0.00	41,640.02	1,096,000.00	(0.04)
Fines & Penalties	3,523.68	19,373.98	10,000.00	(1.94)
Interest Earned	1,507.69	15,863.16	17,500.00	(0.91)
Adjustments to Revenue	0.00	(8,916.52)	0.00	0.00
<b>Total Revenues</b>	<b>377,916.18</b>	<b>1,492,368.63</b>	<b>5,034,900.00</b>	<b>(0.30)</b>
<b>Expenses</b>				
Office Expenses	6,321.54	47,356.47	108,625.00	0.44
Communications	1,432.24	11,238.00	21,050.00	0.53
Vehicles	353.69	1,837.70	7,900.00	0.23
Program Costs	14,680.00	721,935.26	3,104,500.00	0.23
Travel	11.20	67.20	12,650.00	0.01
Professional Services				
Payroll Contract	0.00	911.42	0.00	0.00
Research Studies	0.00	0.00	6,000.00	0.00
Consulting Fees	0.00	0.00	3,000.00	0.00
Stipends	700.00	3,900.00	8,400.00	0.46
Maintenance & Repairs	225.00	2,874.63	6,500.00	0.44
Non-Depreciable Inventory	0.00	4,765.12	2,300.00	2.07
Dues & Subscriptions	0.00	9,406.00	46,400.00	0.20
Legal	1,394.90	7,984.90	44,000.00	0.18
Miscellaneous Expense	126.28	256.15	2,900.00	0.09
Suspense	0.00	372.87	0.00	0.00
Capital Expenditures	0.00	15,116.89	50,000.00	0.30
<b>Total Expenses</b>	<b>25,244.85</b>	<b>828,022.61</b>	<b>3,424,225.00</b>	<b>0.24</b>
<b>Program Staff</b>				
<b>Excess Revenue Over (Under) Expenditures</b>	<b>352,671.33</b>	<b>664,346.02</b>	<b>1,610,675.00</b>	<b>(0.41)</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 12/31/2021**

10 Contracted Services

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<b>Revenues</b>				
<b>Expenses</b>				
Office Expenses	0.00	511.86	1,500.00	0.34
Vehicles	0.00	547.39	0.00	0.00
Travel	0.00	0.00	2,500.00	0.00
Professional Services				
Payroll Contract	13.08	42.72	125.00	0.34
Financial Audit & Actuarial Svcs	23,620.08	115,389.19	212,625.00	0.54
Non-Depreciable Inventory	0.00	4.59	0.00	0.00
Dues & Subscriptions	0.00	0.00	250.00	0.00
<b>Total Expenses</b>	<b>23,633.16</b>	<b>116,495.75</b>	<b>217,000.00</b>	<b>0.54</b>
<b>Program Staff</b>				
Program Staff	168,701.78	774,301.73	1,389,000.00	0.56
<b>Total Program Staff</b>	<b>168,701.78</b>	<b>774,301.73</b>	<b>1,389,000.00</b>	<b>0.56</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>(192,334.94)</b>	<b>(890,797.48)</b>	<b>(1,606,000.00)</b>	<b>(0.55)</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 12/31/2021**

Report Recap

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<b>Revenues</b>				
Permitting	66,037.79	528,319.53	1,047,500.00	(0.50)
Programs	305,706.65	886,525.09	2,833,400.00	(0.31)
Application Fees	1,140.37	9,563.37	30,500.00	(0.31)
State Revenue	0.00	41,640.02	1,096,000.00	(0.04)
Fines & Penalties	3,523.68	19,373.98	10,000.00	(1.94)
Interest Earned	1,507.69	15,863.16	17,500.00	(0.91)
Adjustments to Revenue	0.00	(8,916.52)	0.00	0.00
<b>Total Revenues</b>	<b>377,916.18</b>	<b>1,492,368.63</b>	<b>5,034,900.00</b>	<b>(0.30)</b>
<b>Expenses</b>				
Office Expenses	6,321.54	47,868.33	110,125.00	0.43
Communications	1,432.24	11,238.00	21,050.00	0.53
Vehicles	353.69	2,385.09	7,900.00	0.30
Program Costs	14,680.00	721,935.26	3,104,500.00	0.23
Travel	11.20	67.20	15,150.00	0.00
Professional Services				
Payroll Contract	13.08	954.14	125.00	7.63
Financial Audit & Actuarial Svcs	23,620.08	115,389.19	212,625.00	0.54
Research Studies	0.00	0.00	6,000.00	0.00
Consulting Fees	0.00	0.00	3,000.00	0.00
Stipends	700.00	3,900.00	8,400.00	0.46
Maintenance & Repairs	225.00	2,874.63	6,500.00	0.44
Non-Depreciable Inventory	0.00	4,769.71	2,300.00	2.07
Dues & Subscriptions	0.00	9,406.00	46,650.00	0.20
Legal	1,394.90	7,984.90	44,000.00	0.18
Miscellaneous Expense	126.28	256.15	2,900.00	0.09
Suspense	0.00	372.87	0.00	0.00
Capital Expenditures	0.00	15,116.89	50,000.00	0.30
<b>Total Expenses</b>	<b>48,878.01</b>	<b>944,518.36</b>	<b>3,641,225.00</b>	<b>0.26</b>
<b>Program Staff</b>				
Program Staff	168,701.78	774,301.73	1,389,000.00	0.56
<b>Total Program Staff</b>	<b>168,701.78</b>	<b>774,301.73</b>	<b>1,389,000.00</b>	<b>0.56</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>160,336.39</b>	<b>(226,451.46)</b>	<b>4,675.00</b>	<b>48.44</b>



