

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

## **Agenda**

### **LOCATION**

**ANTELOPE VALLEY AQMD District Office  
43301 Division Street, Suite 206  
Lancaster, CA 93535  
661.723.8070**

**TUESDAY, JANUARY 15, 2019  
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

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 AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO GIVE ORAL TESTIMONY, PUBLIC COMMENTS ARE LIMITED TO FIVE MINUTES PER SPEAKER. YOU MAY WISH TO MAKE YOUR COMMENTS IN WRITING TO ASSURE THAT YOU ARE ABLE TO EXPRESS YOURSELF ADEQUATELY.

Except where noted, all scheduled items will be heard in the District Office of the Governing Board, 43301 Division Street, Suite 206, Lancaster, CA 93535 and the teleconference location(s), if applicable. 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.

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

Pledge of Allegiance.

Roll Call

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, staff member or a member of the public request an item be held for discussion under DEFERRED ITEMS.**

1. [Approve Minutes from Regular Governing Board Meeting of December 18, 2018.](#)
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 payment to MDAQMD in the total amount of \\$122,803.02, subject to availability of funds, for services provided during the month of November 2018. 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 November 30, 2018, which provides financial information and budget performance concerning the current fiscal status of the District. Presenter: Bret Banks, Executive Director/APCO.](#)

**ITEMS FOR DISCUSSION**

DEFERRED ITEMS

NEW BUISNESS

6. [Receive and file the Annual Financial Audit for Fiscal Year 2017-18. Presenter: Bret Banks, Executive Director/APCO.](#)
7. [Receive and file presentation regarding AB 617 Update. Presenter: Bret Banks, Executive Director/APCO.](#)
8. Reports: Governing Board Counsel, Executive Director/APCO, Staff.
9. Board Member Reports and Suggestions for Future Agenda Items.
10. Adjourn to Regular Governing Board Meeting of Tuesday, February 19, 2019.

*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 x2. Notification received 48 hours*

*prior to the meeting will enable the District to make reasonable accommodations.*

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 the District Office at 43301 Division Street, Suite 206, Lancaster, CA 93535 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: Wednesday, January 9, 2019.**

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Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of December 18, 2018.](#)

**ANTELOPE VALLEY AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD MEETING  
TUESDAY, DECEMBER 18, 2018  
ANTELOPE VALLEY DISTRICT OFFICE  
LANCASTER, CA**

**Draft Minutes**

Board Members Present:

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

Board Members Absent:

None

**CALL TO ORDER**

Chair **CRIST** called the meeting to order at 10:03 a.m. Board Member **BISHOP** led the Pledge of Allegiance. Roll call was taken.

Election of Chair and Vice-Chair of the Governing Board for 2019:

Chair **CRIST** called for nominations for Chair of the Governing Board for 2019. Board Member **MANN** nominated Board Member **CRIST** for Chair, and Board Member **BISHOP** for Vice Chair, seconded by Board Member **HARRIS**, and being no other nominations, nominations for Chair and Vice Chair was closed. By unanimous roll call vote, Board Member **CRIST** was elected Chair and Board Member **BISHOP** was elected Vice Chair for 2019.

**PUBLIC COMMENT**

Chair **MARVIN CRIST** called for PUBLIC COMMENT –

- ❖ Public Comment made by Rob Duchow on a non-agenda item. Mr. Duchow, representing Southern California Gas Company, spoke on California’s push towards electrification and to have 100% renewable power by 2040. Mr. Duchow stressed the need for a cost effective energy choice and for Californians to have a variety of energy resources to use. He also explained how the Gas Company has been increasing the use of biogas as a renewable resource. Board Member Hofbauer commented that the Gas Company is very prompt in responding to concerns and is a good resource to utilize. Board Member Hawkins commented that AB 3232 is the driving factor for electrification and stated that testing is continuously regarding infrastructure concerns.
- ❖ Public Comment made by Susan Zahnter on a non-agenda item. Ms. Zahnter, representing the Association of Rural Town Councils (ARTC), thanked the Board for their support of the Community Air Protection Program Assembly Bill 617 and the Purple Air Project.

**CONSENT CALENDAR**

*Draft Minutes 12.18.2018*

**Agenda Item #1 - 1. Approve Minutes from Regular Governing Board Meeting of November 20, 2018.**

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Approved** Minutes from Regular Governing Board Meeting of November 20, 2018.

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

Presenter: Bret Banks, Executive Director/APCO.

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

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

Presenter: Bret Banks, Executive Director/APCO.

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

**Agenda Item #4 - Approve payment to MDAQMD in the total amount of \$126,766.31, subject to availability of funds, for services provided during the month of October 2018.**

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Approved** payment to MDAQMD in the total amount of \$126,766.31, subject to availability of funds, for services provided during the month of October 2018.

**Agenda Item #5 - Adopt a resolution authorizing the Executive Director/APCO to maintain credit card accounts with Umpqua Bank, approving the Umpqua Bank Commercial Card Agreement, authorizing the Executive Director/APCO to execute agreements, approved as to legal form by District Counsel.**

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **Adopted** a resolution authorizing the Executive Director/APCO to maintain credit card accounts with Umpqua Bank, approving the Umpqua Bank Commercial Card Agreement, authorizing the Executive Director/APCO to execute agreements, approved as to legal form by District Counsel.

**Agenda Item #6 - 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 October 31, 2018, which provides financial information and budget performance concerning the current fiscal status of the District.**

Presenter: Bret Banks, Executive Director/APCO.

Upon Motion by **HOFBAUER**, seconded by **BISHOP**, and carried unanimously, the Board **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 October 31, 2018, which provides financial information and budget performance concerning the current fiscal status of the District.

**ITEMS FOR DISCUSSION**

**DEFERRED ITEMS**

None.

**NEW BUSINESS**

**Agenda Item #7 – 1) Award an amount not to exceed \$500,000 in grant funds to Antelope Valley Schools Transportation Agency toward the purchase of zero-emissions electric school buses that will replace older diesel-fueled school buses; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.**

Presenter: Bret Banks, Executive Director/APCO.

After discussion and upon motion by **CHELETTE**, seconded by **HOFBAUER**, and carried unanimously, the Board 1) **Awarded** an amount not to exceed \$500,000 in grant funds to Antelope Valley Schools Transportation Agency toward the purchase of zero-emissions electric school buses that will replace older diesel-fueled school buses; and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.

**Agenda Item #8 – 1) Authorize \$15,000 in Mobile Emission Reductions Program (AB 2766) funds to the Alternative Fuel Vehicle Program; and 2) Authorize the Executive Director/APCO and staff to execute the Alternative Fuel Vehicle Program as outlined in the Work Plan.**

Presenter: Julie McKeehan, Grants Analyst

After discussion and upon motion by **BISHOP**, seconded by **HAWKINS**, and carried unanimously, the Board 1) **Authorized** \$15,000 in Mobile Emission Reductions Program (AB 2766) funds to the Alternative Fuel Vehicle Program; and 2) **Authorized** the Executive Director/APCO and staff to execute the Alternative Fuel Vehicle Program as outlined in the Work Plan.

**Agenda Item #9 – 1) Award an amount not to exceed \$94,700 in Carl Moyer Program funds to Bill's Landscaping, Inc. for the replacement of older diesel off-road equipment with newer, cleaner technology; and 2) Authorize the Deputy Director and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel .**

Presenter: Julie McKeehan, Grants Analyst.

After discussion and upon motion by **MANN**, seconded by **CHELETTE**, and carried unanimously, the Board 1) **Awarded** an amount not to exceed \$94,700 in Carl Moyer Program funds to Bill's Landscaping, Inc. for the replacement of older diesel off-road equipment with newer, cleaner technology; and 2) **Authorized** the Deputy Director and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel .

**Agenda Item #10 – 1) Approve the FY 18-19 Application for Carl Moyer Program Year 21 Funds and authorize its submission to the California Air Resources Board (CARB); 2) Allocate a maximum of 15 percent of Mobile Source Emissions Reduction (MSER) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) Authorize the Executive Director/APCO and staff to execute the agreement, approved as to legal form.**

Presenter: Julie McKeehan, Grants Analyst.

After discussion and upon motion by CHELETTE, seconded by MANN, and carried unanimously, the Board, 1) **Approved** the FY 18-19 Application for Carl Moyer Program Year 21 Funds and authorize its submission to the California Air Resources Board (CARB); 2) **Allocated** a maximum of 15 percent of Mobile Source Emissions Reduction (MSER) Program funds to serve as the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program); and 3) **Authorized** the Executive Director/APCO and staff to execute the agreement, approved as to legal form.

**Agenda Item #11 – 1) Award an amount not to exceed \$100,000 in grant funds to High Desert Dairy to replace older diesel-powered farm equipment with new, cleaner technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.**

Presenter: Julie McKeehan, Grants Analyst.

After discussion and upon motion by MANN, seconded by CHELETTE, and carried unanimously, the Board 1) **Awarded** an amount not to exceed \$100,000 in grant funds to High Desert Dairy to replace older diesel-powered farm equipment with new, cleaner technology; and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

**Agenda Item #12 – 1) Award an amount not to exceed \$35,000 of Mobile Source Emission Reductions (AB 2766) funds to Paraclete High School for the replacement of older diesel vehicles with newer, cleaner engine technology; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.**

Presenter: Julie McKeehan, Grants Analyst.

Board Member NEWTON CHELETTE recused himself from this item due to conflicts of interest and left the room respectively. Upon Motion by HOFBAUER, seconded by BISHOP, and carried by the following roll call vote, with six AYES votes by Board Members MARVIN CRIST, AUSTIN BISHOP, HOWARD HARRIS, RON HAWKINS, STEVEN HOFBAUER and KEN MANN with one recusal by Board Member CHELETTE, the Board 1) **Awarded** an amount not to exceed \$35,000 of Mobile Source Emission Reductions (AB 2766) funds to Paraclete High School for the replacement of older diesel vehicles with newer, cleaner engine technology; and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

**Agenda Item #13 – 1) Award an amount not to exceed \$50,000 in Mobile Source Emission Reductions Program (AB 923) funds to the Antelope Valley Transit Authority (AVTA) toward the installation of proposed Electric Vehicle Charging Stations (Project); and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.**

Presenter: Julie McKeehan, Grants Analyst.

