

Location:

Governing Board Chambers
14306 Park Avenue
Victorville, CA 92392
www.MDAQMD.ca.gov



MONDAY, FEBRUARY 25, 2019
10:00 a.m.

TELECONFERENCE LOCATION(S)

Riverside County Board of Supervisors
73-710 Fred Waring Drive, Ste. 222
Palm Desert, CA 92260

Blythe City Hall, Conference Room A
235 N. Broadway
Blythe, CA 92225

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 THREE 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 CHAMBER OF THE GOVERNING BOARD, MOJAVE DESERT AQMD OFFICES, 14306 PARK AVENUE, VICTORVILLE, CA AND THE TELECONFERENCE LOCATION(S). 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.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Swear in of New Board Member.

Roll Call.

Special Announcements/Presentations.

Items with potential Conflict of Interests - for information only. None.

PUBLIC COMMENT

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9).
2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Name of Case: Victor Ramirez vs MDAQMD et. al CIVDS 1809642 San Bernardino County Superior Court (Government Code Section 54956.9).

OPEN SESSION

Disclosure of any Reportable action taken in Closed Session; and the Vote and Abstention of every Member Present in the Closed Session

CONSENT CALENDAR

3. [Approve Minutes from Regular Governing Board Meeting of January 28, 2019.](#)
4. [Ratify the Board Chair’s appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2019. Presenter: Brad Poiriez, Executive Director/APCO.](#)
5. [Amend and update Governing Board Policy 93-2, “Provision and Retention of Public Records;” Governing Board Policy 97-2, “Appropriations for Support of District Funding Pending Approval of the Final Budget;” Governing Board Policy 04-03, “Capital Asset Accounting Policy;” and Governing Board Policy 09-01, “Obtaining Indemnification Agreements for Certain Actions and Activities.” Presenter: Jean Bracy, Deputy Director – Administration.](#)
6. [Amend the District’s Classification Plan to revise the existing Class Specification for Air Quality Engineer to add series to the classification, assign pay ranges; authorize the Executive Director/APCO to assign and/or promote eligible incumbents, if applicable; and inform the Board regarding other administrative matters. Presenter: Brad Poiriez, Executive Director/APCO.](#)
7. [\(1\) Authorize the acceptance of the Emission Inventory District Grant \(AB 197\) from the California Air Resource Board \(CARB\) in an amount of \\$17,500 to be](#)

used to review and update data currently stored or being uploaded into the California Emissions Inventory Development and Reporting System (CEIDARS) database, (2) amend the MDAQMD FY18-19, to decrease State Revenue from an estimated budgeted amount of \$35,000 to the final amount of \$17,500, (3) authorize the Executive Director/APCO to ratify agreements approved as to legal form, (4) authorize Executive Director/APCO to assign excess or additional/subsequent funds under this program to eligible projects and direct staff to perform actions necessary to comply with program requirements. Presenter: Jorge Camacho, Grants Specialist.

8. Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items. Presenter: Jean Bracy, Deputy Director – Administration.
9. Receive and file minutes of the Technical Advisory Committee (TAC) meeting February 5, 2019. Presenter: Alan De Salvio, Deputy Director – Mojave Desert Operations.
10. Receive and file the District Activity Report. Presenter: Brad Poiriez, Executive Director/APCO.
11. Receive and file the June 30, 2018 Other Post-Employment Benefits (OPEB) actuarial valuation of the District's retiree health insurance program. Presenter: Laquita Cole, Finance Manager.
12. Receive and file the status of the District's Other Post-Employment Benefits (OPEB) and Pension Rate Stabilization Program (PRSP) irrevocable trust and investment summary. Presenter: Jean Bracy, Deputy Director – Administration.
13. Receive and file the Financial Report for FY19, through the month of December 2018, which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy, Deputy Director – Administration.
14. Receive and file the Legislative Report for February 5, 2019. Presenter: Brad Poiriez, Executive Director/APCO.
15. Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1320 New Source Review for Toxic Air Contaminants and approval of California Environmental Quality Act (CEQA) documentation. Presenter: Alan De Salvio, Deputy Director Mojave Desert Operations.
16. Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1520 – Control of Toxic Air Contaminants from Existing Sources and approval of California Environmental Quality Act (CEQA) documentation. Presenter: Alan De Salvio, Deputy Director – Mojave Desert Operations.

ITEMS FOR DISCUSSION

17. DEFERRED ITEMS.
18. PUBLIC COMMENT.

19. Conduct a public hearing to consider the amendment of Rule 900 – Standards of Performance for New Stationary Sources (NSPS) and Rule 1000 – National Emission Standards for Hazardous Air Pollutants (NESHAP) as well as to receive and file updates to the Airborne Toxic Control Measures (ATCMs) and Maximum Achievable Control Technology (MACT) standards Notifications: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the CEQA Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 900 and Rule 100, and directing staff actions. Presenter: Alan De Salvio, Mojave Desert – Operations.
20. Receive and file the Annual Financial Report for FY 18. Presenter: Laquita Cole, Finance Manager.
21. Reports: Executive Director.
22. Board Members Comments and Suggestions for future agenda items.

In compliance with the Americans with Disabilities act, if special assistance is needed to participate in the Board Meeting, please contact Deanna Hernandez during regular business hours at 760.245.1661 x6244. 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 14306 Park Avenue, Victorville, Ca 92392 or by contacting Deanna Hernandez at 760.245.1661 x6244 or by email at dhernandez@mdaqmd.ca.gov .

Mailed & Posted on: Tuesday, February 19, 2019.

Approved:

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of January 28, 2019.](#)

Mojave Desert Air Quality Management District
Brad Poiriez, Executive Director
14306 Park Avenue, Victorville, CA 92392-2310
760.245.1661 • Fax 760.245.2699
www.MDAQMD.ca.gov • [@MDAQMD](https://twitter.com/MDAQMD)



REGULAR GOVERNING BOARD MEETING
MONDAY, January 28, 2019 - 10:00 A.M.
MDAQMD OFFICES, BOARD CHAMBERS
VICTORVILLE, CA

DRAFT MINUTES

Board Members Present:

Jim Cox, Chair, City of Victorville
Jeff Williams, Vice-Chair, City of Needles
Merl Abel, Town of Yucca Valley
Joseph “Joey” DeConinck, City of Blythe
Carmen Hernandez, City of Barstow
Kari Leon – Town of Apple Valley
Robert Lovingood, San Bernardino County
V. Manuel Perez, Riverside County
Barbara Riordan, Public Member
Rebekah Swanson, City of Hesperia

Board Members Absent:

Ed Camargo, City of Adelanto
Karmollette O’Gilvie, City of Twentynine Palms
Dawn Rowe, San Bernardino County

CALL TO ORDER

Chair **JIM COX** called the meeting to order at 10:10 a.m.

Chair **JIM COX** asked Board Member **BARBARA RIORDAN** to lead the Pledge of Allegiance.

MOVE TO SWEARING-IN OF NEW BOARD MEMBER(S). Chair **JIM COX** moved to swearing-in of new Board Members and Alternates **CURT EMICK, KARI LEON and RITA RAMIREZ, PhD.** The Senior Executive Analyst swore-in Board Members **CURT EMICK, KARI LEON and Dr. RITA RAMIREZ.**

Chair **JIM COX** asked for roll call; roll was called.

Chair **JIM COX** called for items with potential conflict of interest – 2 items for information only:

Item #8 Barbara Cram Riordan and the MDAQMD Governing Board Members and Officers.

Item #15 The proposed parties to the agreement will be the District and Strategic Partners Group (SPG). Potential Conflict: Strategic Partners Group, their principals and agents, District Board Members and Officers.

Chair **JIM COX** called for **PUBLIC COMMENT** – None.

CLOSED SESSION

Upon Motion by Board Member **ROBERT LOVINGOOD**, seconded by Board Member **CARMEN HERNANDEZ** and carried by unanimous roll call vote, the Board adjourned to Closed Session at 10:16 a.m.

Agenda Item 1 - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9).

Agenda Item 2 - CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Name of Case: Victor Ramirez vs MDAQMD et. al CIVDS 1809642 San Bernardino County Superior Court (Government Code Section 54956.9).

Agenda Item 3 - CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Name of Case: People of the State of CA ex. rel MDAQMD vs Cobano LLC dba Trona Shell et. al CIVDS 1821548 San Bernardino County Superior Court (Government Code Section 54956.9).

Agenda Item 4 - CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Icase (Government Code Section 54956.9).

OPEN SESSION - Disclosure of any Reportable Action(s) taken in Closed Session(s); and the Vote and Abstention of Every Member Present in the Closed Session.

The Governing Board reconvened to open session at 11:12 a.m., and Special Counsel Piero Dallarda stated that the Board met in Closed Session on the above Agenda Items with no reportable action.

CONSENT CALENDAR – Chair **JIM COX** polled the Board to determine if any member wished to pull an item on the consent calendar. Chair JIM COX pulled and deferred Agenda Item #8 for discussion. The following consent items were acted upon by the Board at one time without discussion, upon motion by Board Member **ROBERT LOVINGOOD**, seconded by Board Member **BARBARA RIORDAN**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBEKAH SWANSON** and **JEFF WILLIAMS**, with Board Members **MERL ABEL, KARI LEON, ROBERT LOVINGOOD** and **REBEKAH SWANSON ABSTAINING** on agenda item #5, as follows:

Agenda Item 5 – Approve Minutes from Regular Governing Board Meeting of October 22, 2018.
Approved Minutes from Regular Governing Board Meeting of October 22, 2018.

Agenda Item 6 – Receive and file the Monthly Grant Funding Summary.
Received and filed the Monthly Grant Funding Summary.

Agenda Item 7 – Receive and file the Monthly Activity Report.
Received and filed the Monthly Activity Report.

Agenda Item 8 – Reappoint Barbara Cram Riordan to remain as the Public Member on the Governing Board for an additional two-year term to expire January 2021.
Agenda Item 8 deferred by Chair **JIM COX**, see Agenda Item 20 – DEFERRED ITEMS.

Agenda Item 9 – Adopt Governing Board Policy 19-01, “Defining Internal Controls.”
Adopted Governing Board Policy 19-01, “Defining Internal Controls.”

Agenda Item 10 – Amend the District’s Classification Plan to add a new classification series, assign pay ranges; authorize the Executive Director/APCO to promote eligible incumbents; and inform the Board regarding other administrative matters.
Amended the District’s Classification Plan to add a new classification series, assign pay ranges; authorize the Executive Director/APCO to promote eligible incumbents; and inform the Board regarding other administrative matters.

Agenda Item 11 – Amend the MDAQMD Adopted Budget for FY 19 to increase State Revenue \$110,755; increase Notices of Violations Fee \$130,000; increase Salaries and Benefits \$40,000; and authorize one additional full time Air Quality Engineer position.
Amended the MDAQMD Adopted Budget for FY 19 to increase State Revenue \$110,755; increase Notices of Violations Fee \$130,000; increase Salaries and Benefits \$40,000; and authorize one additional full time Air Quality Engineer position.

Agenda Item 12 – Adopt a budget schedule for FY 2019-20.
Adopted a budget schedule for FY 2019-20.

Agenda Item 13 – 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% of Mobile Source Emissions Reduction (AB 2766) 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.

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% of Mobile Source Emissions Reduction (AB 2766) 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 14 – Approve the District to participate in the California Air Resource Board (CARB) Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program; and

(1) authorize the Executive Director/APCO to execute agreements approved as to legal form, (2) authorize Executive Director/APCO to assign excess or additional/subsequent funds under this program to eligible projects and direct staff to perform actions necessary to comply with program requirements.

Approved the District to participate in the California Air Resource Board (CARB) Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program; and (1) **authorized** the Executive Director/APCO to execute agreements approved as to legal form, (2) **authorized** Executive Director/APCO to assign excess or additional/subsequent funds under this program to eligible projects and direct staff to perform actions necessary to comply with program requirements.

Agenda Item 15 – Approve a contract with Strategic Partners Group (SPG) for the purposes of tracking relevant legislation and other related matters, as needed; and authorize the Executive Director to execute the agreement, approved as to legal form, with SPG.

Approved a contract with Strategic Partners Group (SPG) for the purposes of tracking relevant legislation and other related matters, as needed; and **authorized** the Executive Director to execute the agreement, approved as to legal form, with SPG.

Agenda Item 16 – Receive and file the Legislative Report for January 3, 2019.

Received and filed the Legislative Report for January 3, 2019.

Agenda Item 17 – Set Date of February 25, 2019 to conduct a public hearing to consider the amendment of Rule 900 – Standards of Performance for New Stationary Sources (NEPS), and Rule 1000 – National Emission Standards for Hazardous Air Pollutants (NESHAP), as well as to receive and file updates to the Airborne Toxic Measures (ATCMs) and Maximum Achievable Control Technology (MACT) standards notification.

Date Set of February 25, 2019 to conduct a public hearing to consider the amendment of Rule 900 – Standards of Performance for New Stationary Sources (NEPS), and Rule 1000 – National Emission Standards for Hazardous Air Pollutants (NESHAP), as well as to receive and file updates to the Airborne Toxic Measures (ATCMs) and Maximum Achievable Control Technology (MACT) standards notification.

Agenda Item 18 – Receive and file the 2019 Governing Board Meeting Schedule.

Received and filed the 2019 Governing Board Meeting Schedule.

Agenda Item 19 – Receive and file the Financial Report for FY19, through the month of November 2018, which provides financial information and budget performance concerning the fiscal status of the District.

Received and filed the Financial Report for FY19, through the month of November 2018, which provides financial information and budget performance concerning the fiscal status of the District.

Agenda Item 20 – DEFERRED ITEMS.

Agenda Item 8 – Reappoint Barbara Cram Riordan to remain as the Public Member on the Governing Board for an additional two-year term to expire January 2021.

Item removed from Consent Calendar at the request of Chair **JIM COX**. Agenda item mistakenly omitted appointment of Chair and Vice Chair in addition to the reappointment of the Public

Member. By Board consensus, the Board agreed to act upon each appointment separately as Reappointment of Public Member as #8, Election of Chair as #8A and Election of Vice Chair as #8B.

#8 – Reappointment of Public Member – Upon on Motion by **REBEKAH SWANSON**, seconded by **ROBERT LOVINGOOD**, as approved by the following roll call vote, with eight **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, REBEKAH SWANSON** and **JEFF WILLIAMS** the Board **Reappointed** Barbara Cram Riordan to remain as the Public Member on the Governing Board for an additional two-year term to expire January 2021.

#8A – Election of Chair of the Governing Board for 2019.

Chair **JIM COX** called for nominations for Chair of the Governing Board for 2019. Board Member **REBEKAH SWANSON** nominated Board Member **JEFF WILLIAMS** for Chair, Seconded by Board Member **JIM COX**, and being no other nominations, nominations for Chair was closed. By the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBEKAH SWANSON** and **JEFF WILLIAMS**, Board Member **JEFF WILLIAMS** was elected Chair for 2019.

#8B – Election of Vice-Chair of the Governing Board for 2019.

Chair **JIM COX** called for nominations for Vice-Chair of the Governing Board for 2019. Board Member **BARBARA RIORDAN** nominated Board Member **CARMEN HERNANDEZ** for Vice-Chair, Seconded by Board Member **ROBERT LOVINGOOD**, and being no other nominations, nominations for Vice-Chair was closed. By the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBEKAH SWANSON** and **JEFF WILLIAMS**, Board Member **CARMEN HERNANDEZ** was elected Vice-Chair for 2019.

Agenda Item 21 – PUBLIC COMMENT.

None.

Agenda Item 22 – Conduct a public hearing to present the 2016 Air Toxics “Hot Spots” Program Annual Report and discuss its content and significance: a. Open public hearing; b. Receive the 2016 Air Toxics “Hot Spots” Program Annual Report; c. Receive public testimony; d. Close public hearing; e. Direct staff actions.

Chair **JEFF WILLIAMS** opened the public meeting. Staff Member Alan De Salvio presented the 2016 Air Toxics “Hot Spots” Program Annual Report and answered questions from the Board. Chair **JEFF WILLIAMS** solicited public comment, being none, Chair **JEFF WILLIAMS** closed the public hearing and directed staff actions. Upon motion by Board Member **BARBARA RIORDAN**, seconded by Board Member **CARMEN HERNANDEZ**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBAKAH SWANSON** and **JEFF WILLIAMS** the Board **Received and filed** the 2016 Air Toxics “Hot Spots” Program Annual Report.

Agenda Item 23 – Conduct a public hearing to consider the amendment of Rule 102 – *Definition of Terms*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 102 and directing staff actions.

Chair **JEFF WILLIAMS** opened the public hearing. Staff Member Alan De Salvio presented the staff report and answered questions from the Board. Chair **JEFF WILLIAMS** solicited public comment, being none, Chair **JEFF WILLIAMS** closed the public hearing. Chair **JEFF WILLIAMS** **decided** that the California Environmental Quality Act (CEQA) Categorical Exemption applies and **waived** reading of the Resolution. Upon motion by Board Member **ROBERT LOVINGOOD**, seconded by Board Member **CARMEN HERNANDEZ**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBAKAH SWANSON** and **JEFF WILLIAMS** the Board **adopted Resolution 19-01, “A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION AMENDING RULE 102 – DEFINITION OF TERMS AND DIRECTING STAFF ACTIONS.”**

Agenda Item 24 – Conduct a public hearing to consider the amendment of Rule 219 – *Equipment Not Requiring a Permit*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending the Rule and directing staff actions

Chair **JEFF WILLIAMS** opened the public hearing. Staff Member Alan De Salvio presented the staff report and answered questions from the Board. Chair **JEFF WILLIAMS** solicited public comment, being none, Chair **JEFF WILLIAMS** closed the public hearing. Chair **JEFF WILLIAMS** **decided** that the California Environmental Quality Act (CEQA) Categorical Exemption applies and **waived** reading of the Resolution. Upon motion by Board Member **ROBERT LOVINGOOD**, seconded by Board Member **BARBARA RIORDAN**, and carried by the following roll call vote, with nine **AYES** votes by Board Members **MERL ABEL, JIM COX, JOSEPH “JOEY” DECONINCK, CARMEN HERNANDEZ, KARI LEON, ROBERT LOVINGOOD, BARBARA RIORDAN, REBAKAH SWANSON** and **JEFF WILLIAMS** the Board **adopted Resolution 19-02, “A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION AMENDING RULE 219 – EQUIPMENT NOT REQUIRING A PERMIT AND DIRECTING STAFF ACTIONS.”**

Agenda Item 25 – Reports:

Special notes from Mr. Poiriez:

- Publicly wished all a happy new year, welcome back and welcomed the District’s New Board Members and alternate Board Members.

- Publicly thanked Board Member Jim Cox for his service as Chair for the past two years and welcomed the new chair and vice-chair for 2019.
- Publicly congratulated Staff member Karen Nowak for her 30 years of service coming up early February.
- Informed the Board of the two new reports on the agenda: Grants Funding Summary and the Monthly Activity Report from Operations.
- Informed the Board of the District's two standing committees – the Budget & Personnel Committees – will be seeking Board direction on Board Member appointments for these committees and volunteers welcomed – the Board Chair usually chairs the Personnel Committee and meets 1-2 times per year; the Board Vice-Chair usually chairs the Budget Committee and meets 1-2 times per year.

Mr. Poiriez updated the Board of past events:

- January 7th – 9th – attended CAPCOA Board/Legislative Meeting and grants were the items of interest – FARMER will be another pooled pot of roughly \$5.1 million , in round 1 we will be getting approved for four projects worth roughly \$457K, round 2 closes in March and we have an additional 17 projects in; AB 617 implementation funding will be roughly \$203K this coming fiscal year; big push by legislature & Governor on prescribed fire and wildfire efforts, quite a bit of work will be done in this arena; several District staff members are chairing or vice-chairing several CAPCOA committees: Ryan Orr and Martial Haprov – Public Outreach committee and the District will be hosting their next meeting in March, Laquita Cole – Fiscal Committee, Michelle Zumwalt – Planning Managers, and Brad will be the CAPCOA Board liaison to these committees and will also continue as the liaison for WRAP & AAPCA.
- January 7th – Legislature reconvened for 2019/20 session – newly elected Governor Newsom sworn in along with other new office holders – some key facts are: there are three new Assembly Members that have never served and 9 new Senators – Democrats attained $\frac{3}{4}$ majority in the Assembly where they hold 60 to 80 seats and more than a $\frac{2}{3}$ majority in Senate currently holding 28 of 40 seats – Toni Atkins (San Diego) re-elected as Pro Tem of Senate – Anthony Rendon (Los Angeles) re-elected Speaker of Assembly – January 25th was deadline to submit bill language to Legislative Counsel for bill drafting and February 22nd is bill intro deadline;
- January 14th – Management Meeting on continued workforce development – Board action today on one phase – the next phase coming to Board in a couple of months;
- January 15th – guest speaker at the Air Pollution class at CSUSB as well as other District Staff members guest speaking in upcoming classes;
- January 16th – Attended MEEC Board meeting;
- January 17th – Participated the January's Association of Air Pollution Control Agencies (AAPCA) Air Directors conference call
- January 24th – District hosted a new Board Member Orientation for new primary and alternate Board Members.

Mr. Poiriez updated the Board of upcoming events:

- February 5th – Technical Advisory Committee (TAC) Meeting scheduled to discuss Rule revisions and planning calendar;
- February 6th – WRAP Board conference call;
- February 12th – Labor Management Task Force (LMTF) meeting;
- February 26th – 28th – CAPCOA Medium District and Board Meetings.

Agenda Item 26 - Board Member Comments and Suggestions for Future Agenda Items.

- Board Member DeConinck congratulated the new Chair and Vice-Chair.
- Board Member Hernandez thanked the board for the Vice-Chair nomination and appointment.
- Board Member Lovingood requested that the Board be kept abreast of the proposed new half cent petroleum tax by South Coast Air Quality Management District (SCAQMD).
- Board Member Swanson thanked District staff for the new board member orientation.
- Board Member Williams thanked the board for the Chair nomination and appointment.

Being no further business Chair **JEFF WILLIAMS** adjourned the meeting at **11:50 a.m.** to the next Regular Meeting of ***February 25, 2019.***

The following page(s) contain the backup material for Agenda Item: [Ratify the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2019. Presenter: Brad Poiriez, Executive Director/APCO.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #4

DATE: February 25, 2019

RECOMMENDATION: Ratify the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2019.

SUMMARY: This item appoints committee members for the Budget Committee in preparation of the budget for FY 2019-20, and the Personnel Committee for personnel matters during the year including the performance evaluation of the Executive Director/APCO; and designates officers from the Governing Board as committee chairs.

CONFLICT OF INTEREST: None.

BACKGROUND: The following Board members have agreed to serve on these committees:

Budget Committee

1. Carmen Hernandez, *Board Vice Chair*
2. Jim Cox
3. Keri Leon

Personnel Committee

1. Jeff Williams, *Board Chair*
2. Barbara Riordan
3. Robert Lovingood

REASON FOR RECOMMENDATION: The Governing Board Chair appoints members to serve on Board committees subject to ratification of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form on or about February 11, 2019.

FINANCIAL DATA: Any costs that may be incurred during the scheduled meetings are included in the budgets for FY 19 and FY 20.

PRESENTER: Brad Poiriez, Executive Director, on behalf of the Governing Board Chair.

The following page(s) contain the backup material for Agenda Item: [Amend and update Governing Board Policy 93-2, “Provision and Retention of Public Records;” Governing Board Policy 97-2, “Appropriations for Support of District Funding Pending Approval of the Final Budget;” Governing Board Policy 04-03, “Capital Asset Acc](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #5

DATE: February 25, 2019

RECOMMENDATION: Amend and update Governing Board Policy **93-2**, “Provision and Retention of Public Records;” Governing Board Policy **97-2**, “Appropriations for Support of District Funding Pending Approval of the Final Budget;” Governing Board Policy **04-03**, “Capital Asset Accounting Policy;” and Governing Board Policy **09-01**, “Obtaining Indemnification Agreements for Certain Actions and Activities.”

SUMMARY: This item amends and updates existing Governing Board Policy **93-2**, “Provision and Retention of Public Records;” Governing Board Policy **97-2**, “Appropriations for Support of District Funding Pending Approval of the Final Budget;” Governing Board Policy **04-03**, “Capital Asset Accounting Policy;” and Governing Board Policy **09-01**, “Obtaining Indemnification Agreements for Certain Actions and Activities” and cleans up and updates policy language and format.

CONFLICT OF INTEREST: None

BACKGROUND: In the effort to keep the Board familiar with the policies and practices which have been adopted to direct staff action and to facilitate the conduct of the business of the District these policies will be presented to the Board from time to time with recommendations for amendments if such are needed. This history and development of each policy is described in Exhibit 1.

A final of the proposed versions are included as well as a REDLINED draft which indicates the proposed changes from the current version. The recommended amendments make non substantive revisions to the policies which are further described in Exhibit 1. The format of each Governing Board Policy has been changed to add a signature line for the Executive Director which effectively acknowledges the Board’s delegation of the Governing Board Policy. The revision history has been moved to the end of the document.

REASON FOR RECOMMENDATION: Governing Board action is necessary to approve changes to the policies of the Governing Board.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

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REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about February 4, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director – Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

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Exhibit 1

Governing Board Policy 93-2 is the Governing Board Policy that sets forth the intent and policies of the District to comply with the California Public Records Act (CPRA). Governing Board Policy 93-2 was first adopted July 1, 1993 at the formation of the district. It was thereafter amended to conform to then current District practices on June 24, 1996, and February 23, 2004. It was last amended April 23, 2018 to broaden its application to all public records, specifically addressing records retention issues.

The District has established a working environment that relies less on paper storage for the District's important and official records. An electronic content management system is in place and fully operational. Staff has worked to develop the internal standard practices, procedures, and protocols to meet the fluid legislative initiatives and case law related to paperless record retention.

Recommended Revisions

Following a major revision to the internal standard practice for record retention, minor revisions and updates were made to the language and references in Governing Board Policy 93-2.

Governing Board Policy 97-2 is the Governing Board Policy that provides for appropriations to continue into a fiscal year where a final budget may not be adopted prior to the beginning of the fiscal year. Adopted September 22, 1997 this policy was developed directly from California Government Code §29124.

Recommended Revisions

This revision updates the language to more closely resemble the District's existing budget presentation and adoption process. Proposed budgets are presented in a Public Hearing, a meeting that is held separately from the meeting where the proposed budget is presented for adoption. This policy provides that in the event a final budget is not adopted by July 1st, and if a proposed budget presented in a Public Hearing and is not opposed, the appropriations of the proposed budget may be implemented in the new fiscal year except capital expenditures and new employee positions. If the proposed budget is rejected in the Public Hearing, the appropriations of the prior fiscal year are deemed appropriated for operational expenditures until a final budget is adopted. The Board retains the authority to impose expenditure limitations that are more restrictive, if needed.

Governing Board Policy 04-03 is the Governing Board Policy was adopted June 28, 2004 and established the District's Capital Asset Policy as required by GASB 34. The policy was revised January 27, 2014 to revise the definition of a capital asset, established a methodology for capitalization, and increased the threshold to \$5,000.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

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Recommended Revisions

The policy is sufficient in its present form; only the format has been updated to the current style.

Governing Board Policy 09-01 is the Governing Board Policy that authorizes obtaining indemnification agreements from interested and benefited third parties whenever there is a substantial threat of litigation arising from particular District activities and actions. The policy was proposed after the adoption of a rule that prompted litigation challenges where the risk could not be transferred. A financial and risk assessment recommended a policy allowing the APCO and/or the Governing Board to require an indemnification agreement if, in the opinion of the APCO and/or the Governing Board, actions are proposed that may benefit a third party to such an extent that indemnification for litigation costs from that third party may be advisable.

Recommended Revisions

The policy is sufficient in its present form; only the format has been updated to the current style.

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 93-2

Amended: [April 23, 2018](#), [January 28, 2019](#), [February 25, 2019](#)

[James L. Cox](#), [Jeff Williams](#)
Governing Board Chair

Brad Poiriez
Executive Director/APCO

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SUBJECT: PROVISION AND RETENTION OF PUBLIC RECORDS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to ensure that the District maintains records and to provide for an orderly system of retention and disposition of records as provided for by law. Records which are retained and not otherwise exempted from disclosure by state law are open for public inspection and will be provided with the least possible delay and expense to the requesting party. All officers, employees, and members of District Boards or committees are required to comply with the provisions of this policy and the Standard Practices established pursuant to same.

AMPLIFICATION OF POLICY:

A. General:

The District, pursuant to the provisions of Government Code §§60200 et seq may authorize the retention and disposition of its records. Since the specifics for retention of particular records or types of records may vary according to law, regulation or necessity to conduct the business of the District, the APCO is hereby authorized to develop and adopt [a Standard Practice 4-5](#) containing specific procedures regarding the retention of documents.

The District is also required, pursuant to the provisions of the California Public Records Act (Government Code §§6250 et seq.) to allow the public to have access to and demand copies of, non-confidential public information including that information stored on computer files. The APCO is also authorized to develop and adopt [a Standard Practice 4-12](#) containing specific procedures to be followed when making records available to the public pursuant to the Public Records Act

If any provision of this Policy or the Standard Practices developed pursuant to this Policy is in conflicts with current State or federal law, the law shall take precedence.

B. Disclosable Public Records:

The California Public Records act defines the types of information that must be made available upon request and that which is confidential and may not be released. Some records are specifically exempt from disclosure pursuant to statutory law. A partial listing of records exempt from disclosure may be found in [the relevant Standard Practice 4-12](#).

C. Public Right to Inspect/Obtain Copies:

Disclosable public records of the District are open to inspection by any person at all times during the normal business hours of the District offices in accordance with this policy and [attendant Standard Practice 4-12](#). Copies of disclosable public records may be obtained by any person in accordance with ~~■~~ this Policy and [the relevant Standard Practice 4-12](#). Any disclosable portion of a record that can be reasonably separated from any portions of the record that are exempt by law shall be made available for inspection and/or copying after the exempt portions have been deleted. Any request for records and any responding documents may be subject to review by the District's legal counsel prior to any inspection of the records or delivery of copies.

D. Fees for Provision of Public Records:

The District may charge fees and recover costs for the provision of public records as provided by law. The amount and method of charging fees shall be set forth in the applicable Standard Practice(s) [4-12](#). ~~In addition, including but not limited to specific~~ fees for certain designated District publications ~~shall be as set forth in Standard Practice 4-9~~.

Revision History:

Adopted:	July 1, 1993
Amended:	June 24, 1996
	February 23, 2004
	January 23, 2012
	April 23, 2018

~~Last Review: April 23, 2018 January 28, 2019~~

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 93-2
Amended: February 25, 2019

Jeff Williams
Governing Board Chair

Brad Poiriez
Executive Director/APCO

SUBJECT: PROVISION AND RETENTION OF PUBLIC RECORDS

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to ensure that the District maintains records and to provide for an orderly system of retention and disposition of records as provided for by law. Records which are retained and not otherwise exempted from disclosure by state law are open for public inspection and will be provided with the least possible delay and expense to the requesting party. All officers, employees, and members of District Boards or committees are required to comply with the provisions of this policy and the Standard Practices established pursuant to same.

AMPLIFICATION OF POLICY:

A. General:

The District, pursuant to the provisions of Government Code §§60200 et seq may authorize the retention and disposition of its records. Since the specifics for retention of particular records or types of records may vary according to law, regulation or necessity to conduct the business of the District, the APCO is hereby authorized to develop and adopt a Standard Practice containing specific procedures regarding the retention of documents.

The District is also required, pursuant to the provisions of the California Public Records Act (Government Code §§6250 et seq.) to allow the public to have access to and demand copies of, non-confidential public information including that information stored on computer files. The APCO is also authorized to develop and adopt a Standard Practice containing specific procedures to be followed when making records available to the public pursuant to the Public Records Act

If any provision of this Policy or the Standard Practices developed pursuant to this Policy is in conflicts with current State or federal law, the law shall take precedence.

B. Disclosable Public Records:

The California Public Records act defines the types of information that must be made available upon request and that which is confidential and may not be released. Some records are specifically exempt from disclosure pursuant to statutory law. A partial listing of records exempt from disclosure may be found in the relevant Standard Practice.

C. Public Right to Inspect/Obtain Copies:

Disclosable public records of the District are open to inspection by any person at all times during the normal business hours of the District offices in accordance with this policy and attendant Standard Practice. Copies of disclosable public records may be obtained by any person in accordance with this Policy and the relevant Standard Practice. Any disclosable portion of a record that can be reasonably separated from any portions of the record that are exempt by law shall be made available for inspection and/or copying after the exempt portions have been deleted. Any request for records and any responding documents may be subject to review by the District's legal counsel prior to any inspection of the records or delivery of copies.

D. Fees for Provision of Public Records:

The District may charge fees and recover costs for the provision of public records as provided by law. The amount and method of charging fees shall be set forth in the applicable Standard Practice(s) including but not limited to specific fees for certain designated District publications.

Revision History:

Adopted:	July 1, 1993
Amended:	June 24, 1996
	February 23, 2004
	January 23, 2012
	April 23, 2018

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 97-2
Amended: February 25, 2019

Policy No: 97-2
Effective Date: September 22, 1997

Adopted: September 22, 1997
Amended: January 28, 2008

/s/
Robert Sagona, Jeff Williams
Governing Board Chair

Last Review: January 26, 2015
Brad Poiriez
Executive Director/APCO

SUBJECT: APPROPRIATIONS FOR SUPPORT OF DISTRICT PENDING APPROVAL OF FINAL BUDGET

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to provide, without interruption, appropriations to support the various budget units operations of the District pending the approval of the final budget.

AMPLIFICATION OF POLICY:

Generally the Governing Board of the District adopts a final budget prior to the beginning of the fiscal year. However, in the event; a final budget is not adopted prior to the beginning of the fiscal year, this policy sets forth the appropriations spending authority pending the approval of a final budget.

- A. If at the beginning of any fiscal year, the appropriations applicable to that year have not been finally determined and adopted, the auditor or controller- APCO, or designee shall approve payments for the support of the various budget units operations in accordance with the following authorizations:
 - 1. Proposed Budget Approved: If a proposed budget has been approved-presented to the by the gGoverning bBoard in a Public Hearing, except as otherwise provided in subsection (B), the several amounts set forth in the proposed budget for the objects and purposes therein specified, except obligations for fixed assets, residual equity transfers, and for new regular employee positions, are deemed appropriated until the adoption of the final budget.

2. Fixed Assets, Residual Equity Transfers, and New Regular Employee Positions: Obligations for fixed assets, residual equity transfers, and for new regular employee positions are deemed appropriated until the adoption for the final budget if specifically approved by the gGoverning bBoard. For the purposes of this subdivision, the words “new regular employee positions” do not include any employee positions created in lieu of an employee position which is abolished.
3. Proposed Budget Not Approved: If the proposed budget ~~has not been approved by~~ is rejected by the gGoverning bBoard in a Public Hearing, the amounts deemed appropriated for the new fiscal year shall be based on the budget of the preceding year, excluding fixed assets and residual equity transfers unless specifically approved by the gGoverning bBoard.

B. Additional Provision: Notwithstanding any other provision of this policy, prior to the adoption of a final budget, the gGoverning bBoard may impose expenditure limitations that are more restrictive than those contained in this policy.

Revision History:

Adopted: September 22, 1997
Amended: January 28, 2008
Last Review: January 26, 2015

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GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 97-2
Amended: February 25, 2019

Jeff Williams
Governing Board Chair

Brad Poiriez
Executive Director/APCO

**SUBJECT: APPROPRIATIONS FOR SUPPORT OF DISTRICT PENDING
APPROVAL OF FINAL BUDGET**

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to provide, without interruption, appropriations to support the operations of the District pending the approval of the final budget.

AMPLIFICATION OF POLICY:

Generally the Governing Board of the District adopts a final budget prior to the beginning of the fiscal year. However, in the event a final budget is not adopted prior to the beginning of the fiscal year, this policy sets forth the spending authority pending the approval of a final budget.

- A. If at the beginning of any fiscal year, the appropriations applicable to that year have not been finally determined and adopted, the APCO, or designee shall approve payments for the support of the operations in accordance with the following authorizations:
1. Proposed Budget: If a proposed budget has been presented to the Governing Board in a Public Hearing except as otherwise provided in subsection (B), the several amounts set forth in the proposed budget for the objects and purposes therein specified, except obligations for fixed assets, residual equity transfers, and for new regular employee positions, are deemed appropriated until the adoption of the final budget.
 2. Fixed Assets, Residual Equity Transfers, and New Regular Employee Positions: Obligations for fixed assets, residual equity transfers, and for new regular employee positions are deemed appropriated until the adoption for the final budget if specifically approved by the Governing Board. For the purposes of this subdivision, the words “new regular employee positions” do not include any employee positions created in lieu of an employee position which is abolished.

3. Proposed Budget : If the proposed budget is rejected by the Governing Board in a Public Hearing, the amounts deemed appropriated for the new fiscal year shall be based on the budget of the preceding year, excluding fixed assets and residual equity transfers unless specifically approved by the Governing Board.
- B. Additional Provision: Notwithstanding any other provision of this policy, prior to the adoption of a final budget, the Governing Board may impose expenditure limitations that are more restrictive than those contained in this policy.

Revision History:

Adopted:	September 22, 1997
Amended:	January 28, 2008
Last Review:	January 26, 2015

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 04-03
Amended: February 25, 2019

~~Policy No: 04-03~~
~~Effective Date: June 28, 2004~~

~~Adopted: June 28, 2004~~
~~Amended: January 27, 2014~~

~~_____
Barbara Riordan, Jeff Williams
Governing Board Chair~~

~~Last Review: January 26, 2015~~

~~_____
Brad Poiriez
Executive Director/APCO~~

SUBJECT: CAPITAL ASSET ACCOUNTING POLICY

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to maintain adequate control over all of the District's resources, including capital assets, and to minimize the risk of loss or use.

AMPLIFICATION OF POLICY:

A. Purpose

The purpose of this policy is to ensure proper internal control and accurate financial reporting of capital assets owned by the District.

This policy establishes the -thresholds for assets recorded in the District's annual financial statements, and addresses other considerations for recording and depreciating capital assets. This policy complies with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34.

B. Capital Asset Definition

The District defines capital assets as assets that: 1) are used in the District's operations; and 2) have an initial useful life in excess of two years.

C. Capitalization Procedures

1. Capitalization Method

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Capital assets are recorded at historical cost at acquisition. If historical cost information is not available, assets are recorded at estimated historical cost using the standard costing method.