**Antelope Valley AQMD**  
**Bank Register from 12/01/2021 to 12/31/2021**  
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000001	12/02/2021	Credit Card Transaction - SNR 24 Rancho Village Management	0.00	505.91	738,891.45
0004680	12/03/2021	[10518] AUSTIN BISHOP-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,791.45
0004681	12/03/2021	[10055] NEWTON CHELETTE-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,691.45
0004682	12/03/2021	[10057] MARVIN CRIST-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,591.45
0004683	12/03/2021	[10599] HOWARD HARRIS-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,491.45
0004684	12/03/2021	[10058] RONALD HAWKINS-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,391.45
0004685	12/03/2021	[10503] STEVEN D HOFBAUER-Attendance Governing Board Meeting Tuesday, November 16, 2021.	111.20	0.00	738,280.25
0004686	12/03/2021	[10054] KENNETH MANN-Attendance Governing Board Meeting Tuesday, November 16, 2021.	100.00	0.00	738,180.25
0004687	12/03/2021	[10026] MOJAVE DESERT AQMD-FY22 - September 2021	196,434.63	0.00	541,745.62
0004688	12/03/2021	[10036] SECURA COM INC-Quarterly Alarm Monitoring	116.85	0.00	541,628.77
0004689	12/03/2021	[10483] STREAMLINE-Inv F7C1BDDC-0013 - Web Hosting - December 2021	200.00	0.00	541,428.77
0004690	12/03/2021	[11259] WEX BANK-Fuel Purchases 11/2021	374.90	0.00	541,053.87
R22-22	12/03/2021	Operating Fund Replenishment #10	0.00	207,692.30	748,746.17
0004691	12/09/2021	[10071] QUADIENT LEASING-Copier Lease 12/02/2021-01/01/2022	78.17	0.00	748,668.00
0004692	12/09/2021	[10043] SOCALGAS-Service 10/28/2021-11/30/2021	29.08	0.00	748,638.92
0004693	12/09/2021	[10039] SPARKLETTS-Water Service 11/2021	48.87	0.00	748,590.05
0004694	12/09/2021	[10455] STRADLING YOCCA CARLSON & RAUTH-Invoices ,	1,515.00	0.00	747,075.05
0004695	12/09/2021	[10046] VERIZON CALIFORNIA - NJ-Long Distance 11/28/2021-12/27/2021	34.30	0.00	747,040.75
0000001	12/13/2021	Credit Card Transactions - Heritage Operating (Amerigas)	0.00	2,276.61	749,317.36
0000001	12/15/2021	Credit Card Transaction - Burns Enviornmental	0.00	1,242.00	750,559.36
0004696	12/15/2021	[10996] ANTELOPE VALLEY EDGE-Inv 596 - Annual Membership	2,500.00	0.00	748,059.36
0004697	12/15/2021	[10006] BANK OF THE WEST-CREDIT CARD -1628 11/05/2021-12/04/2021	626.19	0.00	747,433.17
0004698	12/15/2021	[10006] BANK OF THE WEST-CREDIT CARD -1465 11/05/2021-12/04/2021	197.57	0.00	747,235.60
0004699	12/15/2021	[10016] COUNTY OF LOS ANGELES-Bank Services - July - September 2021	126.28	0.00	747,109.32
0004700	12/15/2021	[10045] VERIZON BUSINESS-VOIP 12/01/2021-12/31/2021	427.94	0.00	746,681.38
0004701	12/15/2021	[10050] WOELFL FAMILY TRUST-Lease Payment - January 2022	4,823.67	0.00	741,857.71
0000001	12/15/2021	Credit Card Transactions - Burns Enviornmental - LA Tint (Automod)	0.00	1,418.87	743,276.58
0000001	12/20/2021	Credit Card Transaction - CVS Pharmacy	0.00	505.91	743,782.49
0004702	12/21/2021	[00069] SOUTHERN CALIFORNIA EDISON-Electricity Usage - 11/12/21 - 12/13/21	483.95	0.00	743,298.54
0004703	12/21/2021	[10592] SPECTRUM BUSINESS-Fiber 12/08/2021-01/07/2022	770.00	0.00	742,528.54
0000001	12/23/2021	Credit Card Transaction - Cranite Construction	0.00	661.00	743,189.54
0000001	12/24/2021	Credit Card Transaction - Deluxe Manufacturing	0.00	758.87	743,948.41
0000001	12/30/2021	Credit Card Transaction - Burns Enviornmental	0.00	660.00	744,608.41

**Antelope Valley AQMD**  
**Bank Register from 12/01/2021 to 12/31/2021**  
**Wells Fargo Operating**

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000001	12/31/2021	Credit Card Transaction	0.00	3,035.48	747,643.89
<b>Total for Report:</b>			<b>209,498.60</b>	<b>218,756.95</b>	

**Antelope Valley AQMD**  
**Bank Register from 12/01/2021 to 12/31/2021**  
General Fund P6A LA County

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/01/2021	Interest Earned	0.00	1,506.55	2,284,970.55
R22-22	12/03/2021	Operating Fund Replenishment #10	207,692.30	0.00	2,077,278.25
0000001	12/15/2021	Daily Deposit	0.00	11,601.14	2,088,879.39
R22-25	12/16/2021	AB2766 - August 2021 Reissued Check	10,000.00	0.00	2,078,879.39
R22-23	12/16/2021	Transfer AB2766 - August 2021 Reissued Check	56,923.83	0.00	2,021,955.56
R22-24	12/16/2021	Transfer AB923 - August 2021 Reissued Check	53,371.42	0.00	1,968,584.14
	12/17/2021	Transfer Interest AB2766	0.00	5.44	1,968,589.58
	12/17/2021	Transfer Interest AB923	0.00	15.07	1,968,604.65
	12/17/2021	Transfer Interest Moyer	0.00	7.18	1,968,611.83
0000001	12/20/2021	Daily Deposit	0.00	7,304.64	1,975,916.47
0000001	12/21/2021	Daily Deposit	0.00	308,691.84	2,284,608.31
<b>Total for Report:</b>			<b>327,987.55</b>	<b>329,131.86</b>	

Antelope Valley AQMD

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Bank Register from 12/01/2021 to 12/31/2021

WF AB2766

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0022440	12/03/2021	[11322] SERGIO BALDERRAMA-AB2766 GRANT	500.00	0.00	544,353.98
0022441	12/03/2021	[11323] ANN MARIE HINESLEY-AB2766 GRANT	1,000.00	0.00	543,353.98
0022442	12/03/2021	[11325] JACQUELYN HOWARD-AB2766 GRANT	500.00	0.00	542,853.98
0022443	12/03/2021	[11324] EMRAIDA ORTANEZ-AB2766 GRANT	500.00	0.00	542,353.98
0022444	12/03/2021	[11320] BIMAL JECT PURI-AB2766 GRANT	500.00	0.00	541,853.98
0022445	12/03/2021	[11321] SHIRLEEN A THOMPSON LIU-AB2766 GRANT	500.00	0.00	541,353.98
0022446	12/15/2021	[11329] CHRISTIAN E CORTEZ-AB2766 GRANT	500.00	0.00	540,853.98
0022447	12/15/2021	[11327] PRIYADARSHINI DARBARI-AB2766 GRANT	500.00	0.00	540,353.98
0022448	12/15/2021	[11331] ROBERT DAVIS-AB2766 GRANT	500.00	0.00	539,853.98
0022449	12/15/2021	[11326] EVELYN D EWELL-AB2766 GRANT	500.00	0.00	539,353.98
0022450	12/15/2021	[11330] JAMES HUBBARD-AB2766 GRANT	500.00	0.00	538,853.98
0022451	12/15/2021	[11328] PHILLIP LIVERPOOL-AB2766 GRANT	500.00	0.00	538,353.98
R22-25	12/16/2021	AB2766 - August 2021 Reissued Check	0.00	10,000.00	548,353.98
R22-23	12/16/2021	Transfer AB2766 - August 2021 Reissued Check	0.00	56,923.83	605,277.81
<b>Total for Report:</b>			<b>6,500.00</b>	<b>66,923.83</b>	