After discussion and upon motion by CHELETTE, seconded by HOFBAUER, and carried unanimously, the Board, 1) **Awarded** an amount not to exceed \$50,000 in Mobile Source Emission Reductions Program (AB 923) funds to the Antelope Valley Transit Authority



(AVTA) toward the installation of proposed Electric Vehicle Charging Stations (Project); and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames and technical project details and execute an agreement, approved as to legal form by the Office of District Counsel.

**Agenda Item #14 – 1) Award an amount not to exceed \$50,000 in Mobile Source Emissions Reduction Program funds (AB 2766) to the Los Angeles County Sheriff’s Department, Palmdale Station for the purchase of a clean diesel pickup truck capable of operating on B20 biofuel; and 2) Authorize the Executive Director/APCO and staff to negotiate target time frames, technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel.**

Presenter: Julie McKeehan, Grants Analyst.

After discussion and upon motion by **CHELETTE**, seconded by **HARRIS**, and carried unanimously, the Board, 1) **Awarded** an amount not to exceed \$50,000 in Mobile Source Emissions Reduction Program funds (AB 2766) to the Los Angeles County Sheriff’s Department, Palmdale Station for the purchase of a clean diesel pickup truck capable of operating on B20 biofuel; and 2) **Authorized** the Executive Director/APCO and staff to negotiate target time frames, technical project details, and execute an agreement, approved as to legal form by the Office of District Counsel

**Agenda Item #15 – Receive and file AVAQMD’s Grant Programs Overview.**

Presenter: Julie McKeehan, Grants Analyst.

No action required of the Board as this item was informational only.

**Agenda Item #16 – Reports.**

**Governing Board Counsel –**

- Wished all a Merry Christmas and a Happy New Year.

**Executive Director/APCO –**

- Wished all a Merry Christmas and a Happy New Year.

**Staff –**

- None.

**Agenda Item #17 – Board Member Reports and Suggestions for Future Agenda Items.**

- Board Member Crist wished all a Merry Christmas and thanked all for their work.
- Board Member Bishop wished all a Merry Christmas and thanked all for their work.
- Board Member Chelette wished all a Merry Christmas and thanked all for their work.
- Board Member Harris wished all a Merry Christmas and thanked all for their work.
- Board Member Hawkins wished all a Merry Christmas and thanked all for their work especially with the upgrades to the AV AQMD website.
- Board Member Hofbauer wished all a Merry Christmas and thanked all for their work.
- Board Member Mann wished all a Merry Christmas and thanked all for their work.

**Agenda Item #18 – Adjourn to Regular Governing Board Meeting of Tuesday, January 15, 2019.**

Being no further business, the meeting adjourned at 10:51 a.m. to the next regularly scheduled Governing Board Meeting of Tuesday, January 15, 2019.

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

# ITEM #2 - MONTHLY GRANT FUND SUMMARY

**AB 2766 (\$4 DMV Fee) Annual Allocation for Mobile Projects \$426,507.00**

**AB 923 (\$2 DMV Fee) Annual Allocation for Mobile Projects \$609,060.00**

## Grant Programs Projects & Balances

### AB 2766 PROJECT FUNDS

<i>Action Date</i>	<i>Project Name</i>	<i>Approved Action</i>
Feb-16	LA County Sheriff's Alt. Patrol Project AV0216#9	-50,000.00 paid
Mar-16	AVC Equipment Replacement AV0314#14	-1,886.00 paid
Mar-16	AVLAW, LLC EV Charging Repair AV0316#11	-2,117.00 paid
Apr-16	AV Produce TRU Replacement Project AV0416#12	-16,203.00 paid
Apr-16	LA County Sheriff's Lancaster Bio Diesel Truck Project AV0416#11	-50,000.00 paid
Jul-16	City of Palmdale Electric Infrastructure ADA Req AV0716#10	-59,700.00 paid
Aug-16	AFV Program Add'l Funds AV0816#9	-34,500.00 paid
Aug-16	AVC Free Fare Pilot Program for Students AV0816#7	-30,000.00 paid
Sep-16	LA Cty Sheriff's Bike Patrol Proj. Palmdale/Lancaster AV0916#11	-35,143.00 paid
Sep-16	AVTA - Public Transit Programs AV0916#8	120,000.00 paid
Dec-16	A-Z Engine Systems Repair AV1216#12	3,756.00 paid
Feb-17	AFV Program Add'l Funds AV0117#8	-40,000.00 paid
Mar-17	VAVR Program - Projects to EES AV0317#9	-60,000.00 paid
May-17	American Plumbing Services Vehicle Replacement #1 AV0517#8	-32,252.58 paid
May-17	AV Fair Assoc. Forklift Replacement Project AV0517#9	-21,616.00 pending
Jun-17	Electric Commerical Grounds Keeping Pilot Program AV0617#13	-127,500.00 paid
Jul-17	Hemme Hay & Feed Off-road/On-road Vehicle Project AV0717#	-134,310.00 paid
Aug-17	AV Fair Assoc. B20 Truck Project AV0817#7	-50,000.00 paid
Aug-17	LA County Sheriff's/AV BoostersOff-road Utility Equipment AV0817#S-1	-34,999.10 paid
Sept.17	AV Fair Assoc. ERP Electric Carts AV0917#13	-9,253.00 pending
Oct-17	AVTA Electric Transit Bus Project AV1017#7	-58,406.14 paid
Dec-17	LA County Sheriff's Palmdale Bio Diesel Truck Project AV1217#8	-50,000.00 pending
Feb-18	Kyle & Kyle Ranches On-road Vehicle Project AV0218#8	-68,016.00 pending
Mar-18	Kyle & Kyle Ranches On-road Vehicle Project AV0318#	-31,984.00 pending
Mar-18	2018 Lawn Mower Exchange Program AV0318#12	-10,000.00 paid
May-18	AFV Program Add'l Funds AV0517#	-15,000.00 paid
May-18	LBC - Bus Replacement Projects AV0218#9	-66,516.00 paid
Aug-18	AFV Program Add'l Funds AV0818#6	-15,000.00 paid
Aug-18	Antelope Valley College - Student Pass Program AV0818#7	-80,000.00 paid
Aug-18	Heritage Sign Company Vehicle Replacement Project AV0818#9	-8,720.00 paid
Oct-18	LBC - Bus Replacement Projects AV0218#9 - Reg. Reimb.	-5,332.20 paid
Oct-18	American Plumbing Services Vehicle Replacement #2 AV01018#	-10,810.00 pending
Nov-18	UAV Vehicle Replacement Project AV1118#?	-60,000.00 pending
Nov-18	AFV Program Add'l Funds AV1118#7	-15,000.00 paid
Dec-18	AFV Program Add'l Funds AV1218#8	-15,000.00 paid
Dec-18	Parachlete High School Vehicle Replacement Proj. AV1218#12	-35,000.00 pending
Dec-18	LA County Sheriff's Palmdale Bio Diesel Truck Project AV1218#14	-50,000.00 pending
<b>AB 2766 PROJECTS CURRENT BALANCE</b>		<b><u>-9,572.15</u></b>

*Action Date*    *Project Name*

**Pending Action**

**AB 2766 PROJECTS BALANCE PENDING APPROVAL**

**-9,572.15**

### AB 923 PROJECT FUNDS

*Action Date*    *Project Name*

**Approved Action**

Jan-16 Antelope Valley Farming ERP Project #1 AV0116#8	-181,530.00	paid
Mar-16 Ebee Streetlight EV Charging Project AV0316#10	-25,000.00	paid
Apr-16 VAVR Program - Admin to EES AV0416#10	-60,000.00	paid
Apr-16 2016 Lawn Mower Exchange Program	-11,200.00	paid
Aug-16 Calandri SonRise Farms Harvesting Project AV0816#8	-406,065.00	paid
Oct-16 Antelope Valley Farming ERP Project #2 AV1016#10	-12,940.38	paid
Dec-16 AVSTA CNG Tank Replacement AV1216#11	-63,377.00	paid
Dec-16 AV Hospital/SCE Charge Ready Pilot Project AV1216#10	-37,635.11	paid
Feb-17 City of Pamdale Vanpool/Infrastructure Project AV0117#12	-164,928.00	pending
Feb-17 City of Lancaster Vanpool/Infrastructure Project AV0117#11	-61,925.00	pending
Mar-17 2017 Lawn Mower Exchange Program AV0317#10	-10,730.00	paid
Jul-17 Palmdale Water District EV Charging Project AV0717#9	-18,520.00	paid
Sep-17 City of Palmdale/SCE EV Charging Project AV0917#11	-17,218.00	paid
Sep-17 AVSTA CNG Tank Replacement AV0917#12	-15,949.12	paid
Oct-17 AV Farming ERP Project #1 AV1017#11	-38,622.00	paid
Oct-17 AVTA Electric Transit Bus Project AV1017#7	-207,387.32	paid
Jan-18 Wilsona School District EV School Bus Charging Project AV0118#8	-49,976.00	paid
Feb-18 VAVR Program - Projects to EES AV0218#7	-47,000.00	paid
Mar-18 2018 Lawn Mower Exchange Program AV0318#12	-10,000.00	paid
Mar-18 Robertsons Palmdale Honda EV Charging Project AV0318#9	-86,000.00	paid
May-18 Home2 Suites by Hilton Palmdale EV Charging Project AV0518#8	-15,200.00	paid
May-18 Sierra Commons SPE, LLC EV Charging Project AV0518#10	-30,640.00	paid
Sep-18 AV Harley-Davidson EV Charging Proj. AV0918#5	-20,000.00	pending
Nov-18 VAVR Program - Projects to EES AV1118#8	-50,000.00	paid
Dec-18 High Desert Dairy ERP Project #7 AV1218#11	-54,917.56	pending
Dec-18 AVTA EV Charging Station Project AV1218#13	-50,000.00	pending
Dec-19 AVSTA Electric Buses Project AV1218#7	-31,250.00	pending