2. Capitalization Thresholds

This policy establishes the following minimum thresholds for capitalizing individual assets:

Construction in progress	\$5,000
Land and improvements	\$5,000
Buildings and improvements	\$5,000
Equipment/vehicles	\$5,000
Furniture and Fixtures	\$5,000

Detailed records shall be maintained for all capital assets at or above the established thresholds.

3. Inventoriable Property/Equipment Thresholds

Computers	\$1,000 < \$4,999 per unit
Equipment	\$1,000 < \$4,999 per unit

Detailed records shall be maintained for all inventoriable property/equipment at or above the established thresholds.

Items below the capitalization thresholds may be included in the inventoriable property/equipment category at the discretion of the Executive Director/APCO, or designee, to be safeguarded from loss. These items may include, but are not limited to furniture (and related components), computers, tablets, cameras, tools, and other equipment.

4. Useful Life and Depreciation

The Executive Director/APCO, or designee, will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary, depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands.

Depreciation will be recorded based on the straight line method excluding the first month of service, and including the month of disposal. The asset will be depreciated down to the asset's salvage value.

5. Safeguarding and Inventory of Capital Assets

Capitalized equipment and vehicles will be assigned an asset number and identified with a capital asset tag. Administrative Services will be responsible for maintaining the District's database containing pertinent information about each capital asset including but not limited to: asset description, manufacturer's serial number, original cost, acquisition date, useful life, location, depreciation, and disposal.

Inventory, of all capital assets and other inventoriable assets will occur on an annual basis on or about March 31; each department will participate in the inventory process. The Executive Director/APCO, or designee, will authorize the appropriate adjustments to the capital asset records and report to the District's Governing Board.

Revision History:

Adopted: June 28, 2004
Amended: January 27, 2014
Last Review: January 26, 2015

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GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 04-03
Amended: February 25, 2019

Jeff Williams
Governing Board Chair

Brad Poiriez
Executive Director/APCO

SUBJECT: CAPITAL ASSET ACCOUNTING POLICY

POLICY:

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This policy establishes the thresholds for assets recorded in the District's annual financial statements, and addresses other considerations for recording and depreciating capital assets. This policy complies with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34.

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Inventory, of all capital assets and other inventoriable assets will occur on an annual basis on or about March 31; each department will participate in the inventory process. The Executive Director/APCO, or designee, will authorize the appropriate adjustments to the capital asset records and report to the District's Governing Board.

Revision History:

Adopted:	June 28, 2004
Amended:	January 27, 2014
Last Review:	January 26, 2015

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 09-01
Amended February 25, 2019

~~Policy No: 09-01~~
~~Effective Date: January 26, 2009~~

~~Adopted: January 26, 2009~~
~~Amended:~~

~~_____ /s/~~
~~Bob Sagona, Jeff Williams~~
~~Governing Board Chair~~

Brad Poiriez
Executive Director/APCO
Last Review: January 26, 2015

**SUBJECT: OBTAINING INDEMNIFICATION AGREEMENTS FOR CERTAIN
ACTIONS AND ACTIVITIES**

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to encourage the use of indemnification agreements to limit the risk of substantial litigation expenses arising from certain actions and activities of the District.

AMPLIFICATION OF POLICY:

From time to time certain activities performed by the District may give rise to litigation. The two primary areas where this occurs are when the Air Pollution Control Officer (APCO) exercises his permitting authority and when the Governing Board performs its legislative function in adopting, amending or rescinding Rules and Regulations. In certain circumstances these actions may benefit a third party to such an extent that indemnification for litigation costs from that third party may be advisable. The APCO is encouraged to obtain indemnification agreements, if possible, from interested and benefited third parties whenever, in his opinion, there is a substantial threat of litigation arising from particular District activities and actions.

Revision History

Adopted: January 26, 2009
Last Review: January 26, 2015

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GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 09-01
Amended February 25, 2019

Jeff Williams
Governing Board Chair

Brad Poiriez
Executive Director/APCO

**SUBJECT: OBTAINING INDEMNIFICATION AGREEMENTS FOR CERTAIN
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From time to time certain activities performed by the District may give rise to litigation. The two primary areas where this occurs are when the Air Pollution Control Officer (APCO) exercises his permitting authority and when the Governing Board performs its legislative function in adopting, amending or rescinding Rules and Regulations. In certain circumstances these actions may benefit a third party to such an extent that indemnification for litigation costs from that third party may be advisable. The APCO is encouraged to obtain indemnification agreements, if possible, from interested and benefited third parties whenever, in his opinion, there is a substantial threat of litigation arising from particular District activities and actions.

Revision History

Adopted: January 26, 2009
Last Review: January 26, 2015

The following page(s) contain the backup material for Agenda Item: [Amend the District's Classification Plan to revise the existing Class Specification for Air Quality Engineer to add series to the classification, assign pay ranges; authorize the Executive Director/APCO to assign and/or promote eligible incumbents, if app](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #6

DATE: February 25, 2019

RECOMMENDATION: Amend the District's Classification Plan to revise the existing Class Specification for Air Quality Engineer to add series to the classification, assign pay ranges; authorize the Executive Director/APCO to assign and/or promote eligible incumbents, if applicable; and inform the Board regarding other administrative matters.

SUMMARY: This action amends the District's Classification Plan to revise the existing Class Specification for Air Quality Engineer to add series to the classification, assigns pay ranges, authorizes the Executive Director/APCO to assign and/or promote eligible incumbents, if applicable; and informs the Board of other administrative matters.

CONFLICT OF INTEREST: None

BACKGROUND: The District periodically adjusts staffing strategies in order to meet the varying challenges of the business and the changing scope of the workforce. The recommendations in this action evolved from ongoing Management Workforce Planning meetings. The findings of the Organizational Review commissioned by the Governing Board in 2016 were considered as well as the current regulatory and operational needs of the District. The proposed actions address issues regarding organizational efficiency and effectiveness, professional growth opportunities, career progression, upward mobility, and succession planning in view of prospective retirements of long term employees.

The proposed action makes a number of changes which are described in Exhibit 1 and represents *a portion* of the ongoing elements of the Workforce Planning efforts. The District's full time equivalent (FTE) will not increase as a result of the recommended actions contained in this item. An Organizational Chart reflecting the proposed action is included as Exhibit 2; and a draft revised Table of Organization is included as Exhibit 3.

The proposed revision incorporates a series for the Air Quality Engineer position allowing internal candidates potential opportunities to advance given they meet certain criteria. This action will authorize the Executive Director/APCO to evaluate incumbents and assign and/or promote based on qualifications and eligibility or direct additional training and/or experience to achieve the required qualifications and eligibility.

**MINUTES OF THE GOVERNING BOARD
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VICTORVILLE, CALIFORNIA**

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REASON FOR RECOMMENDATION: The Governing Board has the authority to amend the District Classification Plan, approve pay ranges for new positions, and adjust pay ranges for existing positions.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form on or about February 11, 2019.

FINANCIAL DATA: Authorization to assign positions and/or promote incumbent(s) into the new classification series with new pay ranges for the remainder of FY 19 may cost up to \$5000. The adopted MDAQMD Budget for FY 19 included sufficient funds for potential reclassifications.

PRESENTER: Brad Poiriez, Executive Director/APCO

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #6

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Exhibit 1

Summary

This change in the Classification Plan is part of the ongoing efforts to address succession planning, career training, and employee professional development. The employees in the District's workforce have expressed a desire for designed career paths within the District providing opportunities to grow professionally. It is also well known that the modern workforce expects employers to provide for professional growth, career path progression, upward mobility, and opportunities to explore and expand the boundaries of work assignments.

The employee demographics, noted below, indicate clearly that the District faces staffing challenges in the near future that demand long range workforce planning. The organization needs a consistent structure that provides for employees to grow professionally and be ready to promote when opportunities become available. These were among the factors considered by Management in developing these recommendations.

Career Oriented Components

This recommended Class Specification series includes components that address career oriented objectives. Management's goal is to present an attainable career path that can progress over time. The District's workforce has historically demonstrated relative stability. A District-oriented career path should be designed to provide long term progression to avoid attainment early in one's career and thereby causing the potential for career stagnation. An additional goal is to encourage initiative and training that enhances skill sets in breadth and depth. Career development and opportunity should expand beyond the technical skill sets related to any position.

The framework of the District's Workforce Planning considers the following.

- Include a series of positions which allows for progression within the Class Specification. Advancement in this series occurs through exposure to and experience with increasingly complex tasks and responsibilities over time.
- Include a section addressing the considerations for promotion from the first position to the advanced position.
 - **Experience**, particularly in depth and quality of experiences, as evidenced by "time in position"
 - **Performance**, as evidenced by "exceeds" performance evaluations for past three years
 - **Initiative**, internally evidenced by engagement in reliable work habits, quality work product, participation on teams, and increasing responsibilities
 - **Initiative**, externally evidenced by increasing knowledge, skills and abilities through training, education, and peer networking.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

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PAGE 4

- **Supervisor recommendation** to the APCO, and subject to APCO final approval and available resources (budget).

Air Quality Engineer I/II/III

The Operations Section is comprised of four subgroups: Compliance, Air Monitoring, Permit Engineering, and Planning & Rulemaking. In years past the District's Classification Plan staffed these subgroups with generalist-oriented classification descriptions. The proposed revision to the Air Quality Engineer Class Specification contains a series that distinguishes the AQ Engineer through various levels (I/II/III) including areas of responsibility, ability to complete complex work assignments, provide technical guidance, and work independently.

District Demographics

Since April 2018 the District employed 40 FTEs (full time equivalents), with no vacant positions. During 2019 the **age distribution** is projected to be: 45% are 40 years or younger, 28% are aged 41-54, and 28% are aged 55 or over. For **years of service**, eleven employees (28%) have less than 3 years of service; 55% of the District employees have 10 years or less of service with the District, 35% have 11 to 20 years of service, and 10% (4 employees) have more than 20 years of service. This information does not account for employees with reciprocal service with other public agencies, which tends to influence an employee's career and plans for retirement. This information leads to a conclusion that for the current census of employees as many as seven (17%) employees are likely to retire from District employment by 2025. And, the first to depart are the last among those with deep institutional knowledge, together totaling more than 150 years of service to the District.

Finally, Management reached out to the Teamsters in the Labor Management Task Force (LMTF) to review this recommendation.

This action *revises* a Class Specification to incorporate a series: **Air Quality Engineer I/II/III** (nonexempt), assigns pay range 637, 640, and 642 respectively, and authorizes the Executive Director/APCO to assign and/or promote eligible incumbent Air Quality Engineer(s) to the **Air Quality Engineer I/II/III** position(s). Per policy, an incumbent will receive on promotion a 5% increase in base pay effective on a date to be determined by the Executive Director/APCO.

- a. Proposed *Revised* Classification Series Description: Attached
- b. Justification. Management is implementing in phases a Workforce Development Plan and these class specifications address growth and career opportunity for this specific area.
- c. Recommend Pay Range 637 for Air Quality Engineer I; Range 640 for Air Quality Engineer II, and Range 642 for Air Quality Engineer III.
- d. If authorized by the Executive Director/APCO, the estimated cost to promote eligible employee(s) for the remainder of the Fiscal Year is about \$5,000 (salary and benefits) for the remainder of FY 19.

**MINUTES OF THE GOVERNING BOARD
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VICTORVILLE, CALIFORNIA**

AGENDA ITEM #6

PAGE 5

Amend the Classification Plan (summary)		Pay Range
Revised Classifications – Series	<ul style="list-style-type: none"> • Air Quality Engineer I • Air Quality Engineer II • Air Quality Engineer III 	637 640 642

Policy Statements

Governing Board Policy 94-1 delegates to the APCO “the authority to hire, dismiss, make assignments, direct, supervise... District employees....” In addition this policy states “Reclassification or change in the compensation of employees(s) shall be subject to review and approval by the Board.”

MDAQMD Personnel Policies and Procedure (PPP) Rule 3.2 assigns the development and maintenance of the Classification Plan to the Personnel Officer (APCO), subject to Governing Board approval. “A new classification shall not be created and filled on a regular basis until the classification plan has been amended ...”

Management Rights are described in the Memorandum of Understanding (MOU) between the MDAQMD and the Teamsters Local 1932 including the right to “determine job classifications, hire, transfer, promote and demote employees.”

Management has conducted meet and confer with the Teamsters to discuss the impacts of these revisions.

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

DEFINITION:

Under technical supervision, the **Air Quality Engineer** performs assigned District, State and Federal air quality regulatory programs, most notably comprehensive engineering review of proposed and existing emissions sources, on an individual equipment, facility, and District basis, to ensure compliance with local, State and Federal requirements. The **Air Quality Engineer** prepares written correspondence, engineering evaluations, permits, reports, rules, and plans. The **Air Quality Engineer** also performs related duties as required.

The **Air Quality Engineer I** performs specialized air quality permit engineering work under general supervision, and is characterized as capable of some independent work with good time management.

The **Air Quality Engineer II** performs specialized air quality permit engineering work under minimal supervision, and is characterized as an independent worker with strong initiative and excellent time management.

The **Air Quality Engineer III** performs specialized air quality permit engineering work under minimal supervision, and is characterized as an independent worker with strong initiative and excellent time management who also functions as a technical mentor within the Permit Engineering Section and Operations Group.

DISTINGUISHING CHARACTERISTICS:

The **Air Quality Engineer I** processes the least complicated permit applications, processes simplest stationary source emissions inventories, is assigned responsibility for the simplest Federal Operating Permit-related permit engineering work, implements with primary responsibility at least one District permit engineering program, has broad knowledge of District, state and federal air quality regulations, completes assigned tasks with direction and guidance, has broad knowledge of District permit engineering policies, programs and procedures, takes direction well, supports change, works as part of the team, leads projects as directed, and gives direction when required.

The **Air Quality Engineer II** processes all permit applications, processes all stationary source emissions inventories, is assigned responsibility for all Federal Operating Permit-related permit engineering work, fully implements with primary staff responsibility multiple District programs, has expert knowledge of District, state and federal air quality regulations, completes assigned tasks with minimal direction and guidance, has expert knowledge of District permit engineering policies, programs and procedures, takes direction well, helps initiate change, works as part of the team, leads projects as directed, provides technical guidance to others when required, and is able to integrate and assist other sections in the District.

The **Air Quality Engineer III** processes all permit applications, processes all stationary source emissions inventories, is assigned responsibility for all Federal Operating Permit-related permit engineering work, fully implements with primary staff responsibility multiple District programs,

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

has expert knowledge of District, state and federal air quality regulations, has expert knowledge of District permit engineering policies, programs and procedures, and functions as a technical mentor to other section and group staff on permit engineering work, programs, policies and procedures. The Air Quality Engineer III completes assigned tasks with minimal direction and guidance, takes direction well, helps initiate change, works as part of the team, leads projects as directed, and is able to integrate and assist other sections in the District.

CLASSIFICATION GROUP: General Unit

ESSENTIAL JOB FUNCTIONS:

Functions may include, but are not limited to, the following:

- Evaluating permit applications for compliance with local, State and Federal regulatory requirements, prepares related documentation, and recommends approval or denial of same.
- Processing permit applications (minor source, major source, and complex major source). Preparation of related engineering evaluations, coordinating public review when necessary, and performing affected site inspections.
- Creates health risk assessments in response to local, State and Federal requirements.
- Issuing initial and modified Federal Operating Permits (aka Title V permit), including application review and approval, making changes to Federal Operating Permit elements, issuing Federal Operating Permits, coordinating Federal and public review, and preparing related documentation.
- Renewing Federal Operating Permits (aka Title V permit), including documenting permit change history, facility compliance history, facility administrative information and issuing renewed Federal Operating Permits.
- Analyzes and designs systems to reduce air contaminants (including criteria, toxic and odor) from existing and proposed sources.
- Develops, maintains and operates data management systems containing permit engineering-related materials.
- Observation and inspection of any equipment or facility to determine if regulatory requirements and permit conditions are met; assisting source operators in complying with regulatory requirements; preparation of related reports and documentation.
- Reviewing source test protocols for compliance with District requirements and source specific requirements; witnessing source tests; reviewing source test reports for process and source compliance; preparation of related reports and documentation.
- Administration of the AB2588 Air Toxics Hot Spots Program, including preparation of related reports and documentation.
- Processing emission reduction credit applications, including preparation of engineering evaluations, coordinating public review, issuing emission reduction credit certificates, and preparing related documentation.
- Requesting, reviewing, processing, creating, maintaining and collating stationary source criteria and air toxics emissions inventories (actual and potential).
- Monitors local, State and Federal regulatory actions relating to air quality permit engineering.

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

- Participates in peer networks groups such as CAPCOA Engineering Managers and related sub-groups as directed.
- Participates in the design and implementation of major engineering projects and studies; coordinates with representatives of industry and other agencies; reviews findings and makes recommendations to supervisor.
- Assists in preparing administrative or technical testimony for presentation before industry, District Hearing Board, District Governing Board, and/or representatives of governmental and environmental organizations; makes presentations to said groups as directed.
- Testifies as an expert witness in cases heard before the District Hearing Board and/or other public boards as directed.
- Processing and responding to project (such as Certificate of Occupancy) and property review requests.
- Operation of standard office equipment including a personal computer and basic office software (word processor, spreadsheet, presentation and database applications).
- Use of standard business arithmetic, including percentages and decimals.
- Organizes own work, sets priorities and meets critical deadlines; ensures that such deadlines are met.
- Understand and follow both oral and written directions.
- Communicate effectively both orally and in writing.
- Establish and maintain effective working relationships with those contacted in the course of the work. Communicate effectively, maintain positive working relationships with coworkers and management and interact effectively and professionally under pressure.
- Understand and work within the scope of authority.
- Compose correspondence independently or from brief instruction.
- Successfully interface with difficult or negative personalities and situations.
- Use of tact, discretion, initiative and independent judgment within established guidelines.
- Correct English usage, including spelling, grammar, punctuation and vocabulary.
- Prepare technical reports.
- Research, compile and summarize data, including the statistical analysis of data sets.
- Provides temporary relief as required.
- Performs related duties as assigned.

WORKING CONDITIONS and PHYSICAL ABILITIES:

Work is performed in an office setting, with frequent field observational and inspection events. Must be able to perform essential functions of the job. This position requires prolonged sitting, standing, walking, reaching, twisting, turning, kneeling, bending, squatting and stooping in the performance of daily activities. Position requires grasping, repetitive hand-eye coordination and fine-manipulation skills for preparing reports and data using a personal computer keyboard, computer mouse, and various office machinery. This position also requires good listening skills and the occasional need to lift, drag and push files, computer reports or other materials weighing up to 50 pounds. Travel throughout the District, State and country is required.

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

QUALIFICATIONS (Knowledge and Abilities):

- Principles of science (primarily chemistry and physics) and mathematics related to the formation, control and resolution of air contaminants.
- Principles of science (primarily chemistry and physics) and mathematics related to determining, evaluating, monitoring and controlling air quality.
- Principles of science (primarily meteorology and physics) and mathematics of emissions rate calculation, emissions concentration modeling (including dispersion modeling), and public health impact estimation.
- Principles of proper operation of specific source types (including: internal combustion engines (reciprocating and rotational); external combustion sources (boilers); direct-fired combustion sources (kilns and heaters); and evaporative sources) with regard to air contaminant formation and appropriate controls.
- Principles of proper operation of air pollution control equipment (including: bin vents; cyclones; baghouses; wet and dry scrubbers; electrostatic precipitators; and reducing and oxidizing catalysts) with regard to air contaminant removal or mitigation and efficient operation.
- Familiarity with existing industrial and commercial facilities producing air contaminants within the District.
- Thorough understanding of local, State and Federal air quality-related guidance and regulations.
- Purposes and procedures of agencies involved in air quality management.
- Analysis of legislation, regulations and technical publications related to air quality management.
- Application of scientific method to investigate air pollution problems.
- Principles of industrial safety.

OTHER REQUIREMENTS:

This position requires possession of a valid California driver's license. Must possess or be able to obtain a State of California Visible Emissions Evaluation certification.

EDUCATION/EXPERIENCE:

A typical way to obtain the knowledge and abilities outlined above is:

The **Air Quality Engineer** positions require the possession of: Equivalent to the completion of a Bachelor's degree from an accredited college or university with major coursework in environmental science, biology, chemistry, engineering, geology, health, mathematics, meteorology, physics, or planning (or directly related physical or environmental science field or discipline), or a combination with professional regulatory certifications, or closely related fields that could likely provide the desired knowledge and abilities (educational equivalency justification may be required); and increasingly responsible experience with relevant regulatory interpretation, enforcement, pollution control and related fields.

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

The **Air Quality Engineer I** position may be filled by internal promotion, which requires a minimum of five years of experience as an **Air Quality Specialist, Air Quality Planner or Air Quality Instrument Technician** (or equivalent experience in air quality management) with meeting or exceeding job performance evaluations and the recommendation of the candidate's immediate supervisor, or externally with comparable experience in a comparable public agency. Additional related coursework, equivalent field experience or training may substitute for the required experience. Accepting comparable experience is subject to APCO approval.

The **Air Quality Engineer II** position requires a minimum of five years of experience as an **Air Quality Engineer I** (or an equivalent position) with meeting or exceeding job performance evaluations and the recommendation of the candidate's immediate supervisor. Accepting comparable experience is subject to APCO approval.

The **Air Quality Engineer III** position requires a minimum of ten years of experience as an **Air Quality Engineer** (or an equivalent position) with meeting or exceeding job performance evaluations and the recommendation of the candidate's immediate supervisor, and the possession of a Qualified Environmental Professional, Professional Engineer, and/or Certified Permitting Professional. Accepting comparable experience is subject to APCO approval.

PROMOTION:

Consideration for promotion into the Air Quality Engineer II/III position includes:

- **Experience**, particularly in depth and quality of experiences, as evidenced by "time in position."
- **Performance**, as evidenced by "exceeds" performance evaluations for past 3 years.
- **Initiative**, internally evidenced by engagement in reliable work habits, quality work product, participation on teams, and increasing responsibilities.
- **Initiative**, externally evidenced by increasing knowledge, skills and abilities through training, education, and peer networking.
- **Supervisor recommendation** to the APCO, and subject to APCO final approval and available resources (budget).

PROPOSED
CLASS SPECIFICATION

AIR QUALITY ENGINEER I/II/III

Approved:

EXECUTIVE:

ADMINISTRATIVE SERVICES:

BRAD POIRIEZ
Executive Director

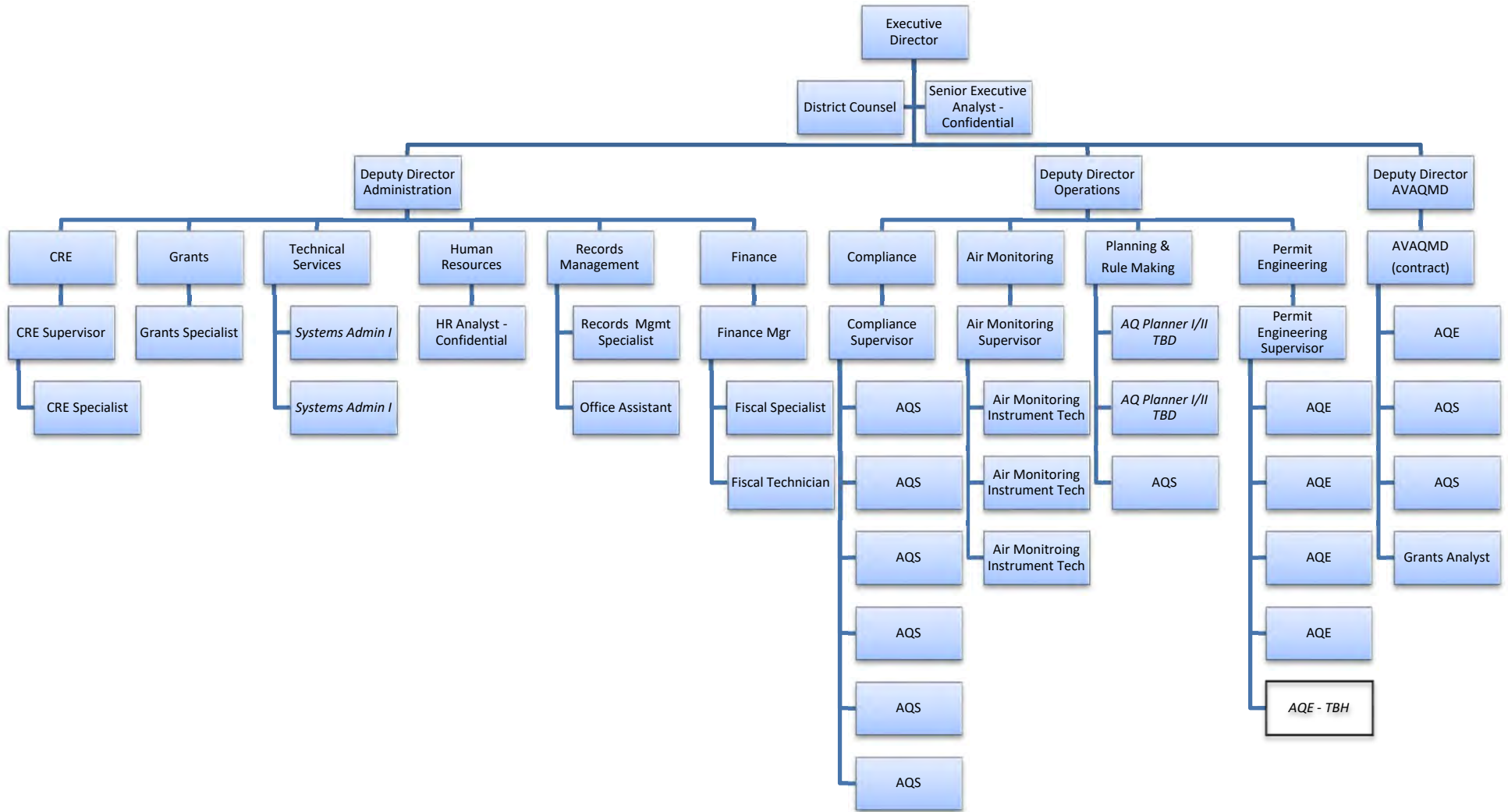
JEAN BRACY
Deputy Director, Administration

OPERATIONS:

Date: _____

ALAN DE SALVIO
Deputy Director, Operations

Mojave Desert AQMD Organizational Chart



2-25-2019

Proposed Class Plan Amendment - AQE

Exhibit 2

**MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
TABLE OF ORGANIZATION**

Exhibit 3

Approved FY 18	Approved FY 19	Proposed 2/25/2019	Title of Position	Range	Monthly Salary	
1	1		Office Assistant	610	3,193 - 3,891	
0	0		Records Management Clerk	615	3,613 - 4,402	
1	1		Fiscal Technician	621	4,190 - 5,105	
1	0		Administrative Secretary	624	4,512 - 5,498	
0	0		Deputy COB/Administrative Secretary	624	4,512 - 5,498	
1	1		CRE Specialist	626	4,740 - 5,775	
1	1		Records Management Specialist	626	4,740 - 5,775	
1	1		Fiscal Specialist	629	5,104 - 6,219	
1	1		Grants Specialist	629	5,104 - 6,219	
2	2		Technology Specialist	629	5,104 - 6,219	
3	3		Air Quality Instrument Technician	629	5,104 - 6,219	
10	11		Air Quality Specialist	629	5,104 - 6,219	
1	0		Human Resources Specialist	629	5,104 - 6,219	
0	0		Systems Administrator I	633	5634 - 6865	
0	0		AQ Planner I	633	5634 - 6865	
0	0		Lead Air Quality Instrument Technician	636	6,068 - 7,394	
0	0		Lead Air Quality Planner	636	6,068 - 7,394	
0	0		Lead Air Quality Specialist	636	6,068 - 7,394	
0	0		Clerk Of The Boards	636	6,068 - 7,394	
0	0		Executive Lead	636	6,068 - 7,394	
		TBD	AQ Engineer I	637	6,068 - 7,394	NEW
0	1		Human Resources Analyst - Confidential	637	6,219 - 7,577	
0	1		Grants Analyst	637	6,219 - 7,577	
0	0		Systems Administrator II	637	6219 - 7577	
0	0		AQ Planner II	637	6219 - 7577	
0	1		Senior Executive Analyst - Confidential	638	6,375 - 7,768	
5	6*		Air Quality Engineer	640	6,697 - 8,160	
		TBD	Air Quality Engineer II	640	6,697 - 8,160	Revised
		TBD	Air Quality Engineer III	642	7,036 - 8,572	NEW
1	0		Executive Office Manager	644	7,393 - 9,007	
1	1		Air Monitoring Supervisor	644	7,393 - 9,007	
1	1		Permit Engineering Supervisor	644	7,393 - 9,007	
1	1		Compliance Supervisor	644	7,393 - 9,007	
0	0		Lead Air Quality Engineer	644	7,393 - 9,007	
0	0		Administrative Services Manager	644	7,393 - 9,007	
1	0		Community Relations & Education Manager	644	7,393 - 9,007	
0	1		Community Relations & Education Supervisor	644	7,393 - 9,007	
1	1		Finance Manager	650	8,574 - 10,446	
0	0		Supervising Air Quality Engineer	650	8,574 - 10,446	
1	1		Deputy Director MD Operations	657	10,190 - 12,416	
1	1		Deputy Director AV Operations	657	10,190 - 12,416	
1	1		Deputy Director Administration	657	10,190 - 12,416	
1	1		District Counsel	659	10,707 - 13,046	
1	1		Executive Director/APCO	N/A	N/A	
39.0	35.0					

*AQE Position added 1-28-2019

The following page(s) contain the backup material for Agenda Item: [\(1\) Authorize the acceptance of the Emission Inventory District Grant \(AB 197\) from the California Air Resource Board \(CARB\) in an amount of \\$17,500 to be used to review and update data currently stored or being uploaded into the California Emissions Inve](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #7

DATE: February 25, 2019

RECOMMENDATION: (1) Authorize the acceptance of the Emission Inventory District Grant (AB 197) from the California Air Resource Board (CARB) in an amount of \$17,500 to be used to review and update data currently stored or being uploaded into the California Emissions Inventory Development and Reporting System (CEIDARS) database, (2) amend the MDAQMD FY18-19, to decrease State Revenue from an estimated budgeted amount of \$35,000 to the final amount of \$17,500, (3) authorize the Executive Director/APCO to ratify agreements approved as to legal form, (4) authorize Executive Director/APCO to assign excess or additional/subsequent funds under this program to eligible projects and direct staff to perform actions necessary to comply with program requirements.

SUMMARY: This action authorizes the District to participate in the AB 197 grant program and formally accepts an estimated grant amount of \$17,500.

CONFLICT OF INTEREST: None

BACKGROUND: This grant award has been developed by CARB in order for the District to perform a quality assurance review of point source emissions data.

This is a one-time grant but additional funding may become available in the future.

This action will authorize the MDAQMD to receive the funds, authorize the Executive Director/APCO to sign the grant agreement(s), and direct staff to take appropriate actions to comply with program requirements. It also allows the District to continue participation in the program and delegates to the Executive Director/APCO authority to assign excess or additional/subsequent funds to similar eligible projects.

REASON FOR RECOMMENDATION: CARB requires an action by the Governing Board to receive the funds and participate in this opportunity.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about January 31, 2019.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #7

PAGE 2

FINANCIAL DATA: Receiving these funds in this action will amend the MDAQMD FY 18-19 Budget, to decrease State Revenue in the final amount of \$17,500.00. The adopted budget estimated the grant amount to be \$35,000.00.

PRESENTER: Jorge Camacho, Grants Specialist.

The following page(s) contain the backup material for Agenda Item: [Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items.](#) Presenter: [Jean Bracy, Deputy Director – Administration.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #8

DATE: February 25, 2019

RECOMMENDATION: Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items.

SUMMARY: This will authorize the surplus of District-owned capital equipment and disposal as indicated and advise the Governing Board that the District property listed below has been replaced, and/or is no longer in service for the District. The Executive Director/APCO declared the following property surplus and disposed it, or will dispose it as indicated.

CONFLICT OF INTEREST: None.

BACKGROUND: The property referenced in Exhibit 1 has concluded its usefulness, has been replaced, or is no longer serviceable.

REASON FOR RECOMMENDATION: The Governing Board has delegated the authority to the Executive Director/APCO in Governing Board Policy 94-1 to declare and dispose of surplus property belonging to the District with periodic notification to the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is required.

PRESENTER: Jean Bracy, Deputy Director - Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #8

PAGE 2

Exhibit 1

- **Air Monitoring Equipment Description:**

Dasibi Environmental Corp Ozone Concentration Model 1003-AH, SN: 2814 , Tag 441;
Volumetrics Inc Pressure Monitor Model VMC 35, SN: 14896, Tag 447;
and misc., peripherals, cables and accessories. The referenced equipment has exceeded their useful lives has have been replaced or removed from service. Equipment that was useful will be put up for auction or donated to other air districts for parts. The remainder of the equipment will be properly disposed (e-waste).

- **Computer and other equipment:** Description:

Olympus SP-500 UZ Digital Camera 10x optical zoom, SN: J19230880;
Gateway E-6610D Intel Core2 Duo PC - NO MEMORY, SN: 0037268979, Tag 296;
Dell Optiplex 760 PC, SN: 3Y5CTK1, Tag 359;
elo Touchsystems 1747L Touch Screen Kiosk, SN: 723481897C;
HP Laserjet 1300 Laser Printer, SN: CNBJN00765;
Cisco Catalyst 2900 series XL 10/100 Ethernet Switch, SN: 3882A085;
APC AP5201 KVM Switch, SN: 4A0616A51474;
Dell Latitude PRO2X series docking station (quantity of 3);
HP Laserjet 1200 Laser Printer, SN: CNBJK42014
Cisco 2800 series Router, SN: FHK1138F17B, Tag 350;
Behringer DSP 1100 Feedback Destroyer, SN: 71037135;
Magnavox LL42524 VHS Camcorder, SN: 69300197;
HP Officejet Pro K5400, SN: MY84N681W4;
as well as misc. keyboards, mice, cables and screens. The referenced equipment has exceeded its useful life and has been replaced or removed from service. Equipment that was useful was or will be put up for auction. Unsold or broken equipment was or will be properly disposed (e-waste).

- **Furniture and Office equipment Description:**

Metal and Wood Desk with Drawers;
Chairs and miscellaneous (accessories) items, usually non capital items. Items have been replaced, are broken and/or have expired their useful life, disposal by auction, donation to school district, thrift store (Goodwill), or appropriate disposal site.

The following page(s) contain the backup material for Agenda Item: [Receive and file minutes of the Technical Advisory Committee \(TAC\) meeting February 5, 2019.](#)
[Presenter: Alan De Salvio, Deputy Director – Mojave Desert Operations.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #9

DATE: February 25, 2019

RECOMMENDATION: Receive and file minutes of the Technical Advisory Committee (TAC) meeting February 5, 2019.

SUMMARY: This item provides a copy of the minutes of the TAC for the information of Governing Board members.

CONFLICT OF INTEREST: None

BACKGROUND: The Board recently requested that the minutes of the Technical Advisory Committee be provided as part of the Governing Board agenda.

REASON FOR RECOMMENDATION: Governing Board request.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director Mojave Desert Operations on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director Mojave Desert Operations.

Mojave Desert Air Quality Management District
Brad Poiriez, Executive Director
14306 Park Avenue, Victorville, CA 92392-2310
760.245.1661 • Fax 760.245.2699
www.MDAQMD.ca.gov • [@MDAQMD](https://twitter.com/MDAQMD)



TECHNICAL ADVISORY COMMITTEE (TAC)
TUESDAY, FEBRUARY 5, 2019, 2:00 P.M.
MDAQMD OFFICES, BOARD CONFERENCE ROOM

MINUTES

TAC MEMBERS IN ATTENDANCE:

Dave Rib, Cement Industry Member
Jerry Kinkade, General Member
Mark Burns, Military Member
Jennifer Osorio, Environmental Health Member
Darlene Bray, Mining Industry Member

DISTRICT STAFF PARTICIPATION:

Brad Poiriez, Executive Director/APCO
Alan De Salvio, Deputy Director, MDAQMD Operations
Tracy Walters, Air Quality Specialist
Kevin Hendrawan, Air Quality Specialist
Deanna Hernandez, Senior Executive Analyst

1. Call to order – Alan De Salvio called the meeting to order at 2:01 p.m.
2. Introductions – Introductions were made at 2:01 p.m.
3. Rule 900 – Standards of Performance for New Stationary Sources (NSPS) – Kevin Hendrawan and Alan De Salvio provided background information on Rule 900 and answered questions from members. Following discussion, with no objections, TAC consensus recommends amendment of Rule 900 for adoption February 25, 2019.
4. Rule 1000 – National Emission Standards for Hazardous Air Pollutants (NESHAP) – Kevin Hendrawan and Alan De Salvio provided background information on Rule 1000 and answered questions from members. Following discussion, TAC consensus recommends amendment of Rule 1000 for adoption February 25, 2019.

5. Rule 1320 – New Source Review for Toxic Air Contaminants – Tracy Walters and Alan De Salvio provided background information and answered questions from members. Following discussion, with no objections, it was the consensus of the TAC to amend Rule 1320 for adoption March 2019.
6. Rule 1520 – Control of Toxic Air Contaminants from Existing Sources – Tracy Walters and Alan De Salvio provided background information and answered questions from members. Following discussion, with no objections, it was the consensus of the TAC to amend Rule 1520 for adoption March 2019.
7. Notification California Airborne Toxic Control Measures (ATCMs) – Kevin Hendrawan and Alan De Salvio provided background information and answered questions from members. Following discussion, with no objections, it was the consensus of the TAC to amend for adoption February 25, 2019.
8. Notification Maximum Available Control Technology (MACTs) – Kevin Hendrawan and Alan De Salvio provided background information and answered questions from members. Following discussion, with no objections, it was the consensus of the TAC to amend for adoption February 25, 2019.
9. PUBLIC COMMENT
None.
10. Committee Members comments and suggestions for future agenda items –
None.

Staff Member Alan De Salvio informed TAC of upcoming changes to Rules 403, 1157.1, 301 and 219 but no date set for the next TAC meeting.

11. Adjourn – Being no further business, TAC adjourned at 2:56 p.m.

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

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #10

DATE: February 25, 2019

RECOMMENDATION: Receive and file the District Activity Report.

SUMMARY: This item presents a report of District activities for the period referenced.

CONFLICT OF INTEREST: None.

BACKGROUND: The following reports reflect information regarding the District's activities in the following areas:

- Operations – including permitting, compliance, and air monitoring information
- Grants – including status of projects awarded
- Community Relations and Education – including events where the District participates and is represented, and upcoming events.

Staff is available to answer questions as needed.

REASON FOR RECOMMENDATION: These reports are for information only.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Brad Poiriez, Executive Director/APCO.