**Antelope Valley AQMD**  
**Bank Register from 12/01/2021 to 12/31/2021**  
**WF AB923**

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0001052	12/09/2021	[10884] COAST AUTO SALVAGE-AB923 Grant	2,510.00	0.00	1,456,204.55
0001053	12/15/2021	[10970] CALIFORNIA COMPACTION CORP-AB923 GRANT	9,060.00	0.00	1,447,144.55
R22-24	12/16/2021	Transfer AB923 - August 2021 Reissued Check	0.00	53,371.42	1,500,515.97
<b>Total for Report:</b>			<b>11,570.00</b>	<b>53,371.42</b>	

The following page(s) contain the backup material for Agenda Item: [Ratification of Board Chairman's determination pursuant to Government Code section 54953\(e\)\(3\) finding state or local officials continue to impose or recommend measures to promote social distancing. Adopt a resolution reaffirming the local Declaration of Emergency as adopted on April 27, 2020; ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020; and authorizing remote teleconference meetings of the Governing Board of the Antelope Valley Air Quality Management District \(AVAQMD\) for the period of February 15, 2022 through March 15, 2022 pursuant to provisions of the Brown Act. Presenter: Bret Banks, Executive Director/APCO.](#)

Please scroll down to view the backup material.

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

*AGENDA ITEM #6*

**DATE:** February 15, 2022

**RECOMMENDATION:** Ratification of Board Chairman’s determination pursuant to Government Code section 54953(e)(3) finding state or local officials continue to impose or recommend measures to promote social distancing. Adopt a resolution reaffirming the local Declaration of Emergency as adopted on April 27, 2020; ratifying the proclamation of a State of Emergency by the Governor on March 4, 2020; and authorizing remote teleconference meetings of the Governing Board of the Antelope Valley Air Quality Management District (AVAQMD) for the period of February 15, 2022 through March 15, 2022 pursuant to provisions of the Brown Act.

**SUMMARY:** This action will allow members of the AVAQMD Governing Board to continue to meet via teleconference for the February 15, 2022 Governing Board Meeting in the same manner and using the same means of compliance with the Brown Act as has been done since early 2020.

**BACKGROUND:** On March 4, 2020 the Governor declared a State of Emergency in California due to the impacts of the novel corona virus (COVID-19). As part of the State of Emergency the Governor issued a variety of Executive Orders, specifically N-25-20, N-29-20, and N-35-20, allowing local and state agencies to hold public meetings using remote means without complying with certain specified provisions of the Ralph M. Brown Act, Government Code §§54950-54963. The waived provisions involved the ability to conduct remote meetings without: identification of all remote locations, agenda posting at all locations used, and public access to all the remote sites. Also waived was the requirement that a quorum of teleconferencing members be physically located within the jurisdiction.

On June 11, 2021 the Governor issued Executive Order N-08-21 which set forth a timetable for the resumption of applicability of those previously waived provisions. Specifically, the normal provisions of the Brown Act were to resume on September 30, 2021 and any meetings subject to the Brown Act after that date would be required to comply with all applicable provisions of the Act as it existed prior to the original State of Emergency proclamation.

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

*AGENDA ITEM #6*

**PAGE 2**

The California Legislature responded by passing AB361 of 2021 which allowed the continued waiver of certain provisions of the Brown Act under certain specified conditions of emergency. The Governor signed AB361 on September 16, 2021 and thereafter issued Executive Order N-15-21 to allow meetings prior to October 1, 2021 to continue to be conducted under prior executive orders but that any meeting occurring on or after October 1, 2021 must be conducted pursuant to the provisions of the Brown Act as it existed prior to the original Executive Order waiver OR the local agency must comply with the provisions of AB361 to continue the waiver of certain provisions in 30 day increments.

The adoption of the attached resolution complies with the provisions of AB361 and will allow the Governing Board to conduct its February 15, 2022 meeting in the same manner as it has been conducting meetings throughout the pandemic emergency. Regularly scheduled Governing Board meeting agendas for 2022 will include an action item allowing AVAQMD to comply with the provisions of AB361 to continue the waiver of certain provisions in 30-day increments.

**REASON FOR RECOMMENDATION:** AB361 of 2021 requires a Governing Board resolution making findings and declaring (or ratifying) a local emergency to allow waiver of specific Brown Act meeting provisions.

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns on or about January 31, 2022.

**FINANCIAL DATA:** No increase in appropriation is anticipated.

**PRESENTER:** Bret Banks, Executive Director/APCO



**RESOLUTION NO. 22-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT (“DISTRICT”) PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY EXECUTIVE ORDERS N-25-20, N-29-20 AND N-35-20, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR A THIRTY (30) DAY PERIOD PURSUANT TO BROWN ACT PROVISIONS.**

**WHEREAS**, Antelope Valley Air Quality Management District is committed to preserving and ensuring public access and participation in meetings of the Board of Directors; and

**WHEREAS**, all meetings of Antelope Valley Air Quality Management District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s legislative bodies conduct their business; and

**WHEREAS**, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

**WHEREAS**, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological, or human-caused disasters; and

**WHEREAS**, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, such conditions now exist in the District, specifically, the Governor of California issued a series of Executive Orders aimed at containing the novel coronavirus; and

**WHEREAS**, the State of California and County of Los Angeles recommend social distancing due to the coronavirus; and

**WHEREAS**, the Board of Directors does hereby find that the threat of the coronavirus has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor of the State of California; and

**WHEREAS**, as a consequence of the local emergency, the Board of Directors does hereby find that the Board of Directors of Antelope Valley Air Quality Management District shall conduct its meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that the Board of

Directors shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

**WHEREAS**, the District will post an agenda (72 hours in advance of a regular Board meeting and 24 hours in advance of a Special Board meeting) on the District’s website at [avaqmd.ca.gov](http://avaqmd.ca.gov) which will contain information on how the public can participate in the meeting and provide Public Comments.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Local Emergency. The Board hereby proclaims that a local emergency now exists throughout the District’s jurisdiction, and social distancing is recommended by the State of California and County of Los Angeles.

Section 3. Ratification of Governor’s Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California’s Proclamation of State of Emergency, effective as of this Resolution’s issuance date of **February 15, 2022**.