**AB 923 PROJECTS CURRENT BALANCE**

**\$329,608.06**

*Action Date Project Name*

**Pending Action**

**AB 923 PROJECTS BALANCE PENDING APPROVAL**

**\$329,608.06**

**CARL MOYER PROGRAM PROJECT FUNDS**

*Action Date Project Name*

**Approved Action**

Mar-15 Carl Moyer Prog. Funds Year 17 (FY 14-15) Deposit

**637,511.00** recv'd

Mar-15 Carl Moyer Interest (FY 13-14) added to Year 17 Deposit

**834.45** recv'd

Apr-15 Calandri SonRise Farms ERP Project #3 AV0415#8	-284,211.25	paid
Apr-15 High Desert Dairy ERP Project #3 AV0415#7	-134,239.00	paid
Nov-15 Bill's Landscaping ERP Project #1 AV1115#7	-78,873.00	paid
Nov-15 Gall Brothers Engineering ERP Project #1 AV1115#8	-138,715.00	paid
<b>Feb-16 MDAQMD Year 16 Transfer AV0216#7 Deposit</b>	<b>324,480.00</b>	recv'd
Mar-16 High Desert Dairy ERP Project #4 AV0316#8	-139,224.00	paid
Mar-16 Calandri SonRise Farms ERP Project #5 AV0316#9	-83,983.00	paid
<b>Mar-15 Carl Moyer Prog. Funds Year 18 (FY 15-16) Deposit</b>	<b>659,588.00</b>	recv'd
<b>Mar-15 Carl Moyer Interest (FY 14-15) added to Year 18 Deposit</b>	<b>1,573.18</b>	recv'd
Apr-16 Lane Ranch & Co. ERP Project AV0416#8	-99,989.56	paid
Apr-16 Bill's Landscaping ERP Project #2 AV0416#9	-79,916.00	paid
Jun-16 Calandri SonRise Farms Forklift Project #6 AV0616#8	-60,985.00	paid
Jun-16 Antelope Valley Fair Assoc. Forklift Project AV0616#9	-51,460.00	paid
Jul-16 Bolthouse ERP Project AV0716#11	-18,927.00	paid
Jul-16 South Pac Industries ERP Project AV0716#9	-181,114.00	paid
Sep-16 High Desert Dairy ERP Project #4 AV0916#9	-158,663.00	paid
Sep-16 Gall Brothers Engineering ERP Project #2 AV0916#10	-77,896.00	paid
Oct-16 Antelop Valley Farming ERP Project #2 AV1016#10	-34,943.62	paid
<b>Apr-17 Carl Moyer Prog. Funds Year 19 (FY 16-17) Deposit</b>	<b>669,301.00</b>	recv'd
<b>Apr-17 Carl Moyer Interest (FY 15-16 &amp; FY 16-17) added to Year 19</b>	<b>7,375.00</b>	recv'd
May-17 AV Fair Assoc. AV0517#9	-15,130.00	pending
Jun-17 High Desert Dairy ERP Project #6 AV0617#12	-170,159.00	paid
Oct-17 AV Farming ERP Project #1 AV1017#11	-9,814.00	paid
Oct-17 Miller Equipment ERP Project #1 AV1017#11	-284,887.00	paid
Oct-17 New West Metals ERP Project #1 AV1017#6	-98,581.00	paid
Oct-17 Nick Van Dam Farms ERP Project #1 AV1017#10	-49,600.00	paid
<b>Apr-18 Carl Moyer Prog. Funds Year 20 (FY 17-18) Deposit</b>	<b>701,526.00</b>	recv'd
<b>Apr-18 Carl Moyer Interest (FY 17-18) added to Year 20</b>	<b>6,072.39</b>	rec'd
Apr-18 McWhirter Steel Forklift Repl. Proj. #1 AV0418#6 Rd. 19	-50,000.05	pending
Apr-18 McWhirter Steel Forklift Repl. Proj. #1 AV0418#6 Rd. 20	-135,942.95	pending
May-18 McCarthy Steel Forklift Repl. Proj. #1 AV0518#9 Rd. 20	-59,155.00	paid
Jun-18 Gall Brothers Engineering ERP Proj. #3 AV0618#11 Rd. 20	-94,211.00	pending
Jul-18 Fine Grade Equipment Repl. Proj. #1 AV0718#7 Rd. 20	-240,850.00	pending
Aug-18 Heritage Sign Company Vehicle Replacement Project AV0818#9	-23,545.00	pending
Oct-18 American Plumbing Service Vehicle Replacement #2 AV1018#	-14,112.00	pending
Dec-18 Bills Landscaping ERP Project #3 AV1218#9	-94,700.00	pending
Dec-18 High Desert Dairy ERP Project #7 AV1218#11	-45,082.44	pending
<b>CARL MOYER PROJECTS CURRENT BALANCE</b>	<b>\$0.00</b>	

**AB 134 - CAP/GGRF PROJECT FUNDS**

*Action Date Project Name*

Nov-18 AB 134 Funds Year 1 (FY 17-18) Deposit	468,750.00
Dec-18 AVSTA Electric Buses Project AV1218#7	-468,750

*Approved Action*

468,750.00
-468,750

**AB 134 CAP/GGRF PROJECTS CURRENT BALANCE**

**\$0.00**

**NOx REMEDIATION PROJECT FUNDS**

<i>Action Date</i>	<i>Project Name</i>	<i>Approved Action</i>
May-18	NRM Funding Deposit AV0618#10	26,634.00
Jun-18	NRM Add'l Funding Deposit AV0618#10	27,010.00
Jul-18	Fine Grade Equipment Repl. Proj. #1 AV0718#7	-53,644.00
<b>NOx REMEDIATION PROJECTS CURRENT BALANCE</b>		<b><u><u>\$0.00</u></u></b>

**AB 617 - COMMUNITY AIR PROTECTION (CAP) FUNDS**

<i>Action Date</i>	<i>Project Name</i>	<i>Approved Action</i>
Mar-18	AB 617 Funds Year 1 (FY 17-18) Deposit	65,569.00
Nov-18	AB 617 Funds Year 1 (FY 17-18) Deposit	75,000.00
Nov-18	Admin Expenses	-18,753.00
<b>AB 617 CAP PROJECTS CURRENT BALANCE</b>		<b><u><u>\$121,816.00</u></u></b>
<i>Action Date</i>	<i>Project Name</i>	<i>Pending Action</i>
	no proposed projects	
<b>AB 617 CAP PROJECTS BALANCE PENDING APPROVAL</b>		<b><u><u>\$121,816.00</u></u></b>

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



# Item #3 Monthly Activity Report – December

## 2018

	<u>Dec 2018</u>	<u>Dec 2017</u>	<u>YTD (7/1/19)</u>
Complaints	0	1	4
Complaint Investigations	0	1	4
Asbestos Notifications	8	8	57
Asbestos Inspections	0	0	0
Permit Inspections	123	61	678
Permit Inspections in Compliance (%)	100	100	100
Notice of Violation (NOV)	0	1	4

### \*Outstanding NOVs

- AV00000207, Issued 06/2017
- AV00000208, Issued 07/2017
- AV00000210, Issued 02/2018
- AV00000216, Issued 09/2018

**Number of Active Companies: 283**  
**Number of Active Facilities: 528**  
**Number of Active Permits: 1,095**

### Project Comment Letters – December 2018

**Attached**

The following page(s) contain the backup material for Agenda Item: [Approve payment to MDAQMD in the total amount of \\$122,803.02, subject to availability of funds, for services provided during the month of November 2018. Presenter: Bret Banks, Executive Director/APCO.](#)

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

*AGENDA ITEM #4*

**DATE:** January 15, 2019

**RECOMMENDATION:** Approve payment to MDAQMD in the total amount of \$122,803.02, subject to availability of funds, for services provided during the month of November 2018.

**SUMMARY:** The District contracts for services with MDAQMD; invoices for services are presented for payment.

**CONFLICT OF INTEREST:** None

**BACKGROUND:** Key Expenses: Staffing costs \$91,666.67 and GASB68 Pension related expenses totaling \$15,000.00.

**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 January 4, 2019.

**FINANCIAL DATA:** The contract and direct expenditure amounts are part of the approved District budget for FY 19. No change in appropriations is anticipated as a result of the approval of this item.

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



**Mojave Desert AQMD**  
 14306 Park Avenue  
 Victorville, CA 92392  
 760.245.1661

Due Date **DUE UPON RECEIPT**  
 Invoice Date **11/30/2018**  
 Invoice Number **42075**

# INVOICE

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

<b>FY19</b>	<b>Amount</b>
Program Staff	91,666.67
Professional Services	15,000.00
Professional Services	900.00
Professional Services	10.20
Vehicles Expenses	145.08
Overhead	15,081.07
<p>TO INSURE PROPER CREDIT -            PLEASE INCLUDE A COPY OF THE INVOICE WITH YOUR PAYMENT</p> <p>FOR CREDIT CARD PAYMENTS            PLEASE VISIT <a href="http://www.mdaqmd.ca.gov">www.mdaqmd.ca.gov</a></p>	
	<b>Invoice Total 122,803.02</b>
<b>MAKE CHECKS PAYABLE TO MOJAVE DESERT AQMD            PLEASE INCLUDE THE INVOICE NUMBER ON THE CHECK</b>	<b>Amount Paid 0.00</b>
	<b>Balance Due 122,803.02</b>

**ANTELOPE VALLEY AQMD  
Program Staff  
FY 2018-19**

<b>Program</b>	<b>FY 17-18 Contracted Hours</b>	<b>Calendar Yr 2018 Actual Hours*</b>	<b>FY 18-19 Contracted Hours</b>	<b>Average Contract Cost/hr</b>	<b>Annual Contract Cost</b>	<b>FTE</b>
Lancaster Office	<b>12,480</b>	<b>11,680</b>	<b>10,400</b>	\$80	\$832,000	5.00
Planning, Grants, and Rulemaking	<b>175</b>	<b>146</b>	<b>175</b>	\$84	\$14,700	0.08
Air Monitoring and Surveillance	<b>300</b>	<b>279</b>	<b>300</b>	\$100	\$30,000	0.14
Stationary Sources	<b>300</b>	<b>273</b>	<b>300</b>	\$90	\$27,000	0.14
Executive Management and Legal	<b>250</b>	<b>302</b>	<b>400</b>	\$133	\$53,200	0.19
Community Relations & Education	<b>65</b>	<b>75</b>	<b>78</b>	\$104	\$8,112	0.04
Administration	<b>1,169</b>	<b>1,182</b>	<b>1,350</b>	\$100	\$135,000	0.65
<b>TOTAL</b>	<b>14,739</b>	<b>13,937</b>	<b>13,003</b>		<b>\$ 1,100,012</b>	<b>6.25</b>
<b>Full Time Equivalents (FTE) Administrative Costs</b>	<b>7.09%</b>	<b>6.70%</b>	<b>6.25%</b> <b>14.00%</b>			

<b>Fiscal Year Comparison:</b>	<b>Contract Cost</b>	<b>FTE</b>
Fiscal Year 18	\$ 1,100,000	7.09
Fiscal Year 19	\$ 1,100,000	6.25
Fiscal Year 19 Monthly	\$91,666.67	

\*Hours for year 2018 are provided as a point of reference compared to last fiscal year and next fiscal year.