Interoffice Memo

From: Alan De Salvio

Deputy Director - Operations

adesalvio@mdaqmd.ca.gov

To: Brad Poiriez

Executive Director

bpoiriez@mdaqmd.ca.gov

Date: 2/5/2019

Subject: January 2019 Operations Activity Report



Permit Inspections Completed – 171 (85% in compliance)

Notices to Comply (NTCs) Issued - 13

Notices of Violation (NoVs) Issued - 14

Outstanding NoVs - 46 (33 in settlement, 8 in legal)

Delinquent Permit Follow-Ups - 22

Breakdowns - 10

Vapor Recovery Tests Witnessed - 5

Complaints - 9

Complaint Investigations - 9

Asbestos Notifications - 14

Asbestos Project Inspections - 0

Permit Applications Received - 9

Permit Changes Processed - 166

Title V Permit Actions In Progress – one new, 8 renewals and 6 modifications

Permits Issued – 328 (including one Title V renewal and one Title V modification)

Active Companies - 636

Active Facilities – 1272 (42 Title V Facilities)

Active Permits - 4058

Certificate of Occupancy/Building Permit Reviews - 46

Project Comment Letters – 8

Full SLAMS Air Monitoring Sites:

Barstow (full met,¹ CO, NO_x, O₃, PM₁₀)

Hesperia (full met, O₃, PM₁₀)

Lucerne Valley (partial met,² PM₁₀)

Phelan (full met, O₃)

Trona (full met, H₂S, NO_x, O₃, SO₂, PM₁₀)

Victorville (full met, CO, NO_x, O₃, SO₂, PM₁₀, PM_{2.5})

Community Sensors:

One TAPI T640 PM_{2.5} and O₃ portable unit

22 PurpleAir particulate public cloud sensors (six co-located with SLAMS sites)

¹ Full met is full meteorology (exterior temperature, wind speed, wind direction, exterior pressure and relative humidity)

² Partial met is full meteorology without relative humidity

From: Jorge Camacho
Grants Specialist
 760.245.1661, ext. 2020
 Fax 760.245.2699
 jcamacho@mdaqmd.ca.gov

To: Brad Poiriez
 bpoiriez@mdaqmd.ca.gov

Date: 02/04/2019
Subject: February Grants Report



Interoffice Memo

Funding Source

Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program)

<u>Project Name</u>	<u>Grant Award</u>	<u>Status</u>
Chairel Farms Project 1-Tractor	\$ 37,817.00	Pending
Chairel Farms Project 2-Tractor	37,817.00	Pending
Chairel Farms Project 3 Tractor	24,902.72	Pending
Com AV-Forklift	125,550.00	Pending
Com AV-Tug	186,960.00	Pending
Com AV-Tug	186,960.00	Pending
Hinkley Dairy-Generator Project	55,792.00	Pending
Mojave Northern/CEMEX	1,000,000.00	Pending
Seiler Equipment Project 2-Tractor	49,736.00	Pending
Total Carl Moyer Grant Awards	\$ 1,705,534.72	

Funding Source

Voluntary NOx Remediation Measure Funding (NRM)

<u>Project Name</u>	<u>Grant Award</u>	<u>Status</u>
Chairel Farms Project 4-Tractor	\$ 37,817.00	Pending
Chairel Farms Project 5-Tractor	37,817.00	Pending
Chairel Farms Project 6-Tractor	37,817.00	Pending
Chairel Farms Project 8-Tractor	229,970.54	Pending
Shawn Barker Construction (Loader)	219,630.00	Pending
Total NRM Grant Awards	\$ 563,051.54	

Funding Source
AB 134-Community Action Program

<u>Project Name</u>	<u>Grant Award</u>	<u>Status</u>
AVUSD Electric Bus Infrastructure*	\$ 50,000.00	Work in Progress
AVUSD Electric Bus Project	318,113.54	Work in Progress
LVUSD Electric Bus Infrastructure*	50,000.00	Work in Progress
LVUSD Electric Bus Project	297,024.91	Work in Progress
Total AB 134 Grant Awards	\$ 715,138.45	Work in Progress

*Estimated

Funding Source
AB 2766

<u>Project Name</u>	<u>Grant Award</u>	<u>Status</u>
AVUSD Electric Bus Project	\$ 107,468.96	Work in Progress
Cith of Hesperia Park and Ride	184,346.00	Pending
City of Hesperia (street light synchronization)	484,482.00	Pending
EV Charging	40,000.00	Ongoing/Yearly
Lawn and Garden Equipment	100,000.00	Ongoing/Yearly
Morongo Basin Transit	40,000.00	Ongoing/Yearly
Needles Area Transit	15,000.00	Ongoing/Yearly
Palo Verde Transit	20,000.00	Ongoing/Yearly
San Bernardino County	75,000.00	Ongoing/Yearly
Victor Valley Transit Authority	250,000.00	Ongoing/Yearly
Voluntary Accelerated Vehicle Retirement Program	100,000.00	Ongoing/Yearly
Total AB2766 Grant Awards	\$ 1,416,296.96	

Project Oversubscribed List

<u>Project Name</u>	<u>Potential Grant Award</u>	<u>Status</u>
Barnes and Berger Project 1-Tractor	\$ 75,459.60	Pending Funds
Barnes and Berger Project 10-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 11-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 12-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 13-tractor	82,782.64	Pending Funds
Barnes and Berger Project 15-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 2-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 3-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 4-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 5-Tractor	82,782.64	Pending Funds
Barnes and Berger Project 6-Tractors	82,782.64	Pending Funds
Barnes and Berger Project 7-Tractor	82,782.64	Pending Funds
Barnes and Berger Project 8-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 9-Tractor	75,459.60	Pending Funds
Barnes and Berger Project 14-Tractor	82,782.64	Pending Funds
Chairel Farms Project 10-Tractor	241,181.00	Pending Funds
Chairel Farms Project 11-Tractor	241,181.00	Pending Funds
Chairel Farms Project 7-Tractor	122,475.00	Pending Funds
Chairel Farms Project 9-Tractor	122,251.00	Pending Funds
ChairelFarms Project 12-Tractor	134,197.00	Pending Funds
DeConinck Farms Project 2-Tractor	98,152.00	Pending Funds
DeConinck Farms Project 3-Tractor	104,194.00	Pending Funds
Nish Noroian Farms Project 3-Sprayer	50,463.00	Pending Funds
Searless Valley Minerals 1977 Crane	101,960.00	Pending Funds
Searless Valley Minerals D8 Dozer	475,793.00	Pending Funds
Searless Valley Minerals 1989 Crane	73,119.00	Pending Funds
Seiler Equipment Cotton Picker	407,465.00	Pending Funds
Seiler Equipment Sprayer	78,400.00	Pending Funds
Van Dyke Farms Tractor	318,760.00	Pending Funds
Total Oversubscription	\$ 3,738,100.20	

<u>Completed Project(s)</u>		
<u>All Funding Sources</u>		
<u>Project Name</u>	<u>Grant Award</u>	<u>Status</u>
City of Barstow	20,832.00	Completed
DeConinck Farms-Windrower	121,205.00	Completed
Hinkley Dairy Tractor	42,950.32	Completed
Mitsubishi Cement Corp. Trackmobile	323,712.00	Completed
Nish Noroian Farms Project 1-Tractor	131,114.00	Completed
Nish Noroian Farms Project 2-Tractor	232,634.00	Completed
Seiler Equipment Project 1-Tractor	111,797.00	Completed
Valley Wide Construction-Crane	121,638.00	Completed
Total AB2766 Grant Awards	\$ 1,105,882.32	

Glossary of Terms and Definitions

AB 134

The AB 134 grant was developed by the California Air Resource Board (CARB) and CARB is providing Greenhouse Gas Reduction Funds through the Carl Moyer Program to support early actions that reduce emissions and improve public health in communities with high burdens of cumulative pollutant exposure, consistent with the goals of Assembly Bill 617 of July 26, 2017. This is a one-time grant in the amount of \$776,250.00 but additional funding may become available in the future

AB 2766

Authorized the Air District to impose a \$4 motor vehicle registration fee to provide funds to meet the new responsibilities mandated under the California Clean Air Act. The District approximately allocates \$600,000 for eligible projects on a yearly basis.

Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program)

The Carl Moyer Program was created by CARB and its goal is to reduce emissions by providing grants for the incremental cost of cleaner heavy-duty vehicles and equipment such as on-road, off-road, marine, locomotive stationary agricultural pump, forklift, and airport ground support engines. The District historically receives approximately \$600,000 for eligible projects on a yearly basis.

Completed

Projects that have been paid/reimbursed.

On-Going Yearly

Funds are encumbered on a yearly and ongoing basis.

Pending

Grantee is under a contractual agreement with the Air District.

Pending Funds

Projects are currently waiting grant funding.

Project Oversubscription List

List of projects currently queued waiting until more funds become available.

Voluntary NOx Remediation Measure Funding (NRM)

The NRM program was developed by CARB to help mitigate historic NOx emissions caused by BioDiesel use in response to the Low Carbon Fuel Standard. This was a one-time grant in the amount of \$563,051.54

Work in Progress

Application is currently being reviewed by the Grants Division.

From: Ryan Orr
CRE Supervisor
760.245.1661, ext. 3001
Fax 760.245.2699
Rorr@mdaqmd.ca.gov

To: Brad Poiriez
BradP@mdaqmd.ca.gov

Date: 02/07/2019
Subject: February Activity Report



Interoffice Memo

Chamber Activities

The MDAQMD is currently a member of nine chambers of commerce and we're actively involved in each. Along with presenting on the district's mission and goals at several local chamber meeting, CRE Specialist Martial Haprov sits on the board of directors of the Hesperia Chamber as well as its Governmental Affairs Committee. CRE staff also participate in the Governmental/Legislative Affairs committees for Hesperia, Victor Valley and Apple Valley chambers.

Valley Morning Insight

In support of member agency, the City of Victorville's State of the City Address, nine members of MDAQMD management and staff attended the presentation on Feb. 6, 2019.

Lawn and Garden Equipment Exchange

The 2019 Lawn and Garden Equipment Exchange is scheduled for April 20 at the San Bernardino County Fairgrounds. The registration website is live and ads are beginning to circulate. The program funding has increased this year to drive more traffic to the event. In 2020, the grants section, in partnership with CRE, plans to expand the event to the eastern desert, potentially at a location in the Palo Verde Valley.

Mojave Green Program

The CRE and Compliance sections have partnered to aggressively relaunch the Mojave Green Program, which rewards local gas stations that have been in compliance with all regulations for three years in a row. The program will include recognition in the local press, newly redesigned window stickers, social media shout outs and much more.

Science Fair Season

Going above and beyond assigned duties, MDAQMD staff has been volunteering to judge science fair projects for local schools in support of the Mojave Environmental Education Consortium (MEEC). So far, Catherine Tran, Ryan Orr, Chris Anderson and several other staff members have volunteered their time to judge local science projects specific to environmental issues.

Community Activities/Press Conferences

In addition to regular visits to area chambers, the CRE section has visited three schools for presentations this year so far and has several more scheduled. Several grant award presentations are coming up with the first being a ceremony celebrating the Victorville CEMEX plant unveiling a new low-emission locomotive, made possible by a \$1 million MDAQMD grant.

Website

The website has been updated to reflect the District's new logo and branding. Updates have also been made to all programs, reflecting new and additional sources of funding, new dates and updated guidelines. Updated programs include but are not limited to: Annual Exemplar Awards, Grants, Mojave Green Program, Lawn and Garden Equipment Exchange, Car Buy Back Program and more.

Social Media

Attached to this report is a sampling of selected social media posts and new materials created by the district.

- Overview
- Promotions
- Followers
- Likes
- Reach
- Page Views
- Page Previews
- Actions on Page
- Posts
- Events
- Videos
- Stories
- People
- Goal
- Messages
- API

Results from Feb 4, 2019 - Feb 10, 2019

Note: Data not include today's data. Insights activity is reported in the Pacific time zone. Ad activity is reported in the time zone of your ad account.

Organic Paid

Actions on Page

February 4 - February 10

2

Total Actions on Page ▲100%



Page Views

February 4 - February 10

26

Total Page Views ▲53%



Page Previews

February 4 - February 10

3

Page Previews ▲50%



Page Likes

February 4 - February 10

3

Page Likes ▲200%



Post Reach

February 4 - February 10

2,216

People Reached ▲3159%



Recommendations

February 4 - February 10



We have insufficient data to show for the selected time period.

Post Engagements

February 4 - February 10

724

Post Engagements ▲24033%



Page Responsiveness

As of February 8, 2019

70%

Response Rate ▲0%

1 hr 17 mins

Response Time ▼1 hr 9 mins

Videos

February 4 - February 10

1

(Seconds) Video Views ▲100%



Page Followers

February 4 - February 10

3

Page Followers ▲200%



Mojave Desert Air Quality Management District
Clean air is everybody's business

Mojave Desert AQMD
mdaqmd

- Home
- About
- Posts
- Community
- Photos
- Ideas
- Jobs
- Reviews
- Events
- Info and Ads

Promote
Manage Promotions

Liked Following Share

Mojave Desert AQMD
Published by Hootsuite (?) February 7 at 3:22 PM

Congratulations to Apple Valley Unified School District student Morgan Redona on winning first place in the Mojave Environmental Education Consortium Science Fair for her project, "High Desert Air Pollution" at Sitting Bull Academy. And thanks to MDAQMD AQ Specialist Catherine Tran for judging at the fair! #welovesciencefairs #airquality



2,172 people reached **Boost Post**

CEHA Citrus Chapter, Evelin Davy and 28 others 0 Comments 8 Shares

Like Comment Share

Most Relevant

Write a comment

Tracy Argenbright Great job Morgan!!
Like Reply Message 2d

Jessica Fonville So awesome!!!!
Like Reply Message 3d

View 7 more comments



Liked Following Share

Send Message



Mojave Desert AQMD

Published by Mojave Desert AQMD 11h February 6 at 10:50 AM

We enjoyed the City of Victorville's State of the City presentation at Victor Valley Chamber of Commerce's Valley Morning Insight this morning. We had several MDAQMD staffers in attendance, and our Governing Board member/Victorville City Councilman Jim Cox spoke on behalf of the city about public safety and the city's newly reestablished fire department. Great event!



73 people reached

Boost Post

Team Members



Martial Haurov

Pages Liked by This Page



Valley Air District



Palo Verde Valley Times



Victorville Recycles

English (US) Español Português (Brasil) Français (France) Deutsch

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Promote

Manage Promotions

Liked

Following

Share



Mojave Desert AQMD

Published by mdaqmd [?] January 30 at 8:02 AM

Our Governing Board at its first meeting of the year this week voted to select board member and Needles Mayor Jeff Williams as board chair and member and @CityofBarstow Mayor Pro Tem Carmen Hernandez as board vice chair for 2019. Both have served for several years on our Governing Board and we appreciate their continued leadership! #cleanair #airquality #airpollution #healthyair #mojavedesert #sanbernardinocounty #riversidecounty #highdesert #paloverdevalley @VVDailyPress @the_desert_star



63 people reached

Boost Post

Jorge Camacho



empowering women since 1881

Reply Retweet Like Message

Mojave Desert AQMD Retweeted



SB County Fire @SBCOUNTYFIRE - Feb 4

❄️ WINTER WEATHER ❄️

Cold, widespread showers & heavy snow in the mtns through Tues evening.

☁️ Rain: Valleys/Deserts: up to 1"; Mountains: up to 4"

❄️ Snow: up to 2" above 2500', Over 8" above 5500'

Street flooding is possible. #SBCoFD crews & equipment are at the ready.

A collage of weather-related graphics. On the left, a map titled 'Precipitation through Tuesday Evening' shows rain and snow patterns over Southern California. To the right, a graphic titled 'Mountain Snow Expected' shows a map of the mountains with snow accumulation. Below these are several text boxes: 'Widespread sh... after through Tuesd...', 'Coastal areas... rain valley to... Higher re... 4" possible!', and 'Slippery roads... possible. Use c... traveling!'. There is also a 'FOCUS ON SAFETY' graphic with a steering wheel image.

Reply Retweet Like Message



Mojave Desert AQMD
@MDAQMD

Tweets
3,674

Following
223

Followers
481

Likes
142

Following



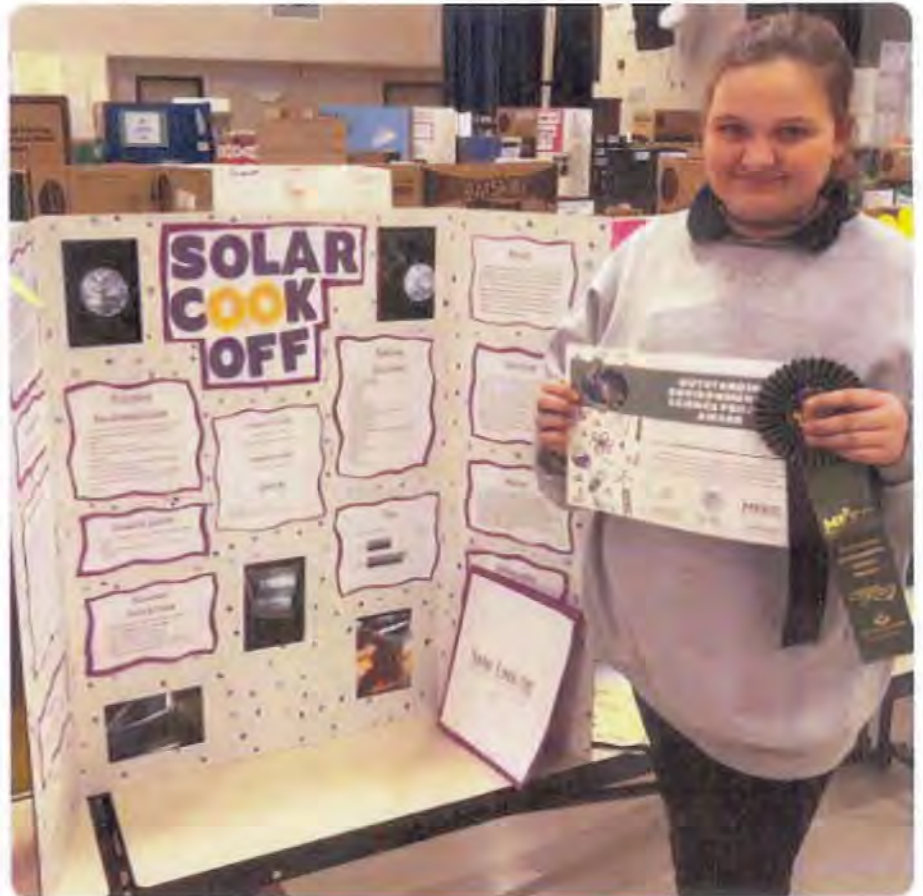
Mojave Desert AQMD @MDAQMD · Feb 8

Forecast for Victorville, CA: Feb 8 Good (Green), Feb 9 Good (Green)



Mojave Desert AQMD @MDAQMD · Feb 8

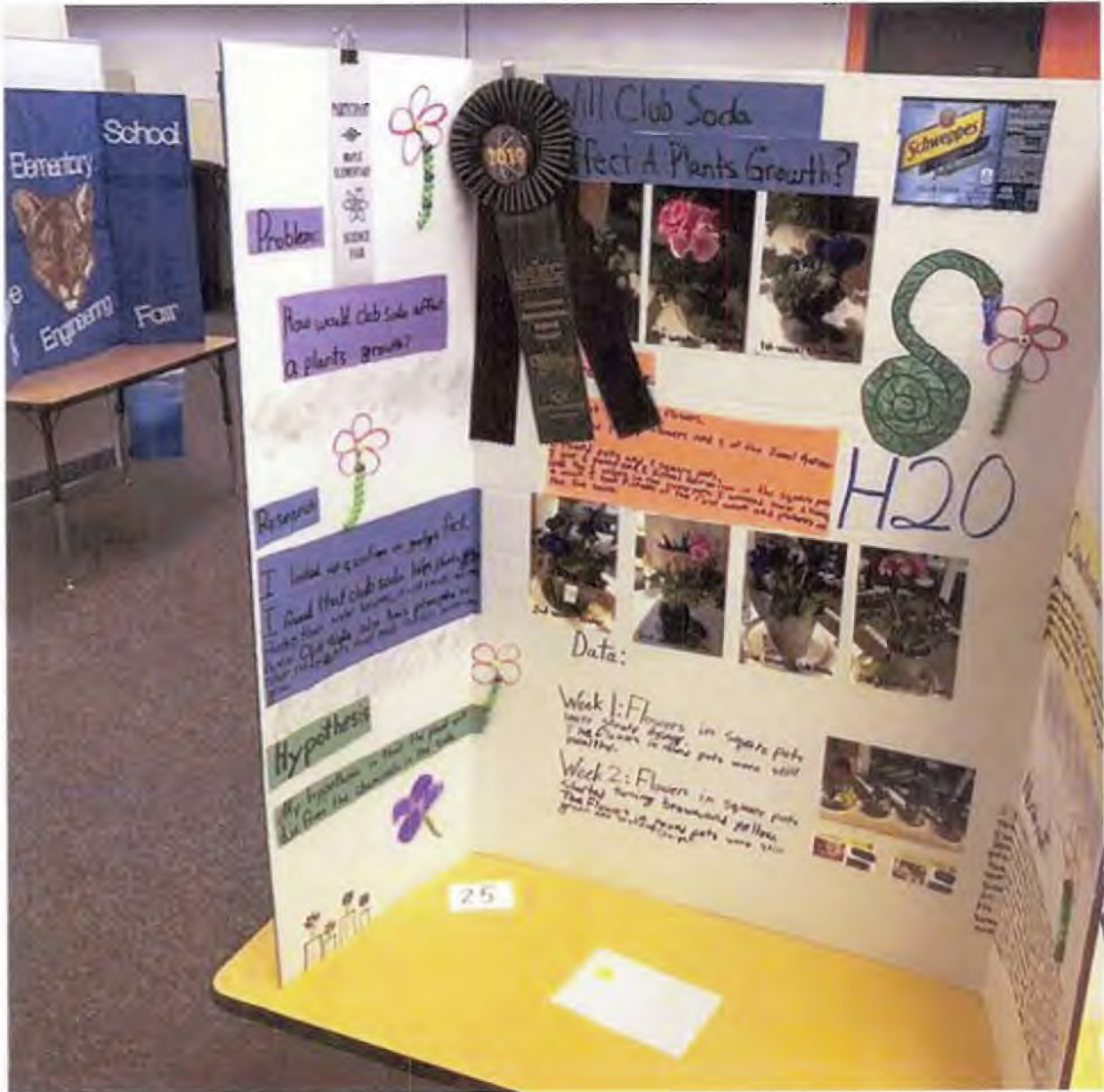
Congratulations to @Adelanto_SD student Kaydence Jeffers for her win in the MEEC Science Fair in the 6-8 category at George Visual and Performing Arts Magnet School. Her project: "Solar Cook Off" compared solar ovens. Cool!
#welovesciencefairs #airquality #STEM





Search

mdaqmd



1 like

mdaqmd Another BIG #congrats — this time to @HesperiaUnified student Aeris Kim! Aeris's project. "Will Club Soda Affect a more

3 HOURS AGO

ZERO EMISSION. LOW NOISE.

\$99 ^{*}with trade-in of
gas-powered mower.
Trimmers & leaf blowers available
for **\$75** with trade-in of gas-powered models

2019 MOJAVE DESERT
LAWN & GARDEN
EQUIPMENT EXCHANGE

SPONSORED BY Mojave Desert Air Quality Management District

**Price offered to the first 100 prepaid registrants. Price per lawnmower increases to \$125 for subsequent registrants.*



CLICK HERE TO PREREGISTER

Applications sought for Summer 2019 Internships



mdaqmd.ca.gov [com/mdaqmd](https://www.facebook.com/mdaqmd) [@mdaqmd](https://www.instagram.com/mdaqmd) [@mdaqmd](https://twitter.com/mdaqmd)

Opening Date: 04/01/2019

Closing Date: 04/27/2019

The **Mojave Desert Air Quality Management District** is currently recruiting for one **Air Quality (AQ) Intern** in its *Operations Section* and one **Community Relations and Education (CRE) Intern** in the *Administration Section*. These are unpaid temporary positions from June to August 2019.

DEFINITION:

Under close supervision, students who participate will acquire knowledge and general familiarity with the role of an air district both internally and as a public employee (*Student Intern*) serving our public clientele and administrative and elected superiors. The internship also provides students the opportunity to develop his/her skills as a professional public servant.

ASSIGNMENTS:

Students will be mentored by experienced air quality and communications professionals throughout the internship. This program is designed to provide student interns with work experience and to perform specified tasks.

PROGRAM EXPECTATIONS:

Student interns will be expected to participate and acquire knowledge in the District's operations, and to prepare a mid-program progress and final presentation summarizing their activities with the District during their internship.

The MDAQMD is a regional government agency committed to attaining and maintaining healthful air quality while supporting strong and sustainable economic growth. The District accomplishes this through regulation of industrial facilities and various outreach and incentive programs designed to encourage sensible clean air choices. As the second largest of California's 35 air districts geographically, the MDAQMD's 20,000 square mile jurisdiction encompasses the High Desert portion of San Bernardino County and Riverside County's Palo Verde Valley.

ELIGIBILITY:

- Enrolled in an accredited college or university academic program and not have participated in the District's Summer Internship Program in past years
- **AQ position** — majoring in any science discipline or environmental studies degree program; **CRE position** — majoring in any communications related program
- Be fluent in both written and spoken English
- Have an overall GPA of 2.75 or higher
- Provide proof of legal right to work in the United States
- Pass a pre-employment screening process to include reference checks and a background/criminal check
- Proof of enrollment will be required prior to start of assignment
- Be able to work at least 20 hours per week during the Summer Internship Program (June – August)

The District's Student Internship Program is an unpaid, limited-term supervised work experience which is volunteer-based. However, students can gain academic credit while participating in the program in an area related to their field of study.

Application Process

Submit a cover letter and resume using the contact information listed below. Include a PDF of unofficial transcripts of all institutions attended. District staff will review your application package and advise you regarding status of your selection for participation in the program.

Submit completed application package to:
Mojave Desert AQMD
14306 Park Ave
Victorville, CA 92392
ATTN: Student Internship Program

For questions regarding the Internship Program, please contact:

Sheri Haggard

shaggard@mdaqmd.ca.gov
760-245-1661, ext. 1864

Ryan Orr

rorr@mdaqmd.ca.gov
760-245-1661, ext. 3001

The following page(s) contain the backup material for Agenda Item: [Receive and file the June 30, 2018 Other Post-Employment Benefits \(OPEB\) actuarial valuation of the District's retiree health insurance program.](#) Presenter: [Laquita Cole, Finance Manager.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #11

PAGE 1

DATE: February 25, 2019

RECOMMENDATION: Receive and file.

SUMMARY: This item reports the June 30, 2018 Other Post-Employment Benefits (OPEB) actuarial valuation of the District's retiree health insurance program.

CONFLICT OF INTEREST: None.

BACKGROUND: This report presents the results of the June 30, 2018 actuarial valuation and accounting information for reporting of the Mojave Desert Air Quality Management District (the District) other post-employment benefit (OPEB) program. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2018.

The Governing Board adopted Resolution No. 09-10 establishing an irrevocable trust with the Public Agency Retirement Services (PARS). The District committed \$500,000 for future retiree medical benefits; with trust assets expected to yield 6.3% over the long term. The District has been and continues to prefund a portion of its OPEB liability. Each year the District contributes 100% or more of the Actuarially Determined Contribution for the explicit subsidy liability only. The portion of the liability due to the implicit subsidy is not prefunded but is paid as benefits come due.

REASON FOR RECOMMENDATION: No action is required, this item is to be received and filed.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about February 7, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Laquita Cole, Finance Manager

MacLeod Watts

February 7, 2019

Laquita Cole
Finance Manager
Mojave Desert Air Quality Management District
14306 Park Avenue
Victorville, CA 92392

Re: Mojave Desert Air Quality Management District Other Post-Employment Benefits
GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2018

Dear Ms. Cole:

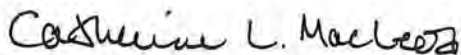
We are pleased to enclose our report providing actuarial information regarding the other post-employment benefit (OPEB) liabilities of the Mojave Desert Air Quality Management District (the District). The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the District's financial statements for the fiscal year ending June 30, 2018. The information included in this report reflects our understanding that the District will continue financing its OPEB liability on a pay-as-you-go basis. Please let us know if we can be of assistance in preparing illustrations of how prefunding impacts the OPEB liability required to be reported under GASB 75.

Before preparing this analysis, we first prepared an updated actuarial valuation as of June 30, 2018. The valuation reflects employee data, details on plan benefits, and retiree benefit payments provided to us by the District. As with any analysis, the soundness of the report is dependent on the inputs. Please review the information shown in the report and let us know if anything there does not match your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of District employees who provided valuable time and information to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,



Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure



Mojave Desert
Air Quality Management District

Actuarial Valuation of Other
Post-Employment Benefit Programs
As of June 30, 2018

& GASB 75 Report for the Fiscal Year
Ending June 30, 2018

Submitted February 2019

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2018 actuarial valuation and accounting information for reporting of the Mojave Desert Air Quality Management District (the District) other post-employment benefit (OPEB) program. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2018.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary discuss the valuation results in detail and present various exhibits appropriate for disclosures under GASB 75. We anticipate that the next actuarial valuation will be dated June 30, 2020. If there are any significant changes in the employee population, plan benefits provided, or the District's OPEB funding policy, please contact us to discuss whether an earlier valuation might be required.

OPEB Obligations of the District

The District provides continuation of medical, dental and vision coverage to its retiring employees. This benefit creates the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the District pays a portion of retiree medical premiums for qualifying retirees. These benefits are described in Section 2A.

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. Any portion of such future excise tax paid by the employer is also a form of explicit subsidy. See Supporting Information Section 2B and Section 3 for further description and assumptions about this potential excise tax.

- **Implicit subsidy liabilities:** An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. CalPERS has confirmed that the claims experience of these members is considered together in setting premium rates. We determine the implicit rate subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

Different monthly premiums are charged for Medicare-eligible members. CalPERS confirmed that only the claims experience of these members is considered in setting Medicare-eligible premium rates. We assumed that this premium structure is adequate to cover their expected claims and that there is no implicit subsidy by active employee premiums. We believe there is no implicit subsidy of retiree dental or vision premiums by actives or that it is insignificant.

District Funding Policy

The agency's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year.



Executive Summary

(Continued)

GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District has established an irrevocable OPEB trust with assets dedicated toward paying future retiree medical benefits, with trust assets expected to yield 6.3% over the long term. The District has been and continues to prefund a portion of its OPEB liability. Each year the District is committed to contributing 100% or more of the Actuarially Determined Contribution *for the explicit subsidy liability only*. The portion of the liability due to the implicit subsidy is not prefunded but is paid as benefits come due. The District approved developing this GASB 75 report using: (a) the full trust rate of 6.3% for the explicit subsidy portion of the liability and (b) Bond Buyer GO 20 Index bond rates of 3.53% as of June 30, 2017 and 3.89% as of June 30, 2018 for the implicit subsidy liabilities.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering District employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates Used in the Valuation

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018
Fiscal year end	June 30, 2018

Significant Results and Differences from the Prior OPEB Report

No benefit changes were reported to MacLeod Watts relative to those reflected in the July 2015 valuation. Some assumptions were changed in this June 2018 valuation from those used in the prior



Executive Summary

(Continued)

valuation, though the only change reflected during the current measurement period was change in the discount rate for the implicit subsidy liability, as described above. To develop the liability at the beginning of the Measurement Period, we rolled back the results of the June 2018 valuation. Using this approach, no plan experience (difference between assumed and actual results) is recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal 2018

The accounting impact of the plan as of the District's fiscal year end June 30, 2018 is shown below.

Items	For Reporting At Fiscal Year Ending June 30, 2018
Total OPEB Liability	\$ 1,590,773
Fiduciary Net Position	611,196
Net OPEB Liability (Asset)	979,577
Deferred (Outflows) of Resources	-
Deferred Inflows of Resources	18,638
Impact on Statement of Net Position	\$ 998,215
OPEB Expense, FYE 6/30/2018	\$ 106,935

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior year and/or from assumption changes during the year are recognized over the Expected Average Remaining Service Life ("EARSL"). The plan's EARSL is 6.62 years for the explicit subsidy portion of the liability and 8.90 for the implicit subsidy portion of the liability. Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years. Liability changes attributable to benefit changes occurring during the period are recognized immediately.

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the District's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.



B. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2018. The District is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2018 <i>Measurement Date is June 30, 2018</i>	Total
Items Impacting Net Position:	
Total OPEB Liability	\$ 1,590,773
Fiduciary Net Position	611,196
Net OPEB Liability (Asset)	<u>979,577</u>
<i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	10,343
Plan Experience	-
Investment Experience	8,295
Deferred Contributions	-
Net Deferred (Outflows) Inflows of Resources	<u>18,638</u>
Impact on Statement of Net Position, FYE 6/30/2018	<u>\$ 998,215</u>
Items Impacting OPEB Expense:	
Service Cost	\$ 64,270
Cost of Plan Changes	-
Interest Cost	81,969
Expected Earnings on Assets	(37,559)
Expenses	1,639
<i>Recognized Deferred Resource items:</i>	
Assumption Changes	(1,310)
Plan Experience	-
Investment Experience	<u>(2,074)</u>
OPEB Expense, FYE 6/30/2018	<u>\$ 106,935</u>

The information above is provided separately for Mojave Desert Air Quality Management District and Antelope Valley Air District in Appendix 2.



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End	6/30/2017	6/30/2018	Change
<i>Measurement Date</i>	<i>6/30/2017</i>	<i>6/30/2018</i>	<i>During</i> <i>Period</i>
Total OPEB Liability	\$ 1,547,971	\$ 1,590,773	\$ 42,802
Fiduciary Net Position	629,068	611,196	(17,872)
Net OPEB Liability (Asset)	918,903	979,577	60,674
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	-	10,343	10,343
Plan Experience	-	-	-
Investment Experience	-	8,295	8,295
Deferred Contributions	-	-	-
Net Deferred (Outflows) Inflows	-	18,638	18,638
Impact on Statement of Net Position	\$ 918,903	\$ 998,215	\$ 79,312

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2017	\$ 918,903
OPEB Expense (Income)	106,935
Employer Contributions During Fiscal Year	(27,623)
Impact on Statement of Net Position, FYE 6/30/2018	<u>\$ 998,215</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 27,623
Deterioration (Improvement) in Net Position	79,312
OPEB Expense (Income), FYE 6/30/2018	<u>\$ 106,935</u>



Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

Fiduciary Net Position at Fiscal Year Ending 6/30/2017	\$ 629,068	\$ -	\$ 629,068	
<i>Measurement Date 6/30/2017</i>				
Changes During the Period:				
Investment Income	47,928	-	47,928	
Employer Contributions	(29,455)	57,078	27,623	
Expenses	(1,639)	-	(1,639)	
Benefit Payments	(34,706)	(57,078)	(91,784)	
Net Changes During the Period	(17,872)	-	(17,872)	
Fiduciary Net Position at Fiscal Year Ending 6/30/2018	\$ 611,196	\$ -	\$ 611,196	
<i>Measurement Date 6/30/2018</i>				



Accounting Information

(Continued)

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2018.

Explicit & Implicit	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 10,343
Differences Between Expected and Actual Experience	-	-
Net Difference Between Projected and Actual Earnings on Investments	-	8,295
Deferred Contributions	-	-
Total	\$ -	\$ 18,638

The District will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2019	\$ (3,384)
2020	(3,384)
2021	(3,384)
2022	(3,383)
2023	(1,310)
Thereafter	(3,793)



Accounting Information

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2018 is 6.3% for explicit liabilities and 3.89% for implicit subsidy liabilities. Healthcare cost trend rate was assumed to start at 7.5% (effective January 1, 2019) and grade down to 5% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current Rate - 1%	Current Rate	Current Rate + 1%
Total OPEB Liability	1,771,772	1,590,773	1,439,802
Increase (Decrease)	180,999		(150,971)
% Increase (Decrease)	11.4%		-9.5%
Net OPEB Liability (Asset)	1,160,576	979,577	828,606
Increase (Decrease)	180,999		(150,971)
% Increase (Decrease)	18.5%		-15.4%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	1,410,249	1,590,773	1,858,514
Increase (Decrease)	(180,524)		267,741
% Increase (Decrease)	-11.3%		16.8%
Net OPEB Liability (Asset)	799,053	979,577	1,247,318
Increase (Decrease)	(180,524)		267,741
% Increase (Decrease)	-18.4%		27.3%



Accounting Information

(Continued)

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available.

For Fiscal Year Ending June 30, 2018 <i>Liabilities & Assets Measured As Of June 30, 2018</i>	Total
Total OPEB liability	
Service Cost	\$ 64,270
Interest	81,969
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(11,653)
Benefit payments	<u>(91,784)</u>
Net change in total OPEB liability	42,802
Total OPEB liability - beginning	<u>1,547,971</u>
Total OPEB liability - ending (a)	<u><u>\$ 1,590,773</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 27,623
Net investment income	47,928
Benefit payments	(91,784)
Expenses	<u>(1,639)</u>
Net change in plan fiduciary net position	(17,872)
Plan fiduciary net position - beginning	<u>629,068</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 611,196</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 979,577</u></u>
Covered-employee payroll	\$ 6,008,949
Net OPEB liability as a percentage of covered-employee payroll	16.30%



Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Explicit & Implicit	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2017 <i>Measurement Date 6/30/2017</i>	\$ 1,547,971	\$ 629,068	\$ 918,903	\$ -	\$ -	\$ -	\$ -	\$ 918,903
Changes During the Period:								
Service Cost	64,270		64,270					64,270
Interest Cost	81,969		81,969					81,969
Expected Investment Income		37,559	(37,559)					(37,559)
Employer Contributions		27,623	(27,623)					(27,623)
Changes of Benefit Terms	-		-					-
Expenses		(1,639)	1,639					1,639
Benefit Payments	(91,784)	(91,784)	-					-
Assumption Changes	(11,653)		(11,653)	(11,653)				-
Plan Experience	-		-		-			-
Investment Experience		10,369	(10,369)			(10,369)		-
Recognized Deferred Resources				1,310	-	2,074		(3,384)
Employer Contributions in Fiscal Year								-
Net Changes in Fiscal Year 2017-2018	42,802	(17,872)	60,674	(10,343)	-	(8,295)	-	79,312
Balance at Fiscal Year Ending 6/30/2018 <i>Measurement Date 6/30/2018</i>	\$ 1,590,773	\$ 611,196	\$ 979,577	\$ (10,343)	\$ -	\$ (8,295)	\$ -	\$ 998,215



Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and Pension Expense is shown below. Contributions subsequent to the measurement date are not shown.