Section 4. Remote Teleconference Meetings. The Executive Director/CEO and the Board of Directors of Antelope Valley Air Quality Management District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) **March 15, 2022**, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Board of Directors of Antelope Valley Air Quality Management District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED AND ADOPTED** by the Board of Directors of Antelope Valley Air Quality Management District this **15** day of **February**, 2022.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary



**Antelope Valley Air Quality Management District**  
43301 Division Street, Suite 206  
Lancaster, CA 93535  
661-723-8070  
[www.AVAQMD.ca.gov](http://www.AVAQMD.ca.gov)

**DATE: February 15, 2022**

**TO: BOARD OF DIRECTORS**

**SUBJECT: RESOLUTION 22-02 PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY EXECUTIVE ORDERS N-25-20, N-29-20 AND N-35-20, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR A THIRTY (30) DAY PERIOD PURSUANT TO BROWN ACT PROVISIONS**

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#### **RECOMMENDATION**

That the Board of Directors approve Resolution 22-01, proclaiming a local emergency, ratifying the proclamation of a state of emergency by Executive Orders N-25-20, N-29-20 and N-35-20, and authorizing remote teleconference meetings for a thirty (30) day period pursuant to Brown Act provisions

#### **FISCAL IMPACT**

None.

#### **BACKGROUND**

On September 16, 2021, Governor Newsom signed Assembly Bill ("AB") 361 into law. AB 361 is urgency legislation amending the Brown Act to allow legislative bodies of local agencies to meet remotely with relaxed teleconferencing requirements during declared emergencies under certain conditions.

AB 361 adds new procedures and clarifies the requirements for conducting remote meetings, including the following:

- **Public Comment Opportunities in Real Time:** A legislative body that meets remotely pursuant to AB 361 must allow members of the public to access the meeting via a call-in option or an internet-based service option, and the agenda for the remote meeting must provide an opportunity for members of the public to directly address the body in real time. A legislative body cannot require public comments to be submitted in advance of the meeting.

- **No Action During Disruptions:** In the event of a disruption that prevents the local agency from broadcasting the remote meeting, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, AB 361 prohibits the legislative body from taking any further action on items appearing on the meeting agenda until public access to the meeting via the call-in or internet-based options is restored.
- **Periodic Findings:** To continue meeting remotely pursuant to AB 361, a legislative body must make periodic findings concerning the declared emergency and its effects. AB 361 will sunset on January 1, 2024.

The proposed resolution would make the findings required by AB 361 in order to allow Antelope Valley Air Quality Management District to continue to make remote attendance available to its board members and the public if and to the extent needed.

Prepared and Submitted by:

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Allison E. Burns

General Counsel, Antelope Valley Air Quality Management District

The following page(s) contain the backup material for Agenda Item: [Adopt a budget schedule for FY 22-2023](#). Presenter: [Laquita Cole, Finance Manager](#).  
Please scroll down to view the backup material.

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

*AGENDA ITEM #7*

**DATE:** February 15, 2022

**RECOMMENDATION:** Adopt a budget schedule for FY 22-2023.

**SUMMARY:** The budget schedule for the AVQMD FY22-2023 Budget is outlined.

**BACKGROUND:** The budget process is a complex set of activities including analysis of possible external and internal financial factors, formulation, and execution of the budget. The Health & Safety Code requires 30 days between publication of the budget (April 14) and the Public Hearing (May 17) to allow comments to be received and evaluated. The H&S Code also requires that the Public Hearing is conducted at a meeting separate from the budget adoption.

October 1, 2021 – March 28, 2022	The Finance team collects financial impact data for analysis and <b>prepares</b> budget recommendations for review.
March 31, 2022	The APCO <b>reviews</b> staff recommendations.
April 14, 2022	The AVAQMD <b>proposes</b> the FY23 budget and notifies permit holders via website, locally (copy on the counter), public notice, and a mailing.
May 17, 2022	The Governing Board will meet for the budget workshop and public <b>comments</b> .
June 21, 2022	The Proposed Budget for FY22-2023 will be presented for <b>adoption</b> .

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

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about January 31, 2022.

**FINANCIAL DATA:** The budget schedule has no direct fiscal impact; costs associated with related meetings are included in the District's budget.

**PRESENTER:** Laquita Cole, Finance Manager.

The following page(s) contain the backup material for Agenda Item: [Receive and file the Executive Director's report of surplus and disposal for capital and non-capital equipment.](#)  
Presenter: [Laquita Cole, Finance Manager.](#)  
Please scroll down to view the backup material.

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

*AGENDA ITEM #8*

**DATE:** February 15, 2022

**RECOMMENDATION:** Receive and file the Executive Director’s report of surplus and disposal for capital and non-capital equipment.

**SUMMARY:** This report of surplus advises the Governing Board that the District property listed below has been replaced, and/or is no longer in service for the District.

**CONFLICT OF INTEREST:** None.

**BACKGROUND:** The Executive Director/APCO declared the following property surplus and disposed it, or will dispose of it as indicated. The property below has concluded its usefulness, has been replaced, or is no longer serviceable.

<b>2011 Dodge Caliber</b>	Fleet Vehicle
<b>Laptops: 5 HP ProBook 4530</b>	Computer Equipment

**REASON FOR RECOMMENDATION:** The Governing Board has delegated the authority to the Executive Director/APCO to declare and dispose of surplus property belonging to the District with periodic notification to the Governing Board.

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form; and by Bret Banks, Executive Director/APCO, on or before January 27, 2022.

**FINANCIAL DATA:** No increase in appropriation is required.

**PRESENTER:** Laquita Cole, Finance Manager



The following page(s) contain the backup material for Agenda Item: [Receive and file the annual financial audit for Fiscal Year 2020-21. The financial audit is complete and presented for review to receive and file. Presenter: Laquita Cole, Finance Manager \(MDAQMD\) on behalf of the AVAQMD, with a representative from Fedak & Brown.](#) Please scroll down to view the backup material.

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

*AGENDA ITEM #9*

**DATE:** February 15, 2022

**RECOMMENDATION:** Receive and file.

**SUMMARY:** The annual financial audit for Fiscal Year 2020-21 is complete and presented for review and to receive and file.

**BACKGROUND:** Fedak & Brown LLP of Riverside performed the audit services for the District for the second year of the District's second three-year engagement. They conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts.

In their opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Antelope Valley Air Quality Management District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about February 7, 2022.