**Mojave Desert AQMD  
Expenditures AVAQMD  
For Period Ending 11/30/2018**

Financial Report

	<u>Monthly YTD</u>	<u>Actual YTD</u>	<u>Annual Budget</u>	<u>% of Budget</u>
<b><u>Services &amp; Supplies</u></b>				
Professional Services				
Payroll Contract	10.20	65.55	420.00	0.16
Financial Services	900.00	6,238.00	32,500.00	0.19
<b>Total Professional Svcs</b>	<b>910.20</b>	<b>6,303.55</b>	<b>32,920.00</b>	<b>0.19</b>
Office Expenses				
Software	0.00	2,298.31	13,700.00	0.17
Supplies	0.00	0.00	500.00	0.00
Postage	0.00	0.00	500.00	0.00
Meeting Expenses	0.00	51.76	0.00	0.00
<b>Total Office Expenditures</b>	<b>0.00</b>	<b>2,350.07</b>	<b>14,700.00</b>	<b>0.16</b>
Communications				
Dues & Subscriptions				
Publications & Subscriptions	0.00	164.45	0.00	0.00
<b>Total Dues &amp; Subscriptions</b>	<b>0.00</b>	<b>164.45</b>	<b>0.00</b>	<b>0.00</b>
Travel				
Training	0.00	0.00	1,000.00	0.00
Travel	0.00	0.00	500.00	0.00
<b>Total Travel</b>	<b>0.00</b>	<b>0.00</b>	<b>1,500.00</b>	<b>0.00</b>
Program Costs				
Legal				
Maintenance & Repairs				
Vehicles				
Gas & Oil	145.08	386.37	1,000.00	0.39
<b>Total Vehicles Expenses</b>	<b>145.08</b>	<b>386.37</b>	<b>1,000.00</b>	<b>0.39</b>
Non-Depreciable Inventory				
Machinery & Equipment Exp	0.00	14.40	0.00	0.00
Safety Equipment Exp	0.00	108.47	0.00	0.00
<b>Total Non-Depreciable Inventory</b>	<b>0.00</b>	<b>122.87</b>	<b>0.00</b>	<b>0.00</b>
Miscellaneous Expense				
Suspense				
<b>Total Services &amp; Supplies</b>	<b>1,055.28</b>	<b>9,327.31</b>	<b>50,120.00</b>	<b>0.19</b>
<b>Capital Expenditures</b>				
<b>Total Expenditures</b>	<b>1,055.28</b>	<b>9,327.31</b>	<b>50,120.00</b>	<b>0.19</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 November 30, 2018, which provides financial information and budget performance concerning the c](#)

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

*AGENDA ITEM #5*

**DATE:** January 15, 2019

**RECOMMENDATION:** Receive and file.

**SUMMARY:** The Financial Report is provided to the Governing Board for information concerning the fiscal status of the District at November 30, 2018, which provides financial information and budget performance concerning the current fiscal status of the District.

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

**BALANCE SHEET.** The balance sheet is a financial statement that summarizes the District's financial position as of November 30, 2018.

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

**STATEMENT OF ACTIVITY.** The target variance for November is 42% of FY19.

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

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

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

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

**REVIEW BY OTHERS:** This item was reviewed by Allison Burns, Special Counsel as to legal form and by Bret Banks, Executive Director/APCO (AVAQMD) on or about January 4, 2019.

**PRESENTER:** Bret Banks, Deputy Director – Antelope Valley Operations.



**Antelope Valley AQMD**  
**Balance Sheet - Governmental Funds**  
**As of November 30, 2018**

## 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	1,547,683.56	328,644.38	1,270,652.07	921,437.58	4,068,417.59
Cash Held For Other Fund	(60,075.71)	290,672.24	(250,760.42)	20,163.89	0.00
Receivables	348,770.49	0.00	0.00	0.00	348,770.49
Pre-Paid	8,202.92	0.00	0.00	0.00	8,202.92
<b>Total Current Assets</b>	<b>1,844,581.26</b>	<b>619,316.62</b>	<b>1,019,891.65</b>	<b>941,601.47</b>	<b>4,425,391.00</b>
<b>Total Assets</b>	<b>1,844,581.26</b>	<b>619,316.62</b>	<b>1,019,891.65</b>	<b>941,601.47</b>	<b>4,425,391.00</b>
<b>Liabilities and Net Position</b>					
Current Liabilities					
Payables	258,214.10	0.00	0.00	88,595.22	346,809.32
Due to Others	525.00	0.00	0.00	0.00	525.00
Unearned Revenue	0.00	0.00	0.00	780,118.82	780,118.82
<b>Total Current Liabilities</b>	<b>258,739.10</b>	<b>0.00</b>	<b>0.00</b>	<b>868,714.04</b>	<b>1,127,453.14</b>
Restricted Fund Balance	0.00	701,623.40	883,142.86	71,316.66	1,656,082.92
Cash Reserves	370,000.00	0.00	0.00	0.00	370,000.00
Unassigned Fund Balance	1,107,030.44	0.00	0.00	0.00	1,107,030.44
Pre-Paid	9,825.42	0.00	0.00	0.00	9,825.42
Change in Net Position	98,986.30	(82,306.78)	136,748.79	1,570.77	154,999.08
<b>Total Liabilities &amp; Net Position</b>	<b>1,844,581.26</b>	<b>619,316.62</b>	<b>1,019,891.65</b>	<b>941,601.47</b>	<b>4,425,391.00</b>

**Antelope Valley AQMD**  
**Statement of Revenues & Expenditures**  
**For the Period Ending November 30, 2018**

## 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	72,882.99	0.00	0.00	0.00	72,882.99
AB 2766 and Other Program Revenues	63,058.51	33,872.63	48,370.82	0.00	145,301.96
Fines	3,222.00	0.00	0.00	0.00	3,222.00
Investment Earnings	0.00	0.00	0.00	0.00	0.00
Federal and State	26,795.79	0.00	0.00	0.00	26,795.79
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
<b>Total Revenues</b>	<b>165,959.29</b>	<b>33,872.63</b>	<b>48,370.82</b>	<b>0.00</b>	<b>248,202.74</b>
<b>Expenditures</b>					
Program Staff	91,666.67	0.00	0.00	0.00	91,666.67
Services and Supplies	47,348.66	0.00	0.00	0.00	47,348.66
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>139,015.33</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>139,015.33</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>26,943.96</b>	<b>33,872.63</b>	<b>48,370.82</b>	<b>0.00</b>	<b>109,187.41</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 11/30/2018**

00 District Wide

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<b>Revenues</b>				
Permitting	75,747.71	528,244.82	842,150.00	(0.63)
Programs	145,301.96	553,407.94	2,603,044.00	(0.21)
Application Fees	690.00	16,256.00	42,000.00	(0.39)
State Revenue	26,795.79	26,795.79	141,500.00	(0.19)
Fines & Penalties	1,900.00	7,300.00	9,000.00	(0.81)
Interest Earned	0.00	11,491.96	14,300.00	(0.80)
Adjustments to Revenue	(2,232.72)	(6,670.25)	0.00	0.00
<b>Total Revenues</b>	<b>248,202.74</b>	<b>1,136,826.26</b>	<b>3,651,994.00</b>	<b>(0.31)</b>
<b>Expenses</b>				
Office Expenses	6,874.43	41,099.00	98,925.00	0.42
Communications	1,628.82	13,443.51	23,500.00	0.57
Vehicles	1,878.73	4,062.16	11,500.00	0.35
Program Costs	0.00	302,313.13	1,753,826.00	0.17
Travel	473.87	2,744.68	10,000.00	0.27
Professional Services				
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	3,100.00	8,400.00	0.37
Maintenance & Repairs	225.00	1,125.00	6,500.00	0.17
Non-Depreciable Inventory	53.22	184.57	11,000.00	0.02
Dues & Subscriptions	0.00	5,322.00	10,500.00	0.51
Legal	1,250.00	7,866.20	19,000.00	0.41
Miscellaneous Expense	112.62	559.71	800.00	0.70
Suspense	3,015.62	3,031.00	0.00	0.00
Capital Expenditures	0.00	0.00	90,000.00	0.00
Other	0.00	(6,600.00)	0.00	0.00
<b>Total Expenses</b>	<b>16,212.31</b>	<b>378,250.96</b>	<b>2,052,951.00</b>	<b>0.18</b>
<b>Program Staff</b>				
Program Staff	0.00	0.00	100,218.00	0.00
<b>Total Program Staff</b>	<b>0.00</b>	<b>0.00</b>	<b>100,218.00</b>	<b>0.00</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>231,990.43</b>	<b>758,575.30</b>	<b>1,498,825.00</b>	<b>(0.51)</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 11/30/2018**