Measurement Date: June 30, 2018

Plan	Deferred Resource					Balance as of Jun 30, 2018	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:							
	Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2017-18 (FYE 2018)	2018-19 (FYE 2019)	2019-20 (FYE 2020)	2020-21 (FYE 2021)	2021-22 (FYE 2022)	2022-23 (FYE 2023)	Thereafter	
	Investment Earnings													
Explicit	6/30/2018	Greater than Expected	\$ (10,369)	5.00	\$ (2,074)	\$ (8,295)	\$ (2,074)	\$ (2,074)	\$ (2,074)	\$ (2,074)	\$ (2,074)	\$ (2,073)	\$ -	\$ -
	Gain Due To													
Implicit	6/30/2018	Assumption Changes	(11,653)	8.90	(1,310)	(10,343)	(1,310)	(1,310)	(1,310)	(1,310)	(1,310)	(1,310)	(1,310)	(3,793)

The Expected Average Remaining Service Life (“EARSL”) for the implicit subsidy component of the liability was 8.9 years. This is the period used to recognize changes in the OPEB Liability arising during the current measurement period *other than* those attributable to investment gains and losses or relating to improvements in plan benefits.



Accounting Information

(Continued)

District Contributions to the Plan

District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums and taxes (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). For details, see Addendum 1 – Important Background Information.

Benefits paid by the District during the measurement period are shown below.

Benefit Payments During the Measurement Period, Jul 1, 2017 thru Jun 30, 2018	Explicit	Implicit	Total
Benefits Paid by Trust	\$ 64,161	\$ -	\$ 64,161
Benefits Paid by Employer (not reimbursed by trust)	(29,455)	-	(29,455)
Implicit benefit payments	-	57,078	57,078
Total Benefit Payments During the Measurement Period	\$ 34,706	\$ 57,078	\$ 91,784

Employer Contributions During the Measurement Period, Jul 1, 2017 thru Jun 30, 2018	Explicit	Implicit	Total
Employer Contributions to the Trust	\$ -	\$ -	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	(29,455)	-	(29,455)
Implicit contributions	-	57,078	57,078
Total Employer Contributions During the Measurement Period	\$ (29,455)	\$ 57,078	\$ 27,623



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2018	\$ 34,706	\$ -	\$ 34,706	\$ 57,078	\$ -	\$ 57,078	\$ 91,784
2019	40,002	4,210	44,212	55,280	6,079	61,359	105,571
2020	42,535	8,491	51,026	48,923	12,475	61,398	112,424
2021	44,525	14,441	58,966	55,028	21,417	76,445	135,411
2022	42,821	14,861	57,682	35,263	27,324	62,587	120,269
2023	44,607	13,656	58,263	38,156	27,472	65,628	123,891
2024	37,122	17,637	54,759	24,849	36,722	61,571	116,330
2025	32,748	21,643	54,391	6,859	40,733	47,592	101,983
2026	33,909	24,487	58,396	-	32,562	32,562	90,958
2027	35,049	28,971	64,020	-	36,553	36,553	100,573
2028	36,158	34,001	70,159	-	40,693	40,693	110,852
2029	37,224	29,498	66,722	-	20,871	20,871	87,593
2030	38,235	33,381	71,616	-	28,348	28,348	99,964
2031	39,182	38,273	77,455	-	38,621	38,621	116,076
2032	40,050	35,681	75,731	-	37,896	37,896	113,627

The amounts shown in the Explicit Subsidy section reflect the expected payment by the District toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date (“current retirees”) and those expected to retire after the valuation date (“future retirees”).

The amounts shown in the Implicit Subsidy section reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.



Accounting Information
(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2017

	Debit	Credit
Net OPEB Liability		918,903
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	-	
Deferred Resource -- Contributions	-	
Net Position	918,903	

** The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.*

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	(29,455)	
Premium Expense		(29,455)
OPEB Expense	-	
Cash		-

** This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.*

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	57,078	
Premium Expense		57,078

** This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.*

Journal entries to record other account activity during the fiscal year

	Debit	Credit
Net OPEB Liability		60,674
Deferred Resource -- Assumption Changes		10,343
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience		8,295
Deferred Resource -- Contributions	-	
OPEB Expense	79,312	



C. Certification

The purpose of this report is to provide actuarial information in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits provided by the Mojave Desert Air Quality Management District (the District). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

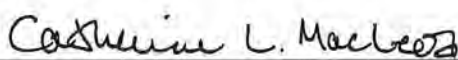
We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

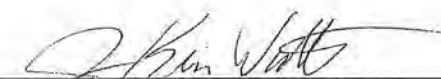
Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75. Plan results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the District may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: February 7, 2019


Catherine L. MacLeod, FSA, FCA, EA, MAAA


J. Kevin Watts, FSA, FCA, MAAA



D. Supporting Information

Section 1 - Summary of Employee Data

Active employees: The District reported 23 active employees currently enrolled in a medical plan through the District. Age and service information for the 23 included employees is provided below:

Distribution of Enrolled Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29		1					1	4%
30 to 34			3				3	13%
35 to 39	1	2	1	1			5	22%
40 to 44				1	1		2	9%
45 to 49		1	2				3	13%
50 to 54				1		1	2	9%
55 to 59			1	2	1		4	17%
60 to 64					1	2	3	13%
65 to 69							0	0%
70 & Up							0	0%
Total	1	4	7	5	3	3	23	100%
Percent	4%	17%	30%	22%	13%	13%	100%	

<u>Valuation</u>	<u>July 2015</u>	<u>June 2018</u>
Annual Covered Payroll	<i>not provided</i>	\$6,008,949
Average Attained Age for Actives	47.4	46.1
Average Years of Service	11.2	12.4

Active employees excluded from the valuation: There are also 17 active employees waiving coverage in the District's medical plans. The District reported to us that employees waiving coverage while active have a very low probability of electing coverage in a District plan during retirement. Accordingly, no OPEB liabilities were valued for the 17 waiving active employees.

Retired members: There are currently 16 retirees or survivors receiving benefits from the District under this program.

Retirees by Age		
Current Age	Total	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	3	19%
60 to 64	3	19%
65 to 69	4	25%
70 to 74	5	31%
75 to 79	0	0%
80 & up	1	6%
Total	16	100%
Average Age:		
On 6/30/2018	67.9	
At retirement	60.9	



Supporting Information

(Continued)

Section 2A - Summary of Retiree Benefit Provisions

OPEB provided: The District provides retirees with access to medical, dental and vision coverage. No subsidy is provided toward dental or vision coverage and neither is expected to create an OPEB liability for the District.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under the San Bernardino County Employees’ Retirement Association (SBCERA). This requires District employees to meet one of the following criteria:

SBCERA General Tiers	Minimum Age	Minimum Years of Service
Tier 1 (hired before January 2013)	50	10
	70	any
	any	30
Tier 2 (hired on/after January 2013)	52	5
	70	any

Employees who qualify for a disability retirement are not subject to the minimum age and service requirements described above. Eligibility for Ordinary disability is 5 years of service and any age. There is no Service or Age requirement for Line-of-Duty Disability.

The employee must begin his or her retirement benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the agency and be entitled to the benefits described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. *In other words, it is the timing of initiating retirement (pension) benefits and not timing of enrollment in the medical program which determines whether or not a District retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.* Once eligible, coverage may be continued at the retiree’s option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

PEMHCA Benefits provided: As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. The District maintains a resolution with CalPERS defining the level of the District’s contribution toward the cost of medical plan premiums for employees and retirees to be the PEMHCA minimum employer contribution (MEC)¹. The MEC is \$133 per month in 2018.

Additional Temporary Benefits: Retirees meeting further eligibility requirements are eligible for a temporary additional subsidy. The additional benefit is provided *in addition to* the PEMHCA minimum benefit described above. The grid on the following page summarizes this additional benefit.

¹ It is our understanding that there is a pre-tax flexible benefit plan in place for active employees, providing health benefits in excess of the MEC and that PEMHCA does not require these additional payments be provided to retirees.



Supporting Information

(Continued)

Section 2A - Summary of Retiree Benefit Provisions

Eligibility Requirements	1) SBCERA Retirement 2) 20 years of service with the District, member agency*, and/or California air district service 3) Enrollment in a CalPERS medical plan at the time of retirement
Benefit %	2% times years of combined District, member agency*, and/or California air district service
Benefit % applies to	CalPERS medical premiums for retirees and any enrolled dependents. The total District-paid benefit is limited to the Flexible Benefit caps for active employees (described below)
Duration of benefit	5 years of until retiree reaches age 65 (whichever comes first)

* "Member agency" defined as a city or county that lies in whole or in part within the boundaries of the District.

Flexible Benefit Caps		
Cal Year	Exempt	Non Exempt
2018	\$ 1,341.82	\$ 1,336.82
2019	1,291.77	1,286.77

Current premium rates: The 2018 CalPERS monthly medical plan rates in the Los Angeles Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Los Angeles Area 2018 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Select HMO	\$ 660.17	\$ 1,320.34	\$ 1,716.44	<i>Not Available</i>		
Blue Shield Access+ HMO	613.29	1,226.58	1,594.55	<i>Not Available</i>		
Kaiser HMO	642.70	1,285.40	1,671.02	316.34	632.68	1,018.30
UnitedHealthcare HMO	602.78	1,205.56	1,567.23	330.76	691.94	1,053.61
PERS Choice PPO	620.39	1,240.78	1,613.01	345.97	691.94	1,064.17



Supporting Information

(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. The tax applies to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax has been delayed by subsequent legislation to 2022; while there are discussions in Congress of eliminating or again delaying the tax, this report assumes that it will take effect as current law provides.

For those current and future retirees assumed to retain coverage in the District's medical program, we determined the excess, if any, of projected annual plan premiums for the retiree and his or her covered dependents over the projected applicable excise tax threshold beginning in 2022. The excise tax burden will ultimately fall on the District alone, a combination of the District and plan participants, or be entirely borne by the affected retirees. The practicalities of how the tax will be recovered by insurers will likely affect the eventual cost-sharing result.

See Section 3 for assumptions about this excise tax in the valuation. Please note that any assumptions applied in this valuation are not intended to imply any legal obligation as to the District's current or future liability to absorb this potential tax.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.3% as of June 30, 2018 and June 30, 2017 <i>for explicit costs</i> , net of plan investment expenses and including inflation
Discount Rates	6.3% as of June 30, 2018 and June 30, 2017 for explicit costs 3.89% as of June 30, 2018 and 3.53% as of June 30, 2017 for implicit costs
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.5% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; a component of assumed salary increases
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the San Bernardino County Employees' Retirement Association (SBCERA) using data from 2013 to 2016, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages.

Mortality Before Retirement (before improvement)	Headcount-Weighted RP-2014 Employee Mortality Table (separate tables for males and females) times 90%
Mortality After Retirement (before improvement)	The underlying post-retirement mortality rates for all groups are taken from the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, males and females. All rates were then set forward or set back as follows: <ul style="list-style-type: none"> Healthy General Members: Set forward 1 year for males Disabled General Members: Set forward 7 years for males and females Beneficiaries: Same as Healthy General member of the opposite sex



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions

Mortality Improvement

The mortality rates described above are then projected from 2017 using MacLeod Watts Scale 2017 on a generational basis.

Termination Rates

SBCERA General Termination Rates			
Service	Rate	Service	Rate
Less than 1	0.1500	11	0.0400
1	0.1100	12	0.0375
2	0.0900	13	0.0375
3	0.0750	14	0.0350
4	0.0550	15	0.0350
5	0.0525	16	0.0325
6	0.0500	17	0.0325
7	0.0450	18	0.0300
8	0.0425	19	0.0300
9	0.0400	20 or more	0.0300
10	0.0400		

Service Retirement Rates

SBCERA General Service Retirement Rates					
Age	General Tier 1	General Tier 2	Age	General Tier 1	General Tier 2
48 or under	0.0000	0.0000	62	0.1800	0.2000
49	0.5000	0.0000	63	0.1800	0.2000
50	0.0250	0.0000	64	0.2500	0.2000
51	0.0200	0.0000	65	0.4000	0.2500
52	0.0325	0.0200	66	0.3000	0.3000
53	0.0325	0.0200	67	0.2500	0.3000
54	0.0325	0.0200	68	0.2500	0.2500
55	0.0500	0.0450	69	0.2500	0.2500
56	0.0600	0.0450	70	0.2500	0.4000
57	0.0600	0.0600	71	0.2000	0.4000
58	0.0800	0.0700	72	0.2000	0.4000
59	0.1100	0.0800	73	0.2000	0.4000
60	0.1500	0.0900	74	0.2000	0.4000
61	0.1600	0.1200	75 & above	1.0000	1.0000

Disability Retirement Rates

None assumed

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Reciprocal Service assumed

We estimated prior service years for 6 employees known to have prior employment where specific years were unknown.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025	5.00%
2022	6.00%	2026 & later	5.00%

The PEMHCA minimum required contribution (MEC) is assumed to increase annually by 4.5%.

Participation Rate

Active employees: 100% of those currently enrolled and 0% of those not currently enrolled are assumed to elect medical coverage through the District in retirement.

Retired participants: Existing medical plan elections are assumed to be continued until retiree's death.

Spouse Coverage

Active employees: 70% of employees are assumed to be married and to elect spousal coverage in retirement. Surviving spouses are assumed to keep coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Excise tax on high-cost plans

The expected value of excise taxes for high cost plan coverage for retirees is expected to be effective in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown below. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.

The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. This report assumes that 100% of any excise tax liability for high cost retiree coverage will be borne by the District.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related
 Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 1 to this report.

Representative claims costs derived from the dataset provided by CalPERS for retirees is shown below.

Expected Monthly Claims by Medical Plan for Selected Ages					
Medical Plan	Male				
	50	53	56	59	62
Blue Shield Access+: Los Angeles	\$ 632	\$ 746	\$ 866	\$ 992	\$ 1,128
HMO: Los Angeles	629	741	861	987	1,122
Kaiser: Los Angeles	650	766	890	1,020	1,159
Kaiser: Other Southern California	662	781	907	1,040	1,182
PERS Choice: Los Angeles	559	660	766	878	998
PERS Choice: Other Southern California	598	706	819	939	1,068
PERS Choice: Out of State	419	494	574	658	748
Medical Plan	Female				
	50	53	56	59	62
Blue Shield Access+: Los Angeles	\$ 783	\$ 860	\$ 926	\$ 1,001	\$ 1,103
HMO: Los Angeles	779	856	921	995	1,097
Kaiser: Los Angeles	805	884	951	1,028	1,133
Kaiser: Other Southern California	821	901	970	1,048	1,155
PERS Choice: Los Angeles	693	761	819	885	976
PERS Choice: Other Southern California	741	814	876	947	1,044
PERS Choice: Out of State	519	570	613	663	731

All current and future Medicare-eligible retirees are assumed to be covered by plans that are rated based solely on the experience of Medicare retirees. Therefore, no implicit subsidy is calculated for Medicare-eligible retirees.

Changes reflected During the Current Measurement Period:

Discount Rate:

The discount rate used to value the implicit subsidy liability was changed from 3.53% as of June 30, 2017 to 3.89% as of June 30, 2018, based on the published change in return for the applicable municipal bond index.



Supporting Information

(Concluded)

Section 3 - Actuarial Methods and Assumptions

Other Changes in assumptions from the 2015 Report

Discount Rate:	The discount rate was changed from 7.0% on July 1, 2015 to the following: <ul style="list-style-type: none">▪ For explicit subsidy liabilities: 6.3% as of June 30, 2018 and June 30, 2017▪ For implicit subsidy liabilities: changed from 7.0% to 3.89% as of June 30, 2018 and 3.52% as of June 30, 2017.
Actuarial Cost Method	Changed from the Projected Unit Credit Method to the Entry Age Normal Cost Method, level percent of pay basis
Healthcare trend	Medical plan premiums and claims are assumed to increase at somewhat higher rates than assumed in the prior valuation for years 2019 through 2023. The MEC was assumed to increase at 4.5% per year instead of 4% per year.
Demographic assumptions	Rates of assumed mortality, disability and retirement rates were updated to those provided in the SBCERA 2017 experience study report. Rates of mortality, not previously projected to improve, are now projected on a generational basis using MacLeod Watts Scale 2017.
Spouse Coverage	The percentage of future retirees assumed to cover a spouse in retirement was set to 70%, based on a review of current active and retiree plan data.
Age-Related Medical Premiums	We introduced MacLeod Watts's methodology for developing age-related medical premiums based on recent research and data sponsored by the Society of Actuaries.
Excise Tax Impact	We reflected the potential impact of the excise tax attributable to retirees for high cost healthcare plans for retirees, as provided by the Affordable Care Act.



Supporting Information (Continued)

Section 4 – Comparison of Valuation Results

The chart below compares the basic results presented in the July 2015 report with the results of the June 30, 2018 actuarial valuation.

Valuation date	7/1/2015	6/30/2018		
Applicable Accounting Standard	GASB 45	GASB 75		
	Total	Explicit	Implicit	Total
Discount rate	7.00%	6.30%	3.89%	
Number of Covered Employees				
Actives	25	23	23	23
Retirees	11	16	6	16
Total Participants	36	39	29	39
Actuarial Present Value of Projected Benefits				
Actives	\$ 841,836	\$ 715,184	\$ 711,855	\$ 1,427,039
Retirees	313,232	574,372	238,943	813,315
Total APVPB	1,155,068	1,289,556	950,798	2,240,354
Total OPEB Liability (TOL)				
Actives	528,023	431,990	345,470	777,460
Retirees	313,232	574,372	238,943	813,315
TOL	841,255	1,006,362	584,413	1,590,775
Fiduciary Net Position	588,142	611,196	-	611,196
Net OPEB Liability (NOL)	253,113	395,166	584,413	979,579
Service Cost	37,259	30,379	34,274	64,653

Terms shown above reflect the GASB 75 liability terminology

<u>GASB 75 Term</u>	<u>Equivalent GASB 45 Term</u>
Total OPEB Liability (TOL)	Actuarial Accrued Liability (AAL)
Fiduciary Net Position	Market Value of Assets
Net OPEB Liability	Unfunded AAL
Service Cost	Normal Cost

Primary reasons for the changes above:

Additional cost accruals for active employees
Decrease in discount rates
Increase in assumed healthcare trend
Different actuarial model for implicit subsidy
Projecting future mortality improvement



Supporting Information (Concluded)

Section 5 – Breakout of Valuation Results for Antelope Valley AQMD

The Mojave Desert Air Quality Management District is currently responsible for the administration and staffing of the Antelope Valley Air Quality Management District, including payment of salaries and benefits. OPEB liabilities for Antelope Valley AQMD employees and retirees have been included in this valuation. The chart below separates the results of the June 30, 2018 Measurement Date (as shown on the previous page) between the Antelope Valley AQMD employees and all others.

Valuation/Measurement Date	6/30/2018					
Agency	Antelope Valley AQMD			Mojave Desert AQMD		
	Explicit	Implicit	Total	Explicit	Implicit	Total
Subsidy						
Discount rate	6.30%	3.89%		6.30%	3.89%	
Number of Covered Employees						
Actives	4	4	4	19	19	19
Retirees	1	1	1	15	5	15
Total Participants	5	5	5	34	24	34
Actuarial Present Value of Projected Benefits						
Actives	\$ 114,620	\$ 125,934	\$ 240,554	\$ 600,564	\$ 585,921	\$ 1,186,485
Retirees	65,104	51,240	116,344	509,268	187,703	696,971
Total APVPB	179,724	177,174	356,898	1,109,832	773,624	1,883,456
Total OPEB Liability (TOL)						
Actives	67,002	63,554	130,556	364,988	281,916	646,904
Retirees	65,104	51,240	116,344	509,268	187,703	696,971
TOL	132,106	114,794	246,900	874,256	469,619	1,343,875
Service Cost	5,755	6,379	12,134	24,624	27,895	52,519



Appendix 1A: Actuarially Determined Contribution for FYE 2018

This chart develops the Actuarially Determined Contribution (ADC) for the fiscal year ending June 30, 2018. ADC amounts are shown separately for the explicit and implicit liabilities, although no trust assets were allocated to the implicit subsidy liability and this portion of the ADC is not expected to be funded.

Accordingly, implicit subsidy amounts developed below (using a 6.3% discount rate) will not be consistent with those shown elsewhere in this report, as those reflect the municipal bond index rate used for accounting purposes.

Funding Policy	Prefunding Basis		
Valuation date	6/30/2018		
	Explicit	Implicit	Total
Subsidy			
For fiscal year ending	6/30/2018	6/30/2018	6/30/2018
Expected long-term return on assets	6.30%	6.30%	6.30%
Discount rate	6.30%	6.30%	6.30%
Number of Covered Employees			
Actives	23	23	23
Retirees	16	6	16
Total Participants	39	29	39
Actuarial Accrued Liability (AAL)			
Actives	377,037	247,810	624,847
Retirees	574,008	267,349	841,357
Total AAL	951,045	515,159	1,466,204
Actuarial Value of Assets	629,068	-	629,068
Unfunded AAL (UAAL)	321,977	515,159	837,136
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	30	30	30
Amortization Factor	14.1741	14.1741	14.1741
Actuarially Determined Contribution (ADC)			
Normal Cost	\$ 29,350	\$ 23,168	\$ 52,518
Amortization of UAAL	22,716	36,345	59,061
Interest to fiscal year end	3,280	3,749	7,029
Total ADC	55,346	63,262	118,608
Expected Employer OPEB Contributions			
Estimated payments on behalf of retirees	\$ 34,706	\$ -	\$ 34,706
Estimated current year's implicit subsidy	-	57,078	57,078
Estimated contribution to OPEB trust	(64,161)	-	(64,161)
Total Expected Employer Contribution	(29,455)	57,078	27,623



Appendix 1B: Actuarially Determined Contribution for FYE 2019

The chart below develops the Actuarially Determined Contribution (ADC) for the fiscal year ending June 30, 2019, based on a roll forward of the results on the previous page. ADC amounts are shown separately for the explicit and implicit liabilities; however, all trust contributions are assumed to be applied to the explicit subsidy liability and this portion of the ADC is not expected to be funded.

Funding Policy	Prefunding Basis		
Valuation date	6/30/2018		
Subsidy	Explicit	Implicit	Total
For fiscal year ending	6/30/2019	6/30/2019	6/30/2019
Expected long-term return on assets	6.30%	6.30%	6.30%
Discount rate	6.30%	6.30%	6.30%
Number of Covered Employees			
Actives	23	23	23
Retirees	16	6	16
Total Participants	39	29	39
Actuarial Accrued Liability (AAL)			
Actives	431,990	288,050	720,040
Retirees	574,372	225,316	799,688
Total AAL	1,006,362	513,366	1,519,728
Actuarial Value of Assets	611,196	-	611,196
Unfunded AAL (UAAL)	395,166	513,366	908,532
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	29	29	29
Amortization Factor	14.0040	14.0040	14.0040
Actuarially Determined Contribution (ADC)			
Normal Cost	\$ 30,379	\$ 23,979	\$ 54,358
Amortization of UAAL	28,218	36,658	64,876
Interest to fiscal year end	3,692	3,820	7,512
Total ADC	62,289	64,457	126,746
Expected Employer OPEB Contributions			
Estimated payments on behalf of retirees	\$ 44,212	\$ -	\$ 44,212
Estimated current year's implicit subsidy	-	61,359	61,359
Estimated contribution to OPEB trust	21,175	-	21,175
Total Expected Employer Contribution	65,387	61,359	126,746

If the District intends to fund only the explicit subsidy liability, total explicit contributions (retiree benefit payments plus OPEB trust contributions) for fiscal year end June 30, 2019 should sum to at least \$62,289 (the explicit ADC).



Appendix 1C: Actuarially Determined Contribution for FYE 2020

The chart below develops the Actuarially Determined Contribution (ADC) for the fiscal year ending June 30, 2020, based on a roll forward of the results on the previous page. ADC amounts are shown separately for the explicit and implicit liabilities; however, all trust contributions are assumed to be applied to the explicit subsidy liability.

Funding Policy	Prefunding Basis		
	6/30/2018		
Valuation date	Explicit	Implicit	Total
Subsidy	Explicit	Implicit	Total
For fiscal year ending	6/30/2020	6/30/2020	6/30/2020
Expected long-term return on assets	6.30%	6.30%	6.30%
Discount rate	6.30%	6.30%	6.30%
Number of Covered Employees			
Actives	23	23	23
Retirees	16	6	16
Total Participants	39	29	39
Actuarial Accrued Liability (AAL)			
Actives	487,156	325,416	812,572
Retirees	569,295	182,490	751,785
Total AAL	1,056,451	507,906	1,564,357
Actuarial Value of Assets	671,544	-	671,544
Unfunded AAL (UAAL)	384,907	507,906	892,813
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	28	28	28
Amortization Factor	13.8233	13.8233	13.8233
Actuarially Determined Contribution (ADC)			
Normal Cost	\$ 31,442	\$ 24,818	\$ 56,260
Amortization of UAAL	27,845	36,743	64,588
Interest to fiscal year end	3,735	3,878	7,613
Total ADC	63,022	65,439	128,461
Expected Employer OPEB Contributions			
Estimated payments on behalf of retirees	\$ 51,026	\$ -	\$ 51,026
Estimated current year's implicit subsidy	-	61,398	61,398
Estimated contribution to OPEB trust	16,037	-	16,037
Total Expected Employer Contribution	67,063	61,398	128,461

If the District intends to fund only the explicit subsidy liability, total explicit contributions (retiree benefit payments plus OPEB trust contributions) for fiscal year end June 30, 2020 should sum to at least \$63,022 (the explicit ADC).



Appendix 2: Accounting Results By Group

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2018 <i>Measurement Date is June 30, 2018</i>	MDAQMD Explicit	MDAQMD Implicit	Antelope Valley Air District Explicit	Antelope Valley Air District Implicit	Total
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Items Impacting Net Position:

Total OPEB Liability	\$ 939,359	\$ 520,858	\$ 67,002	\$ 63,554	\$ 1,590,773
Fiduciary Net Position	611,196	-	-	-	611,196
Net OPEB Liability (Asset)	328,163	520,858	67,002	63,554	979,577

Deferred (Outflows) Inflows of Resources Due to:

Assumption Changes	-	9,036	-	1,307	10,343
Plan Experience	-	-	-	-	-
Investment Experience	8,295	-	-	-	8,295
Deferred Contributions	-	-	-	-	-
Net Deferred (Outflows) Inflows of Resources	8,295	9,036	-	1,307	18,638

Impact on Statement of Net Position, 6/30/2018	\$ 336,458	\$ 529,894	\$ 67,002	\$ 64,861	\$ 998,215
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Items Impacting OPEB Expense:

Service Cost	\$ 23,790	\$ 28,506	\$ 5,560	\$ 6,414	\$ 64,270
Cost of Plan Changes	-	-	-	-	-
Interest Cost	56,701	19,080	3,971	2,217	81,969
Expected Earnings on Assets	(37,559)	-	-	-	(37,559)
Expenses	1,639	-	-	-	1,639

Recognized Deferred Resource items:

Assumption Changes	-	(1,144)	-	(166)	(1,310)
Plan Experience	-	-	-	-	-
Investment Experience	(2,074)	-	-	-	(2,074)

OPEB Expense, FYE 6/30/2018	\$ 42,497	\$ 46,442	\$ 9,531	\$ 8,465	\$ 106,935
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Other Post-Employment Benefit Program of the Mojave Desert Air Quality Management District
June 2018 Actuarial Valuation and GASB 75 Report for the Fiscal Year Ending June 30, 2018

Appendix 2 - continued

Change in Fiduciary Net Position During the Measurement Period

	MDAQMD Explicit	MDAQMD Implicit	Antelope Valley Air District Explicit	Antelope Valley Air District Implicit	TOTAL
Fiduciary Net Position at Fiscal Year Ending 6/30/2017 <i>Measurement Date 6/30/2017</i>	\$ 629,068	\$ -	\$ -	\$ -	\$ 629,068
Changes During the Period:					
Investment Income	47,928	-	-	-	47,928
Employer Contributions	(29,455)	57,078	-	-	27,623
Expenses	(1,639)	-	-	-	(1,639)
Benefit Payments	(34,706)	(57,078)	-	-	(91,784)
Net Changes During the Period	(17,872)	-	-	-	(17,872)
Fiduciary Net Position at Fiscal Year Ending 6/30/2018 <i>Measurement Date 6/30/2018</i>	\$ 611,196	\$ -	\$ -	\$ -	\$ 611,196

The District will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	MDAQMD Explicit	MDAQMD Implicit	Antelope Valley Air District Explicit	Antelope Valley Air District Implicit
2019	\$ (2,074)	\$ (1,144)	\$ -	\$ (166)
2020	(2,074)	(1,144)	-	(166)
2021	(2,074)	(1,144)	-	(166)
2022	(2,073)	(1,144)	-	(166)
2023	-	(1,144)	-	(166)
Thereafter	-	(3,316)	-	(477)



Other Post-Employment Benefit Program of the Mojave Desert Air Quality Management District
June 2018 Actuarial Valuation and GASB 75 Report for the Fiscal Year Ending June 30, 2018

Appendix 2 - concluded

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

For Fiscal Year Ending June 30, 2018 <i>Liabilities & Assets Measured As Of June 30, 2018</i>	MDAQMD Explicit	MDAQMD Implicit	Antelope Valley Air District Explicit	Antelope Valley Air District Implicit	Total
Total OPEB liability					
Service Cost	\$ 23,790	\$ 28,506	\$ 5,560	\$ 6,414	\$ 64,270
Interest	56,701	19,080	3,971	2,217	81,969
Changes of benefit terms	-	-	-	-	-
Differences in expected and actual experience	-	-	-	-	-
Changes of assumptions	-	(10,180)	-	(1,473)	(11,653)
Benefit payments	(34,706)	(57,078)	-	-	(91,784)
Net change in total OPEB liability	45,785	(19,672)	9,531	7,158	42,802
Total OPEB liability - beginning	893,574	540,530	57,471	56,396	1,547,971
Total OPEB liability - ending (a)	\$ 939,359	\$ 520,858	\$ 67,002	\$ 63,554	\$ 1,590,773
Plan fiduciary net position					
Contributions - employer	\$ (29,455)	\$ 57,078	\$ -	\$ -	\$ 27,623
Net investment income	47,928	-	-	-	47,928
Benefit payments	(34,706)	(57,078)	-	-	(91,784)
Expenses	(1,639)	-	-	-	(1,639)
Net change in plan fiduciary net position	(17,872)	-	-	-	(17,872)
Plan fiduciary net position - beginning	629,068	-	-	-	629,068
Plan fiduciary net position - ending (b)	\$ 611,196	\$ -	\$ -	\$ -	\$ 611,196
Net OPEB liability - ending (a) - (b)	\$ 328,163	\$ 520,858	\$ 67,002	\$ 63,554	\$ 979,577
Covered-employee payroll	\$ 5,242,045	\$ -	\$ 766,904	\$ -	\$ 6,008,949
Net OPEB liability as a percentage of covered-employee payroll	6.26%		8.74%		16.30%



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. Upcoming excise taxes under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidies.

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Under GASB 45, for actuarial valuations dated prior to March 31, 2015, an exception allowed plan employers with a very small membership in a large “community-rated” healthcare program to avoid reporting of implicit subsidy liability. Following a change in Actuarial Standards of Practice and in accordance with GASB 75 requirements, this exception is no longer available.

Valuation Process

The valuation was based on employee census data and benefits provided by the District. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records were reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. The valuation was based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends



Important Background Information

(Continued)

in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future premium rates;
- A change in the subsidy provided by the Agency toward retiree premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents;
- Higher or lower returns on plan assets or contribution levels other than were assumed; and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy liability is created when expected retiree claims exceed the premiums charged for retiree coverage. In practical terms, when premiums for active employees each year exceed active employee claims, their premiums include an amount expected to be transferred to cover a portion of the retirees' claims not covered by the premiums charged for retiree coverage. This transfer represents the current year's implicit subsidy. GASB 75 allows for recognition of payments to an irrevocable trust *or directly to the insurer* as an employer's contribution. Therefore, each year's implicit subsidy is a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

In this example, while total contributions paid toward active and retired employee healthcare premiums is the same, by shifting the recognition of the current year's implicit subsidy from actives to retirees, this amount is recognized as an OPEB contribution and at the same time reduces premium expense for active employees.

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.



Important Background Information

(Continued)

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2017** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2016 Report, published in October 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.

MacLeod Watts Scale 2017 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2016 which has two segments – (1) historical improvement rates for the period 1951-2012 and (2) an estimate of future mortality improvement for years 2013-2015 using the Scale MP-2016 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2015 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10 year period 2016-2025. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2025-2039. The SSA's Intermediate Scale has a final step down in 2040 which is reflected in the MacLeod Watts scale for years 2040 and thereafter. Over the ages 100 to 115, the SSA improvement rate is graded to zero.

Scale MP-2016 can be found at the SOA website and the projection scales used in the 2016 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). The tax is first effective in 2022.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.



Glossary

(Concluded)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility



The following page(s) contain the backup material for Agenda Item: [Receive and file the status of the District's Other Post-Employment Benefits \(OPEB\) and Pension Rate Stabilization Program \(PRSP\) irrevocable trust and investment summary. Presenter: Jean Bracy, Deputy Director – Administration.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #12

DATE: February 25, 2019

RECOMMENDATION: Receive and file. This item reports the status of the District's Other Post-Employment Benefits (OPEB) and Pension Rate Stabilization Program (PRSP) irrevocable trust and investment summary.

SUMMARY: This item reports the status of the District's Other Post-Employment Benefits (OPEB) and Pension Rate Stabilization Program (PRSP) irrevocable trust and investment summary.

CONFLICT OF INTEREST: None.

BACKGROUND: The establishment and purpose of the District's OPEB and PRSP trust is provided on the following Exhibit 1. The annual investment summary and its performance are included as Exhibit 2.

OPEB: The investment strategy selected targets a 7% return; as of the December 31, 2018 statement the investment return since inception has averaged 6.75%. Investment earnings for the life of the fund total \$235,871. The District has withdrawn \$149,194 to offset retiree medical costs. The balance in the account on December 31, 2018 was \$575,961.

PSRP: The investment strategy selected targets a 5% return; as of the December 31, 2018 statement the investment return since inception has averaged 1.3%. Investment earnings for the life of the fund were a loss, totaling (\$9,319). The balance in the account on December 31, 2018 was \$639,170.

Attached is a portion of the "Client Review (December 31, 2018)," as presented to staff on February 5, 2019. The full report, and the reports for each year since the inception of the trust, is available for review on request.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #12

PAGE 2

REASON FOR RECOMMENDATION: Receive and file; this is for information only.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #12

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Exhibit 1

On November 23, 2009 the Governing Board adopted Resolution No. 09-10 which established an irrevocable trust (“Trust”) to address the District’s liability for Other Post-Employment Benefits (OPEB) for retired employees. The contributions made for the OPEB liability total \$500,000.

On January 23, 2017 the Governing Board adopted Resolution No. 17-02 which established an irrevocable trust under the Pension Rate Stabilization Program (PSRP), to address the District’s liability for future employee retirement benefits. GASB 68 requires the District to calculate and report the District’s liability for future retirement benefits for eligible employees. As actuarial calculations improve and financial conditions deteriorate the District’s obligations continue to rapidly increase. The Trust is a method to reserve resources to offset the liability.

In March 2017 the Governing Board approved the Investment Guidelines Document for the new “combined” Trust now called the “Public Agencies Post-Employment Benefits Trust.” By combining the assets of for OPEB and PRSP the District has the opportunity to increase investment earnings and restrict the use of the funds for the intended purposes. The earnings are calculated and reported separately for each portion of the Trust.

Other Post-Employment Benefits (OPEB)

The purpose of the Trust is to offset the District’s future liability for contributions required for promised retiree health care benefits. The District’s retiree health care benefits have two parts:

1. As a member of CalPERS for health benefits, the District is subject to the Public Employees Medical and Hospital Care Act (PEMHCA). This statute requires the member employer to contribute toward employee health care benefits which are currently \$135 per employee per month. This amount is included in the Flexible Benefit dollars provided to each employee to offset their selection of health care benefits. The unique feature of participating in CalPERS health plan is that employees have the right under the statute to continue medical coverage with CalPERS into retirement and the District is obligated to continue the “PEMHCA Contribution” for as long as the retiree remains enrolled.
2. Effective July 1, 2004, the District negotiated the “Retiree Medical Benefit.” Employees are eligible with 20 years of public service including employment with a member agency and at least 10 years of service with the District. The District will contribute 2% per service year toward the retiree’s (and spouse) medical premium under a CalPERS plan. The contribution is payable for 60 months from retirement or until the retiree reaches the age of 65, or Medicare eligible whichever event occurs first.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #12

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These obligations create a future liability for which the District has created the Trust. Actuarial analyses are conducted every two years to ensure the Trust is funded with a 30 year horizon. Annually, an amount is withdrawn offset the District's contributions made for retirees during the fiscal year. Investment earnings are more than sufficient to meet the current requirements.

Pension Rate Stabilization Program (PRSP)

Common to public agency employers is a Net Pension Liability; also known as the unfunded liability for the agency pension or retirement plan. The PRSP is a trust where the District allocates resources (deposits funds) to offset the future liability. The Governing Board authorized up to \$1,000,000 to be deposited from identified District reserves. To date the District has deposited \$650,000.

The District has contracted with the Public Agency Retirement Services (PARS) to be the administrator of the Trust account. The primary reason for selecting PARS was the endorsement offered by the California Special Districts Association, their experience as a trust administrator, and their asset allocation strategies that allowed tailoring investment targets. Annually, representatives from PARS provide a review of the plan, offer guidance regarding the investment mix, and update pertinent information that might affect the administration of the trust.



MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT

OPEB Pre-Funding Trust Program &
Pension Rate Stabilization Program (PRSP) Client Review
February 5, 2018

PARS

PUBLIC
AGENCY
RETIREMENT
SERVICES

TRUSTED SOLUTIONS. LASTING RESULTS.