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

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



**Antelope Valley Air Quality Management  
District**

**Lancaster, California**

**Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2021**



**Governing Board as of June 30, 2021**

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

**Antelope Valley Air Quality Management District**

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

**Antelope Valley Air Quality Management District**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2021**

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# Antelope Valley Air Quality Management District

For the Fiscal Year Ended June 30, 2021

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**Financial Section**

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## Independent Auditor's Report

Governing Board  
Antelope Valley Air Quality Management District  
Lancaster, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Antelope Valley Air Quality Management District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Antelope Valley Air Quality Management District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### Emphasis-of-Matter

#### *Restatement of Net Position*

The District has restated its net position and fund balance as of and for the year ended June 30, 2021. Our opinion is not modified with respect to this matter. Please see Note 9 for further details.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 28 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. That report can be found on pages 31 and 32.

**Fedak & Brown LLP**

Cypress, California

February 15, 2022

**Antelope Valley Air Quality Management District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

The following Management’s Discussion and Analysis (MD&A) of activities and financial performance of the Antelope Valley Air Quality Management District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2021, the District’s net position increased by 6.55% or \$374,242 to \$6,090,561.
- In 2021, total revenues from all sources decreased 18.39% or \$960,406 to \$4,261,480.
- In 2021, total expenses decreased 9.02% or \$380,996 to \$3,842,498.

**Using This Financial Report**

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

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

**Government-wide Financial Statements**

**Statement of Net Position and Statement of Activities**

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

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

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2021**

**Fund Financial Statements**

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

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

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

**Notes to the Basic Financial Statements**

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

**Government-wide Financial Analysis**

**Statements of Net Position**

The following table is a summary of the statements of net position at June 30, 2021 and 2020.

**Condensed Statements of Net Position**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 7,472,593	6,923,666	548,927
Capital assets, net	242,548	229,238	13,310
<b>Total assets</b>	<u>7,715,141</u>	<u>7,152,904</u>	<u>562,237</u>
<b>Liabilities:</b>			
Current liabilities	1,624,580	1,436,585	187,995
<b>Total liabilities</b>	<u>1,624,580</u>	<u>1,436,585</u>	<u>187,995</u>
<b>Net position:</b>			
Net investment in capital assets	242,548	229,238	13,310
Restricted	2,509,392	2,700,456	(191,064)
Unrestricted	3,338,621	2,786,625	551,996
<b>Total net position</b>	<u>\$ 6,090,561</u>	<u>5,716,319</u>	<u>374,242</u>

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2021**

**Government-wide Financial Analysis, continued**

**Statements of Net Position, continued**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,090,561 as of June 30, 2021. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

**Statements of Activities**

The following table is a summary of the statements of activities for the years ended June 30, 2021 and 2020.

**Condensed Statements of Activities**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 1,145,149	988,938	156,211
Operating grants	3,067,106	4,116,806	(1,049,700)
<b>Total program revenues</b>	<u>4,212,255</u>	<u>5,105,744</u>	<u>(893,489)</u>
<b>General revenues</b>	49,225	116,142	(66,917)
<b>Total revenues</b>	<u>4,261,480</u>	<u>5,221,886</u>	<u>(960,406)</u>
<b>Expenses:</b>			
General	2,372,124	2,783,391	(411,267)
Mobile emission program AB 2766	465,560	530,166	(64,606)
Mobile emission program AB 923	232,172	425,577	(193,405)
Carl Moyer program	772,642	484,360	288,282
<b>Total expenses</b>	<u>3,842,498</u>	<u>4,223,494</u>	<u>(380,996)</u>
<b>Changes in net position</b>	418,982	998,392	(579,410)
<b>Net position, beginning of year as previously restated</b>	<u>5,716,319</u>	<u>4,717,927</u>	<u>998,392</u>
<b>Prior period adjustment</b>	<u>(44,740)</u>	-	<u>(44,740)</u>
<b>Net position, beginning of year as restated</b>	<u>5,671,579</u>	<u>4,717,927</u>	<u>953,652</u>
<b>Net position, end of year</b>	<u>\$ 6,090,561</u>	<u>5,716,319</u>	<u>374,242</u>

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2021**

**Government-wide Financial Analysis, continued**

**Statements of Activities, continued**

In the case of the District, net position increased 6.55% or \$374,242 to \$6,090,561, from ongoing operations and a prior period adjustment.

The District's total revenues from all sources decreased 18.39% or \$960,406 to \$4,261,480. Program revenues decreased \$893,489, primarily due to a decrease in operating grants of \$1,049,700; which was offset by an increase in charges for services of \$156,211. General revenues decreased \$66,917, primarily due to a decrease in investment earnings of \$64,442.

The District's total expenses decreased by 9.02% or \$380,996 to \$3,842,498, due primarily to decreases in general fund expenses of \$411,267, mobile emissions program (AB 923) of \$193,405, and mobile emissions program (AB 2766) of \$64,606; which were offset by an increase in Carl Moyer program expenses of \$288,282.

**Governmental Fund Balance**

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2021.

	<b>Condensed Changes in Fund Balance</b>				
	<u>General Fund</u>	<u>AB 2766</u>	<u>AB 923</u>	<u>Carl Moyer</u>	<u>Total</u>
Fund balance, beginning of year as previously stated	\$ 3,685,064	455,962	1,268,265	77,790	5,487,081
Prior period adjustment	-	-	(44,740)	-	(44,740)
Fund balance, beginning of year as restated	3,685,064	455,962	1,223,525	77,790	5,442,341
Changes in fund balance	(212,563)	193,189	427,019	(1,973)	405,672
Fund balance, end of year	<u>\$ 3,472,501</u>	<u>649,151</u>	<u>1,650,544</u>	<u>75,817</u>	<u>5,848,013</u>

In 2021, total fund balance increased by 7.45% or \$405,672 to \$5,848,013. The General fund decreased by 5.77% or \$212,563 to \$3,472,501; the mobile emissions program (AB2766) increased by 42.37% or \$193,189 to \$649,151; the mobile emissions program (AB 923) increased by 34.90% or \$427,019 to \$1,650,544; and the Carl Moyer program decreased by 2.54% or \$1,973 to \$75,817.

**Governmental Activities Budgetary Highlights**

For the year ended June 30, 2021, the final actual expenditures were more than budgeted for the General fund by \$450,634; and less than budgeted for the AB 2766, AB 923, and Carl Moyer funds by \$567,684. For the year ended June 30, 2021, actual revenues were more than budgeted for the General Fund by \$238,071 and AB 2766, AB 923, and Carl Moyer funds by \$52,524. At June 30, 2021, there were no differences between the original and final amended budgets. (See Budgetary Comparison Schedule for the General fund, and programs AB 2766, AB 923, and Carl Moyer under Required Supplementary Information section on pages 28 through 30).