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	2,499.27	8,500.00	0.29
Vehicles	145.08	386.37	500.00	0.77
Travel	0.00	0.00	1,000.00	0.00
Professional Services				
Payroll Contract	10.20	30.60	250.00	0.12
Financial Audit & Actuarial Svcs	30,981.07	142,143.81	190,000.00	0.75
Non-Depreciable Inventory	0.00	18.87	0.00	0.00
Dues & Subscriptions	0.00	164.45	0.00	0.00
<b>Total Expenses</b>	<b>31,136.35</b>	<b>145,243.37</b>	<b>200,250.00</b>	<b>0.73</b>
<b>Program Staff</b>				
Program Staff	91,666.67	458,332.85	1,100,000.00	0.42
<b>Total Program Staff</b>	<b>91,666.67</b>	<b>458,332.85</b>	<b>1,100,000.00</b>	<b>0.42</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>(122,803.02)</b>	<b>(603,576.22)</b>	<b>(1,300,250.00)</b>	<b>(0.46)</b>

**Antelope Valley AQMD**  
**Statement of Activity - MTD, MTM and YTD**  
**For 11/30/2018**

Report Recap

	M-T-D Actual	Y-T-D Actual	Y-T-D Budget	% Budget to Actual
<b>Revenues</b>				
Permitting	75,747.71	528,244.82	842,150.00	(0.63)
Programs	145,301.96	553,407.94	2,603,044.00	(0.21)
Application Fees	690.00	16,256.00	42,000.00	(0.39)
State Revenue	26,795.79	26,795.79	141,500.00	(0.19)
Fines & Penalties	1,900.00	7,300.00	9,000.00	(0.81)
Interest Earned	0.00	11,491.96	14,300.00	(0.80)
Adjustments to Revenue	(2,232.72)	(6,670.25)	0.00	0.00
<b>Total Revenues</b>	<b>248,202.74</b>	<b>1,136,826.26</b>	<b>3,651,994.00</b>	<b>(0.31)</b>
<b>Expenses</b>				
Office Expenses	6,874.43	43,598.27	107,425.00	0.41
Communications	1,628.82	13,443.51	23,500.00	0.57
Vehicles	2,023.81	4,448.53	12,000.00	0.37
Program Costs	0.00	302,313.13	1,753,826.00	0.17
Travel	473.87	2,744.68	11,000.00	0.25
Professional Services				
Payroll Contract	10.20	30.60	250.00	0.12
Financial Audit & Actuarial Svcs	30,981.07	142,143.81	190,000.00	0.75
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	3,100.00	8,400.00	0.37
Maintenance & Repairs	225.00	1,125.00	6,500.00	0.17
Non-Depreciable Inventory	53.22	203.44	11,000.00	0.02
Dues & Subscriptions	0.00	5,486.45	10,500.00	0.52
Legal	1,250.00	7,866.20	19,000.00	0.41
Miscellaneous Expense	112.62	559.71	800.00	0.70
Suspense	3,015.62	3,031.00	0.00	0.00
Capital Expenditures	0.00	0.00	90,000.00	0.00
Other	0.00	(6,600.00)	0.00	0.00
<b>Total Expenses</b>	<b>47,348.66</b>	<b>523,494.33</b>	<b>2,253,201.00</b>	<b>0.23</b>
<b>Program Staff</b>				
Program Staff	91,666.67	458,332.85	1,200,218.00	0.38
<b>Total Program Staff</b>	<b>91,666.67</b>	<b>458,332.85</b>	<b>1,200,218.00</b>	<b>0.38</b>
<b>Excess Revenue Over (Under) Expenditures</b>	<b>109,187.41</b>	<b>154,999.08</b>	<b>198,575.00</b>	<b>(0.78)</b>

# Antelope Valley AQMD

Run: 1/04/2019 at 3:36 PM

Page: 1

## Bank Register from 11/01/2018 to 11/30/2018

### 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	11/01/2018	Credit Card Transactions - Deluxe Mfg - Sam's West - Swinerton	0.00	3,254.68	306,651.87
0003658	11/01/2018	[10076] ANTELOPE VALLEY AQMD-Credit Card Transactions - September 2018	24,573.37	0.00	282,078.50
0003659	11/01/2018	[10069] BRET BANKS-District travel reimbursement to Air Sensors Conference and CAPCOA Fall Membership meeting.	168.00	0.00	281,910.50
0003660	11/01/2018	[10405] CANON FINANCIAL SERVICES-Copier Lease	359.74	0.00	281,550.76
0003661	11/01/2018	[10055] NEWTON CHELETTE-Attendance Governing Board Meeting Tuesday, October 16, 2018.	100.00	0.00	281,450.76
0003662	11/01/2018	[10057] MARVIN CRIST-Attendance Governing Board Meeting Tuesday, October 16, 2018.	100.00	0.00	281,350.76
0003663	11/01/2018	[10502] DIGITAL DEPLOYMENT INC-Webosting Oct 18	200.00	0.00	281,150.76
0003664	11/01/2018	[10019] FEDERAL EXPRESS CORPORATION-Courier Services	19.38	0.00	281,131.38
0003665	11/01/2018	[10599] HOWARD HARRIS-Attendance Governing Board Meeting Tuesday, October 16, 2018.	100.00	0.00	281,031.38
0003666	11/01/2018	[10058] RONALD HAWKINS-Attendance Governing Board Meeting Tuesday, October 16, 2018.	100.00	0.00	280,931.38
0003667	11/01/2018	[10503] STEVEN D HOFBAUER-Attendance Governing Board Meeting Tuesday, October 16, 2018.	110.90	0.00	280,820.48
0003668	11/01/2018	[10039] SPARKLETTS-Water Delivery Service	38.37	0.00	280,782.11
0003669	11/01/2018	[10050] WOELFL FAMILY TRUST-Office Lease Nov 2018	4,545.53	0.00	276,236.58
R19-07	11/01/2018	Op Fund Rep #7	0.00	5,841.92	282,078.50
0000001	11/08/2018	Credit Card Transaction - Ferrellgas	0.00	800.04	282,878.54
0000001	11/08/2018	Credit Card Transaction - IndepenentContrete Cutting	0.00	244.00	283,122.54
0003670	11/09/2018	[10006] BANK OF THE WEST-Credit Card Charges Oct18	276.91	0.00	282,845.63
0003671	11/09/2018	[10018] ENTERPRISE RENT A CAR-Veh Rental CAPCOA Fall Mtg	185.22	0.00	282,660.41
0003672	11/09/2018	[10071] MAIL FINANCE-Postage Meter Lease	77.75	0.00	282,582.66
0003673	11/09/2018	[10260] QCS BUILDING SERVICES-Invoices 18383, 18449	261.53	0.00	282,321.13
0003674	11/09/2018	[10043] SOCAL GAS-Gas service	3.62	0.00	282,317.51
0003675	11/09/2018	[10592] SPECTRUM BUSINESS-Interent Service	770.00	0.00	281,547.51
0003676	11/09/2018	[10045] VERIZON BUSINESS-VOIP Service	427.75	0.00	281,119.76
0003677	11/09/2018	[10063] VOYAGER FLEET SYSTEMS-Fuel Charges	97.09	0.00	281,022.67
R19-08	11/09/2018	Op Fund Rep #8	0.00	2,099.87	283,122.54
0003678	11/15/2018	[01148] ANTELOPE VALLEY PRESS-Title V Notice	348.77	0.00	282,773.77
0003679	11/15/2018	[10069] BRET BANKS-Invoices 19.35, 824, 829	123.87	0.00	282,649.90
0003680	11/15/2018	[10070] BARBARA LODS-Per diem CDAWG	86.00	0.00	282,563.90
0003681	11/15/2018	[10455] STRADLING YOCCA CARLSON & RAUTH-District Counsel Services through 08/31/18	1,444.03	0.00	281,119.87
0003682	11/15/2018	[10046] VERIZON CALIFORNIA-Long distance charges	31.07	0.00	281,088.80
R19-09	11/15/2018	Op Fund Rep #9	0.00	2,033.74	283,122.54
0000001	11/19/2018	Credit Card Transaction - Builders Unlimited	0.00	244.00	283,366.54
0000001	11/23/2018	Credit Card Transaction - Cupertino Electric	0.00	661.00	284,027.54
0000001	11/23/2018	Credit Card Transaction - Ferrellgas	0.00	800.04	284,827.58
0003603	11/29/2018	[10020] GREATER ANTELOPE VALLEY ECONOMIC ALLIANCE-Void check 0003603	0.00	2,500.00	287,327.58

## Antelope Valley AQMD

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### Bank Register from 11/01/2018 to 11/30/2018