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SUMMARY OF AGENCY'S OPEB PLAN

Plan Type:

IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach:

Discretionary

Plan Effective Date:

November 23, 2009

Plan Administrators:

Executive Director

Current Investment Strategy:

Balanced HighMark PLUS (Active) Strategy; Pooled Account

AS OF DECEMBER 31, 2018:

Initial Contribution:

March 2010: \$100,000

Additional Contributions:

\$400,000

Total Contributions:

\$500,000

Disbursements:

\$149,194

Total Investment Earnings:

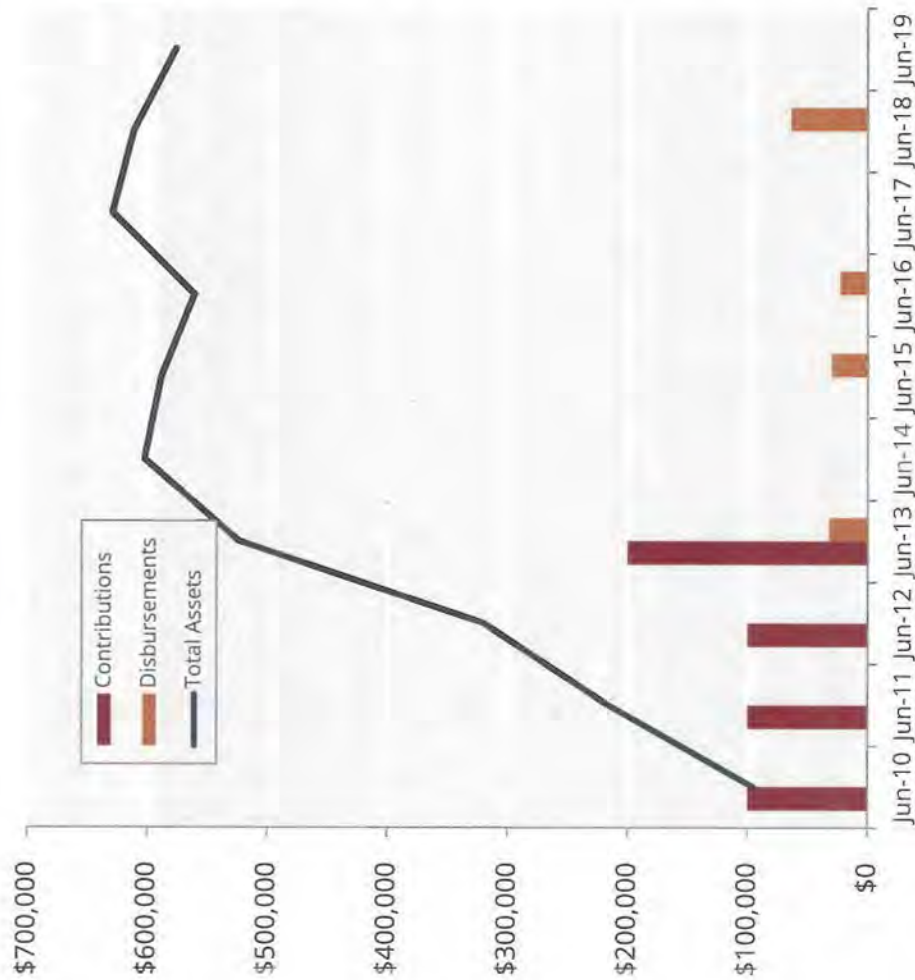
\$235,871

Account Balance:

\$575,961

SUMMARY OF AGENCY'S OPEB PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF DECEMBER 31, 2018:



Plan Year Ending

*Plan Year Ending June 2010 is based on 4 months of activity.

**Plan Year Ending June 2019 is based on 6 months of activity.

OPEB ACTUARIAL RESULTS

- We have received the actuarial report by Demsey Filliger & Associates, LLC dated March 24, 2016 with a valuation date as of July 1, 2015. In the table below, we have summarized the results.

Demographic Study	Valuation Date: June 30, 2009	Valuation Date: July 1, 2015
Actives	35	25
Retirees	8	11
Total	43	36
Average Active Age	48	47.44
Average Active Agency Service	12	11.24

OPEB ACTUARIAL RESULTS

	June 30, 2009 Valuation 5.50% Discount Rate Pay-as-you-go	July 1, 2015 Valuation 7.00% Discount Rate (Pre-Funding)
Actuarial Accrued Liability (AAL)	\$1,421,221	841,255
Actuarial Value of Assets	\$0	\$588,142
Unfunded Actuarial Accrued Liability (UAAL)	\$1,421,221	\$253,113
Annual Required Contribution (ARC)	\$190,200	\$57,656
Annual Benefit Payments (Pay-as-you-Go)	N/A	\$22,517

Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

SUMMARY OF AGENCY'S PENSION PLAN

Plan Type: IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach: Discretionary

Plan Effective Date: January 23, 2017

Plan Administrator: Executive Director

Current Investment Strategy: Moderately Conservative HighMark PLUS (Active) Strategy; Pooled Account

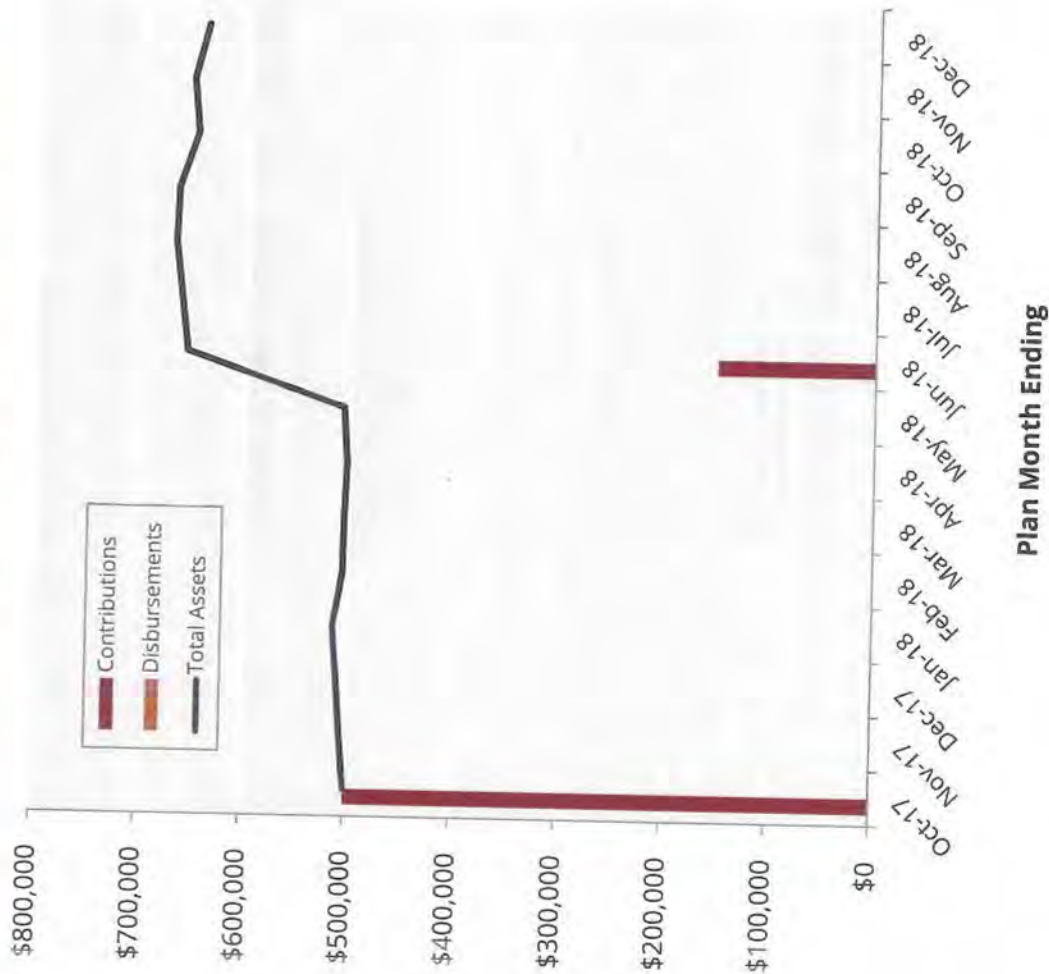
AS OF DECEMBER 31, 2018:

Initial Contribution:	*October 2017 \$500,000
Additional Contributions:	\$150,000
Total Contributions:	\$650,000
Disbursements:	\$0
Total Investment Earnings:	(\$9,319)
Account Balance:	\$639,170

**Initial Contribution was due to a transfer*

SUMMARY OF AGENCY'S PENSION PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF DECEMBER 31, 2018:



Month	Contributions	Disbursements	Total Assets
Oct-17	\$500,000	\$0	\$500,000
Nov-17	\$0	\$0	\$504,736
Dec-17	\$0	\$0	\$508,566
Jan-18	\$0	\$0	\$512,625
Feb-18	\$0	\$0	\$503,772
Mar-18	\$0	\$0	\$503,179
Apr-18	\$0	\$0	\$501,147
May-18	\$0	\$0	\$504,696
Jun-18	\$150,000	\$0	\$654,942
Jul-18	\$0	\$0	\$661,026
Aug-18	\$0	\$0	\$667,194
Sep-18	\$0	\$0	\$665,273
Oct-18	\$0	\$0	\$647,692
Nov-18	\$0	\$0	\$652,413
Dec-18	\$0	\$0	\$639,170

DISCUSSION HIGHLIGHTS – Mojave Air Quality Management District - OPEB

Asset Allocation (as of 12/31/2018)

See page 16

- Stocks 61.15% (50%-70%); Bonds 35.75% (30%-50%); Cash 3.10% (0%-20%)
- Large cap 32.87%, Mid cap 4.87%, Small Cap 10.17%, International 11.75%, REIT 1.49%
- Balanced (Active)

Performance (as of 12/31/2018) Gross of investment fees, net of fund level fees

- 3 Months: -8.24%
- 1 Year: -4.73%
- Inception to Date: 6.75% (April, 2010)
- Bonds – impacted by rising interest rates
- Stocks – increased volatility

Outlook

- US Economy – US Economy in leadership position globally
Consumer, employment, wages, inflation, housing,
- Global Economies – Europe (Italy), Emerging Markets, China
- Federal Reserve – Rate hikes, Quantitative Tightening, data dependent?
- 10-year yield – 3.00% - 3.25% (currently 2.69%)
- Corporate earnings – Q4 earnings key to market; forward guidance?
- Geopolitical pressures – Russia investigation, Trade negotiations

Other items

- Investment objective confirmation
- Investment Policy Statement

Selected Period Performance
MOJAVE DESERT AQMD - OPEB

AGG000543

Period Ending: 12/31/2018

Sector	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Inception to Date 04/01/2010
Cash Equivalents	.18	.53	.99	1.72	.85	.52	.31
<i>Lipper Money Market Funds Index</i>	.18	.51	.95	1.62	.81	.48	.28
Total Fixed Income	1.20	1.10	1.28	-.42	2.63	2.41	3.25
<i>BC US Aggregate Bd Index (USD)</i>	1.84	1.64	1.66	.01	2.06	2.52	3.09
Total Equities	-9.05	-14.45	-10.13	-8.46	7.45	5.35	8.94
Large Cap Funds	-9.44	-14.39	-8.24	-5.42	8.57	7.50	10.41
<i>S&P 500 Composite Index</i>	-9.03	-13.52	-6.85	-4.38	9.26	8.49	11.41
Mid Cap Funds	-9.86	-15.25	-11.02	-9.20	6.90	4.42	9.24
<i>Russell Midcap Index</i>	-9.92	-15.37	-11.14	-9.06	7.04	6.26	10.70
Small Cap Funds	-12.84	-19.09	-14.63	-7.36	9.16	6.62	12.11
<i>Russell 2000 Index (USD)</i>	-11.88	-20.20	-17.35	-11.01	7.36	4.41	9.64
REIT Funds	-7.91	-6.44	-6.09	-5.74	1.99		
<i>Wilshire REIT Index</i>	-11.88	-20.20	-17.35	-11.01	7.36		
International Equities	-4.79	-11.45	-11.14	-15.41	4.43	.80	2.83
<i>MSCI EAFE Index (Net)</i>	-4.85	-12.54	-11.35	-13.79	2.87	.53	3.82
<i>MSCI EM Free Index (Net USD)</i>	-2.65	-7.46	-8.48	-14.57	9.25	1.65	1.94
Total Managed Portfolio	-4.94	-8.42	-5.56	-4.50	5.56	4.28	6.77

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Securities are not FDIC insured, have no bank guarantee, and may lose value. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns.

ASSET ALLOCATION - Mojave Air Quality Management District - OPEB

As of December 31, 2018

Current Asset Allocation		Investment Vehicle	
Equity			61.15%
Large Cap Core	COFYX	Columbia Contrarian Core Cl Y	5.02%
	DODGX	Dodge & Cox Stock Fund	8.54%
	VGIAX	Vanguard Growth & Income Admiral Shares	13.11%
Large Cap Growth	HNACX	Harbor Capital Appreciation Instl	3.11%
	PRUFX	T. Rowe Price Growth Stock Fund	3.10%
Mid Cap Core	IWR	iShares Russell Mid Cap ETF	4.87%
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Value R6	5.67%
Small Cap Growth	PRJIX	T. Rowe Price New Horizons Fund	4.51%
International Core	DODFX	Dodge & Cox International Stock Fund	2.36%
	DFALX	DFA Large Cap International Portfolio	3.15%
International Growth	MGRDX	MFS International Growth Fund	2.29%
Emerging Markets	HHHYX	Schroder Emerging Market Equity	3.95%
REIT	VNQ	Vanguard REIT ETF	1.49%
Fixed Income			35.75%
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	9.10%
Intermediate-Term	DBLFX	DoubleLine Core Fixed Income Cl I	8.86%
	PTRQX	Prudential Total Return Bd Cl Q	8.89%
	PATTRX	PIMCO Total Return Instl Fund	8.91%
Cash			3.10%
	FGZXX	First American Prime Obligations Fund	3.10%
TOTAL			100.00%

Mojave Desert Air Quality Management District - OPEB

For Period Ending December 31, 2018

Fund Name	LARGE CAP EQUITY FUNDS						
	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-9.87	-14.78	-8.81	-8.81	6.53	7.15	13.68
Vanguard Growth & Income Adm	-9.00	-14.22	-4.61	-4.61	8.91	8.52	12.92
Harbor Capital Appreciation Retirement	-7.69	-16.39	-0.96	-0.96	10.24	10.33	15.29
T. Rowe Price Growth Stock I	-8.25	-14.10	-0.89	-0.89	10.45	10.22	16.14
Dodge & Cox Stock	-10.68	-13.57	-7.07	-7.07	10.07	7.06	13.17
S&P 500 TR USD	-9.03	-13.52	-4.38	-4.38	9.26	8.49	13.12
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	-9.85	-15.33	-9.13	-9.13	6.89	6.10	13.85
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	-14.77	-20.42	-15.20	-15.20	5.21	4.99	14.85
T. Rowe Price New Horizons I	-9.92	-17.01	4.17	4.17	13.98	10.43	19.38
Russell 2000 TR USD	-11.88	-20.20	-11.01	-11.01	7.36	4.41	11.97
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	-7.96	-6.46	-5.95	-5.95	2.32	7.40	12.04
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock	-6.73	-12.39	-17.98	-17.98	3.24	-0.48	7.72
DFA Large Cap International I	-5.56	-13.29	-14.14	-14.14	3.55	0.44	6.16
MFS International Growth R6	-4.28	-11.74	-8.79	-8.79	7.52	3.46	8.66
MSCI EAFE NR USD	-4.85	-12.54	-13.79	-13.79	2.87	0.53	6.32
Hartford Schroders Emerging Mkts Eq Y	-3.41	-8.85	-15.42	-15.42	9.67	1.90	8.13
MSCI EM Free Index	-2.66	-7.47	-14.58	-14.58	9.25	1.65	8.02
BOND FUNDS							
PIMCO Total Return Instl	1.16	1.39	-0.26	-0.26	2.47	2.56	4.71
Vanguard Short-Term Investment-Grade Adm	0.74	0.67	0.96	0.96	1.97	1.78	3.55
PGIM Total Return Bond R6	1.51	1.36	-0.63	-0.63	3.59	3.59	6.30
DoubleLine Core Fixed Income I	0.96	0.60	-0.02	-0.02	2.90	3.22	--
BBGBarc US Agg Bond TR USD	1.84	1.64	0.01	0.01	2.06	2.52	3.48

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

DISCUSSION HIGHLIGHTS – Mojave Air Quality Management District - Pension

Asset Allocation (as of 12/31/2018)

- Stocks 30.68% (20%-40%); Bonds 64.91% (50%-80%); Cash 4.41% (0%-20%)
- Large cap 14.20%, Mid cap 1.58%, Small Cap 5.41%, International 8.67%, REIT 0.82%
- Moderately Conservative (Active)

see page 21

Performance (as of 12/31/2018) Gross of investment fees, net of fund level fees

- 3 Months: -3.90%
- 1 Year: -2.83%
- Inception to Date: -1.36% (Nov, 2017)
- Bonds – impacted by rising interest rates
- Stocks – increased volatility

Outlook

- US Economy – US Economy in leadership position globally
Consumer, employment, wages, inflation, housing,
- Global Economies – Europe (Italy), Emerging Markets, China
- Federal Reserve – Rate hikes, Quantitative Tightening, data dependent?
- 10-year yield – 3.00% - 3.25% (currently 2.69%)
- Corporate earnings – Q4 earnings key to market; forward guidance?
- Geopolitical pressures – Russia investigation, Trade negotiations

Other items

- Investment objective confirmation
- Investment Policy Statement

Selected Period Performance
PARS/PRSP MODERATELY CONSERVATIVE HM

Account xxxxxx0104

Period Ending: 12/31/2018

Sector	1 Month	3 Months	6 Months	1 Year	Inception to Date 11/01/2017
Cash Equivalents	.18	.52	.98	1.70	1.61
<i>Lipper Money Market Funds Index</i>	.18	.51	.95	1.62	1.52
Total Fixed Income	1.15	1.02	1.21	-.40	-.10
<i>BC US Aggregate Bd Index (USD)</i>	1.84	1.64	1.66	.01	.29
Total Equities	-9.08	-14.49	-10.12	-8.60	-4.49
Large Cap Funds	-9.44	-14.40	-8.17	-5.36	-1.23
<i>S&P 500 Composite Index</i>	-9.03	-13.52	-6.85	-4.38	-.31
Mid Cap Funds	-9.96	-15.40	-11.22	-9.19	-4.51
<i>Russell Midcap Index</i>	-9.92	-15.37	-11.14	-9.06	-4.41
Small Cap Funds	-12.88	-19.12	-14.67	-7.36	-3.17
<i>Russell 2000 Index (USD)</i>	-11.88	-20.20	-17.35	-11.01	-7.61
REIT Funds	-8.01	-6.57	-6.10	-6.07	-3.21
<i>Wilshire REIT Index</i>	-8.37	-6.93	-6.26	-4.84	-2.01
International Equities	-4.83	-11.50	-11.00	-15.29	-11.36
<i>MSCI EAFE Index (Net)</i>	-4.85	-12.54	-11.35	-13.79	-9.93
<i>MSCI EM Free Index (Net USD)</i>	-2.65	-7.46	-8.48	-14.57	-9.79
Total Managed Portfolio	-1.99	-3.90	-2.29	-2.83	-1.36

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Securities are not FDIC insured, have no bank guarantee, and may lose value. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns.

ASSET ALLOCATION - PARS: Mojave Air Quality Management District – Pension

As of December 31, 2018

Current Asset Allocation	Investment Vehicle	
Equity		31.80%
Large Cap Core	COFYX DODGX VGIAX HNACX PRUFX IWR UBVFX PRJIX DODFX DFALX MGRDX HHHYX VNQ	<i>Range: 20%-40%</i> Columbia Contrarian Core CI Y Dodge & Cox Stock Fund Vanguard Growth & Income Admiral Shares Harbor Capital Appreciation Instl T. Rowe Price Growth Stock Fund iShares Russell Mid Cap ETF Undiscovered Managers Behavioral Value R6 T. Rowe Price New Horizons Fund Dodge & Cox International Stock Fund DFA Large Cap International Portfolio MFS International Growth Fund Schroder Emerging Market Equity Vanguard REIT ETF
Large Cap Growth		
Mid Cap Core		
Small Cap Value		
Small Cap Growth		
International Core		
International Growth		
Emerging Markets		
REIT		
Fixed Income		64.67%
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund 17.91%
Intermediate-Term	DBLFX PTRQX PTTRX	DoubleLine Core Fixed Income CI I 15.52% Prudential Total Return Bd CI Q 15.67% PIMCO Total Return Instl Fund 15.57%
Cash		3.52%
	FGZXX	First American Prime Obligations Fund 3.52%
TOTAL		100.00%

Mojave Desert Air Quality Management District - Pension

For Period Ending December 31, 2018

Fund Name	LARGE CAP EQUITY FUNDS						
	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-9.87	-14.78	-8.81	-8.81	6.53	7.15	13.68
Vanguard Growth & Income Adm	-9.00	-14.22	-4.61	-4.61	8.91	8.52	12.92
Harbor Capital Appreciation Retirement	-7.69	-16.39	-0.96	-0.96	10.24	10.33	15.29
T. Rowe Price Growth Stock I	-8.25	-14.10	-0.89	-0.89	10.45	10.22	16.14
Dodge & Cox Stock	-10.68	-13.57	-7.07	-7.07	10.07	7.06	13.17
S&P 500 TR USD	-9.03	-13.52	-4.38	-4.38	9.26	8.49	13.12
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	-9.85	-15.33	-9.13	-9.13	6.89	6.10	13.85
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	-14.77	-20.42	-15.20	-15.20	5.21	4.99	14.85
T. Rowe Price New Horizons I	-9.92	-17.01	4.17	4.17	13.98	10.43	19.38
Russell 2000 TR USD	-11.88	-20.20	-11.01	-11.01	7.36	4.41	11.97
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	-7.96	-6.46	-5.95	-5.95	2.32	7.40	12.04
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock	-6.73	-12.39	-17.98	-17.98	3.24	-0.48	7.72
DFA Large Cap International I	-5.56	-13.29	-14.14	-14.14	3.55	0.44	6.16
MFS International Growth R6	-4.28	-11.74	-8.79	-8.79	7.52	3.46	8.66
MSCI EAFE NR USD	-4.85	-12.54	-13.79	-13.79	2.87	0.53	6.32
Hartford Schroders Emerging Mkts Eq Y	-3.41	-8.85	-15.42	-15.42	9.67	1.90	8.13
MSCI EM Free Index	-2.66	-7.47	-14.58	-14.58	9.25	1.65	8.02
BOND FUNDS							
PIMCO Total Return Instl	1.16	1.39	-0.26	-0.26	2.47	2.56	4.71
Vanguard Short-Term Investment-Grade Adm	0.74	0.67	0.96	0.96	1.97	1.78	3.55
PGIM Total Return Bond R6	1.51	1.36	-0.63	-0.63	3.59	3.59	6.30
DoubleLine Core Fixed Income I	0.96	0.60	-0.02	-0.02	2.90	3.22	--
BBgBarc US Agg Bond TR USD	1.84	1.64	0.01	0.01	2.06	2.52	3.48

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

The following page(s) contain the backup material for Agenda Item: [Receive and file the Financial Report for FY19, through the month of December 2018, which provides financial information and budget performance concerning the fiscal status of the District.](#)
[Presenter: Jean Bracy, Deputy Director – Administration.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #13

DATE: February 25, 2019

RECOMMENDATION: Receive and file.

SUMMARY: Receive and file the Financial Report for **FY19**, through the month of **December 2018**, which provides financial information and budget performance concerning the fiscal status of the District.

CONFLICT OF INTEREST: None

BACKGROUND: The Financial Report provides financial information and budget performance concerning the fiscal status of the District. The included reports reflect the business activities of the District for the period referenced *for all funds*. Monthly December 2018. The target variance for December is 50% of Fiscal Year 2019.

The December financial statements (most recent available) indicate that the financial position for the District is sound and tracking well to the adopted budget estimates. Several funding sources are received later in the fiscal year, including Program Revenue from AB2766 which will be received through October 2019.

Expenditures in the General Fund (not included in these reports) are under budget (6%) to date, and Personnel Expenses (4%) are slightly under budget. The Finance Reports are attached.

REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or before February 11, 2019.

FINANCIAL DATA: No change in appropriation is required at this time.

PRESENTER: Jean Bracy, Deputy Director / Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #13

PAGE 2

FINANCIAL REPORTS

STATEMENT OF REVENUES & EXPENDITURES – This report describes the financial activities for each of the District’s funds during the month(s) indicated.

STATEMENT OF ACTIVITY – This report reflects the revenues received and expenses made in all funds for the month(s) indicated and the year-to-date against the adopted budget for FY 19. The line items “Program” and “Program Costs” refer to the revenue and those payments made from the District’s grant funds (including AB 2766 and Carl Moyer Fund).

Y-T-D Actual Column – The revenue and expenditures to date reflect the activity year to date for the General Fund *together with* the District’s grant funds. When grant funds are expended they may be for amounts greater than what was received year to date because grants are often paid from the funds accumulated over a period of time. The Excess Revenue/Over Expenditures may reflect expenditures for the period exceeding the revenue for the period, creating a negative result that may imply expenses exceeding approved budget for the fiscal year.

The report for December indicates expenses greater than revenue for FY 19 to date in the amount of \$161,868.60. This reports the District’s financial condition as a snapshot on December 31. As noted in the Background section of this agenda item, about \$265,000 in AB 2766 and other revenue is yet to be received and recorded as revenue to date for FY 19.

CHECK REGISTERS – These reports list payments made for goods and services and fund transfers for the District accounts.

BANK REGISTERS – DISTRICT CARDS – These reports show the purchases made using the District’s MasterCard’s. The items on these registers are the expenditure detail for the payments made to BUSINESS CARD as shown on the Check Register Wells Fargo Operating Account.

Mojave Desert AQMD
Balance Sheet - Governmental Funds
As of December 31, 2018

Financial Report

	<u>General Fund</u>	<u>Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Assets					
Current Assets					
Cash	7,267,383.60	1,221,834.98	1,235,358.90	1,215,131.11	10,939,708.59
Cash Held For Other Fund	(1,649,370.87)	1,677,742.03	0.00	(28,371.16)	0.00
Receivables	1,128,417.50	1,662.72	1,180,791.36	0.00	2,310,871.58
Pre-Paid	109,545.43	0.00	0.00	0.00	109,545.43
Total Current Assets	6,855,975.66	2,901,239.73	2,416,150.26	1,186,759.95	13,360,125.60
Non-Current Assets					
Deferred Outflows	4,881,013.00	0.00	0.00	0.00	4,881,013.00
Total Assets	11,736,988.66	2,901,239.73	2,416,150.26	1,186,759.95	18,241,138.60
Liabilities and Net Position					
Current Liabilities					
Payables	83,628.83	0.00	0.00	0.00	83,628.83
Accruals	874,301.99	0.00	0.00	0.00	874,301.99
Due to Others	2,532,491.01	(21,890.30)	0.00	0.00	2,510,600.71
Payroll Taxes Liability	29,463.68	0.00	0.00	0.00	29,463.68
Retirement	(6,667.50)	0.00	0.00	0.00	(6,667.50)
Health	(32,984.18)	0.00	0.00	314,010.00	281,025.82
Other Payroll Deductions	1,391.44	0.00	0.00	0.00	1,391.44
Unearned Revenue	(1,559.12)	0.00	2,385,681.90	0.00	2,384,122.78
Total Current Liabilities	3,480,066.15	(21,890.30)	2,385,681.90	314,010.00	6,157,867.75
Net Pension Liability	9,252,237.00	0.00	0.00	0.00	9,252,237.00
Deferred Inflows	2,139,878.00	0.00	0.00	0.00	2,139,878.00
Total Current Liabilities	11,392,115.00	0.00	0.00	0.00	11,392,115.00
Restricted Fund Balance					
Cash Reserves	700,000.00	0.00	0.00	0.00	700,000.00
Building Improvements	200,000.00	0.00	0.00	0.00	200,000.00
Litigation Reserves	300,000.00	0.00	0.00	0.00	300,000.00
Budget Stabilization	250,000.00	0.00	0.00	0.00	250,000.00
Retirement Reserves	350,000.00	0.00	0.00	650,000.00	1,000,000.00
Unassigned Fund Balance	1,752,590.42	0.00	0.00	0.00	1,752,590.42
Adjustments to Fund Balance - GASB	(6,466,848.00)	0.00	0.00	(290,807.00)	(6,757,655.00)
Compensated Absences	(522,237.90)	0.00	0.00	0.00	(522,237.90)
Pre Paid	110,788.40	0.00	0.00	0.00	110,788.40
Change in Net Position	26,620.51	(118,704.33)	0.00	(69,784.78)	(161,868.60)
Total Liabilities & Net Position	11,736,988.66	2,901,239.73	2,416,150.26	1,186,759.95	18,241,138.60

Mojave Desert AQMD
Statement of Revenues & Expenditures
For the Period Ending December 31, 2018

Financial Report

	<u>General</u> <u>Fund</u>	<u>Mobile</u> <u>Emissions</u> <u>Program</u>	<u>Carl</u> <u>Moyer</u> <u>Program</u>	<u>Fiduciary</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>					
Antelope Valley Air Quality Mngmnt Contract	121,924.73	0.00	0.00	0.00	121,924.73
Other Contracts	0.00	0.00	0.00	0.00	0.00
Application and Permit Fees	403,620.17	0.00	0.00	0.00	403,620.17
AB 2766 and Other Program Revenues	84,102.96	56,068.64	0.00	0.00	140,171.60
Fines	38,600.00	0.00	0.00	0.00	38,600.00
Investment Earnings	32.66	0.00	0.00	(43,189.77)	(43,157.11)
Federal and State	22,960.00	0.00	0.00	0.00	22,960.00
Other Revenue	37.92	0.00	0.00	0.00	37.92
Total Revenues	671,278.44	56,068.64	0.00	(43,189.77)	684,157.31
<u>Expenditures</u>					
Salaries and Benefits	611,978.48	0.00	0.00	0.00	611,978.48
Services and Supplies	24,990.61	3,485.76	0.00	262.20	28,738.57
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	0.00	0.00	0.00	0.00	0.00
Total Expenditures	636,969.09	3,485.76	0.00	262.20	640,717.05
Excess Revenue Over (Under) Expenditures	34,309.35	52,582.88	0.00	(43,451.97)	43,440.26

Mojave Desert AQMD
Statement of Activity - All Funds
For the Period Ending December 31, 2018

Financial Report

	<u>M-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Budget</u>	<u>% Budget</u> <u>to Actual</u>
Revenues				
Revenue - Permitting	391,071.36	2,241,177.94	4,555,000.00	49.20
Revenue - Programs	140,171.60	871,760.86	2,645,670.00	32.95
Revenue - Application Fees	20,522.63	70,139.38	116,000.00	60.46
Revenue - State	22,960.00	70,341.04	329,172.00	21.37
Revenue - Federal	0.00	(6,022.79)	148,900.00	(4.04)
Fines & Penalties	38,600.00	54,750.00	83,000.00	65.96
Interest Earned	(43,157.11)	(28,204.11)	154,900.00	(18.21)
Revenue - Contracts & Unidentified	121,962.65	737,038.87	1,300,250.00	56.68
Permit Cancellations	(7,973.82)	(22,537.02)	0.00	0.00
Total Revenues	684,157.31	3,988,444.17	9,332,892.00	42.74
Expenditures				
Office Expenses	7,164.61	89,073.34	248,335.00	35.87
Communications	1,401.37	26,704.02	76,577.00	34.87
Vehicles	4,774.02	31,259.73	65,085.00	48.03
Program Costs	3,485.76	694,563.02	787,318.00	88.22
Travel	810.51	43,087.59	82,950.00	51.94
Professional Services	2,425.41	32,957.84	137,848.00	23.91
Depreciation	0.00	430.30	(3,000.00)	(14.34)
Maintenance & Repairs	4,368.06	40,864.26	68,890.00	59.32
Non-Depreciable Inventory	370.85	16,832.91	36,600.00	45.99
Dues & Subscriptions	1,047.54	22,216.51	50,860.00	43.68
Legal	2,435.27	22,436.04	37,000.00	60.64
Miscellaneous Expense	0.00	1,775.11	11,500.00	15.44
Suspense	455.17	5,595.35	0.00	0.00
Capital Expenditures	0.00	20,956.07	130,000.00	16.12
Total Expenditures	28,738.57	1,048,752.09	1,729,963.00	60.62
Salaries & Benefits				
Personnel Expenses	611,978.48	3,101,560.68	6,777,669.00	45.76
Total Salaries & Benefits	611,978.48	3,101,560.68	6,777,669.00	45.76
Excess Revenue Over (Under) Expenditures	43,440.26	(161,868.60)	825,260.00	(19.61)

Mojave Desert AQMD

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Bank Register from 12/01/2018 to 12/31/2018

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>
0000002	12/03/2018	Credit Card Transaction - Walmart	0.00	610.53	939,566.73
0000002	12/03/2018	Credit Card Transaction - Lockheed Martin	0.00	1,814.23	941,380.96
0000002	12/03/2018	Credit Card Transaction - FAA	0.00	307.63	941,688.59
Dec 18	12/03/2018	[10047] COLONIAL INSURANCE-Supp Ins Prem	879.02	0.00	940,809.57
EFT	12/05/2018	Pay period ending 11/23/2018	106,779.70	0.00	834,029.87
EFT	12/07/2018	[10017] BEST BEST & KRIEGER LLP-Legal Counsel Services	171.00	0.00	834,029.87
0007789	12/07/2018	[02478] CALIFORNIA DRILLING & BLASTING CO INC-Refund: Refund of Application Fees - Equipment does not require a permit	1,096.00	0.00	832,933.87
0007790	12/07/2018	[15054] JORGE CAMACHO-Blythe, CA Trip: Pre Inspection(s)	165.00	0.00	832,768.87
0007791	12/07/2018	[14246] DANIEL CONCHO-Inspections in Trona, CA (Searles Valley Minerals). 11/26/2018-11/29/2018	152.50	0.00	832,616.37
0007792	12/07/2018	[15048] JEREMY CRAIG-Inspections at Mountain Pass	108.00	0.00	832,508.37
0007793	12/07/2018	[10233] GENTRY AIR CONDITIONING INC-Trona AM Station Service Call	322.06	0.00	832,186.31
0007794	12/07/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 25/2018 - GymDed	281.48	0.00	831,904.83
EFT	12/07/2018	[10200] MOJAVE DESERT AQMD-Pay Period 25/2018 - FSADED	533.33	0.00	831,904.83
0007795	12/07/2018	[15042] CESAR NAVAS-Blythe inspections in Dec	176.00	0.00	831,728.83
EFT	12/07/2018	[10117] RICOH AMERICAS CORP-Copier Lease	1,281.84	0.00	831,728.83
0007796	12/07/2018	[15050] RICOH USA INC-Copy charges	335.73	0.00	831,393.10
0007797	12/07/2018	[10126] SBCERA-Pay Period 25/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	75,998.19	0.00	755,394.91
0007798	12/07/2018	[10213] SBPEA-Pay Period 25/2018 - GeneralUnitDues	512.46	0.00	754,882.45
0007799	12/07/2018	[15001] SBPIS-Pay Period 25/2018 - GeneralUnitMisc	5.00	0.00	754,877.45
0007800	12/07/2018	[10144] STANDARD INSURANCE-Invoices 1218, 2018-22, 2018-23	1,406.29	0.00	753,471.16
0007801	12/07/2018	[10148] STRATEGIC PARTNERS GROUP-Legislative Services	2,100.00	0.00	751,371.16
0007802	12/07/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 25/2018 - UnitedWay	4.00	0.00	751,367.16
2019015	12/07/2018	Op Fund Rep #15	0.00	191,428.58	940,809.57
PP25	12/07/2018	[10082] VOYA FINANCIAL (457)-PP25/18 - 457 Reduction	10,168.23	0.00	930,641.34
0000002	12/10/2018	Credit Card Transactions - US Army - Premier Wood	0.00	548.00	931,189.34
0000002	12/10/2018	Credit Card Transactions - Level 3 Communications	0.00	3,999.19	935,188.53
0000002	12/10/2018	Credit Card Transactions - Level 3 - Nakai Brothers	0.00	3,321.23	938,509.76
0000002	12/13/2018	Credit Card Transaction - JVCA Investments	0.00	904.80	939,414.56
0007803	12/13/2018	[10006] AIR & WASTE MANAGEMENT ASSOCIATION-FY 19 Membership O . Salinas	98.00	0.00	939,316.56
0007804	12/13/2018	[10057] ALLIED ADMIN-Invoices 2018-24, 2018-25, AA	2,558.95	0.00	936,757.61
0007805	12/13/2018	[10031] CDW - G-Replacement monitor for Chris Anderson. (Touch Screen)	313.66	0.00	936,443.95
0007806	12/13/2018	[10050] COMPUTERWORKS NFP SOLUTIONS-Remote access plan Jan 2019 - Dec 2019	450.00	0.00	935,993.95
0007807	12/13/2018	[10067] ENTERPRISE RENT A CAR-TRAVEL - CDAWG 2018 (Nov 6th-8th) Conference setup, A/V tech, Photographer, etc...	317.85	0.00	935,676.10
0007808	12/13/2018	[15028] FEDAK & BROWN LLP-Invoices 113018FBP, FB113018	2,100.00	0.00	933,576.10
0007809	12/13/2018	[10088] HI DESERT GARDENS INC-Landscaping November 18	280.00	0.00	933,296.10