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2021**

**Capital Asset Administration**

	<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Capital assets:				
Non-depreciable assets	\$ 1,329	-	(1,329)	-
Depreciable assets	<u>722,492</u>	<u>57,862</u>	<u>(66,621)</u>	<u>713,733</u>
Total capital assets	723,821	57,862	(67,950)	713,733
Accumulated depreciation	<u>(494,583)</u>	<u>(43,223)</u>	<u>66,621</u>	<u>(471,185)</u>
Total capital assets, net	<u>\$ 229,238</u>	<u>14,639</u>	<u>(1,329)</u>	<u>242,548</u>

At the end of fiscal year 2021, the District's investment in capital assets amounted to \$242,548 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture and fixtures, machinery and equipment, vehicles, computers, and software. The capital assets of the District are more fully analyzed in Note 3 to the basic financial statements.

**Conditions Affecting Current Financial Position**

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

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

**Requests for Information**

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

# **Basic Financial Statements**

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**Antelope Valley Air Quality Management District**  
**Statement of Net Position**  
**June 30, 2021**

	<b>2021</b>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents (note 2)	\$ 4,495,492
Restricted cash and cash equivalent (note 2)	2,509,392
Accounts receivable	466,795
Prepaid expenses and other assets	914
<b>Total current assets</b>	<b>7,472,593</b>
<b>Non-current assets:</b>	
Capital assets – being depreciated, net (note 3)	242,548
<b>Total non-current assets</b>	<b>242,548</b>
<b>Total assets</b>	<b>7,715,141</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	323,447
Unearned revenues (note 5)	1,301,133
<b>Total current liabilities</b>	<b>1,624,580</b>
<b>Total liabilities</b>	<b>1,624,580</b>
<b>Net position (note 7):</b>	
Net investment in capital assets	242,548
Restricted	2,509,392
Unrestricted	3,338,621
<b>Total net position</b>	<b>\$ 6,090,561</b>

See accompanying notes to the basic financial statements

**Antelope Valley Air Quality Management District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants</u>	
<b>Governmental activities</b>				
General	\$ 2,372,124	1,145,149	979,753	(247,222)
Mobile emission program AB 2766	465,560	-	658,342	192,782
Mobile emission program AB 923	232,172	-	658,342	426,170
Carl Moyer program	772,642	-	770,669	(1,973)
<b>Total governmental activities</b>	<b>\$ 3,842,498</b>	<b>1,145,149</b>	<b>3,067,106</b>	<b>369,757</b>
<b>General revenues:</b>				
				\$ 7,250
				17,857
				24,118
				<u>49,225</u>
				418,982
				<u>5,716,319</u>
				(44,740)
				<u>5,671,579</u>
				<u>\$ 6,090,561</u>

See accompanying notes to the basic financial statements

**Antelope Valley Air Quality Management District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**June 30, 2021**

	<u>General Fund</u>	<u>AB 2766 Fund</u>	<u>AB 923 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
<b>Assets:</b>					
Cash and cash equivalents (note 2)	\$ 4,495,492	-	-	-	4,495,492
Restricted cash and cash equivalents (note 2)	-	541,732	1,535,791	431,869	2,509,392
Accounts receivable	232,097	122,349	112,349	-	466,795
Inter-fund receivable (note 4)	53,511	-	6,609	-	60,120
Prepaid expenses	914	-	-	-	914
<b>Total assets</b>	<u>\$ 4,782,014</u>	<u>664,081</u>	<u>1,654,749</u>	<u>431,869</u>	<u>7,532,713</u>
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 319,242	-	4,205	-	323,447
Inter-fund payable (note 4)	6,609	14,930	-	38,581	60,120
Unearned revenue	983,662	-	-	317,471	1,301,133
<b>Total liabilities</b>	<u>1,309,513</u>	<u>14,930</u>	<u>4,205</u>	<u>356,052</u>	<u>1,684,700</u>
<b>Fund balance (note 8):</b>					
Nonspendable	914	-	-	-	914
Restricted	-	649,151	1,650,544	75,817	2,375,512
Unassigned	3,471,587	-	-	-	3,471,587
<b>Total fund balance</b>	<u>3,472,501</u>	<u>649,151</u>	<u>1,650,544</u>	<u>75,817</u>	<u>5,848,013</u>
<b>Total liabilities and fund balance</b>	<u>\$ 4,782,014</u>	<u>664,081</u>	<u>1,654,749</u>	<u>431,869</u>	<u>7,532,713</u>
<b>Reconciliation:</b>					
Total Fund Balance of Governmental Funds				\$ 5,848,013	
Amounts reported for governmental activities in the statement of net position is different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, not in the governmental fund balance sheet. However, the statement of net position includes those capital position among the assets of the District as a whole as follows:					
Capital assets, net				<u>242,548</u>	
Net Position of Governmental Activities				<u>\$ 6,090,561</u>	

See accompanying notes to the basic financial statements

**Antelope Valley Air Quality Management District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>AB 2766 Fund</u>	<u>AB 923 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
<b>Revenues:</b>					
Charge for services	\$ 1,145,149	-	-	-	1,145,149
Operating grants	979,753	658,342	658,342	770,669	3,067,106
Fine, forfeitures, and penalties	7,250	-	-	-	7,250
Investment earnings	16,890	118	849	-	17,857
Other revenue	23,829	289	-	-	24,118
<b>Total revenues</b>	<u>2,172,871</u>	<u>658,749</u>	<u>659,191</u>	<u>770,669</u>	<u>4,261,480</u>
<b>Expenditures:</b>					
Services and supplies	2,328,901	465,560	232,172	770,669	3,797,302
Capital outlay	56,533	-	-	-	56,533
Other expense	-	-	-	1,973	1,973
<b>Total expenditures</b>	<u>2,385,434</u>	<u>465,560</u>	<u>232,172</u>	<u>772,642</u>	<u>3,855,808</u>
<b>Net change in fund balance</b>	(212,563)	193,189	427,019	(1,973)	405,672
<b>Fund balance – beginning of year, as previously stated</b>	<u>3,685,064</u>	<u>455,962</u>	<u>1,268,265</u>	<u>77,790</u>	<u>5,487,081</u>
<b>Prior period adjustment (note 9)</b>	-	-	(44,740)	-	(44,740)
<b>Fund balance – beginning of year, as restated</b>	<u>3,685,064</u>	<u>455,962</u>	<u>1,223,525</u>	<u>77,790</u>	<u>5,442,341</u>
<b>Fund balance – end of year</b>	<u>\$ 3,472,501</u>	<u>649,151</u>	<u>1,650,544</u>	<u>75,817</u>	<u>5,848,013</u>
<b>Reconciliation:</b>					
Net Change in Fund Balance – Total Governmental Funds				\$	405,672
Amounts reported for governmental activities in the statement of activities are different because:					
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:					
Depreciation expense					(43,223)
Capital outlay					<u>56,533</u>
Changes in Net Position of Governmental Activities				\$	<u>418,982</u>