#### 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>
0003683	11/29/2018	[10076] ANTELOPE VALLEY AQMD-Invoices 761, 821	10,903.07	0.00	276,424.51
0003684	11/29/2018	[10002] ANTELOPE VALLEY BOARD OF TRADE-Sponsorship of the 2019 Holiday Breakfast.	250.00	0.00	276,174.51
0003685	11/29/2018	[10518] AUSTIN BISHOP-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	276,074.51
0003686	11/29/2018	[10405] CANON FINANCIAL SERVICES-Copier Lease	336.98	0.00	275,737.53
0003687	11/29/2018	[10012] CAPCOA-Registration fee for Vickie Rausch to attend the CAPCOA 2018 Engineering & Toxics Symposium	135.00	0.00	275,602.53
0003688	11/29/2018	[10055] NEWTON CHELETTE-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	275,502.53
0003689	11/29/2018	[10057] MARVIN CRIST-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	275,402.53
0003690	11/29/2018	[10502] DIGITAL DEPLOYMENT INC-Web Hosting	200.00	0.00	275,202.53
0003691	11/29/2018	[10019] FEDERAL EXPRESS CORPORATION-Courier Service	7.65	0.00	275,194.88
0003692	11/29/2018	[10653] FIRE ACE INC-Annual check and recharge of CO2 fire extinguisher.	53.22	0.00	275,141.66
0003693	11/29/2018	[10020] GREATER ANTELOPE VALLEY ECONOMIC ALLIANCE-2019 Membership Dues	2,500.00	0.00	272,641.66
0003694	11/29/2018	[10599] HOWARD HARRIS-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	272,541.66
0003695	11/29/2018	[10058] RONALD HAWKINS-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	272,441.66
0003696	11/29/2018	[10503] STEVEN D HOFBAUER-Attendance Governing Board Meeting Tuesday, November 20, 2018.	110.90	0.00	272,330.76
0003697	11/29/2018	[10054] KENNETH MANN-Attendance Governing Board Meeting Tuesday, November 20, 2018.	100.00	0.00	272,230.76
0003698	11/29/2018	[10026] MOJAVE DESERT AQMD-SEP FY19	124,017.28	0.00	148,213.48
0003699	11/29/2018	[10260] QCS BUILDING SERVICES-Custodial Supplies	18.35	0.00	148,195.13
0003700	11/29/2018	[10036] SECURA COM-Qrtly Alarm Monitoring	116.85	0.00	148,078.28
0003701	11/29/2018	[00069] SOUTHERN CALIFORNIA EDISON-Electric service	506.59	0.00	147,571.69
0003702	11/29/2018	[10039] SPARKLETTS-Water Delivery Service	48.89	0.00	147,522.80
0003703	11/29/2018	[10455] STRADLING YOCCA CARLSON & RAUTH-District Counsel services	1,250.00	0.00	146,272.80
0003704	11/29/2018	[10050] WOELFL FAMILY TRUST-Office Lease Dec 2018	4,545.53	0.00	141,727.27
0003692	11/29/2018	[10653] FIRE ACE INC-Void check 0003692	0.00	53.22	141,780.49
R19-10	11/29/2018	Op Fund Rep #10	0.00	143,047.09	284,827.58
<b>Total for Report:</b>			<b>180,149.21</b>	<b>161,579.60</b>	

**Antelope Valley AQMD**  
**Bank Register from 11/01/2018 to 11/30/2018**  
**LA County General Fund P6A**

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
R19-07	11/01/2018	Op Fund Rep #7	5,841.92	0.00	1,163,910.79
R19-08	11/09/2018	Op Fund Rep #8	2,099.87	0.00	1,161,810.92
0000326	11/13/2018	Daily Deposit	0.00	223,935.37	1,385,746.29
R19-09	11/15/2018	Op Fund Rep #9	2,033.74	0.00	1,383,712.55
0000327	11/21/2018	Daily Deposit	0.00	10,868.53	1,394,581.08
R19-10	11/29/2018	Op Fund Rep #10	143,047.09	0.00	1,251,533.99
<b>Total for Report:</b>			<b>153,022.62</b>	<b>234,803.90</b>	



Check/Ref

Date

Name/Description

Check Amount

Deposit Amount

Account  
Balance

Total for Report:

0.00

0.00

Check/Ref

Date

Name/Description

Check Amount

Deposit Amount

Account  
Balance

Total for Report:

0.00

0.00

Check/Ref

Date

Name/Description

Check Amount

Deposit Amount

Account  
Balance

Total for Report:

0.00

0.00

**Antelope Valley AQMD**  
**Bank Register from 11/01/2018 to 11/30/2018**  
District Cards

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000045	11/29/2018	November 2018	0.00	3,015.62	3,043.51
<b>Total for Report:</b>			<b>0.00</b>	<b>3,015.62</b>	

The following page(s) contain the backup material for Agenda Item: [Receive and file the Annual Financial Audit for Fiscal Year 2017-18. Presenter: Bret Banks, Executive Director/APCO.](#)

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

*AGENDA ITEM #6*

**DATE:** January 15, 2019

**RECOMMENDATION:** Receive and file.

**SUMMARY:** The annual financial audit for Fiscal Year 2017-18 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 a 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, 2018, 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, 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 January 4, 2019.

**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, 2018**



**Governing Board as of June 30, 2018**

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

**Antelope Valley Air Quality Management District**

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



**Antelope Valley Air Quality Management District**

**Annual Financial Report**

**For the Fiscal Year Ended June 30, 2018**

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# Antelope Valley Air Quality Management District

For the Fiscal Year Ended June 30, 2018

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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, 2018, 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 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. 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 26 through 30 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 December 18, 2018, 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  
December 18, 2018

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

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, 2018. 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 2018, the District's net position increased by 25.07% or \$691,220 to \$3,447,837 as a result of ongoing operations.
- In 2018, the District's total revenues decreased 2.33% or \$87,950 to \$3,691,331, due primarily to a decrease of \$115,373 in program revenues; which was offset by an increase of \$27,423 in general revenues.
- In 2018, the District's total expenses decreased by 13.60% or \$472,259 to \$3,000,111, due primarily to decreases of \$185,212 in mobile emissions program (AB 923) expenses and \$362,798 in Carl Moyer program expenses; which was offset by increases of \$40,003 in general fund expenses and \$35,748 in mobile emissions program (AB 2766) expenses.

**Using This Financial Report**

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

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

**Government-wide Financial Statements**

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

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

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

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2018**

**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 25.

**Government-wide Financial Analysis**

**Statements of Net Position**

The following table is a summary of the statements of net position at June 30, 2018 and 2017.

**Condensed Statements of Net Position**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 4,276,682	3,588,818	687,864
Capital assets, net	304,899	306,228	(1,329)
<b>Total assets</b>	<u>4,581,581</u>	<u>3,895,046</u>	<u>686,535</u>
<b>Liabilities:</b>			
Current liabilities	1,133,744	1,138,429	(4,685)
<b>Total liabilities</b>	<u>1,133,744</u>	<u>1,138,429</u>	<u>(4,685)</u>
<b>Net position:</b>			
Net investment in capital assets	304,899	306,228	(1,329)
Restricted	2,465,363	2,170,264	295,099
Unrestricted	677,575	280,125	397,450
<b>Total net position</b>	<u>\$ 3,447,837</u>	<u>2,756,617</u>	<u>691,220</u>



**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2018**

**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 \$3,447,837 as of June 30, 2018. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

**Statements of Activities**

The following table is a summary of the statements of activities for the year ended June 30, 2018 and 2017.

<b>Condensed Statements of Activities</b>			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 811,144	743,343	67,801
Operating grants	2,807,025	2,990,199	(183,174)
<b>Total program revenues</b>	3,618,169	3,733,542	(115,373)
<b>General revenues</b>	73,162	45,739	27,423
<b>Total revenues</b>	3,691,331	3,779,281	(87,950)
<b>Expenses:</b>			
General	1,480,467	1,440,464	40,003
Mobile emission program AB 2766	378,339	342,591	35,748
Mobile emission program AB 923	505,067	690,279	(185,212)
Carl Moyer program	636,238	999,036	(362,798)
<b>Total expenses</b>	3,000,111	3,472,370	(472,259)
<b>Changes in net position</b>	691,220	306,911	384,309
<b>Net position, beginning of year</b>	2,756,617	2,449,706	306,911
<b>Net position, end of year</b>	\$ 3,447,837	2,756,617	691,220

Compared to the prior year, net position of the District increased 25.07% or \$691,220 to \$3,447,837 as a result of ongoing operations.

Total revenues decreased 2.33% or \$87,950 to \$3,691,331, due primarily to a decrease of \$115,373 in program revenues; which was offset by an increase of \$27,423 in general revenues.

Total expenses decreased by 13.60% or \$472,259 to \$3,000,111, due primarily to decreases of \$185,212 in mobile emissions program (AB 923) expenses and \$362,798 in Carl Moyer program expenses; which were offset by increases of \$40,003 in general fund expenses and \$35,748 in mobile emissions program (AB 2766) expenses.

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2018**

**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, 2018.

<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	\$ 993,235	647,909	765,017	44,228	2,450,389
Changes in fund balance	<u>513,784</u>	<u>53,714</u>	<u>118,126</u>	<u>6,925</u>	<u>692,549</u>
Fund balance, end of year	<u>\$ 1,507,019</u>	<u>701,623</u>	<u>883,143</u>	<u>51,153</u>	<u>3,142,938</u>

In 2018, total fund balance increased by 28.26% or \$692,549 to \$3,142,938. The General fund increased by 51.73% or \$513,784 to \$1,507,019; the mobile emissions program (AB2766) increased by 8.29% or \$53,714 to \$701,623; the mobile emissions program (AB 923) increased by 15.44% or \$118,126 to \$883,143; and the Carl Moyer program increased by 15.66% or \$6,925 to \$51,153.

**Governmental Activities Budgetary Highlights**

For the year ended June 30, 2018, the final actual expenditures were less than budgeted for the General fund by \$146,812, Mobile Emissions program (AB 2766) by \$129,661, Mobile Emissions program (AB 923) by \$94,433, and Carl Moyer Fund by \$119,066. For the year ended June 30, 2018, actual revenues were more than budgeted for the General Fund by \$278,377 and Mobile Emissions program (AB 923) by \$23,693; and less than budgeted for the Mobile Emissions program (AB 2766) by \$75,947 and Carl Moyer Fund by \$23,546. At June 30, 2018, there were no differences between the original and final amended budgets. (See Budgetary Comparison Schedule for the General fund, Mobile Emissions program (AB 2766), Mobile Emissions program (AB 923), and Carl Moyer program under Required Supplementary Information section on pages 26 through 29).

**Capital Asset Administration**

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2018</u>
Capital assets:				
Depreciable assets	\$ 667,941	44,598	-	712,539
Total capital assets	667,941	44,598	-	712,539
Accumulated depreciation	<u>(361,713)</u>	<u>(45,927)</u>	<u>-</u>	<u>(407,640)</u>
Total capital assets, net	<u>\$ 306,228</u>	<u>(1,329)</u>	<u>-</u>	<u>304,899</u>

At the end of fiscal year 2018, the District's investment in capital assets amounted to \$304,899 (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**

Management is unaware of any 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.