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
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>
0007810	12/13/2018	[10087] KNIGHT GUARD ALARM-Qrtly Alarm Service Jan - Mar 2019	240.00	0.00	933,056.10
0007811	12/13/2018	[01329] LEVEL 3 COMMUNICATIONS-Refund: Duplicate payment of Invoice MD9807	307.63	0.00	932,748.47
0007812	12/13/2018	[14248] JASON MENTRY-Wellness Program Reimbursement	240.00	0.00	932,508.47
0007813	12/13/2018	[10109] PHELAN PINON HILLS CSD-Electric use fee	160.00	0.00	932,348.47
0007814	12/13/2018	[10129] PRAXAIR DISTRIBUTION INC-Ultrapure air cylinder	78.00	0.00	932,270.47
0007815	12/13/2018	[15127] R&D GLASS PRODUCT & EQUIPMENT INC-8 port manifold w plugs for AM equipment	646.81	0.00	931,623.66
0007816	12/13/2018	[10114] RAINBOW BUILDING MAINTENANCE-Custodial Services November 18	2,346.00	0.00	929,277.66
0007817	12/13/2018	[10127] SBRCO FIRE EQUIPMENT-Extinguisher Recharge	282.65	0.00	928,995.01
0007818	12/13/2018	[10137] SOUTHWEST GAS CORP-Gas Service	114.12	0.00	928,880.89
0007819	12/13/2018	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Purchase Teledyne T700U Calibrator - Our current ozone standard does not accurately produce calibration gas below 50 ppb audits at 15 ppb. 2.Our current dilution calibrator does not have a photometer, which makes it impossible to accurately gauge NO2	20,956.07	0.00	907,924.82
0007820	12/13/2018	[10165] VERIZON CONFERENCING-TC Service	142.73	0.00	907,782.09
EFT	12/13/2018	[10173] VOYAGER FLEET SERVICE-Fuel Card Charges	2,025.18	0.00	907,782.09
0007821	12/13/2018	[10174] WEST GROUP-Info Subscription Charges	773.54	0.00	907,008.55
2019016	12/13/2018	Op Fund Rep #16	0.00	34,431.19	939,414.56
0000002	12/17/2018	Daily Deposit - Deposited to wrong accout - should be SBCo	0.00	6,054.06	945,468.62
0000002	12/17/2018	Credit Card Transaction - Dann Copp	0.00	468.00	945,936.62
0000002	12/17/2018	Credit Card Transaction - Carc Coating	0.00	1,326.85	947,263.47
EFT	12/19/2018	Pay period ending 12/07/2018	128,201.96	0.00	819,061.51
EFT	12/19/2018	Pay period ending 12/07/2018	712.14	0.00	818,349.37
0007822	12/19/2018	[14256] BRAD A POIRIEZ-Reimbursement of taxes on fringe benefit life insurance	463.86	0.00	817,885.51
EFT	12/20/2018	Pay period ending 12/07/2018	1,300.00	0.00	816,585.51
0007823	12/20/2018	[14251] HECTOR ARREOLA-Wellness Program Reimbursement	240.00	0.00	816,345.51
0007824	12/20/2018	[10013] AT & T-Complaint Line Service	41.62	0.00	816,303.89
0007825	12/20/2018	[10068] CAL DEPT PUBLIC HEALTH-Registered Environmental Health Specialist Biennial Renewal	207.00	0.00	816,096.89
0007826	12/20/2018	[10021] CAL PUBLIC EMP RETIREMENT SYSTEM-Invoices 100000015495988, 100000015525674, 2018-22, 2018-23, 2018-24, 2018-25	79,749.86	0.00	736,347.03
EFT	12/20/2018	[10065] ENTERPRISE FLEET MANAGEMENT-Vehicle Leases Dec +2018	2,890.74	0.00	736,347.03
0007827	12/20/2018	[15129] FAUST MEDIA SERVICES-stickers to create fix for calendars.	269.38	0.00	736,077.65
0007828	12/20/2018	[10283] GOVT FINANCE OFFICERS ASSN-Membership Dues - 12/01/2018 - 11/30/2019 - M. Powell	150.00	0.00	735,927.65
0007829	12/20/2018	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 26/2018 - GymDed	281.48	0.00	735,646.17
0007830	12/20/2018	[14272] LOVELANDS AUTOMOTIVE-Invoices 2609, 61250	152.55	0.00	735,493.62

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
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>
EFT	12/20/2018	[10200] MOJAVE DESERT AQMD-Bank Transfer - 12/17/18 Deposit was done to wrong account	6,054.06	0.00	735,493.62
EFT	12/20/2018	[10200] MOJAVE DESERT AQMD-Pay Period 26/2018 - FSADED	608.41	0.00	735,493.62
0007831	12/20/2018	[10244] PAUL'S PRECISION MAINTENANCE-Monthly Maintenance Contract	1,500.00	0.00	733,993.62
EFT	12/20/2018	[14256] BRAD A POIRIEZ-CAPCOA Board Meeting December 2018.	192.00	0.00	733,993.62
0007832	12/20/2018	[10124] SAVILLEX-Filter Membrane testing supplies	229.96	0.00	733,763.66
0007833	12/20/2018	[10126] SBCERA-Pay Period 26/2018 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	99,140.97	0.00	634,622.69
0007834	12/20/2018	[10213] SBPEA-Pay Period 26/2018 - GeneralUnitDues	512.46	0.00	634,110.23
0007835	12/20/2018	[15001] SBPIS-Pay Period 26/2018 - GeneralUnitMisc	5.00	0.00	634,105.23
0007836	12/20/2018	[10136] SOUTHERN CALIF EDISON-Electric Service	2,131.29	0.00	631,973.94
0007837	12/20/2018	[10145] STAPLES INC-Office Supplies	294.80	0.00	631,679.14
0007838	12/20/2018	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 26/2018 - UnitedWay	4.00	0.00	631,675.14
0007839	12/20/2018	[10166] VERIZON BUSINESS-VOIP & Phone Service	1,217.02	0.00	630,458.12
0007840	12/20/2018	[15128] WOODY'S DEMOLITION-Refund: Refund of Overpayment of Demo/Reno Fee	84.50	0.00	630,373.62
0000002	12/20/2018	Credit Card Transaction - Fluid Mfg	0.00	749.53	621,377.94
0000002	12/20/2018	Credit Card Transaction - Sensational Healing	0.00	261.27	621,639.21
PP26	12/20/2018	[10082] VOYA FINANCIAL (457)-PP26/18 - 457 Reduction	19,811.43	0.00	601,827.78
2019017	12/20/2018	Op Fund Rep #17	0.00	326,635.06	928,462.84
#6210	12/21/2018	[10071] BUSINESS CARD-#6210 - Dec 18	2,157.22	0.00	926,305.62
#8110	12/21/2018	[10071] BUSINESS CARD-#8110 - Dec 18	3,845.88	0.00	922,459.74
#6232	12/21/2018	[10071] BUSINESS CARD-#6232 - Dec 18	4,453.30	0.00	918,006.44
#4837	12/21/2018	[10071] BUSINESS CARD-#4837 - Dec 18	4,180.02	0.00	913,826.42
#0357	12/21/2018	[10071] BUSINESS CARD-#0357 - Dec 18	330.39	0.00	913,496.03
#6251	12/21/2018	[10071] BUSINESS CARD-#6251 - Dec 18	33.06	0.00	913,462.97
#1042	12/21/2018	[10071] BUSINESS CARD-#1042 - Dec 18	22.50	0.00	913,440.47
#1102	12/21/2018	[10071] BUSINESS CARD-#1102 - Dec 18	344.78	0.00	913,095.69
#6685	12/21/2018	[10071] BUSINESS CARD-#6685 - Dec 18	620.51	0.00	912,475.18
#3042	12/21/2018	[10071] BUSINESS CARD-#3042 - Dec 18	1,959.06	0.00	910,516.12
#7885	12/21/2018	[10071] BUSINESS CARD-#7885 - Dec 18	2,871.71	0.00	907,644.41
#7908	12/21/2018	[10071] BUSINESS CARD-#7908 - Dec 18	204.61	0.00	907,439.80
PP24	12/21/2018	[14296] INTERNAL REVENUE SERVICE-PP24/18 -FITW	16,700.49	0.00	890,739.31
PP25	12/21/2018	[14296] INTERNAL REVENUE SERVICE-PP25/18 - FITW	17,867.96	0.00	872,871.35
PP26	12/21/2018	[14296] INTERNAL REVENUE SERVICE-PP26/18 -FITW	30,543.84	0.00	842,327.51
0000002	12/24/2018	Credit Card Transactions - George Bryant Const & So Cal Gas	0.00	165.00	842,492.51
0000002	12/31/2018	Credit Card Transaction - XPO Logistics	0.00	307.63	842,800.14
0000002	12/31/2018	Credit Card Transactions - SBCo Fleet	0.00	1,198.97	843,999.11
Total for Report:			669,488.84	574,531.75	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
General Fund MPA

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000002	12/04/2018	SCBo ACH - Specialty Minerals	0.00	100,430.54	6,237,108.21
20130978	12/04/2018	Daily Deposit	0.00	84,204.39	6,321,312.60
2019015	12/07/2018	Op Fund Rep #15	191,428.58	0.00	6,129,884.02
0000002	12/10/2018	SBCo ACH - MDAQMD	0.00	533.33	6,130,417.35
20130979	12/11/2018	Daily Deposit	0.00	58,881.46	6,189,298.81
20130980	12/12/2018	Daily Deposit	0.00	304,513.01	6,493,811.82
2019016	12/13/2018	Op Fund Rep #16	34,431.19	0.00	6,459,380.63
	12/17/2018	Transfer - AB2766 - October 2018	56,068.64	0.00	6,403,311.99
20130981	12/18/2018	Daily Deposit	0.00	6,475.42	6,409,787.41
20130982	12/20/2018	Daily Deposit	0.00	52,345.41	6,462,132.82
0000002	12/20/2018	SBCo ACH - City of Victorville	0.00	468.60	6,462,601.42
2019017	12/20/2018	Op Fund Rep #17	326,635.06	0.00	6,135,966.36
0000002	12/21/2018	SBCo ACH - MDAQMD	0.00	6,662.47	6,142,628.83
Total for Report:			608,563.47	614,514.63	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
WF AB2766

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/17/2018	Transfer - AB2766 - October 2018	0.00	56,068.64	1,213,020.43
0003024	12/20/2018	[10240] ENVIRONMENTAL ENGINEERING STUDIES-AB2766 Grant	3,485.76	0.00	1,209,534.67
Total for Report:			3,485.76	56,068.64	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
WF Carl Moyer

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0001003	12/20/2018	[10200] MOJAVE DESERT AQMD-Moyer Admin FY18	116,956.94	0.00	614,235.96
Total for Report:			116,956.94	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
PARS TRUST - OPEB

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/31/2018	Service Charge	126.28	0.00	606,043.40
	12/31/2018	Interest Earned	30,082.32	0.00	575,961.08
Total for Report:			30,208.60	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
PARS TRUST - PENSION

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/31/2018	Service Charge	135.92	0.00	652,277.48
	12/31/2018	Interest Earned	13,107.45	0.00	639,170.03
Total for Report:			13,243.37	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
Clean Air Fund

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	12/31/2018	Interest Earned	0.00	32.66	152,032.85
Total for Report:			0.00	32.66	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
District Card - Assigned

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000744	12/20/2018	[14324] AMAZON.COM-Invoices 11405433189782639, 2683	325.15	0.00	-86.66
0000745	12/20/2018	[14324] AMAZON.COM-Disposable nitrile gloves	78.99	0.00	-165.65
0000746	12/20/2018	[10011] AQUARIUS CASINO RESORT-Invoices 1042-111218, 111218, 6251111218	180.00	0.00	-345.65
0000747	12/20/2018	[10011] AQUARIUS CASINO RESORT-Lodging for CDAWG Attendees	1,655.64	0.00	-2,001.29
0000748	12/20/2018	[13961] JEAN BRACY-Purchase photo frames to display District sponsored activities	45.26	0.00	-2,046.55
0000749	12/20/2018	[15169] CASA SERRANO-CDAWG Dinner Meeting for event team	175.73	0.00	-2,222.28
0000750	12/20/2018	[10031] CDW - G-Replacement computer for Air Monitoring	654.97	0.00	-2,877.25
0000751	12/20/2018	[10825] ALAN DE SALVIO-CDAWG - meals	11.00	0.00	-2,888.25
0000752	12/20/2018	[10078] HIGH DESERT HISPANIC CHAMBER OF COMMERCE-The cost for Jean and Ryan to attend the HDHCC breakfast meeting. Martial was free as the presenter.	30.00	0.00	-2,918.25
0000753	12/20/2018	[15064] HOME DEPOT-Invoices 2678, 2681, 2682, 2685	349.47	0.00	-3,267.72
0000754	12/20/2018	[14272] LOVELANDS AUTOMOTIVE-Oil Change and Windshield Wiper	100.59	0.00	-3,368.31
0000755	12/20/2018	[15168] OREILLY'S AUTO-Windsheild Wipers for Engineering Pool Car - O'Reilly	53.84	0.00	-3,422.15
0000756	12/20/2018	[15132] OZONE SOLUTIONS INC-Replacement tubing for monitoring stations.	256.95	0.00	-3,679.10
0000757	12/20/2018	[14256] BRAD A POIRIEZ-Invoices 2593, 8673 & 8704	989.00	0.00	-4,668.10
0000758	12/20/2018	[10120] ROTARY CLUB OF VICTORVILLE-Monthly Dues	137.00	0.00	-4,805.10
0000759	12/20/2018	[15167] SEARS ROEBUCK-Service Call Break Room Fridge	255.13	0.00	-5,060.23
0000760	12/20/2018	[15166] SHUTTERFLY-Purchase photos of District activities	19.55	0.00	-5,079.78
0000761	12/20/2018	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Spare part for analyzers	235.95	0.00	-5,315.73
0000762	12/20/2018	[15162] VISTA PRINT-New Logo Travel Mugs for Staff and Board	1,445.74	0.00	-6,761.47
0000763	12/20/2018	[15133] WALTERS WHOLESALE ELECTRIC-Invoices 2686, 2686 (1)	516.56	0.00	-7,278.03
Total for Report:			7,516.52	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
District Card - 4837

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000659	12/20/2018	[15140] BEST WESTERN-Inspections in Trona, CA (Searles Valley Minerals). 11/26/2018-11/29/2018	418.79	0.00	277.01
0000660	12/20/2018	[10044] CITY OF VICTORVILLE-Water Service	474.83	0.00	-197.82
0000661	12/20/2018	[10044] CITY OF VICTORVILLE-Fire Sprinkler Service	150.55	0.00	-348.37
0000662	12/20/2018	[10046] CLARK PEST CONTROL-Pest Control Service	48.00	0.00	-396.37
0000663	12/20/2018	[10046] CLARK PEST CONTROL-Pest Control Service	48.00	0.00	-444.37
0000664	12/20/2018	[00638] FRONTIER COMMUNICATIONS-District Phone Service	1,340.42	0.00	-1,784.79
0000665	12/20/2018	[10055] HIGH DESERT MEDIA GROUP-Legal Notice - Notice of Preliminary Determination Southern California Gas Company Blythe Compressor Station (S. Oktay). Publication date December 5, 2018.	544.60	0.00	-2,329.39
0000666	12/20/2018	[14215] MICHELLE ZUMWALT-2019 CDAWG & Exceptional Events Working Group, Laughlin, NV	67.04	0.00	-2,396.43
Total for Report:			3,092.23	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
District Card- 6210

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000393	12/20/2018	[10195] ACCUFUND, INC-Accufund User Group Meeting Registration for Robyn Simpson & Michelle Powell	258.00	0.00	-4,273.08
0000394	12/20/2018	[15077] BLUE WATER RESORT-Inspections in Parker Dam.	232.90	0.00	-4,505.98
0000395	12/20/2018	[15170] BUFFALO BILLS RESORT-Inspections at Mountain Pass	18.00	0.00	-4,523.98
0000396	12/20/2018	[15063] EXPEDIA-Inspections at Mountain Pass	32.62	0.00	-4,556.60
0000397	12/20/2018	[10070] FEDERAL EXPRESS CORPORATION-Courier servcices	71.51	0.00	-4,628.11
0000398	12/20/2018	[10070] FEDERAL EXPRESS CORPORATION-Courier service	217.11	0.00	-4,845.22
0000399	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Phelan AM Station Internet Service	98.98	0.00	-4,944.20
0000400	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Barstow AM station Internet Service	81.98	0.00	-5,026.18
0000401	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Hesperia AM station Internet Service	81.98	0.00	-5,108.16
0000402	12/20/2018	[00638] FRONTIER COMMUNICATIONS-District Phone Service	659.00	0.00	-5,767.16
0000403	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Foreign Listings	6.12	0.00	-5,773.28
0000404	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Phelan AM Station Internet Service	98.98	0.00	-5,872.26
0000405	12/20/2018	[00638] FRONTIER COMMUNICATIONS-Barstow AM station Internet Service	81.98	0.00	-5,954.24
0000406	12/20/2018	[14242] JENNIFER JOCHIM-SCIE ARMA International Professional Membership Renewal	215.00	0.00	-6,169.24
0000407	12/20/2018	[10169] VERIZON WIRELESS SERVICES, LLC-District Cell Phone Service and upgrade of equipment	1,432.43	0.00	-7,601.67
Total for Report:			3,586.59	0.00	

Mojave Desert AQMD
Bank Register from 12/01/2018 to 12/31/2018
District Card - 6232

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000234	12/20/2018	[10031] CDW - G-Purchase Laptop For Chris Wills - Air Monitoring.	909.51	0.00	-8,271.57
0000235	12/20/2018	[10033] CHARTER BUSINESS-Internet Service	1,731.17	0.00	-10,002.74
0000236	12/20/2018	[15149] COMFORT SUITES-Blythe inspections in Dec	205.42	0.00	-10,208.16
0000237	12/20/2018	[14231] BARBARA HAYES-staff meeting expenses	29.97	0.00	-10,238.13
0000238	12/20/2018	[10200] MOJAVE DESERT AQMD-Employee Holiday Staff Meeting (from credit card rewards)	1,210.44	0.00	-11,448.57
0000239	12/20/2018	[14232] TREVOR SAMORAJSKI-TRAVEL - CDAWG 2018 (Nov 6th-8th) Conference setup, A/V tech, Photographer, etc...	134.85	0.00	-11,583.42
0000240	12/20/2018	[10138] SPARKLETTS-Water Delivery Service	65.61	0.00	-11,649.03
Total for Report:			4,286.97	0.00	

The following page(s) contain the backup material for Agenda Item: [Receive and file the Legislative Report for February 5, 2019. Presenter: Brad Poiriez, Executive Director/APCO.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #14

DATE: February 25, 2019

RECOMMENDATION: Receive and file.

SUMMARY: The Legislative Report for February 5, 2019.

CONFLICT OF INTEREST: None

BACKGROUND: Legislative actions proposed at the federal and state level have the potential to impact the implementation of the District's mission as well as its regulatory operations. An important tool for the District is to monitor the flood of information and its status which allows for comment early in the process and preparation for any changes that may be required. The District contracts this service and receives periodic reports with summaries to help sort the pertinent legislative proposals.

Strategic Partners Group (SPG) is the consultant to the District providing this service to monitor certain legislative and regulatory activities at the state and local level. Staff will direct questions to SPG regarding any of the material presented or follow up on any matter of interest to the Governing Board. Following the table of proposed legislation are several Articles of Interest of relevant information.

REASON FOR RECOMMENDATION: This item is provided for information subject to direction of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel, as to legal form and by Brad Poiriez, Executive Director, on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Brad Poiriez, Executive Director/APCO.



Government Affairs and Communication Consulting

FRANK T. SHEETS, III
LAURIE HANSEN SHEETS

MEMORANDUM

DATE: February 5, 2019
TO: Brad Poiriez
FROM: Frank Sheets
Laurie Hansen
RE: February 2019 Legislative Report

Below, please find out updated bill list for the Mojave Desert Air Quality Management district.

In our last report, we anticipated significantly more bills would be added to the District's list as the 2019 Legislative session commenced, however we are somewhat surprised that we have now only been able to identify only eighteen (18) bills that meet the search parameters aforementioned. With the February 22 deadline for new bill introductions we expect a deluge of bills coming out. With so many new members elected last year, even old ideas that never progressed will be resurfacing.

In our last report we mentioned four (4) bills specifically (AB 35, AB 56, AB 129 and SB 43) and until these bills are amended, we will refrain from further comments on these at this time. But we would like to bring to your attention a few bills that might specifically be of interest:

- AB 40 proposes ARB develop a strategy to assure the sale of zero emission vehicles to meet the states' 2040 goals. We question whether this is the right state agency for this task.
- AB 126, basically a funding bill dealing with the Air Quality Improvement Program, specifically mentions the Carl Moyer Program and therefore should be of interest to the District.
- AB 210 proposes an exemption from the smog check program for certain vehicle types manufactured prior to 1983. We are curious whether this bill will proceed.
- AB 257 proposes to encourage the proper disposal of "woody biomass", however it only applies in California counties with populations less than 250,000 people. We are not aware of too many counties in the state with populations less than 250,000.
- Garcia's AB 293 proposes to expand the offset compliance protocols used to comply with options for meeting the obligations under the GHG market-based compliance mechanism. Any expansion of such compliance mechanism should be looked at favorably by the regulated community.
- AB 315, mandating 3rd party verification of emissions reporting for criteria and toxic emissions reporting will most likely meet opposition from entities required to provide such reports to their local air districts.
- SB 1 seems to be a direct response to enacted and proposed roll-backs of some Federal regulations.

- SB 168 proposed by Senator Wieckowski would established the “Chief Officer of Climate Adaptation and Resilience” and an associated staff. The goal of this officer within the Office of Planning and Research would be to assist in the development of climate adaptation policies in the state.

So, for now, the District’s list consists of 18 bills, but again, we expect that to expand as we approach the February 22nd deadline for introducing bills.

On a regulatory front we are confident the District is aware that CARB will hold a public hearing on February 21 to consider proposed 2018 amendments to area designation for state ambient air quality standards. Mojave District attainment status for various pollutants will be address in that report as well as all other Districts in the state. Yet to be approved by CARB is the proposed regulation for the reporting of criteria air pollutants and toxic air contaminants. Hearing dates for the final approval of this regulation have not been scheduled as yet according to the CARB website. Additionally, CARB continues to work on the proposed amendments to the regulations of mandatory reporting of greenhouse gas emissions. Industries required to comply with these reporting requirements, at least the cement industry, has been intimately involved with this process.

MDAQMD 2019 bills

Monday, February 04, 2019

AB 35

(Kalra D) Worker safety: blood lead levels: reporting.

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Department of Public Health to consider a report from a laboratory of an employee’s blood lead level at or above 25 micrograms per deciliter to be injurious to the health of the employee and to report that case within 5 business days to the Division of Occupational Safety and Health. The bill would further provide that the above-described report would constitute a serious violation and subject the employer or place of employment to an investigation, as provided, by the division, and would require the division to make any citations or fines imposed as a result of the investigation publicly available on an annual basis.

Notes 1: In that high lead levels may be caused by an air source, this bill might be of interest to the District.

AB 40

(Ting D) Zero-emission vehicles: comprehensive strategy.

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, no later than January 1, 2021, require the State Air Resources Board to develop a comprehensive strategy to ensure that the sales of new motor vehicles and new light-duty trucks in the state have transitioned fully to zero-emission vehicles, as defined, by 2040, as specified.

Notes 1: We are not sure this should be a California Air Resources Board responsibility.

AB 56

(Garcia, Eduardo D) Statewide central electricity procurement entity.

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
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1st House	2nd House	Conc.			
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Summary: Current law requires the Public Utilities Commission (PUC) and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake various actions in furtherance of meeting the state's clean energy and pollution reduction objectives. This bill would require the PUC and the Energy Commission to provide to the Legislature, by March 31, 2020, a joint assessment, as specified, of options for establishing a central statewide entity to procure electricity for all end-use retail customers in the state.

Notes 1: Although not an air bill, we find it fascinating that the author is even suggesting the potential of having the state procure electricity rather than the public utilities.

[AB 126](#) ([Cooper D](#)) Air Quality Improvement Program.
Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Current law creates the Air Quality Improvement Fund and requires the state board, upon appropriation by the Legislature, to expend moneys in the fund for purposes of the Air Quality Improvement Program. This bill would make a nonsubstantive change to the provision creating the fund.

Notes 1: This bill should be of interest to the District in that the Carl Moyer program is mentioned.

[AB 129](#) ([Bloom D](#)) Waste management: plastic microfiber.
Introduced: 12/4/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would declare the intent of the Legislature to, among other things, enact legislation to recognize the emerging threat that microfibers pose to the environment and water quality and would make related findings and declarations.

Notes 1: Although not necessarily an air bill, considering the increasing concern regarding plastic contamination, we are including this bill in the District's list.

[AB 176](#) ([Cervantes D](#)) California Alternative Energy and Advanced Transportation Financing Authority.
Introduced: 1/9/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Alternative Energy and Advanced Transportation Financing Authority Act authorizes, until January 1, 2021, the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance in the form of a sales and use tax exclusion for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. The act prohibits the sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. This bill would extend the authorization to provide financial assistance in the form of a sales and use tax exclusion for qualifying projects until January 1, 2031.

[AB 210](#) ([Voepel R](#)) Smog check: exemption.
Introduced: 1/14/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would exempt from the smog check program all motor vehicles manufactured prior to the 1983 model-year and all diesel-powered vehicles manufactured prior to the 1983 model-year with a gross vehicle weight rating of 14,001 pounds or greater.

[AB 254](#)

(Quirk-Silva D) Alternative fuel vehicles: flexible fuel vehicles.

Introduced: 1/23/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law creates the Joint Legislative Committee on Climate Change Policies and requires the committee to ascertain facts and make recommendations to the Legislature and to committees of the Legislature concerning the state’s programs, policies, and investments related to climate change, as specified. This bill would authorize the joint committee to recommend that the State Air Resources Board provide education and support to local governments regarding specific components of local government climate action plans, such as ensuring the use of E85 in flexible fuel vehicles, expanding infrastructure for zero-emission vehicles, and enabling active transportation.

[AB 257](#)

(Mathis R) Solid waste: woody biomass: disposal.

Introduced: 1/23/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would create a 5-year woody biomass rural county collection and disposal pilot program, to be administered by the Department of Resources Recycling and Recovery, consisting of awarding funding to participating counties with a total population of less than 250,000 for the purpose of conducting community collection days at which individuals can dispose of woody biomass free of charge. The bill would require a county awarded funding under the program to contract with a local biomass conversion facility to collect and dispose of the biomass in a way that results in fewer greenhouse gases emitted than if the biomass had been disposed of otherwise.

Notes 1: Although we suspect this bill to be in response to recent wildfires, we do not see much of an impact in that it only applies to counties with populations of less than 250,000 people.

[AB 285](#)

(Friedman D) California Transportation Plan.

Introduced: 1/28/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Transportation to address in the California Transportation Plan how the state will achieve maximum feasible emissions reductions in order to attain a statewide reduction of greenhouse gas emissions of 40% below 1990 levels by the end of 2030 and carbon neutrality by 2045. Commencing with the 3rd update to the plan to be completed by December 31, 2025, the bill would require the department to include specified information in the plan, including, among other things, a review, conducted in consultation with the Strategic Growth Council, of the potential impacts and opportunities for coordination of specified grant programs and recommendations for the improvement of the grant programs to better align them to meet long-term common goals.

[AB 293](#)

(Garcia, Eduardo D) Greenhouse gases: offset protocols.

Introduced: 1/28/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, until January 1, 2031, establishes the Compliance Offsets Protocol Task Force to provide guidance to the state board in approving new offset protocols for a market-based compliance mechanism for the purposes of increasing offset projects with direct environmental benefits in the state while prioritizing disadvantaged communities, Native American or tribal lands, and rural and agricultural regions. This bill would require the task force to consider the development and adoption of additional offset protocols, including, but not limited to, protocols for the enhanced management or conservation of agricultural and natural lands, and for the enhancement and restoration of wetlands.

[AB 296](#)

(Cooley D) Climate change: Climate Innovation Commission.

Introduced: 1/28/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would establish the Climate Innovation Grant Program, to be administered by the Climate Innovation Commission, which the bill would establish in the Natural Resources Agency. The program would award grants in the form of matching funds for the development and research of new innovations and technologies to address issues related to emissions of greenhouse gases and impacts caused by climate change. The bill would establish the Climate Innovation Fund, a special fund, in the State Treasury and would continuously appropriate the moneys in the fund to the commission for purposes of the program. The bill would repeal the program and the commission on January 1, 2031.*

[AB 315](#)

(Garcia, Cristina D) *Stationary sources: emissions reporting.*

Introduced: 1/30/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Current law authorizes the State Air Resources Board to require, as appropriate, a stationary source to verify or certify the accuracy of its annual emissions reports by a 3rd-party verifier or certifier that is accredited by the state board. This bill instead would require, instead of authorize, the state board to require, as appropriate, a stationary source to verify or certify the accuracy of its annual emissions reports by a 3rd-party verifier or certifier that is accredited by the state board*

Notes 1: *This bill will mandate 3rd party verification of criteria and toxic emissions reporting Although 3rd party verification is required under the GHG reporting requirements, it is a new mandate for this category. The proposal most likely will be opposed by the cement industry and perhaps other reporting entities.*

[SB 1](#)

(Atkins D) *California Environmental, Public Health, and Workers Defense Act of 2019.*

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Current state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species, and generally prohibits the taking of those species. This bill would require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species, as specified.*

Notes 1: *This bill seems to be in direct opposition to the current Federal administrations' roll back certain regulations.*

[SB 43](#)

(Allen D) *Carbon taxes.*

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would require the State Air Resources Board, in consultation with the California Department of Tax and Fee Administration, to submit a report to the Legislature on the results of a study, as specified, to propose, and to determine the feasibility and practicality of, a system to replace the tax imposed pursuant to the Sales and Use Tax Law with an assessment on retail products sold or used in the state based on the carbon intensity of the product to encourage the use of less carbon-intensive products.*

Notes 1: *This bill apparently seeks to evaluate whether a Carbon Tax should be established to encourage the use of less carbon intensive products.*

[SB 45](#)

(Allen D) *Wildfire, Drought, and Flood Protection Bond Act of 2020.*

Introduced: 12/3/2018

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.*

SB 162

(Galgiani D) *California Alternative Energy and Advanced Transportation Financing Authority: sales and use taxes: exclusions.*

Introduced: 1/24/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2021, the authority to provide financial assistance to a participating party in the form of specified sales and use tax exclusions for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. This bill would extend the authorization to provide financial assistance in the form of a sales and use tax exclusion for qualifying projects until January 1, 2030, and would extend the sales and use tax exclusion until January 1, 2030.*

SB 168

(Wieckowski D) *Climate change: Chief Officer of Climate Adaptation and Resilience.*

Introduced: 1/28/2019

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: *Would establish the Chief Officer of Climate Adaptation and Resilience in the Office of Planning and Research to serve as the statewide lead for planning and coordination of climate adaptation policy and implementation in California, and would specify the duties of the chief officer. The bill would make the chief officer, or the chief officer's designee, a member of the advisory council and would designate the chief officer, or the chief officer's designee, as the chair of the advisory council. The bill would include additional expertise members of the advisory council are to have. The bill would specify that members of the advisory council serve staggered 4-year terms, except as provided.*

Notes 1: *This bill proposes to establish a new state officer, appointed by the governor, and associated advisory council, whose roll is help develop climate adaptation policies in the state.*

Total Measures: 18

Total Tracking Forms: 18

The following page(s) contain the backup material for Agenda Item: [Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1320 New Source Review for Toxic Air Contaminants and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvo, Deputy Dire](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #15

DATE: February 25, 2019

RECOMMENDATION: Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1320 – *New Source Review for Toxic Air Contaminants* and approval of California Environmental Quality Act (CEQA) documentation.

SUMMARY: This item officially sets the date for the mandatory public hearing to be held on the amendment of Rule 1320. Rule 1320 is proposed for amendment to adjust the rule to conform to the California Air Resources Board (CARB)/California Air Pollution Control Officers Association (CAPCOA) *Risk Management Guidance for Stationary Sources of Air Toxics* and the updated health risk assessment methodology defined by the Office of Environmental Health Hazard Assessment (OEHHA) in 2015, as well as to update several definitions and rule provisions for clarity.

CONFLICT OF INTEREST: None

BACKGROUND: Mojave Desert Air Quality Management District (MDAQMD) Rule 1320 – *New Source Review for Toxic Air Contaminants* (amended 08/22/16) currently defines Maximum Individual Cancer Risk (MICR) as the estimated probability of a potential maximally exposed individual contracting cancer as a result of exposure to carcinogenic air contaminants over a period of 70 years for residential locations and 46 years for worker receptor locations.

The rule is currently in conflict with the *Risk Management Guidance for Stationary Sources of Air Toxics* adopted by CARB and CAPCOA on July 23, 2015, which was drafted to incorporate the adjusted 2015 OEHHA health risk assessment methodology. This document decreased the exposure duration currently being used for estimating cancer risk at the maximum exposed individual resident from 70 years to 30 years. Additionally, the off-site worker exposure duration is now 25 years instead of 46 years. Emission unit health risk assessment requirements have been separated to independently address the Health Risk Assessment (HRA) and the HRA plan. Contemporaneous risk reduction provisions have been removed, because under this rule, if the risk is greater than 100 it is required that the District deny any new or modified application in its submitted form.

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AGENDA ITEM #15

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Rule 1320 implements pre-construction review requirements as part of the New Source Review (NSR) process to ensure that any new or modified emission of Toxic Air Contaminants (TAC) or Hazardous Air Pollutants (HAP) are properly controlled as required by state and federal law. Regular, pre-existing and unmodified equipment is covered by Rule 1520 and other District rules. Please note that Rule 1520 only covers the Air Toxic Hot Spots Act as federal toxics requirements applicable to existing sources are covered by the Rule 1000 adoption by reference of Federal National Emission Standards for Hazardous Air Pollutants (NESHAP) and the enforcement of Maximum Achievable Control Technology (MACT) Standards as listed in the *Notification (MACTs)* pursuant to H&S Code §39666.

The MDAQMD now plans to amend Rule 1320 to adhere to the CARB/CAPCOA's *Risk Management Guidance for Stationary Sources of Air Toxics* and the updated health risk assessment methodology defined by OEHHA in 2015, specifically in CARB/CAPCOA's: *Risk Management Guidance for Stationary Sources of Air Toxics* and OEHHA's *Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments*, and to update several definitions and rule provisions for clarity.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1320 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

The following page(s) contain the backup material for Agenda Item: [Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1520 – Control of Toxic Air Contaminants from Existing Sources and approval of California Environmental Quality Act \(CEQA\) documentation. Presenter: Alan De Salvio,](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #16

DATE: February 25, 2019

RECOMMENDATION: Set date of March 25, 2019 to conduct a public hearing to consider the amendment of Rule 1520 – *Control of Toxic Air Contaminants from Existing Sources* and approval of California Environmental Quality Act (CEQA) documentation.

SUMMARY: This item officially sets the date for the mandatory public hearing to be held on the amendment of Rule 1520. Rule 1520 is proposed for amendment to adjust the rule to conform to the California Air Resources Board (CARB)/California Air Pollution Control Officers Association (CAPCOA) *Risk Management Guidance for Stationary Sources of Air Toxics* and the updated health risk assessment methodology defined by the Office of Environmental Health Hazard Assessment (OEHHA) in 2015, as well as to update several definitions and rule provisions for clarity.

CONFLICT OF INTEREST: None

BACKGROUND: Mojave Desert Air Quality Management District (MDAQMD) Rule 1520— *Control of Toxic Air Contaminants from Existing Sources* (adopted 09/24/01) currently defines Maximum Individual Cancer Risk (MICR) as the estimated probability of a potential maximally exposed individual contracting cancer as a result of exposure to carcinogenic air contaminants over a period of 70 years for residential locations and 46 years for worker receptor locations.

This definition is currently in conflict with the *Risk Management Guidance for Stationary Sources of Air Toxics* adopted by CARB and CAPCOA on July 23, 2015, which was drafted to incorporate the adjusted 2015 OEHHA health risk assessment methodology. This document decreased the exposure duration currently being used for estimating cancer risk at the maximum exposed individual resident from 70 years to 30 years. Additionally, the off-site worker exposure duration is now 25 years instead of 46 years.

Rule 1520 only covers the Air Toxics Hot Spot Act requirements as federal toxics requirements applicable to existing sources are covered by the Rule 1000 adoption by reference of Federal National Emission Standards for Hazardous Air Pollutants (NESHAP) and the enforcement of Maximum Achievable Control Technology (MACT)

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Standards as listed in the *Notification (MACTs)* pursuant to H&S Code §39666. Toxic Air Contaminant (TAC) and Hazardous Air Pollutant (HAP) requirements for new or modified equipment are covered by Rule 1320.

The MDAQMD now plans to amend Rule 1520 to adhere to the CARB/CAPCOA's *Risk Management Guidance for Stationary Sources of Air Toxics* and the updated health risk assessment methodology defined by OEHHA in 2015, specifically in CARB/CAPCOA's: *Risk Management Guidance for Stationary Sources of Air Toxics* and OEHHA's *Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments*. Additionally, several rule definitions have been updated, references have been updated, and language has been modified for clarity.

A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1520 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

The following page(s) contain the backup material for Agenda Item: [Conduct a public hearing to consider the amendment of Rule 900 – Standards of Performance for New Stationary Sources \(NSPS\) and Rule 1000 – National Emission Standards for Hazardous Air Pollutants \(NESHAP\) as well as to receive and file updates to the Air](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #19

DATE: February 25, 2019

RECOMMENDATION: Conduct a public hearing to consider the amendment of Rule 900 – *Standards of Performance for New Stationary Sources (NSPS)* and Rule 1000 – *National Emission Standards for Hazardous Air Pollutants (NESHAP)* as well as to receive and file updates to the Airborne Toxic Control Measures (ATCMs) and Maximum Achievable Control Technology (MACT) standards Notifications: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the CEQA Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 900 and Rule 100, and directing staff actions.

SUMMARY: Rule 900 and Rule 1000 are proposed for amendment to update citations and adopt by reference various new and amended Federal Standards. The ATCM and MACT Notifications will also be updated by reference to the most current versions as well.

CONFLICT OF INTEREST: None

BACKGROUND: Local air districts may receive delegation of authority to implement and enforce Federal New Source Performance Standards (NSPS) and National Emissions Standards for Hazardous Air Pollutants (NESHAP) by submitting a petition to the United States Environmental Protection Agency (USEPA). The Mojave Desert Air Quality Management District (MDAQMD), has in the past submitted such petitions and received delegations for certain NSPS and NESHAP standards.

Since the last District amendment on February 28, 2011, the USEPA has adopted a variety of new NSPS and NESHAP standards as well as amended and updated several old ones. The proposed amendments will update both Rule 900 and Rule 1000 to include the amended and adopted NSPS and NESHAP standards which have occurred since the last submission.

In addition, the MDAQMD is authorized, pursuant to statute (Health & Safety Code §39666 to enforce certain state adopted ATCMs and a variety of a MACT standards. As an informational measure, the MDAQMD has included two Notifications in the District's rulebook which list the ATCMs and MACT standards enforceable within the District's jurisdiction. Both CARB and USEPA have added and updated various ATCMs and MACT standards since the last time these were updated. Therefore, this action will receive and file Notification: California Airborne Toxic Control Measures (ATCMs) and Notification: Maximum Available Control Technology (MACT) and direct their inclusion into the MDAQMD rulebook.

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A Notice of Exemption, Categorical Exemption (Class 8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 900 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board of the MDAQMD to hold a public hearing before adopting rules and regulations.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or before February 11, 2019.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

RULE 900

Standards of Performance for New Stationary Sources (NSPS)

(A) General.

(1) Purpose.