See accompanying notes to the basic financial statements

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements**  
**June 30, 2021**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

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

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

**B. Basis of Accounting and Measurement Focus**

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

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

***Government-wide Financial Statements***

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

***Fund Financial Statements***

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

**B. Basis of Accounting and Measurement Focus, continued**

*Fund Financial Statements, continued*

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

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

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

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

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

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

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

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

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

**C. Financial Reporting**

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

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

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

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

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

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

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

**D. Financial Statement Elements**

**1. Use of Estimates**

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

**2. Uncertainty**

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

**3. Cash and Cash Equivalents**

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

**4. Investments and Investment Policy**

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

- Los Angeles County Pooled Surplus Investments

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

**5. Accounts Receivable**

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

**6. Prepaid Expenses**

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

**7. Internal Balances and Activities**

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



**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

**D. Financial Statement Elements, continued**

**8. Capital Assets**

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

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

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

**9. Unearned Revenues**

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

**10. Net Position**

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

**D. Financial Statement Elements, continued**

**11. Fund Balance**

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

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

***Fund Balance Policy***

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

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

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(2) Cash and Cash Equivalents**

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

	<b>2021</b>
Unrestricted cash and cash equivalents:	
General Fund	\$ 4,495,492
Total unrestricted cash and cash equivalents	4,495,492
Restricted cash and cash equivalents:	
AB 2766 Fund	541,732
AB 923 Fund	1,535,791
Carl Moyer Fund	431,869
Total restricted cash and cash equivalents	2,509,392
Total cash and cash equivalents	\$ 7,004,884

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

	<b>2021</b>
Deposits held with financial institutions	\$ 2,384,819
Deposits held with Los Angeles County Treasurer	4,620,065
Total	\$ 7,004,884

***Authorized Deposits and Investments***

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

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

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the code.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk, continued***

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

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of June 30, 2021, the District's deposits in Los Angeles County Pooled Surplus Investments had an average of 590 days to maturity for the entire portfolio.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Los Angeles County Pooled Surplus Investments is not rated.

***Concentration of Credit Risk***

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(3) Capital Assets**

The change in capital assets as of June 30 was as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Work in progress	\$ 1,329	-	(1,329)	-
Total non-depreciable assets	<u>1,329</u>	<u>-</u>	<u>(1,329)</u>	<u>-</u>
Depreciable assets:				
Improvements	15,875	-	-	15,875
Furniture and fixtures	72,757	-	(2,017)	70,740
Machinery and equipment	160,072	-	(16,841)	143,231
Vehicles	77,409	57,862	(36,514)	98,757
Computers	30,732	-	(11,249)	19,483
Software	365,647	-	-	365,647
Total depreciable assets	<u>722,492</u>	<u>57,862</u>	<u>(66,621)</u>	<u>713,733</u>
Accumulated depreciation:				
Improvements	(16,973)	(1,546)	-	(18,519)
Furniture and fixtures	(59,259)	(341)	2,017	(57,583)
Machinery and equipment	(135,350)	(5,597)	16,841	(124,106)
Vehicles	(62,541)	(5,952)	36,514	(31,979)
Computers	(30,732)	-	11,249	(19,483)
Software	(189,728)	(29,787)	-	(219,515)
Total accumulated depreciation	<u>(494,583)</u>	<u>(43,223)</u>	<u>66,621</u>	<u>(471,185)</u>
Total depreciable assets, net	<u>227,909</u>	<u>14,639</u>	<u>-</u>	<u>242,548</u>
Total capital assets, net	<u>\$ 229,238</u>			<u>242,548</u>

**(4) Internal Transfers**

***Inter-fund Operational Transfers***

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

As of June 30, 2021 inter-fund receivables/payables between the District's funds were as follows:

<u>Receivable from</u>	<u>Payable to</u>	<u>2021</u>
AB 2766 Fund	General Fund	\$ 14,930
Carl Moyer Fund	General Fund	<u>38,581</u>
<b>General Fund receivable</b>		53,511
General Fund	AB 923 Fund	<u>6,609</u>
<b>Inter-fund receivables/payables</b>		<u>\$ 60,120</u>

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(5) Unearned Revenues**

The change in unearned revenues as of June 30 was as follows:

	<u>Balance 2020</u>	<u>New Awards</u>	<u>Expenses/ Revenues</u>	<u>Balance 2021</u>
General Fund				
AB134	\$ -	977,912	-	977,912
Farmers grant	-	6,860	(1,110)	5,750
Total General Fund	-	984,772	(1,110)	983,662
Carl Moyer Fund				
Round 20	2,606	-	(2,606)	-
Round 21	274,985	-	(221,658)	53,327
Round 22	810,202	-	(546,405)	263,797
Round 23	-	347	-	347
Total Carl Moyer Fund	1,087,793	347	(770,669)	317,471
Total unearned revenues	\$ 1,087,793	985,119	(771,779)	1,301,133

**(6) Operating Lease**

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 56,638
2023	56,638
2024	56,638
2025	56,638
Total	\$ 226,552

For the year ended June 30, 2021, rent expense totaled \$57,485.

**(7) Net Position**

Net investment in capital assets is calculated as follows:

	<u>2021</u>
Net investment in capital asset:	
Capital assets – being depreciated, net	\$ 242,548
Total net investment in capital asset	\$ 242,548

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(7) Net Position, continued**

Restricted net position is calculated as follows:

	<b>2021</b>
Restricted:	
Restricted cash and cash equivalents	\$ 2,509,392
Total restricted	\$ 2,509,392

Unrestricted net position is calculated as follows:

	<b>2021</b>
Unrestricted:	
Non-spendable net position	
Prepaid expenses and other assets	\$ 914
Spendable net position	
Unrestricted	3,337,707
Total unrestricted	\$ 3,338,621

**(8) Fund Balance**

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.11 for a description of these categories). Fund balance and its funding composition at June 30, 2021, are as follows:

	<b>2021</b>
Nonspendable:	
Prepaid expenses and other asset	\$ 914
Restricted:	
Mobile Emissions Program AB 2766	649,151
Mobile Emissions Program AB 923	1,650,544
Carl Moyer Program	75,817
Total restricted	2,375,512
Unassigned	
Operations	3,471,587
Total fund balance	\$ 5,848,013

**(9) Prior Period Adjustment**

During fiscal year 2021, the District determined beginning net position and fund balance were overstated by \$44,740. As a result, the District has recorded an adjustment to restate beginning net position and fund balance.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

**(10) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2021, the District participated in the liability and property programs of the SDRMA as follows:

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

Settled claims, if any, have not exceeded any of the coverage amounts in the last fiscal year. There were no reductions in insurance coverage in fiscal year 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2021.