**Antelope Valley Air Quality Management District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2018**

**Requests for Information**

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

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# **Basic Financial Statements**

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**Antelope Valley Air Quality Management District**  
**Statement of Net Position**  
**June 30, 2018**

	<b>2018</b>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents (note 2)	\$ 1,415,167
Restricted cash and cash equivalent (note 2)	2,465,363
Accounts receivable	390,289
Prepaid expenses and other assets	5,863
<b>Total current assets</b>	<b>4,276,682</b>
<b>Non-current assets:</b>	
Capital assets – being depreciated, net (note 3)	304,899
<b>Total non-current assets</b>	<b>304,899</b>
<b>Total assets</b>	<b>4,581,581</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	264,985
Unearned revenues (note 5)	868,759
<b>Total current liabilities</b>	<b>1,133,744</b>
<b>Total liabilities</b>	<b>1,133,744</b>
<b>Net position (note 7):</b>	
Net investment in capital assets	304,899
Restricted	2,465,363
Unrestricted	677,575
<b>Total net position</b>	<b>\$ 3,447,837</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, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants</u>	
<b>Governmental activities</b>				
General	\$ 1,480,467	811,144	1,046,623	377,300
Mobile emission program AB 2766	378,339	-	426,507	48,168
Mobile emission program AB 923	505,067	-	609,061	103,994
Carl Moyer program	636,238	-	724,834	88,596
<b>Total governmental activities</b>	<b>\$ 3,000,111</b>	<b>811,144</b>	<b>2,807,025</b>	<b>618,058</b>
<b>General revenues:</b>				
				\$ 9,800
				42,328
				21,034
				<u>73,162</u>
				<b>691,220</b>
				<u>2,756,617</u>
				<b>\$ 3,447,837</b>

See accompanying notes to the basic financial statements

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**Antelope Valley Air Quality Management District  
Reconciliation of the Balance of Governmental Funds to the  
Statement of Net Position  
June 30, 2018**

	<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	\$ 1,415,167	-	-	-	1,415,167
Restricted cash and cash equivalents	-	369,999	1,084,422	1,010,942	2,465,363
Accounts receivable	208,613	74,824	106,852	-	390,289
Inter-fund receivable (note 4)	387,726	256,800	-	-	644,526
Prepaid expenses	5,863	-	-	-	5,863
<b>Total assets</b>	<u>\$ 2,017,369</u>	<u>701,623</u>	<u>1,191,274</u>	<u>1,010,942</u>	<u>4,921,208</u>
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 253,550	-	9,000	2,435	264,985
Inter-fund payable (note 4)	256,800	-	299,131	88,595	644,526
Unearned revenue	-	-	-	868,759	868,759
<b>Total liabilities</b>	<u>510,350</u>	<u>-</u>	<u>308,131</u>	<u>959,789</u>	<u>1,778,270</u>
<b>Fund balance:</b>					
Nonspendable	5,863	-	-	-	5,863
Restricted	-	701,623	883,143	51,153	1,635,919
Unassigned	1,501,156	-	-	-	1,501,156
<b>Total fund balance</b>	<u>1,507,019</u>	<u>701,623</u>	<u>883,143</u>	<u>51,153</u>	<u>3,142,938</u>
<b>Total liabilities and fund balance</b>	<u>\$ 2,017,369</u>	<u>701,623</u>	<u>1,191,274</u>	<u>1,010,942</u>	<u>4,921,208</u>
<b>Reconciliation:</b>					
Total Fund Balances of Governmental Funds				\$	3,142,938
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 funds balance sheet. However, the statement of net position includes those capital position among the assets of the District as a whole as follows:					
Depreciable capital assets, net					<u>304,899</u>
Net Position of Governmental Activities				\$	<u>3,447,837</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, 2018**

	<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	\$ 811,144	-	-	-	811,144
Operating grants	1,046,623	426,507	609,061	724,834	2,807,025
Fine, forfeitures, and penalties	9,800	-	-	-	9,800
Investment earnings	15,726	5,546	14,132	6,924	42,328
Other revenue	21,034	-	-	-	21,034
<b>Total revenues</b>	<u>1,904,327</u>	<u>432,053</u>	<u>623,193</u>	<u>731,758</u>	<u>3,691,331</u>
<b>Expenditures:</b>					
Services and supplies	1,430,540	378,339	505,067	636,238	2,950,184
Contributions	4,000	-	-	-	4,000
Capital outlay	44,598	-	-	-	44,598
<b>Total expenditures</b>	<u>1,479,138</u>	<u>378,339</u>	<u>505,067</u>	<u>636,238</u>	<u>2,998,782</u>
Excess of revenues over expenditures	425,189	53,714	118,126	95,520	692,549
<b>Other financing sources(uses):</b>					
Operating transfers in(out) (note 4)	88,595	-	-	(88,595)	-
<b>Net change in fund balance</b>	513,784	53,714	118,126	6,925	692,549
<b>Fund balance – beginning of year</b>	<u>993,235</u>	<u>647,909</u>	<u>765,017</u>	<u>44,228</u>	<u>2,450,389</u>
<b>Fund balance – end of year</b>	<u>\$ 1,507,019</u>	<u>701,623</u>	<u>883,143</u>	<u>51,153</u>	<u>3,142,938</u>
<b>Reconciliation:</b>					
Net Change in Fund Balance – Total Governmental Funds				\$	692,549
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					(45,927)
Capital outlay					44,598
Changes in Net Position of Governmental Activities				\$	<u>691,220</u>

See accompanying notes to the basic financial statements



**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018**

**(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 persons 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, 2018**

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

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

*Fund Financial Statements, continued*

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

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

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

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

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type;
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the 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, 2018**

**(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 pronouncements in the current year:

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

**(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. 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.

**3. 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.

**4. 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.

**5. 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.

**6. 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.

**7. 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.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

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

**D. Financial Statement Elements, continued**

**7. Capital Assets, continued**

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

**8. 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.

**9. 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.

**10. Fund Balance**

The financial statements, governmental funds, 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.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

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

**D. Financial Statement Elements, continued**

**10. Fund Balance, continued**

- **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 balances are considered unrestricted.

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

**(2) Cash and Cash Equivalents**

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

	<b>2018</b>
Unrestricted cash and cash equivalents:	
General Fund	\$ 1,415,167
Total unrestricted cash and cash equivalents	1,415,167
Restricted cash and cash equivalents:	
AB 2766 Fund	369,999
AB 923 Fund	1,084,422
Carl Moyer Fund	1,010,942
Total restricted cash and cash equivalents	2,465,363
Total cash and cash equivalents	\$ 3,880,530

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

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

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

	<b>2018</b>
Deposits held with financial institutions	\$ 170,857
Deposits held with Los Angeles County Treasurer	3,709,673
Total	\$ 3,880,530

***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***

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

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

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of June 30, 2018, the District's deposits in Los Angeles County Pooled Surplus Investments had an average of 609 days to maturity for the entire portfolio.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

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

***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 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.

**(3) Capital Assets**

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

	<u>Balance 2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2018</u>
Depreciable assets:				
Improvements	\$ 15,875	-	-	15,875
Furniture and fixtures	59,943	-	-	59,943
Machinery and equipment	125,654	19,660	-	145,314
Vehicles	70,090	24,938	-	95,028
Computers	30,732	-	-	30,732
Software	365,647	-	-	365,647
Total depreciable assets	<u>667,941</u>	<u>44,598</u>	<u>-</u>	<u>712,539</u>
Accumulated depreciation:				
Improvements	(10,715)	(1,587)	-	(12,302)
Furniture and fixtures	(46,967)	(4,097)	-	(51,064)
Machinery and equipment	(108,842)	(7,368)	-	(116,210)
Vehicles	(64,088)	(3,088)	-	(67,176)
Computers	(30,732)	-	-	(30,732)
Software	(100,369)	(29,787)	-	(130,156)
Total accumulated depreciation	<u>(361,713)</u>	<u>(45,927)</u>	<u>-</u>	<u>(407,640)</u>
Total depreciable assets, net	<u>306,228</u>	<u>(1,329)</u>	<u>-</u>	<u>304,899</u>
Total capital assets, net	<u>\$ 306,228</u>			<u>304,899</u>



**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

**(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, 2018, inter-fund receivables/payables between the District's funds were as follows:

<u>Receivable from</u>	<u>Payable to</u>	<u>2018</u>
AB 923 Fund	General Fund	\$ 299,131
Carl Moyer Fund	General Fund	88,595
General Fund	AB 2766 Fund	256,800
<b>Inter-fund receivables/payables</b>		<b>\$ 644,526</b>

For the year ended June 30, 2018, inter-fund transfers consist of the following:

<u>Transfer from</u>	<u>Transfer to</u>	<u>2018</u>
Carl Moyer Fund	General Fund	\$ 88,595

**(5) Unearned Revenues**

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

	<u>Balance 2017</u>	<u>New Awards</u>	<u>Expenses/ Revenues</u>	<u>Balance 2018</u>
Carl Moyer Grant				
Round 18	\$ 66,963	-	(66,963)	-
Round 19	724,885	-	(657,870)	67,015
Round 20	-	801,744	-	801,744
Total unearned revenues	<u>\$ 791,848</u>	<u>801,744</u>	<u>(724,833)</u>	<u>868,759</u>

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

**(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 \$4,448 through 2020. Future rent payments subsequent to year end are as follows:

<b>Year ending</b>	<b>Amount</b>
<b>June 30,</b>	
2019	\$ 53,372
2020	<u>53,372</u>
Total	<u>\$ 106,744</u>

For the year ended June 30, 2018, rent expense totaled \$53,372.