- (a) This rule is enacted to adopt by reference all the applicable provisions regarding standards of performance for new stationary sources as set forth in 40 Code of Federal Regulations, Part 60 (40 CFR 60).

(2) Applicability.

- (a) This rule shall be applicable to any new, modified or reconstructed sources of air pollution as specified in any subpart of 40 CFR 60 which is applicable to such source and is adopted herein by reference.
- (b) For the purposes of this rule, the authority of the Administrator under the various portions of 40 CFR 60 shall be exercised by the APCO of the District when such authority has been properly delegated by USEPA with the exception that the APCO shall not be empowered to approve alternate or equivalent test methods, alternate standards, or alternate work practices.

(B) Definitions

- (1) For the purposes of this Rule the definitions contained in District Rule 102 – *Definitions of Terms* and any definition contained in subparts of 40 CFR 60 shall apply as applicable. In case of a conflict the definition(s) contained in particular subpart of 40 CFR 60 shall control followed by those definitions contained in 40 CFR 60 Subpart A followed by those contained in District Rule 102 unless such term is otherwise defined herein.

- (a) “Administrator” - The Administrator of the United States Environmental Protection Agency and his or her designee. The APCO may be considered a designee upon delegation or other action by USEPA except that the APCO is not empowered to approve alternative test methods or opacity limits.

(C) Standards of Performance for New Stationary Sources.

- (1) Any new, modified or reconstructed source of air pollution which is subject to any subpart of 40 CFR 60 as adopted herein by reference shall comply with the more stringent of the requirements found in the applicable subpart(s) or in the applicable District Rules and Regulations.
- (2) With the exception of subsections (C)(2)(b), (c), (c_a), (c_b), (c_d), and (c_e) below which are included herein for informational purposes only, the following provisions are hereby adopted by reference and are included as District Rules as if fully set forth herein:
 - (a) 40 CFR 60, Subpart A - General Provisions (Commencing with 40 CFR 60.1).
 - (b) 40 CFR 60, Subpart B - Adoption and Submittal of State Plans for Designated Facilities (Commencing with 40 CFR 60.20).
 - (c) 40 CFR 60, Subpart C - Emission Guidelines and Compliance Times (Commencing with 40 CFR 60.30).
 - (c_a) 40 CFR 60, Subpart Ca - (Reserved).
 - (c_b) 40 CFR 60, Subpart Cb - Emissions Guidelines and Compliance Times for Large Municipal Waste Combustors That are Constructed on or Before September 20, 1994 (Commencing with 40 CFR 60.30b).
 - (c_c) 40 CFR 60, Subpart Cc - Emission Guidelines and Compliance Times for Municipal Solid Waste Landfills (Commencing with 40 CFR 60.30c).
 - (c_d) 40 CFR 60, Subpart Cd - Emissions Guidelines and Compliance Times for Sulfuric Acid Production Units (Commencing with 40 CFR 60.30d).
 - (c_e) 40 CFR 60, Subpart Ce - Emission Guidelines and Compliance Times for Hospital/Medical/Infectious Waste Incinerators (Commencing with 40 CFR 60.30e).
 - (c_f) 40 CFR 60, Subpart Cf - Emission Guidelines and Compliance Times for Municipal Solid Waste Landfills (Commencing with 40 60.30f).
 - (d) 40 CFR 60, Subpart D - Standards of Performance for Fossil-Fuel-Fired Steam Generators (Commencing with 40 CFR 60. 40).
 - (d_a) 40 CFR 60, Subpart Da - Standards of Performance for Electric Utility Steam Generating Units (Commencing with 40 CFR 60.40Da).

- (db) 40 CFR 60, Subpart Db - Standards of Performance for Industrial-Commercial-Institutional Steam Generating Units (Commencing with 40 CFR 60.40b).
- (dc) 40 CFR 60, Subpart Dc - Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units (Commencing with 40 CFR 60.40c).
- (e) 40 CFR 60, Subpart E - Standards of Performance for Incinerators (Commencing with 40 CFR 60.50).
- (ea) 40 CFR 60, Subpart Ea - Standards of Performance for Municipal Waste Combustors for Which Construction Is Commenced After December 20, 1989 and on or Before September 20, 1994 (Commencing with 40 CFR 60.50a).
- (eb) 40 CFR 60, Subpart Eb - Standards of Performance for Large Municipal Waste Combustors for Which Construction is Commenced After September 20, 1994 or for Which Modification or Reconstruction is Commenced After June 19, 1996 (Commencing with 40 CFR 60.50b)
- (ec) 40 CFR 60, Subpart Ec - Standards of Performance for New Stationary Sources: Hospital/Medical/Infectious Waste Incinerators (Commencing with 40 CFR 60.50c)
- (f) 40 CFR 60, Subpart F - Standards of Performance for Portland Cement Plants (Commencing with 40 CFR 60.60).
- (g) 40 CFR 60, Subpart G - Standards of Performance for Nitric Acid Plants (Commencing with 40 CFR 60.70).
- (ga) 40 CFR 60, Subpart Ga - Standards of Performance for Nitric Acid Plants for Which Construction, Reconstruction, or Modification Commenced After October 14, 2011 (Commencing with 40 CFR 60.70a)
- (h) 40 CFR 60, Subpart H - Standards of Performance for Sulfuric Acid Plants (Commencing with 40 CFR 60.80).
- (i) 40 CFR 60, Subpart I - Standards of Performance for Hot Mix Asphalt Facilities (Commencing with 40 CFR 60.90).
- (j) 40 CFR 60, Subpart J - Standards of Performance for Petroleum Refineries (Commencing with 40 CFR 60.100).

- (j_a) 40 CFR 60, Subpart Ja - Standards of Performance for Petroleum Refineries for Which Construction, Reconstruction, or Modification Commenced After May 14, 2007 (Commencing with 40 CFR 60.100a).
- (k) 40 CFR 60, Subpart K - Standards of Performance for Storage Vessels for Petroleum Liquids for Which Construction, Reconstruction, or Modification Commenced After June 11, 1973 and Prior to May 19, 1978 (Commencing with 40 CFR 60.110).
- (k_a) 40 CFR 60, Subpart Ka - Standards of Performance for Storage Vessels for Petroleum Liquids for Which Construction, Reconstruction, or Modification Commenced After May 18, 1978 and Prior to July 23, 1984 (Commencing with 40 CFR 60.110a).
- (k_b) 40 CFR 60, Subpart Kb - Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction, or Modification Commenced After July 23, 1984 (Commencing with 40 CFR 60.110b).
- (l) 40 CFR 60, Subpart L - Standards of Performance for Secondary Lead Smelters (Commencing with 40 CFR 60.120).
- (m) 40 CFR 60, Subpart M - Standards of Performance for Secondary Brass and Bronze Production Plants (Commencing with 40 CFR 60.130).
- (n) 40 CFR 60, Subpart N - Standards of Performance for Primary Emissions from Basic Oxygen Process Furnaces for Which Construction is Commenced After June 11, 1973 (Commencing with 40 CFR 60.140).
- (n_a) 40 CFR 60, Subpart Na - Standards of Performance for Secondary Emissions from Basic Oxygen Process Steelmaking Facilities for Which Construction is Commenced After January 20, 1983 (Commencing with 40 CFR 60.140a).
- (o) 40 CFR 60, Subpart O - Standards of Performance for Sewage Treatment Plants (Commencing with 40 CFR 60.150).
- (p) 40 CFR 60, Subpart P - Standards of Performance for Primary Copper Smelters (Commencing with 40 CFR 60.160).
- (q) 40 CFR 60, Subpart Q - Standards of Performance for Primary Zinc Smelters (Commencing with 40 CFR 60.170).
- (r) 40 CFR 60, Subpart R - Standards of Performance for Primary Lead Smelters (Commencing with 40 CFR 60.180).

- (s) 40 CFR 60, Subpart S - Standards of Performance for Primary Aluminum Reduction Plants (Commencing with 40 CFR 60.190).
- (t) 40 CFR 60, Subpart T - Standards of Performance for the Phosphate Fertilizer Industry: Wet-Process Phosphoric Acid Plants (Commencing with 40 CFR 60.200).
- (u) 40 CFR 60, Subpart U - Standards of Performance for the Phosphate Fertilizer Industry: Superphosphoric Acid Plants (Commencing with 40 CFR 60.210).
- (v) 40 CFR 60, Subpart V - Standards of Performance for the Phosphate Fertilizer Industry: Diammonium Phosphate Plants (Commencing with 40 CFR 60.220).
- (w) 40 CFR 60, Subpart W - Standards of Performance for the Phosphate Fertilizer Industry: Triple Superphosphate Plants (Commencing with 40 CFR 60.230).
- (x) 40 CFR 60, Subpart X - Standards of Performance for the Phosphate Fertilizer Industry: Granular Triple Superphosphate Storage Facilities (Commencing with 40 CFR 60.240).
- (y) 40 CFR 60, Subpart Y - Standards of Performance for Coal Preparation and Processing Plants (Commencing with 40 CFR 60.250).
- (z) 40 CFR 60, Subpart Z - Standards of Performance for Ferroalloy Production Facilities (Commencing with 40 CFR 60.260).
- (aa) 40 CFR 60, Subpart AA - Standards of Performance for Steel Plants: Electric Arc Furnaces Constructed After October 21, 1974, and On or Before August 17, 1983 (Commencing with 40 CFR 60.270).
- (aa_a) 40 CFR 60, Subpart AA_a - Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983 (Commencing with 40 CFR 60.270a).
- (bb) 40 CFR 60, Subpart BB - Standards of Performance for Kraft Pulp Mills (Commencing with 40 CFR 60.280).
- (bb_a) 40 CFR 60, Subpart BB_a - Standards of Performance for Kraft Pulp Mill Affected Sources for Which Construction, Reconstruction, or Modification Commenced After May 23, 2013 (Commencing with 40 CFR 60.280a)
- (cc) 40 CFR 60, Subpart CC - Standards of Performance for Glass Manufacturing Plants (Commencing with 40 CFR 60.290).

- (dd) 40 CFR 60, Subpart DD - Standards of Performance for Grain Elevators (Commencing with 40 CFR 60.300).
- (ee) 40 CFR 60, Subpart EE - Standards of Performance for Surface Coating of Metal Furniture (Commencing with 40 CFR 60.310).
- (ff) 40 CFR 60, Subpart FF - Reserved.
- (gg) 40 CFR 60, Subpart GG - Standards of Performance for Stationary Gas Turbines (Commencing with 40 CFR 60.330).
- (hh) 40 CFR 60, Subpart HH - Standards of Performance for Lime Manufacturing Plants (Commencing with 40 CFR 60.340).
- (kk) 40 CFR 60, Subpart KK - Standards of Performance for Lead-Acid Battery Manufacturing Plants (Commencing with 40 CFR 60.370).
- (ll) 40 CFR 60, Subpart LL - Standards of Performance for Metallic Mineral Processing Plants (Commencing with 40 CFR 60.380).
- (mm) 40 CFR 60, Subpart MM - Standards of Performance for Automobile and Light Duty Truck Surface Coating Operations (Commencing with 40 CFR 60.390).
- (nn) 40 CFR 60, Subpart NN - Standards of Performance for Phosphate Rock Plants (Commencing with 40 CFR 60.400).
- (pp) 40 CFR 60, Subpart PP - Standards of Performance for Ammonium Sulfate Manufacture (Commencing with 40 CFR 60.420).
- (qq) 40 CFR 60, Subpart QQ - Standards of Performance for the Graphic Arts Industry: Publication Rotogravure Printing (Commencing with 40 CFR 60.430).
- (rr) 40 CFR 60, Subpart RR - Standards of Performance for Pressure Sensitive Tape and Label Surface Coating Operations (Commencing with 40 CFR 60.440).
- (ss) 40 CFR 60, Subpart SS - Standards of Performance for Industrial Surface Coating: Large Appliances (Commencing with 40 CFR 60.450).

- (tt) 40 CFR 60, Subpart TT - Standards of Performance for Metal Coil Surface Coating (Commencing with 40 CFR 60.460).
- (uu) 40 CFR 60, Subpart UU - Standards of Performance for Asphalt Processing and Asphalt Roofing Manufacture (Commencing with 40 CFR 60.470).
- (vv) 40 CFR 60, Subpart VV - Standards of Performance for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for which Construction, Reconstruction, or Modification Commenced After January 5, 1981, and on or Before November 7, 2006 (Commencing with 40 CFR 60.480).
- (vva) 40 CFR 60, Subpart VVa - Standards of Performance for Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for Which Construction, Reconstruction, or Modification Commenced After November 7, 2006 (Commencing with 40 CFR 60.480a)
- (ww) 40 CFR 60, Subpart WW - Standards of Performance for the Beverage Can Surface Coating Industry (Commencing with 40 CFR 60.490).
- (xx) 40 CFR 60, Subpart XX - Standards of Performance for Bulk Gasoline Terminals (Commencing with 40 CFR 60.500).
- (aaa) 40 CFR 60, Subpart AAA - Standards of Performance for New Residential Wood Heaters (Commencing with 40 CFR 60.530).
- (bbb) 40 CFR 60, Subpart BBB - Standards of Performance for the Rubber Tire Manufacturing Industry (Commencing with 40 CFR 60.540).
- (ccc) 40 CFR 60, Subpart CCC - Reserved.
- (ddd) 40 CFR 60, Subpart DDD - Standards of Performance for Volatile Organic Compound (VOC) Emissions from the Polymer Manufacturing Industry (Commencing with 40 CFR 60.560).
- (eee) 40 CFR 60, Subpart EEE - Reserved.
- (fff) 40 CFR 60, Subpart FFF - Standards of Performance for Flexible Vinyl and Urethane Coating and Printing (Commencing with 40 CFR 60.580).
- (ggg) 40 CFR 60, Subpart GGG - Standards of Performance for Equipment Leaks of VOC in Petroleum Refineries for which Construction, Reconstruction, or Modification Commenced After January 4, 1983, and on or Before November 7, 2006 (Commencing with 40 CFR 60.590).

- (ggga) 40 CFR 60, Subpart GGGa - Standards of Performance for Equipment Leaks of VOC in Petroleum Refineries for Which Construction, Reconstruction, or Modification Commenced After November 7, 2006 (Commencing with 40 CFR 60.590a).
- (hhh) 40 CFR 60, Subpart HHH - Standards of Performance for Synthetic Fiber Production Facilities (Commencing with 40 CFR 60.600).
- (iii) 40 CFR 60, Subpart III - Standards of Performance for Volatile Organic Compound (VOC) Emissions From the Synthetic Organic Chemical Manufacturing Industry (SOCMI) Air Oxidation Unit Processes (Commencing with 40 CFR 60.610).
- (jjj) 40 CFR 60, Subpart JJJ - Standards of Performance for Petroleum Dry Cleaners (Commencing with 40 CFR 60.620).
- (kkk) 40 CFR 60, Subpart KKK - Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants for Which Construction, Reconstruction, or Modification Commenced After January 20, 1984, and on or Before August 23, 2011 (Commencing with 40 CFR 60.630).
- (lll) 40 CFR 60, Subpart LLL - Standards of Performance for SO₂ Emissions from Onshore Natural Gas Processing for Which Construction, Reconstruction, or Modification Commenced After January 20, 1984, and on or Before August 23, 2011 (Commencing with 40 CFR 60.640).
- (mmm) 40 CFR 60, Subpart MMM - Reserved.
- (nnn) 40 CFR 60, Subpart NNN - Standards of Performance for Volatile Organic Compound (VOC) Emissions from Synthetic Organic Chemical Manufacturing Industry (SOCMI) Distillation Operations (Commencing with 40 CFR 60.660).
- (ooo) 40 CFR 60, Subpart OOO - Standards of Performance for Nonmetallic Mineral Processing Plants (Commencing with 40 CFR 60.670).
- (ppp) 40 CFR 60, Subpart PPP - Standards of Performance for Wool Fiberglass Insulation Manufacturing Plants (Commencing with 40 CFR 60.680).
- (qqq) 40 CFR 60, Subpart QQQ - Standards of Performance for VOC Emissions from Petroleum Refinery Wastewater Systems (Commencing with 40 CFR 60.690).
- (rrr) 40 CFR 60, Subpart RRR - Standards of Performance for Volatile Organic Compound (VOC) Emissions from Synthetic Organic Chemical

Manufacturing Industry (SOCMI) Reactor Processes (Commencing with 40 CFR 60.700).

- (sss) 40 CFR 60, Subpart SSS - Standards of Performance for Magnetic Tape Coating Facilities (Commencing with 40 CFR 60.710).
- (ttt) 40 CFR 60, Subpart TTT - Standards of Performance for Industrial Surface Coating: Surface Coating of Plastic Parts for Business Machines (Commencing with 40 CFR 60.720).
- (uuu) 40 CFR 60, Subpart UUU - Standards of Performance for Calciners and Dryers in Mineral Industries (Commencing with 40 CFR 60.730).
- (vvv) 40 CFR 60, Subpart VVV - Standards of Performance for Polymeric Coating of Supporting Substrates Facilities (Commencing with 40 CFR 60.740).
- (www) 40 CFR 60, Subpart WWW - Standards of Performance for Municipal Solid Waste Landfills (Commencing with 40 CFR 60.750).
- (xxx) 40 CFR 60, Subpart XXX - Standards of Performance for Municipal Solid Waste Landfills That Commenced Construction, Reconstruction, or Modification After July 17, 2014 (Commencing with 40 CFR 60.760)
- (yyy) 40 CFR 60, Subpart YYY - Reserved.
- (zzz) 40 CFR 60, Subpart ZZZ - Reserved.
- (aaaa) 40 CFR 60, Subpart AAAA - Standards of Performance for Small Municipal Waste Combustion Units for Which Construction is Commenced After August 30, 1999 or for Which Modification or Reconstruction is Commenced After June 6, 2001 (Commencing with 40 CFR 60.1000).
- (bbbb) 40 CFR 60, Subpart BBBB - Emission Guidelines and Compliance Times for Small Municipal Waste Combustion Units Constructed on or Before August 30, 1999 (Commencing with 40 CFR 60.1500).
- (cccc) 40 CFR 60, Subpart CCCC - Standards of Performance for Commercial and Industrial Solid Waste Incineration (Commencing with 40 CFR 60.2000).
- (dddd) 40 CFR 60, Subpart DDDD - Emissions Guidelines and Compliance Times for Commercial and Industrial Solid Waste Incineration Units (Commencing with 40 CFR 60.2500).

- (eeee) 40 CFR 60, Subpart EEEE - Standards of Performance for Other Solid Waste Incineration Units for Which Construction is Commenced After December 9, 2004, or for Which Modification or Reconstruction is Commenced on or After June 16, 2006 (Commencing with 40 CFR 60.2880).
- (ffff) 40 CFR 60, Subpart FFFF - Emission Guidelines and Compliance Times of Other Solid Waste Incineration Units that Commenced Construction on or Before December 9, 2004 (Commencing with 40 CFR 60.2980).
- (gggg) 40 CFR 60, Subpart GGGG - Reserved.
- (hhhh) 40 CFR 60, Subpart HHHH - Reserved.
- (iiii) 40 CFR 60, Subpart IIII - Standards of Performance for Stationary Compression Ignition Internal Combustion Engines (Commencing with 40 CFR 60.4200).
- (jjjj) 40 CFR 60, Subpart JJJJ - Standards of Performance for Stationary Spark Ignition Internal Combustion Engines (Commencing with 40 CFR 60.4230).
- (kkkk) 40 CFR 60, Subpart KKKK - Standards of Performance for Stationary Combustion Turbines (Commencing with 40 CFR 60.4300).
- (llll) 40 CFR 60, Subpart LLLL - Standards of Performance for New Sewage Sludge Incineration Units (Commencing with 40 CFR 60.4760).
- (mmmm) 40 CFR 60, Subpart MMMM - Emission Guidelines and Compliance Times for Existing Sewage Sludge Incineration Units (Commencing with 40 CFR 60.5000).
- (oooo) 40 CFR 60, Subpart OOOO - Standards of Performance for Crude Oil and Natural Gas production, Transmission, and Distribution for which Construction, Modification, or Reconstruction Commenced After August 23, 2011, and on or Before September 18, 2015 (Commencing with 40 CFR 60.5360).
- (oooo_a) 40 CFR 60, Subpart OOOO_a - Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification, or Reconstruction Commenced After September 18, 2015 (Commencing with 40 CFR 60.5360_a).
- (pppp) 40 CFR 60, Subpart PPPP - Reserved.

- (qqqq) 40 CFR 60, Subpart QQQQ - Standards of Performance for New Residential Hydronic Heaters and Forced-Air Furnaces (Commencing with 40 CFR 60.5472).
- (tttt) 40 CFR 60, Subpart TTTT - Standards of Performance for Greenhouse Gas Emissions for Electric Generating Units (Commencing with 40 CFR 60.5508).
- (uuuu) 40 CFR 60, Subpart UUUU - Emission Guidelines for Greenhouse Gas Emissions and Compliance Times for Electric Utility Generating Units (Commencing 40 CFR 60.5700).

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NOTE: *Copies of the CFR referenced in this Rule may be obtained on-line at:*

<https://www.ecfr.gov/cgi-bin/ECFR?SID=085f4b27accdd8d586e86cc673b7ad16&mc=true&page=browse>

Copies are available for review at many libraries and law libraries especially those with federal depository status. A tool to find the nearest federal depository library is available here:

<https://catalog.gpo.gov/fdlpdir/FDLPdir.jsp>

Hard copies are available for purchase at:

<http://bookstore.gpo.gov/baskets/cfr-listing.jsp> or

by contacting the U.S. Government Printing Office at 732 North Capitol Street, NW, Washington, DC 20401-0001 (202) 512-1800

RULE 1000

National Emission Standards for Hazardous Air Pollutants (NESHAP)

(A) General

(1) Purpose.

- (a) This rule is enacted to adopt by reference all the applicable provisions regarding National Emissions Standards for Hazardous Air Pollutants as set forth in 40 Code of Federal Regulations, Part 61 (40 CFR 61).

(2) Applicability.

- (a) This rule shall be applicable to the owner or operator of any stationary source for which a standard is prescribed in any subpart of 40 CFR 61 and is adopted herein by reference.
- (b) For the purposes of this rule, the authority of the Administrator under the various portions of 40 CFR 61 shall be exercised by the APCO of the District when such authority has been properly delegated by USEPA with the exception that the APCO shall not be empowered to approve alternate or equivalent test methods, alternate standards, or alternate work practices.

(B) Definitions

- (1) For the purposes of this Rule the definitions contained in District Rule 102 – *Definitions of Terms* and any definition contained in subparts of 40 CFR 61 shall apply as applicable. In case of a conflict the definition(s) contained in particular subpart of 40 CFR 60 shall control followed by those definitions contained in 40 CFR 61 Subpart A followed by those contained in District Rule 102 unless such term is otherwise defined herein.

- (a) “Administrator” - The Administrator of the United States Environmental Protection Agency and his or her designee. The APCO may be considered a designee upon delegation or other action by USEPA except that the APCO is not empowered to approve alternative test methods or opacity limits.

(C) National Emission Standards for Hazardous Air Pollutants

- (1) Any owner or operator of any stationary source for which a standard is prescribed in any subpart of 40 CFR 61 and adopted herein by reference shall comply with the more stringent of the requirements found in the applicable subpart, the applicable law of the State of California, or the applicable District Rules and Regulations.
- (2) The following provisions are hereby adopted by reference and are included as District Rules as if fully set forth herein:
 - (a) 40 CFR 61, Subpart A - General Provisions (Commencing with 40 CFR 61.01).
 - (b) 40 CFR 61, Subpart B - National Emission Standards for Radon Emissions from Underground Uranium Mines (Commencing with 40 CFR 61.20).
 - (c) 40 CFR 61, Subpart C - National Emission Standard for Beryllium (Commencing with 40 CFR 61.30).
 - (d) 40 CFR 61, Subpart D - National Emission Standard for Beryllium Rocket Motor Firing (Commencing with 40 CFR 61.40).
 - (e) 40 CFR 61, Subpart E - National Emission Standard for Mercury (Commencing with 40 CFR 61.50).
 - (f) 40 CFR 61, Subpart F - National Emission Standard for Vinyl Chloride (Commencing with 40 CFR 61.60).
 - (g) 40 CFR 61, Subpart G - Reserved.
 - (h) 40 CFR 61, Subpart H - National Emission Standards for Emissions of Radionuclides Other than Radon from Department of Energy Facilities (Commencing with 40 CFR 61.90).
 - (i) 40 CFR 61, Subpart I - National Emission Standards for Radionuclide Emissions From Federal Facilities Other than Nuclear Regulatory Commission Licensees and Not Covered by Subpart H (Commencing with 40 CFR 61.100).
 - (j) 40 CFR 61, Subpart J - National Emission Standard for Equipment Leaks (Fugitive Emission Sources) of Benzene (Commencing with 40 CFR 61.110).
 - (k) 40 CFR 61, Subpart K - National Emission Standards for Radionuclide Emissions from Elemental Phosphorus Plants (Commencing with 40 CFR 61.120).

- (l) 40 CFR 61, Subpart L - National Emission Standard for Benzene Emissions from Coke By-Product Recovery Plants (Commencing with 40 CFR 61.130).
- (m) 40 CFR 61, Subpart M - National Emission Standard for Asbestos (Commencing with 40 CFR 61.140).
- (n) 40 CFR 61, Subpart N - National Emission Standard for Inorganic Arsenic Emissions from Glass Manufacturing Plants (Commencing with 40 CFR 61.160).
- (o) 40 CFR 61, Subpart O - National Emission Standard for Inorganic Arsenic Emissions from Primary Copper Smelters (Commencing with 40 CFR 61.170).
- (p) 40 CFR 61, Subpart P - National Emission Standard for Inorganic Arsenic Emissions from Arsenic Trioxide and Metallic Arsenic Production Facilities (Commencing with 40 CFR 61.180).
- (q) 40 CFR 61, Subpart Q - National Emission Standards for Radon Emissions from Department of Energy Facilities (Commencing with 40 CFR 61.190).
- (r) 40 CFR 61, Subpart R - National Emission Standards for Radon Emissions from Phosphogypsum Stacks (Commencing with 40 CFR 61.200).
- (s) 40 CFR 61, Subpart S - Reserved.
- (t) 40 CFR 61, Subpart T - National Emission Standards for Radon Emissions from the Disposal of Uranium Mill Tailings (Commencing with 40 CFR 61.220).
- (u) 40 CFR 61, Subpart U - Reserved.
- (v) 40 CFR 61, Subpart V - National Emission Standard for Equipment Leaks (Fugitive Emission Sources) (Commencing with 40 CFR 61.240).
- (w) 40 CFR 61, Subpart W - National Emission Standards for Radon Emissions from Operating Mill Tailings (Commencing with 40 CFR 61.250).
- (x) 40 CFR 61, Subpart X - Reserved.
- (y) 40 CFR 61, Subpart Y - National Emission Standard for Benzene Emissions from Benzene Storage Vessels (Commencing with 40 CFR 61.270).

- (z) 40 CFR 61, Subpart Z - Reserved.
- (aa) 40 CFR 61, Subpart AA - Reserved.
- (bb) 40 CFR 61, Subpart BB - National Emission Standard for Benzene Emissions from Benzene Transfer Operations (Commencing with 40 CFR 61.300).
- (cc) 40 CFR 61, Subpart CC - Reserved.
- (dd) 40 CFR 61, Subpart DD - Reserved.
- (ee) 40 CFR 61, Subpart EE - Reserved.
- (ff) 40 CFR 61, Subpart FF - National Emission Standard for Benzene Waste Operations (Commencing with 40 CFR 61.340).

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NOTE: *Copies of the CFR referenced in this Rule may be obtained on-line at:*

<https://www.ecfr.gov/cgi-bin/ECFR?SID=085f4b27accdd8d586e86cc673b7ad16&mc=true&page=browse>

Copies are available for review at many libraries and law libraries especially those with federal depository status. A tool to find the nearest federal depository library is available here:

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by contacting the U.S. Government Printing Office at 732 North Capitol Street, NW, Washington, DC 20401-0001 (202) 512-180.

(Notice Revised: 08/13/98; 11/27/00; 10/04/02; 02/28/11; 02/25/19)

Notification California Airborne Toxic Control Measures (ATCMs)

PLEASE TAKE NOTICE that the requirements of the following Airborne Toxic Control Measures (ATCMs) as found in the California Code of Regulations (CCR) are enforceable by the MDAQMD as local district rules pursuant to the provisions of California Health & Safety Code §39666.

17 CCR §93101.5 - ATCM to Reduce Emissions of Hexavalent Chromium and Nickel from Thermal Spraying.

17 CCR §§93102 et seq. - ATCM for Chromium Plating and Chromic Acid Anodizing Facilities.

17 CCR §93103 – Regulation for Chromate Treated Cooling Towers.

17 CCR §93104 - Dioxins ATCM - Medical Waste Incinerators.

17 CCR §93105 – Asbestos ATCM for Construction, Grading, Quarrying, and Surface Mining Operations.

17 CCR §93106 - Asbestos ATCM for Surfacing Applications.

17 CCR §93107 - ATCM for Emissions of Toxic Metals from Non-Ferrous Metal Melting.

17 CCR §93108 - Ethylene Oxide ATCM - Part 1 - Non-Commercial Sterilizers and Aerators and Commercial Sterilizers and Aerators Using Less Than 2,000 Pounds of Ethylene Oxide per 12 Consecutive Months.

17 CCR §93108.5 - Ethylene Oxide ATCM - Part 2 - Commercial Sterilizers and Aerators Using 2,000 Pounds or More of Ethylene Oxide per 12 Consecutive Months.

17 CCR §§93109 et seq. - ATCM for Emissions of Perchloroethylene from Dry Cleaning and Water-Repelling Operations.

~~17 CCR §93110 – Environmental Training Program for Perchloroethylene Dry Cleaning Operations.~~

17 CCR §93111 – Chlorinated Toxic Air Contaminants ATCM - Automotive Maintenance and Repair Activities.

MDAQMD Reg. X
Notification (ATCMs)

ATCM - 1

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17 CCR §93112 - Hexavalent Chromium and Cadmium ATCM - Motor Vehicle and Mobile Equipment Coatings.

17 CCR §93113 – ATCM to Reduce Emissions of Toxic Air Contaminants from Outdoor Residential Waste Burning.

17 CCR 93114 – ATCM to Reduce Particulate Emissions from Diesel-Fueled Engines – Standards for Nonvehicular Diesel Fuel.

17 CCR §§93115 et seq. – ATCM for Stationary Compression Ignition (CI) Engines.

17 CCR §§93116 et seq. - ATCM for Diesel Particulate Matter from Portable Engines Rated at 50 Horsepower and Greater.

17 CCR §93117 - ATCM to Reduce Particulate Emissions from Diesel-Fueled Engines - Standards for Nonvehicular Diesel Fuel Used in Intrastate Diesel-Electric Locomotives and Harborcraft.

[17 CCR §93118 - ATCM for Auxiliary Diesel Engines and Diesel-Electric Engines Operated on Ocean-Going Vessels Within California Waters and 24 Nautical Miles of the California Baseline.](#)

[17 CCR §93119 - ATCM Limiting Onboard Incineration on Cruise Ships and Oceangoing Ships.](#)

17 CCR §§93120 et seq. - ATCM to Reduce Formaldehyde Emissions from Composite Wood Products.

PLEASE ALSO TAKE NOTICE that pursuant to the provisions of California Health & Safety Code §39666(d) the MDAQMD has adopted equally effective or more stringent control measures for the following ATCMs as contained in the rules listed below:

- (a) MDAQMD Rules 461 - *Gasoline Transfer and Dispensing*, 462 - *Organic Liquid Loading* and 463 - *Storage of Organic Liquids* contain equally effective or more stringent control measures as those found in 17 CCR §93101 - Benzene ATCM - Retail Service Stations.”

Copies of the California Code of Regulations referenced herein may be obtained on-line at <http://www.arb.ca.gov/toxics/atcm.htm> or by contacting the MDAQMD.

Notification

Maximum Available Control Technology (MACTs)

PLEASE TAKE NOTICE that the requirements of the following National Emissions Standards for Hazardous Air Pollutants (NESHAPs) are enforceable within the MDAQMD pursuant to the provisions of California Health and Safety Code §39658(b)(1) and §39666(d). These NESHAPs prescribe standards and practices which are considered Maximum Available Control Technology (MACT) for the control of emissions of hazardous air pollutants.

40 CFR 63 Subpart A – General Provisions (commencing with §63.1).

40 CFR 63 Subpart B – Requirements for Control Technology Determinations for Major Sources in Accordance With Clean Air Act Sections 112(g) and 112(j) (commencing with §63.40).

40 CFR 63 Subpart C – List of Hazardous Air Pollutants, Petitions Process, Lesser Quantity Designations, Source Category List (commencing with §63.60).

40 CFR 63 Subpart D – Regulations Governing Compliance Extensions for Early Reductions of Hazardous Air Pollutants (commencing with §63.70).

40 CFR 63 Subpart E – Approval of State Programs and Delegation of Federal Authorities (commencing with §63.90).

40 CFR 63 Subpart F – National Emission Standards for Organic Hazardous Air Pollutants from the Synthetic Organic Chemical Manufacturing Industry (commencing with §63.100).

40 CFR 63 Subpart G – National Emission Standards for Organic Hazardous Air Pollutants from the Synthetic Organic Chemical Manufacturing Industry for Process Vents, Storage Vessels, Transfer Operations, and Wastewater (commencing with §63.110).

40 CFR 63 Subpart H – National Emission Standards for Organic Hazardous Air Pollutants for Equipment Leaks (commencing with §63.160).

40 CFR 63 Subpart I – National Emission Standards for Organic Hazardous Air Pollutants for Certain Processes Subject to the Negotiated Regulation for Equipment Leaks (commencing with §63.190).

40 CFR 63 Subpart J – National Emission Standards for Hazardous Air Pollutants for Polyvinyl Chloride and Copolymers Production (commencing with §63.210).

40 CFR 63 Subpart K – Reserved.

- 40 CFR 63 Subpart L – National Emission Standards for Coke Oven Batteries (commencing with §63.300).
- 40 CFR 63 Subpart M – National Perchloroethylene Air Emission Standards for Dry Cleaning Facilities (commencing with §63.320).
- 40 CFR 63 Subpart N – National Emission Standards for Chromium Emissions from Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks (commencing with §63.340).
- 40 CFR 63 Subpart O – Ethylene Oxide Emissions Standards for Sterilization Facilities (commencing with §63.360).
- 40 CFR 63 Subpart P – Reserved.
- 40 CFR 63 Subpart Q – National Emission Standards for Hazardous Air Pollutants for Industrial Process Cooling Towers (commencing with §63.400).
- 40 CFR 63 Subpart R – National Emission Standards for Gasoline Distribution Facilities (Bulk Gasoline Terminals and Pipeline Breakout Stations) (commencing with §63.420).¹
- 40 CFR 63 Subpart S – National Emission Standards for Hazardous Air Pollutants from the Pulp and Paper Industry (commencing with §63.440).
- 40 CFR 63 Subpart T – National Emission Standards for Halogenated Solvent Cleaning (commencing with §63.460).
- 40 CFR 63 Subpart U – National Emission Standards for Hazardous Air Pollutant Emissions: Group I Polymers and Resins (commencing with §63.480).
- 40 CFR 63 Subpart V – Reserved.
- 40 CFR 63 Subpart W – National Emission Standards for Hazardous Air Pollutants for Epoxy Resins Production and Non-Nylon Polyamides Production (commencing with §63.520).
- 40 CFR 63 Subpart X – National Emission Standards for Hazardous Air Pollutants from Secondary Lead Smelting (commencing with §63.541).
- 40 CFR 63 Subpart Y – National Emission Standards for Marine Tank Vessel Loading Operations (commencing with §63.560).
- 40 CFR 63 Subpart Z – Reserved.

1. Please see also MDAQMD Rules 462 - *Organic Liquid Loading* and 463 - *Storage of Organic Liquids*.

- 40 CFR 63 Subpart AA – National Emission Standards for Hazardous Air Pollutants from Phosphoric Acid Manufacturing Plants (commencing with §63.600).
- 40 CFR 63 Subpart BB – National Emission Standards for Hazardous Air Pollutants from Phosphate Fertilizers Production Plants (commencing with §63.620).
- 40 CFR 63 Subpart CC – National Emission Standards for Hazardous Air Pollutants from Petroleum Refineries (commencing with §63.640).
- 40 CFR 63 Subpart DD – National Emission Standards for Hazardous Air Pollutants from Off-Site Waste and Recovery Operations (commencing with §63.680).
- 40 CFR 63 Subpart EE – National Emission Standards for Magnetic Tape Manufacturing Operations (commencing with §63.701).
- 40 CFR 63 Subpart FF – Reserved.
- 40 CFR 63 Subpart GG – National Emission Standards for Aerospace Manufacturing and Rework Facilities (commencing with §63.741).
- 40 CFR 63 Subpart HH – National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities (commencing with §63.760).
- 40 CFR 63 Subpart II – National Emission Standards for Shipbuilding and Ship Repair (Surface Coating) (commencing with §63.780).
- 40 CFR 63 Subpart JJ – National Emission Standards for Wood Furniture Manufacturing Operations (commencing with §63.800).
- 40 CFR 63 Subpart KK – National Emission Standards for the Printing and Publishing Industry (commencing with §63.820).
- 40 CFR 63 Subpart LL – National Emission Standards for Hazardous Air Pollutants for Primary Aluminum Reduction Plants (commencing with §63.840).
- 40 CFR 63 Subpart MM – National Emission Standards for Hazardous Air Pollutants for Chemical Recovery Combustion Sources at Kraft, Soda, Sulfite, and Stand-Alone Semicheical Pulp Mills (commencing with §63.860).
- 40 CFR 63 Subpart NN – National Emission Standards for Hazardous Air Pollutants for Wool Fiberglass Manufacturing at Area Sources (Commencing with §63.880).
- 40 CFR 63 Subpart OO – National Emissions Standards for Tanks - Level 1 (commencing with §63.900).²

2. These MACT standards are only applicable if they are referenced in another regulation under 40 CFR 60 (NSPS), 40 CFR 61 (NESHAP), or 40 CFR 63 (MACT/NESHAP).