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

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

***Governmental Accounting Standards Board Statement No. 87***

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

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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



**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

***Governmental Accounting Standards Board Statement No. 89***

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

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

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

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

***Governmental Accounting Standards Board Statement No. 91***

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

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

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

***Governmental Accounting Standards Board Statement No. 92***

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

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

***Governmental Accounting Standards Board Statement No. 93***

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

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

***Governmental Accounting Standards Board Statement No. 94***

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

***Governmental Accounting Standards Board Statement No. 94, continued***

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

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

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

***Governmental Accounting Standards Board Statement No. 96***

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

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

***Governmental Accounting Standards Board Statement No. 97***

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2021**

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

***Governmental Accounting Standards Board Statement No. 97, continued***

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

***Governmental Accounting Standards Board Statement No. 98***

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. Effective Date The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

**(12) Commitments and Contingencies**

***Grant Awards***

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

***Litigation***

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

**(13) Subsequent Event**

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of February 15, 2022, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

# Required Supplementary Information

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – General Fund  
For the Year Ended June 30, 2021**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Charge for services	\$ 1,066,000	-	1,066,000	1,145,149	79,149
Operating grants	828,800	-	828,800	979,753	150,953
Fine, forfeitures, and penalties	10,000	-	10,000	7,250	(2,750)
Investment earnings	30,000	-	30,000	16,890	(13,110)
Other revenue	-	-	-	23,829	23,829
<b>Total revenues</b>	<u>1,934,800</u>		<u>1,934,800</u>	<u>2,172,871</u>	<u>238,071</u>
<b>Expenditures:</b>					
Services and supplies	1,849,800	-	1,849,800	2,328,901	(479,101)
Capital outlay	85,000	-	85,000	56,533	28,467
<b>Total expenditures</b>	<u>1,934,800</u>	<u>-</u>	<u>1,934,800</u>	<u>2,385,434</u>	<u>(450,634)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(212,563)</u>	<u>(212,563)</u>
<b>Fund balance – beginning of year</b>	<u>3,685,064</u>		<u>3,685,064</u>	<u>3,685,064</u>	
<b>Fund balance – end of year</b>	<u>\$ 3,685,064</u>		<u>3,685,064</u>	<u>3,472,501</u>	

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – Funds AB 2766, AB 923, and Carl Moyer  
For the Year Ended June 30, 2021**

	<u>Adopted Original Budget</u>	<u>Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Operating grants	\$ 2,008,085		2,008,085	2,087,353	79,268
Investment earnings	28,000	-	28,000	967	(27,033)
Other revenue	-	-	-	289	289
<b>Total revenues</b>	<u>2,036,085</u>	<u>-</u>	<u>2,036,085</u>	<u>2,088,609</u>	<u>52,524</u>
<b>Expenditures:</b>					
Services and supplies	2,036,085	-	2,036,085	1,468,401	567,684
Other expense	-	-	-	1,973	-
<b>Total expenditures</b>	<u>2,036,085</u>	<u>-</u>	<u>2,036,085</u>	<u>1,470,374</u>	<u>567,684</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,235</u>	<u>620,208</u>
<b>Fund balance – beginning of year</b>	<u>1,757,277</u>		<u>1,757,277</u>	<u>1,757,277</u>	
<b>Fund balance – end of year</b>	<u>\$ 1,757,277</u>		<u>1,757,277</u>	<u>2,375,512</u>	

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**Antelope Valley Air Quality Management District  
Notes to the Required Supplementary Information  
June 30, 2021**

**Budgets and Budgetary Data**

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

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

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# **Report on Internal Controls and Compliance**

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

Governing Board  
Antelope Valley Air Quality Management District  
Lancaster, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Antelope Valley Air Quality Management District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 15, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

**Purpose of this Report**

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

**Fedak & Brown LLP**  
Cypress, California  
February 15, 2022

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The following page(s) contain the backup material for Agenda Item: 1) Allocate an amount not to exceed \$52,500 in AB 134 (Community Air Protection Program) funds to Desert Haven Enterprises to replace gasoline lawn and garden equipment with zero-emissions battery-electric equipment; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel. Presenter: Julie McKeehan, Grants Analyst.  
Please scroll down to view the backup material.

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

*AGENDA ITEM #10*

**DATE:** February 15, 2022

**RECOMMENDATION:** 1) Allocate an amount not to exceed \$52,500 in AB 134 (Community Air Protection Program) funds to Desert Haven Enterprises to replace gasoline lawn and garden equipment with zero-emissions battery-electric equipment; 2) Authorize the Executive Director/APCO the option to change the funding source if warranted or if other applicable sources become available; and 3) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute agreements, approved as to legal form by the Office of District Counsel.

**SUMMARY:** This item authorizes AB 134 funds to Desert Haven Enterprises for the transition of their lawn and garden maintenance/groundskeeping operations from gasoline powered equipment to zero-emissions battery-electric powered equipment. Approval of this project helps to reduce air pollution caused by the operation of gasoline-powered equipment. Desert Haven's operations extend throughout the District at various locations in and around low-income communities including school zones where school-aged children and other sensitive receptors are exposed to the air pollution caused by gasoline engines. Desert Haven's successful transition into a Green Zone Certified operation, provides an excellent example for other commercial operations. Desert Haven's adoption of battery electric equipment will also encourage other operators investigate the adoption of commercial-grade zero-emissions lawn and garden equipment before the developing state regulations become a mandate.

**BACKGROUND:** Lawn and garden equipment replacement projects are cost-effective projects that produce direct benefits in the reduction of localized air pollution in the community. Groundskeeping maintenance operations are essential to community care and upkeep. Battery electric equipment replacement projects offer community awareness, encourages the transition to zero emission technologies and offer opportunities for community members to participate. The proposed project includes a comprehensive work plan to transition Desert Haven's gasoline-powered lawn and garden equipment to zero-emissions battery-electric equipment that will result in Green Zone/AGZA certification. The Green Zone certification includes an inventory of existing fossil-fuel equipment to be replaced, hours of operations, a calculation of emission reductions based on the transition to zero-emissions, an evaluation of battery requirements, training of operators, and monitoring performance.

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cc: Laquita Cole  
Michelle Powell  
Julie McKeehan



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

*AGENDA ITEM #10*

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**REASON FOR RECOMMENDATION:** Governing Board approval is needed for the use of District funds.

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel to the Governing Board as to legal form and by Bret Banks, Executive Director/APCO – Antelope Valley Operations on or before February 7, 2022.

**FINANCIAL DATA:** Funding will be provided by the District’s AB 134 funds or other applicable sources if warranted.

**PRESENTER:** Julie McKeehan, Grants Analyst