**(7) Net Position**

Net investment in capital assets is calculated as follows:

	<b>2018</b>
Net investment in capital asset:	
Capital assets – being depreciated, net	\$ 304,899
Total net investment in capital asset	<u>\$ 304,899</u>

Restricted net position is calculated as follows:

	<b>2018</b>
Restricted:	
Restricted cash and cash equivalents	\$ 2,465,363
Total restricted	<u>\$ 2,465,363</u>

Unrestricted net position is calculated as follows:

	<b>2018</b>
Unrestricted:	
Non-spendable net position	
Prepaid expenses and other assets	\$ 5,863
Spendable net position	
Unrestricted	<u>671,712</u>
Total unrestricted	<u>\$ 677,575</u>

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

**(8) Fund Balance**

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.10 for a description of these categories). Fund balances and their funding composition at June 30, 2018, are as follows:

	<b>2018</b>
Nonspendable:	
Prepaid expenses and other asset	\$ 5,863
Restricted:	
Mobile Emissions Program AB 2766	701,623
Mobile Emissions Program AB 923	883,143
Carl Moyer Program	51,153
Total restricted	1,635,919
Unassigned	
Operations	1,501,156
Total fund balance	\$ 3,142,938

**(9) Risk Management**

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

At June 30, 2018, the District participated in the liability and property programs of the SDRMA as follows:

- Property coverage consists of general property of \$1,000,000,000, boiler & machinery of \$100,000,000, and pollution of \$2,000,000 per occurrence.
- General liability insurance covers bodily injury, property damage, employment benefits, employee and public officials errors and omission, and employment practices liability of \$5,000,000 per occurrence; public officials personal of \$500,000 per occurrence; and employee and public officials dishonesty of \$1,000,000 per occurrence.
- Auto liability consists of auto bodily injury and auto property damage, subject to a comprehensive deductible of \$250 and collision deductible of \$500.

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 2018. 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, 2018.

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

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

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

***Governmental Accounting Standards Board Statement No. 83***

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government’s AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

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

***Governmental Accounting Standards Board Statement No. 84***

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

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

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

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

***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, 2018**

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

***Governmental Accounting Standards Board Statement No. 88***

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

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

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

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

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

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

**Antelope Valley Air Quality Management District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2018**

**(11) Commitments and Contingencies**

*Grant Awards*

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

*Litigation*

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

**(12) Subsequent Event**

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of December 18, 2018, 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.

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## **Required Supplementary Information**

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – General Fund  
For the Year Ended June 30, 2018**

	<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	\$ 791,450	-	791,450	811,144	19,694
Operating grants	816,000	-	816,000	1,046,623	230,623
Fine, forfeitures, and penalties	15,000	-	15,000	9,800	(5,200)
Investment earnings	3,500	-	3,500	15,726	12,226
Other revenue	-	-	-	21,034	21,034
<b>Total revenues</b>	<u>1,625,950</u>	<u>-</u>	<u>1,625,950</u>	<u>1,904,327</u>	<u>278,377</u>
<b>Expenditures:</b>					
Services and supplies	1,526,100	-	1,526,100	1,430,540	95,560
Contributions	15,350	-	15,350	4,000	11,350
Capital outlay	84,500	-	84,500	44,598	39,902
<b>Total expenditures</b>	<u>1,625,950</u>	<u>-</u>	<u>1,625,950</u>	<u>1,479,138</u>	<u>146,812</u>
Excess of revenues over expenditures	-	-	-	425,189	425,189
<b>Other financing sources:</b>					
Operating transfers in	-	-	-	88,595	88,595
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,784</u>	<u>513,784</u>
<b>Fund balance – beginning of year</b>	<u>993,235</u>		<u>993,235</u>	<u>993,235</u>	
<b>Fund balance – end of year</b>	<u>\$ 993,235</u>		<u>993,235</u>	<u>1,507,019</u>	

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – Mobile Emissions Program (AB 2766)  
For the Year Ended June 30, 2018**

	<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	\$ 505,000	-	505,000	426,507	(78,493)
Investment earnings	<u>3,000</u>	-	<u>3,000</u>	<u>5,546</u>	<u>2,546</u>
<b>Total revenues</b>	<u>508,000</u>	<u>-</u>	<u>508,000</u>	<u>432,053</u>	<u>(75,947)</u>
<b>Expenditures:</b>					
Services and supplies	<u>508,000</u>	-	<u>508,000</u>	<u>378,339</u>	<u>129,661</u>
<b>Total expenditures</b>	<u>508,000</u>	<u>-</u>	<u>508,000</u>	<u>378,339</u>	<u>129,661</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,714</u>	<u>53,714</u>
<b>Fund balance – beginning of year</b>	<u>647,909</u>		<u>647,909</u>	<u>647,909</u>	
<b>Fund balance – end of year</b>	<u>\$ 647,909</u>		<u>647,909</u>	<u>701,623</u>	

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – Mobile Emissions Program (AB 923)  
For the Year Ended June 30, 2018**

	<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	\$ 594,000	-	594,000	609,061	15,061
Investment earnings	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>14,132</u>	<u>8,632</u>
<b>Total revenues</b>	<u>599,500</u>	<u>-</u>	<u>599,500</u>	<u>623,193</u>	<u>23,693</u>
<b>Expenditures:</b>					
Services and supplies	<u>599,500</u>	<u>-</u>	<u>599,500</u>	<u>505,067</u>	<u>94,433</u>
<b>Total expenditures</b>	<u>599,500</u>	<u>-</u>	<u>599,500</u>	<u>505,067</u>	<u>94,433</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,126</u>	<u>118,126</u>
<b>Fund balance – beginning of year</b>	<u>765,017</u>		<u>765,017</u>	<u>765,017</u>	
<b>Fund balance – end of year</b>	<u>\$ 765,017</u>		<u>765,017</u>	<u>883,143</u>	

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**Antelope Valley Air Quality Management District  
Budget Comparison Schedule – Carl Moyer Fund  
For the Year Ended June 30, 2018**

	<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	\$ 751,404	-	751,404	724,834	(26,570)
Investment earnings	3,900	-	3,900	6,924	3,024
<b>Total revenues</b>	<u>755,304</u>	<u>-</u>	<u>755,304</u>	<u>731,758</u>	<u>(23,546)</u>
<b>Expenditures:</b>					
Services and supplies	755,304	-	755,304	636,238	119,066
<b>Total expenditures</b>	<u>755,304</u>	<u>-</u>	<u>755,304</u>	<u>636,238</u>	<u>119,066</u>
Excess of revenues over expenditures	-	-	-	95,520	95,520
<b>Other financing uses:</b>					
Operating transfers out	-	-	-	(88,595)	(88,595)
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,925</u>	<u>6,925</u>
<b>Fund balance – beginning of year</b>	<u>44,228</u>		<u>44,228</u>	<u>44,228</u>	
<b>Fund balance – end of year</b>	<u>\$ 44,228</u>		<u>44,228</u>	<u>51,153</u>	

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**Antelope Valley Air Quality Management District  
Notes to the Required Supplementary Information  
June 30, 2018**

**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 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 Compliance and Internal Controls**

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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, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 18, 2018.

**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  
December 18, 2018

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# Governing Board Presentation **2018 Audit Results**

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*From Fedak & Brown LLP*



# Audit Reports

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## *Independent Auditor's Report on the Financial Statement:* **Unmodified "CLEAN" Opinion**

- In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Antelope Valley Air Quality Management District as of June 30, 2018

# Financial Highlights

## Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 4,276,682	3,588,818	687,864
Capital assets, net	304,899	306,228	(1,329)
<b>Total assets</b>	<u>4,581,581</u>	<u>3,895,046</u>	<u>686,535</u>
<b>Liabilities:</b>			
Current liabilities	1,133,744	1,138,429	(4,685)
<b>Total liabilities</b>	<u>1,133,744</u>	<u>1,138,429</u>	<u>(4,685)</u>
<b>Net position:</b>			
Net investment in capital assets	304,899	306,228	(1,329)
Restricted	2,465,363	2,170,264	295,099
Unrestricted	677,575	280,125	397,450
<b>Total net position</b>	<u>\$ 3,447,837</u>	<u>2,756,617</u>	<u>691,220</u>

# Financial Highlights

## Condensed Statements of Activities

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 811,144	743,343	67,801
Operating grants	2,807,025	2,990,199	(183,174)
<b>Total program revenues</b>	<u>3,618,169</u>	<u>3,733,542</u>	<u>(115,373)</u>
<b>General revenues</b>	<u>73,162</u>	<u>45,739</u>	<u>27,423</u>
<b>Total revenues</b>	<u>3,691,331</u>	<u>3,779,281</u>	<u>(87,950)</u>
<b>Expenses:</b>			
General	1,480,467	1,440,464	40,003
Mobile emission program AB 2766	378,339	342,591	35,748
Mobile emission program AB 923	505,067	690,279	(185,212)
Carl Moyer program	636,238	999,036	(362,798)
<b>Total expenses</b>	<u>3,000,111</u>	<u>3,472,370</u>	<u>(472,259)</u>
<b>Changes in net position</b>	691,220	306,911	384,309
<b>Net position, beginning of year</b>	<u>2,756,617</u>	<u>2,449,706</u>	<u>306,911</u>
<b>Net position, end of year</b>	<u>\$ 3,447,837</u>	<u>2,756,617</u>	<u>691,</u>

# Management Report

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- Auditor's communication with those charged with governance (SAS 114)
- Communication of control deficiencies (SAS 115)

# Management Report

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- **Our communication with those charged with governance:**
  - *Qualitative Aspects of Accounting Practices*
    - **Significant estimates**
    - **Sensitive note disclosures**
  
  - *Difficulties Encountered in Performing the Audit*
  
  - *Disagreements with management*
  
  - *Management consultations with other independent accountants*



# Management Report

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- **Our communication of control deficiencies:**
  - *No material weaknesses or significant deficiencies.*

# Questions

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The following page(s) contain the backup material for Agenda Item: [Receive and file presentation regarding AB 617 Update. Presenter: Bret Banks, Executive Director/APCO.](#)

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

*AGENDA ITEM #7*

**DATE:** January 15, 2019

**RECOMMENDATION:** Receive and file presentation regarding AB 617 Update.

**SUMMARY:** A staff presentation by Bret Banks, Executive Director/APCO.

**BACKGROUND:** From time to time District staff provides presentations to the Governing Board and such presentations are intended to expand the knowledge base of the Governing Board members.

**REASON FOR RECOMMENDATION:** Presentations are received and filed.

**REVIEW BY OTHERS:** This item was reviewed by Allison E. Burns, Special Counsel to the Governing Board, as to legal form and by Bret Banks, Executive Director/APCO – Antelope Valley Operations on or before January 7, 2019.

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

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