- 40 CFR 63 Subpart PP – National Emissions Standards for Containers (commencing with §63.920).²
- 40 CFR 63 Subpart QQ – National Emission Standards for Surface Impoundments (commencing with §63.940).²
- 40 CFR 63 Subpart RR – National Emission Standards for Individual Drain Systems (commencing with §63.960).²
- 40 CFR 63 Subpart SS – National Emission Standards for Closed Vent Systems, Control Devices, Recovery Devices, and Routing to a Fuel Gas System or a Process (commencing with §63.980).
- 40 CFR 63 Subpart TT – National Emission Standards for Equipment Leaks - Control Level I (commencing with §63.1000).
- 40 CFR 63 Subpart UU – National Emissions Standards for Equipment Leaks - Control Level II (commencing with §63.1019).
- 40 CFR 63 Subpart VV – National Emission Standards for Oil-Water Separators and Organic-Water Separators (commencing with §63.1040).²
- 40 CFR 63 Subpart WW – National Emission Standards for Storage Vessels (Tanks) – Control Level 2 (commencing with §63.1060).
- 40 CFR 63 Subpart XX – National Emission Standards for Ethylene Manufacturing Process Units: Heat Exchange Systems and Waste Operations (commencing with §63.1080).
- 40 CFR 63 Subpart YY – National Emission Standards for Hazardous Air Pollutants for Source Categories: Generic Maximum Achievable Control Technology Standards (commencing with §63.1100).
- 40 CFR 63 Subpart ZZ – Reserved.
- 40 CFR 63 Subpart AAA – Reserved.
- 40 CFR 63 Subpart BBB – Reserved.
- 40 CFR 63 Subpart CCC – National Emission Standards for Hazardous Air Pollutants for Steel Pickling – HCL Process Facilities and Hydrochloric Acid Regeneration Plants (commencing with §63.1155).
- 40 CFR 63 Subpart DDD – National Emission Standards for Hazardous Air Pollutants for Mineral Wool Production (commencing with §63.1175).
- 40 CFR 63 Subpart EEE – National Emission Standards for Hazardous Air Pollutants from Hazardous Waste Combustors (commencing with §63.1200).

- 40 CFR 63 Subpart FFF – Reserved.
- 40 CFR 63 Subpart GGG – National Emission Standards for Pharmaceuticals Production (commencing with §63.1250).
- 40 CFR 63 Subpart HHH – National Emission Standards for Hazardous Air Pollutants from Natural Gas Transmission and Storage Facilities (commencing with §63.1270).
- 40 CFR 63 Subpart III – National Emission Standards for Hazardous Air Pollutants for Flexible Polyurethane Foam Production (commencing with §63.1290).
- 40 CFR 63 Subpart JJJ – National Emission Standards for Hazardous Air Pollutant Emissions: Group IV Polymers and Resins (commencing with §63.1310).
- 40 CFR 63 Subpart KKK – Reserved.
- 40 CFR 63 Subpart LLL – National Emission Standards for Hazardous Air Pollutants from the Portland Cement Manufacturing Industry (commencing with §63.1340).³
- 40 CFR 63 Subpart MMM – National Emission Standards for Hazardous Air Pollutants for Pesticide Active Ingredient Production (commencing with §63.1360).
- 40 CFR 63 Subpart NNN – National Emission Standards for Hazardous Air Pollutants for Wool Fiberglass Manufacturing (commencing with §63.1380).
- 40 CFR 63 Subpart OOO – National Emission Standards for Hazardous Air Pollutant Emissions: Manufacture of Amino/Phenolic Resins (commencing with §63.1400).
- 40 CFR 63 Subpart PPP – National Emission Standards for Hazardous Air Pollutants for Polyether Polyols Production (commencing with §63.1420).
- 40 CFR 63 Subpart QQQ – National Emission Standards for Hazardous Air Pollutants for Primary Copper Smelting (commencing with §63.1440).
- 40 CFR 63 Subpart RRR – National Emission Standards for Hazardous Air Pollutants for Secondary Aluminum Production (commencing with §63.1500).
- 40 CFR 63 Subpart SSS – Reserved.
- 40 CFR 63 Subpart TTT – National Emission Standards for Hazardous Air Pollutants for Primary Lead Smelting (commencing with §63.1541).

3. Please see also MDAQMD Rule 1161 - *Portland Cement Kilns*.

- 40 CFR 63 Subpart UUU – National Emission Standards for Hazardous Air Pollutants for Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units (commencing with §63.1560).
- 40 CFR 63 Subpart VVV – National Emission Standards for Hazardous Air Pollutants: Publicly Owned Treatment Works (commencing with §63.1580).
- 40 CFR 63 Subpart WWW – Reserved.
- 40 CFR 63 Subpart XXX – National Emission Standards for Hazardous Air Pollutants for Ferroalloys Production: Ferromanganese and Silicomanganese (commencing with §63.1620).
- 40 CFR 63, Subpart YYY – Reserved.
- 40 CFR 63, Subpart ZZZ – Reserved.
- 40 CFR 63, Subpart AAAA – National Emission Standards for Hazardous Air Pollutants: Municipal Solid Waste Landfills (commencing with §63.1930).
- 40 CFR 63, Subpart BBBB – Reserved.
- 40 CFR 63, Subpart CCCC – National Emission Standards for Hazardous Air Pollutants: Manufacturing of Nutritional Yeast (commencing with §63.2130).
- 40 CFR 63, Subpart DDDD – National Emission Standards for Hazardous Air Pollutants: Plywood and Composite Wood Products (commencing with §63.2230).
- 40 CFR 63, Subpart EEEE – National Emission Standards for Hazardous Air Pollutants: Organic Liquids Distribution (Non-Gasoline) (commencing with §63.2330).
- 40 CFR 63, Subpart FFFF – National Emission Standards for Hazardous Air Pollutants: Miscellaneous Organic Chemical Manufacturing (commencing with §63.2430).
- 40 CFR 63, Subpart GGGG – National Emission Standards for Hazardous Air Pollutants: Solvent Extraction for Vegetable Oil Production (commencing with §63.2830).
- 40 CFR 63, Subpart HHHH – National Emission Standards for Hazardous Air Pollutants for Wet-Formed Fiberglass Mat Production (commencing with §63.2980).
- 40 CFR 63, Subpart IIII – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Automobiles and Light-Duty Trucks (commencing with §63.3080).
- 40 CFR 63, Subpart JJJJ – National Emission Standards for Hazardous Air Pollutants: Paper and Other Web Coating (commencing with §63.3280).
- 40 CFR 63, Subpart KKKK – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Metal Cans (commencing with §63.3480).

- 40 CFR 63, Subpart LLLL – Reserved.
- 40 CFR 63, Subpart MMMM – National Emission Standards for Hazardous Air Pollutants for Surface Coating of Miscellaneous Metal Parts and Products (commencing with §63.3880).
- 40 CFR 63, Subpart NNNN – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Large Appliances (commencing with §63.4080).
- 40 CFR 63, Subpart OOOO – National Emission Standards for Hazardous Air Pollutants: Printing, Coating, and Dyeing of Fabrics and Other Textiles (commencing with §63.4280).
- 40 CFR 63, Subpart PPPP – National Emission Standards for Hazardous Air Pollutants for Surface Coating of Plastic Parts and Products (commencing with §63.4480).
- 40 CFR 63, Subpart QQQQ – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Wood Building Products (commencing with §63.4680).
- 40 CFR 63, Subpart RRRR – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Metal Furniture (commencing with §63.4880).
- 40 CFR 63, Subpart SSSS – National Emission Standards for Hazardous Air Pollutants: Surface Coating of Metal Coil (commencing with §63.5080).
- 40 CFR 63, Subpart TTTT – National Emission Standards for Hazardous Air Pollutants for Leather Finishing Operations (commencing with §63.5280).
- 40 CFR 63, Subpart UUUU – National Emission Standards for Hazardous Air Pollutants for Cellulose Products Manufacturing (commencing with §63.5480).
- 40 CFR 63, Subpart VVVV – National Emission Standards for Hazardous Air Pollutants for Boat Manufacturing (commencing with §63.5680).
- 40 CFR 63, Subpart WWWW – National Emission Standards for Hazardous Air Pollutants: Reinforced Plastic Composites Production (commencing with §63.5780).
- 40 CFR 63, Subpart XXXX – National Emissions Standards for Hazardous Air Pollutants: Rubber Tire Manufacturing (commencing with §63.5980).
- 40 CFR 63, Subpart YYYY – National Emission Standards for Hazardous Air Pollutants for Stationary Combustion Turbines (commencing with §63.6080).
- 40 CFR 63, Subpart ZZZZ – National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines (commencing with §63.6580).
- 40 CFR 63, Subpart AAAAA – National Emission Standards for Hazardous Air Pollutants for Lime Manufacturing Plants (commencing with §63.7080).

- 40 CFR 63, SubpartBBBBB – National Emission Standards for Hazardous Air Pollutants for Semiconductor Manufacturing (commencing with §63.7180).
- 40 CFR 63, SubpartCCCCC – National Emission Standards for Hazardous Air Pollutants for Coke Ovens: Pushing, Quenching, and Battery Stacks (commencing with §63.7280).
- 40 CFR 63, SubpartDDDDD – National Emission Standards for Hazardous Air Pollutants for Industrial, Commercial, and Institutional Boilers and Process Heaters (commencing with §63.7480).
- 40 CFR 63, SubpartEEEEEE – National Emission Standards for Hazardous Air Pollutants for Iron and Steel Foundries (commencing with §63.7680).
- 40 CFR 63, SubpartFFFFFFF – National Emission Standards for Hazardous Air Pollutants for Integrated Iron and Steel Manufacturing Facilities (commencing with §63.7780).
- 40 CFR 63, SubpartGGGGG – National Emission Standards for Hazardous Air Pollutants: Site Remediation (commencing with §63.7880).
- 40 CFR 63, SubpartHHHHH – National Emission Standards for Hazardous Air Pollutants: Miscellaneous Coating Manufacturing (commencing with §63.7980).
- 40 CFR 63, SubpartIIIII – National Emission Standards for Hazardous Air Pollutants: Mercury Emissions from Mercury Cell Chlor-Alkali Plants (commencing with §63.8180).
- 40 CFR 63, SubpartJJJJJ – National Emission Standards for Hazardous Air Pollutants for Brick and Structural Clay Products Manufacturing (commencing with §63.8380).
- 40 CFR 63, SubpartKKKKK – National Emission Standards for Hazardous Air Pollutants for Clay Ceramics Manufacturing (commencing with §63.8530).
- 40 CFR 63, SubpartLLLLL – National Emission Standards for Hazardous Air Pollutants: Asphalt Processing and Asphalt Roofing Manufacturing (commencing with §63.8680).
- 40 CFR 63, SubpartMMMMM – National Emission Standards for Hazardous Air Pollutants: Flexible Polyurethane Foam Fabrication Operations (commencing with §63.8780).
- 40 CFR 63, SubpartNNNNN – National Emission Standards for Hazardous Air Pollutants: Hydrochloric Acid Production (commencing with §63.8980).
- 40 CFR 63, SubpartOOOOO – Reserved.
- 40 CFR 63, SubpartPPPPP – National Emission Standards for Hazardous Air Pollutants for Engine Test Cells/Standards (commencing with §63.9280).
- 40 CFR 63, SubpartQQQQQ – National Emission Standards for Hazardous Air Pollutants for Friction Materials Manufacturing Facilities (commencing with §63.9480).

- 40 CFR 63, Subpart RRRRR – National Emission Standards for Hazardous Air Pollutants: Taconite Iron Ore Processing (commencing with §63.9580).
- 40 CFR 63, Subpart SSSSS – National Emission Standards for Hazardous Air Pollutants for Refractory Products Manufacturing (commencing with §63.9780).
- 40 CFR 63, Subpart TTTTT – National Emission Standards for Hazardous Air Pollutants for Primary Magnesium Refining (commencing with §63.9880).
- 40 CFR 63, Subpart UUUUU – National Emission Standards for Hazardous Air Pollutants: Coal – and Oil – Fired Electric Utility Steam Generating Units (commencing with §63.9980).
- 40 CFR 63, Subpart VVVVV – Reserved.
- 40 CFR 63, Subpart WWWW – National Emission Standards for Hospital Ethylene Oxide Sterilizers (commencing with §63.10382).
- 40 CFR 63, Subpart XXXXX – Reserved.
- 40 CFR 63, Subpart YYYYY – National Emission Standards for Hazardous Air Pollutants for Area Sources: Electric Arc Furnace Steelmaking Facilities (commencing with §63.10680).
- 40 CFR 63, Subpart ZZZZZ – National Emission Standards for Hazardous Air Pollutants for Iron and Steel Foundries Area Sources (commencing with §63.10880).
- 40 CFR 63, Subpart AAAAA – Reserved.
- 40 CFR 63, Subpart BBBB – National Emission Standards for Hazardous Air Pollutants for Source Category: Gasoline Distribution Bulk Terminals, Bulk Plants, and Pipeline Facilities (commencing with §63.11080).
- 40 CFR 63, Subpart CCCCC – National Emission Standards for Hazardous Air Pollutants for Source Category: Gasoline Dispensing Facilities (commencing with §63.11110).
- 40 CFR 63, Subpart DDDDD – National Emission Standards for Hazardous Air Pollutants for Polyvinyl Chloride and Copolymers Production Area Sources (commencing with §63.11140).
- 40 CFR 63, Subpart EEEEE – National Emission Standards for Hazardous Air Pollutants for Primary Copper Smelting Area Sources (commencing with §63.11146).
- 40 CFR 63, Subpart FFFFF – National Emission Standards for Hazardous Air Pollutants for Secondary Copper Smelting Area Sources (commencing with §63.11153).
- 40 CFR 63, Subpart GGGGG – National Emission Standards for Hazardous Air Pollutants for Primary Nonferrous Metals Area Sources - Zinc, Cadmium, and Beryllium (commencing with §63.11160).

- 40 CFR 63, Subpart HHHHHH – National Emission Standards for Hazardous Air Pollutants: Paint Stripping and Miscellaneous Surface Coating Operations at Area Sources (commencing with §63.11169).
- 40 CFR 63, Subpart IIIIII – Reserved.
- 40 CFR 63, Subpart JJJJJJ – National Emission Standards for Hazardous Air Pollutants for Industrial, Commercial, and Institutional Boilers Area Sources (commencing with §63.11193).
- 40 CFR 63, Subpart KKKKKK – Reserved.
- 40 CFR 63, Subpart LLLLLL – National Emission Standards for Hazardous Air Pollutants for Acrylic and Modacrylic Fibers Production Area Sources (commencing with §63.11393).
- 40 CFR 63, Subpart MMMMMM – National Emission Standards for Hazardous Air Pollutants for Carbon Black Production Area Sources (commencing with §63.11400).
- 40 CFR 63, Subpart NNNNNN – National Emission Standards for Hazardous Air Pollutants for Chemical Manufacturing Area Sources: Chromium Compounds (commencing with §63.11407).
- 40 CFR 63, Subpart OOOOOO – National Emission Standards for Hazardous Air Pollutants for Flexible Polyurethane Foam Production and Fabrication Area Sources (commencing with §63.11414).
- 40 CFR 63, Subpart PPPPPP – National Emission Standards for Hazardous Air Pollutants for Lead Acid Battery Manufacturing Area Sources (commencing with §63.11421).
- 40 CFR 63, Subpart QQQQQQ – National Emission Standards for Hazardous Air Pollutants for Wood Preserving Area Sources (commencing with §63.11428).
- 40 CFR 63, Subpart RRRRRR – National Emission Standards for Hazardous Air Pollutants for Clay Ceramics Manufacturing Area Sources (commencing with §63.11435).
- 40 CFR 63, Subpart SSSSSS – National Emission Standards for Hazardous Air Pollutants for Glass Manufacturing Area Sources (commencing with §63.11448).
- 40 CFR 63, Subpart TTTTTT – National Emission Standards for Hazardous Air Pollutants for Secondary Nonferrous Metals Processing Area Sources (commencing with §63.11462).
- 40 CFR 63, Subpart UUUUUU – Reserved.
- 40 CFR 63, Subpart VVVVVV – National Emission Standards for Hazardous Air Pollutants for Chemical Manufacturing Area Sources (commencing with §63.11494).

- 40 CFR 63, Subpart WWWWWW – National Emission Standards for Hazardous Air Pollutants: Area Source Standards for Plating and Polishing Operations (commencing with §63.11504).
- 40 CFR 63, Subpart XXXXXX – National Emission Standards for Hazardous Air Pollutants for Nine Metal Fabrication and Finishing Source Categories (commencing with §63.11514).
- 40 CFR 63, Subpart YYYYYY – National Emission Standards for Hazardous Air Pollutants for Area Sources: Ferroalloys Production Facilities (commencing with §63.11524).
- 40 CFR 63, Subpart ZZZZZZ – National Emission Standards for Hazardous Air Pollutants: Area Source Standards for Aluminum, Copper and Other Nonferrous Foundries (commencing with §63.11544).
- 40 CFR 63, Subpart AAAAAAA – National Emission Standards for Hazardous Air Pollutants for Area Sources: Asphalt Processing and Asphalt Roofing Manufacturing (commencing with §63.11559).
- 40 CFR 63, Subpart BBBBBBB – National Emission Standards for Hazardous Air Pollutants for Area Sources: Chemical Preparations Industry (commencing with §63.11579).
- 40 CFR 63, Subpart CCCCCC – National Emission Standards for Hazardous Air Pollutants for Area Sources: Paints and Allied Products Manufacturing (commencing with §63.11599).
- 40 CFR 63, Subpart DDDDDDD – National Emission Standards for Hazardous Air Pollutants for Area Sources: Prepared Feeds Manufacturing (commencing with §63.11619).
- 40 CFR 63, Subpart EEEEEEE – National Emission Standards for Hazardous Air Pollutants: Gold Mine Ore Processing and production Area Source Category (commencing with §63.11640).
- 40 CFR 63, Subpart FFFFFFF – Reserved.
- 40 CFR 63, Subpart GGGGGGG – Reserved.
- 40 CFR 63, Subpart HHHHHHH – National Emission Standards for Hazardous Air Pollutant Emissions for Polyvinyl Chloride and Copolymers Production (commencing with §63.11860).

NOTE: Copies of the CFR referenced in this Rule may be obtained on-line at:

<https://www.ecfr.gov/cgi-bin/ECFR?SID=085f4b27accdd8d586e86cc673b7ad16&mc=true&page=browse>

Copies are available for review at many libraries and law libraries especially those with federal depository status. A tool to find the nearest federal depository library is available here:

<https://catalog.gpo.gov/fdlpdir/FDLPdir.jsp>

Hard copies are available for purchase at:

<http://bookstore.gpo.gov/baskets/cfr-listing.jsp> or

by contacting the U.S. Government Printing Office at 732 North Capitol Street, NW, Washington, DC 20401-0001 (202) 512-1800

RESOLUTION _____

1 **A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR**
2 **QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF**
3 **EXEMPTION, AMENDING RULE 900 – STANDARDS OF PERFORMANCE FOR NEW**
4 **STATIONARY SOURCES (NSPS) AND RULE 1000 – NATIONAL EMISSION STANDARDS FOR**
5 **HAZARDOUS AIR POLLUTANTS (NESHAP), AS WELL AS UPDATES MADE TO THE**
6 **AIRBORNE TOXIC CONTROL MEASURES (ATCMs) AND MAXIMUM ACHIEVABLE**
7 **CONTROL TECHNOLOGY (MACT) STANDARDS NOTIFICATIONS AND DIRECTING STAFF**
8 **ACTIONS.**

9 On February 25, 2019, on motion by Member _____, seconded by
10 Member _____, and carried, the following resolution is adopted:

11 **WHEREAS**, the Mojave Desert Air Quality Management District (MDAQMD) has authority
12 pursuant to California Health and Safety Code (H&S Code) §§40702, 40725-40728 to adopt, amend or
13 repeal rules and regulations; and

14 **WHEREAS**, local air districts may receive delegation of authority to implement and enforce
15 Federal New Source Performance Standards (NSPS) and National Emissions Standards for Hazardous Air
16 Pollutants (NESHAP) by submitting a petition to the United States Environmental Protection Agency
17 (USEPA); and

18 **WHEREAS**, the MDAQMD has in the past submitted such petitions and received delegations for
19 certain of the NSPS and NESHAP standards; and

20 **WHEREAS**, since the last submission, USEPA has amended and updated a variety of its NSPS
21 and NESHAPs; and

22 **WHEREAS**, the proposed amendments will update both Rule 900 – *Standards for Performance*
23 *for New Stationary Sources (NSPS)* and Rule 1000 – *National Emission Standards for Hazardous Air*
24 *Pollutants (NESHAP)* as set forth in 40 Code of Federal Regulations, Part 60 (40 CFR 61) and Part 61 (40
25 CFR 61), respectively; and

26 **WHEREAS**, these amendments will allow the MDAQMD to petition USEPA for further
27 delegation of NSPS and NESHAP authority; and

28 **WHEREAS**, in addition, the District is authorized, pursuant to statute Health & Safety Code
§39666 to enforce certain state adopted Airborne Toxic Control Measures (ATCMs) and a variety of
Maximum Achievable Control Technology standards (MACT standards); and

WHEREAS, as an informational measure the MDAQMD has included two Notifications in the

RESOLUTION _____

1 District's rulebook which list the ATCMs and MACT standards enforceable within the District's
2 jurisdiction; and

3 **WHEREAS**, since February 28, 2011, both CARB and USEPA have added and updated various
4 ATCMs and MACT standards; and

5 **WHEREAS**, this action will also receive and file Notification: California Airborne Toxic Control
6 Measures (ATCMs) and Notification: Maximum Available Control Technology (MACT) and direct their
7 inclusion into the MDAQMD rule book; and

8 **WHEREAS**, the proposed amendments to Rule 900 and Rule 1000, as well as the ATCM and
9 MACT standards Notifications, are necessary to adopt by reference various amended and updated
10 NESHAPs as set forth in 40 CFR 60, 40 CFR 61, 17 CCR, 40 CFR 63, respectively, and to enable the
11 MDAQMD to obtain delegation of authority from USEPA for certain NSPS and NESHAP standards, as
12 well as the ATCMs and MACT standards; and

13 **WHEREAS**, the MDAQMD has the authority pursuant to H&S Code §40702 to amend rules and
14 regulations; and

15 **WHEREAS**, the proposed amendments are clear in that the meaning can be easily understood by
16 the persons impacted by the rule; and

17 **WHEREAS**, the proposed amendments are in harmony with, and not in conflict with, or
18 contradictory to existing statutes, court decisions, or state or federal regulations because this rule is
19 enacted to adopt by reference updated and amended NSPS and NESHAPs as set forth in 40 CFR 60 and
20 40 CFR 61, respectively; and

21 **WHEREAS**, the proposed amendments do not impose the same requirements as any existing state
22 or federal regulation because this rule is enacted to adopt by reference all the applicable provisions of
23 updated and amended NSPS and NESHAPs as set forth in 40 CFR 60 and 40 CFR 61, respectively; and

24 **WHEREAS**, the proposed amendments are needed to adopt by reference various amended and
25 updated NSPS and NESHAPs as set forth in 40 CFR 60 and 40 CFR 61, and to enable the MDAQMD to
26 obtain delegation of authority from USEPA for certain NSPS and NESHAP standards; and

27 **WHEREAS**, a public hearing has been properly noticed and conducted, pursuant to H&S Code
28 §40725, concerning the proposed amendments to Rule 900, Rule 1000, and ATCMs and MACT standards

RESOLUTION _____

1 Notifications; and

2 **WHEREAS**, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the
3 proposed amendments to Rule 900, Rule 1000, and ATCMs and MACT standards Notifications
4 completed in compliance with the California Environmental Quality Act (CEQA), has been presented to
5 the Governing Board of the MDAQMD; each member having reviewed, considered and approved the
6 information contained therein prior to acting on the proposed amendments to Rule 900, Rule 1000, and
7 ATCMs and MACT standards Notifications, and the Governing Board of the MDAQMD having
8 determined that the proposed amendments will not have any potential for resulting in any adverse impact
9 upon the environment; and

10 **WHEREAS**, the Governing Board of the MDAQMD has considered the evidence presented at the
11 public hearing; and

12 **NOW, THEREFORE, BE IT RESOLVED**, that the Governing Board of the MDAQMD finds
13 that the proposed amendments to Rule 900 – *Standards of Performance for Hazardous Air Pollutants*
14 (*NESHAP*), Rule 1000 – *National Emission Standards for Hazardous Air Pollutants (NESHAP)*, and
15 ATCMs and MACT standards Notifications are necessary, authorized, clear, consistent, non-duplicative
16 and properly referenced; and

17 **BE IT FURTHER RESOLVED**, that the Governing Board of the MDAQMD hereby makes a
18 finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of
19 Exemption for the proposed amendments to Rule 900 – *Standards of Performance for Hazardous Air*
20 *Pollutants (NESHAP)*, Rule 1000 – *National Emission Standards for Hazardous Air Pollutants*
21 (*NESHAP*), and ATCMs and MACT standards Notifications; and

22 **BE IT FURTHER RESOLVED**, that the Governing Board of the MDAQMD does hereby adopt,
23 pursuant to the authority granted by law, the proposed amendments to Rule 900 – *Standards of*
24 *Performance for Hazardous Air Pollutants (NESHAP)*, Rule 1000 – *National Emission Standards for*
25 *Hazardous Air Pollutants (NESHAP)*, and ATCMs and MACT standards Notifications, as set forth in the
26 attachments to this resolution and incorporated herein by this reference; and

27 **BE IT FURTHER RESOLVED**, that this resolution shall take effect immediately upon adoption,
28 that the Clerk of the Board is directed to file the Notice of Exemption in compliance with the provisions

RESOLUTION _____

1 of CEQA.

2 **PASSED, APPROVED AND ADOPTED** by the Governing Board of the Mojave Desert Air Quality
3 Management District by the following vote:

4 AYES: MEMBER:

5 NOES: MEMBER:

6 ABSENT: MEMBER:

7 ABSTAIN: MEMBER:

8

9 STATE OF CALIFORNIA)
10 COUNTY OF SAN BERNARDINO) SS:
11

12 I, Deanna Hernandez, Senior Executive Analyst of the Governing Board of the Mojave Desert Air
13 Quality Management District, hereby certify the foregoing to be a full, true and correct copy of the record
14 of the action as the same appears in the Official Minutes of said Governing Board at its meeting of
February 25, 2018.

15 _____
16 Senior Executive Analyst
17 Mojave Desert Air Quality Management District
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28

The following page(s) contain the backup material for Agenda Item: [Receive and file the Annual Financial Report for FY 18. Presenter: Laquita Cole, Finance Manager.](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM #20

DATE: February 25, 2019

RECOMMENDATION: Receive and file the Annual Financial Report for FY 18.

SUMMARY: The Annual Financial Report and Management Report (Audit) for Fiscal Year 2017-18 is being presented for review. Fedak & Brown LLP of Riverside performed the audit services for the District.

CONFLICT OF INTEREST: None.

BACKGROUND: A financial audit tests the internal controls, procedures and practices of an organization. Over all, the audit reported that the District follows sound financial management practices.

Fedak & Brown LLP of Riverside performed the audit services for the District. This was the second year of a three-year engagement for this firm to perform the audit. A partner with the firm will be present to answer questions.

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

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about February 12, 2019.

FINANCIAL DATA: Sufficient funds were budgeted and available to pay for the services provided. No increase in appropriation is anticipated.

PRESENTER: Laquita Cole, Finance Manager – Administration.



Mojave Desert Air Quality Management District

Victorville, California

Annual Financial Report
For the Fiscal Year Ended
June 30, 2018





Governing Board as of June 30, 2018

Name	Title	Area of Representation
James L. Cox	Chair	City of Victorville
Jeff Williams	Vice Chair	City of Needles
Barbara Cram Riordan	Director	Public Member
Joseph DeConinck	Director	City of Blythe
Robert Lovingood	Director	County of San Bernardino
James Ramos	Director	County of San Bernardino
Barb Stanton	Director	Town of Apple Valley
Paul Russ	Director	City of Hesperia
V. Manuel Perez	Director	County of Riverside
Carmen Hernandez	Director	City of Barstow
Ed Camargo	Director	City of Adelanto
Robert Leone	Director	Town of Yucca Valley
John Cole	Director	City of Twentynine Palms

Mojave Desert Air Quality Management District

**14306 Park Avenue
Victorville, CA 92392
(760) 245-1661**

Mojave Desert Air Quality Management District

Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Board Presentation Version

Mojave Desert Air Quality Management District

For the Fiscal Year Ended June 30, 2018

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Financial Section

Board Presentation Version

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Board Presentation Version

Independent Auditor's Report

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mojave Desert 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 an opinion 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mojave Desert 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

Emphasis of Matter

As part of our audit of the June 30, 2018, financial statements, we audited the adjustments described in note 12. An adjustment was recorded to remove the other post-employment benefits liability recognized under GASB 45; and for the beginning balance of the District's net other post-employment benefits liability under GASB 75 as a prior period adjustment to restate net position as of July 1, 2017.

As discussed in Note 1.C to the financial statements, in June 30, 2018, the District adopted new accounting guidance *Governmental Accounting Standards Board Statement Nos. 75 and 74*. Our opinion is not modified with respect to this matter.

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 47 through 53 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 a ny assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2019, 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 54 and 55.

Fedak & Brown LLP

Cypress, California

February 25, 2019

**Mojave Desert 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 Mojave Desert 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

- The District's net position increased 68.58% or \$359,239 to \$883,029 due to an increase of \$964,132 from ongoing operations, which was offset by a \$604,893 decrease related to the implementation of GASB 75. (See note 12 for further information).
- The District's total revenues increased 25.67% or \$1,952,678 to \$9,559,866, due to increases of \$1,770,260 in program revenues and \$182,418 in general revenues as compared to prior year.
- The District's total expenses decreased by 7.24% or \$630,119 to \$8,072,531, due primarily to decreases of \$624,436 in general expenses and \$202,775 in Carl Moyer program expenses, which were offset by increases of \$104,981 in mobile emission program AB 2766 expenses, and \$92,111 in capital outlay expenses as compared to prior year.

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.

**Mojave Desert 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 18 through 46.

Government-wide Financial Analysis

Statements of Net Position

Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Current assets	\$ 10,021,872	8,690,330	1,331,542
Capital assets, net	2,198,040	2,383,368	(185,328)
Total assets	<u>12,219,912</u>	<u>11,073,698</u>	<u>1,146,214</u>
Deferred outflows of resources	<u>5,039,754</u>	<u>4,881,013</u>	<u>158,741</u>
Liabilities:			
Current liabilities	3,099,482	3,225,957	(126,475)
Non-current liabilities	11,592,962	10,065,086	1,527,876
Total liabilities	<u>14,692,444</u>	<u>13,291,043</u>	<u>1,401,401</u>
Deferred inflows of resources	<u>1,665,554</u>	<u>2,139,878</u>	<u>(474,324)</u>
Net position:			
Net investment in capital assets	2,198,040	2,383,368	(185,328)
Restricted	4,056,980	3,935,028	121,952
Unrestricted	(5,371,991)	(5,794,606)	422,615
Total net position	<u>\$ 883,029</u>	<u>523,790</u>	<u>359,239</u>

**Mojave Desert 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, as sets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$883,029 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

Condensed Statements of Activities

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,811,519	5,269,959	541,560
Operating grants:			
Mobile emission program AB 2766	1,602,335	1,598,734	3,601
Carl Moyer program	73,184	245,508	(172,324)
Other	1,800,666	403,243	1,397,423
Total program revenues	<u>9,287,704</u>	<u>7,517,444</u>	<u>1,770,260</u>
General revenues:			
Fines, forfeitures, and penalties	197,716	37,975	159,741
Investment earnings	72,905	42,370	30,535
Other revenue	1,541	9,399	(7,858)
Total general revenues	<u>272,162</u>	<u>89,744</u>	<u>182,418</u>
Total revenues	<u>9,559,866</u>	<u>7,607,188</u>	<u>1,952,678</u>
Expenses:			
General	6,972,421	7,596,857	(624,436)
Mobile emission program AB 2766	831,699	726,718	104,981
Carl Moyer program	137,789	340,564	(202,775)
Capital outlay	130,622	38,511	92,111
Total expenses	<u>8,072,531</u>	<u>8,702,650</u>	<u>(630,119)</u>
Change in net position before transfers	1,487,335	(1,095,462)	2,582,797
Transfers	(523,203)	-	(523,203)
Change in net position	<u>964,132</u>	<u>(1,095,462)</u>	<u>2,059,594</u>
Net position – beginning of year, as previously stated	523,790	1,619,252	(1,095,462)
Prior period adjustment (note 12)	(604,893)	-	(604,893)
Net position – beginning of year, as restated	<u>(81,103)</u>	<u>1,619,252</u>	<u>(1,700,355)</u>
Net position – end of period	<u>\$ 883,029</u>	<u>523,790</u>	<u>359,239</u>

**Mojave Desert 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 Activities, continued

Compared to prior year, net position of the District increased 68.58% or \$359,239 to \$883,029 due to an increase of \$963,580 from ongoing operations, which was offset by a \$604,893 decrease related to the implementation of GASB 75. (See note 12 for further information).

Total revenues increased 25.67% or \$1,952,678 to \$9,559,866, due to increases of \$1,770,260 in program revenues and \$182,418 in general revenues as compared to prior year.

Program revenues increased by 23.55% or \$1,770,260 to \$9,287,704, primarily due to increases of \$1,397,423 in other operating grants and \$541,560 in charges for services, which were offset by a decrease of \$172,324 in Carl Moyer program operating grant revenue as compared to prior year.

General revenues increased by 203.26% or \$182,418 to \$272,162, primarily due to increases of \$159,741 in fines, forfeitures, and penalties and \$30,535 in investment earnings as compared to prior year.

Total expenses decreased by 7.24% or \$630,119 to \$8,072,531, due primarily to decreases of \$624,436 in general expenses and \$202,775 in Carl Moyer program expenses, which were offset by increases of \$104,981 in mobile emission program AB 2766 expenses, and \$92,111 in capital outlay expenses as compared to prior year.

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.

Condensed Changes in Fund Balance

	General Fund	Mobile Emissions Program AB 2766 Fund	Carl Moyer Fund	Total
Fund balance – beginning of year, as restated	\$ 1,787,266	3,154,431	83,396	5,025,093
Change in fund balance	<u>2,269,486</u>	<u>(146,968)</u>	<u>(52,927)</u>	<u>2,069,591</u>
Fund balance – end of year	<u>\$ 4,056,752</u>	<u>3,007,463</u>	<u>30,469</u>	<u>7,094,684</u>

Total fund balance decreased by 36.76% or \$2,069,591 to \$7,094,684. The General fund increased by 94.87% or \$2,269,486 to \$4,056,752; the mobile emissions program (AB2766) decreased by 4.66% or \$146,968 to \$3,007,463; and the Carl Moyer fund decreased by 63.46% or \$52,927 to \$30,469.

Governmental Activities Budgetary Highlights

For the year ended June 30, 2018, the final actual expenditures were less than budgeted for the General fund by \$1,407,038 and more than budgeted for the Mobile Emissions program (AB 2766) by \$50,699; and less than budgeted for the Carl Moyer fund by \$572,219. For the year ended June 30, 2018, actual revenues were more than budgeted for the General fund by \$1,323,551, the Mobile Emissions program (AB 2766) by \$59,331, and less than budgeted for the Carl Moyer fund by \$629,046. At June 30, 2018, there were no differences between the original and final amended budgets. (See the Budgetary Comparison Schedules for the General fund, Mobile Emissions program (AB 2766), and Carl Moyer program under the Required Supplementary Information section on pages 50 through 53).

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

Capital Asset Administration

	Capital Assets				Balance 2018
	Balance 2017	Adjustment	Additions	Deletions/ Transfers	
Capital assets:					
Non-depreciable assets	\$ 278,568	-	-	-	278,568
Depreciable assets	<u>6,313,555</u>	<u>(372,313)</u>	<u>130,622</u>	-	<u>6,071,864</u>
Total capital assets	6,592,123	(372,313)	130,622	-	6,350,432
Accumulated depreciation	<u>(4,208,755)</u>	<u>372,313</u>	<u>(315,950)</u>	-	<u>(4,152,392)</u>
Total capital assets, net	<u>\$ 2,383,368</u>	<u>-</u>	<u>(185,328)</u>	<u>-</u>	<u>2,198,040</u>

At the end of fiscal year 2018, the District's investment in capital assets amounted to \$2,198,040 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture and fixtures, machinery and equipment, vehicles, computers, and software. The capital assets of the District are more fully analyzed in note 4 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.

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 District's Deputy Director / Administration, Mojave Desert Air Quality Management District, 14306 Park Avenue, Victorville, California 92392 or (760) 245-1661.

Basic Financial Statements

Board Presentation Version

Mojave Desert Air Quality Management District
Statement of Net Position
June 30, 2018

	2018
Assets:	
Current assets:	
Cash and cash equivalents (note 2)	\$ 1,967,848
Restricted cash and cash equivalents (note 2)	4,056,980
Accounts receivable	2,433,007
Due from California Air Resources Board	1,544,294
Due from fiduciary fund (note 3)	9,593
Prepays	10,150
Total current assets	10,021,872
Non-current assets:	
Capital assets – not being depreciated (note 4)	278,568
Capital assets – being depreciated, net (note 4)	1,919,472
Total non-current assets	2,198,040
Total assets	12,219,912
Deferred outflows of resources:	
Deferred pension outflows (note 8)	5,039,754
Total deferred outflows of resources	5,039,754
Liabilities:	
Current liabilities:	
Accounts payable	190,108
Accrued salaries and related payables	103,401
Due to California Air Resources Board	4,721
Unearned revenue (note 5)	2,628,958
Long-term liabilities – due within one year:	
Compensated absences (note 6)	172,294
Total current liabilities	3,099,482
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 6)	518,962
Net other post-employment benefits liability (note 7)	979,577
Net pension liability (note 8)	10,094,423
Total non-current liabilities	11,592,962
Total liabilities	14,692,444
Deferred inflows of resources:	
Deferred other post-employment benefits inflows (note 7)	18,639
Deferred pension inflows (note 8)	1,665,554
Total deferred inflows of resources	1,684,193
Net position:	
Net investment in capital assets (note 9)	2,198,040
Restricted (note 10)	4,056,980
Unrestricted (note 11)	(5,371,991)
Total net position	\$ 883,029

See accompanying notes to the basic financial statements

Mojave Desert 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 Services</u>			
		<u>Application and Permit Fees</u>	<u>Management Contract Antelope Valley AQMD</u>	<u>Operating Grants</u>	
Governmental activities					
General	\$ 6,972,421	4,534,689	1,276,830	2,762,067	1,601,165
Mobile emission program AB 2766	831,699	-	-	640,934	(190,765)
Carl Moyer program	137,789	-	-	73,184	(64,605)
Capital outlay	130,622	-	-	-	(130,622)
Total governmental	\$ 8,072,531	4,534,689	1,276,830	3,476,185	1,215,173
General revenues:					
					\$ 197,716
					72,905
					1,541
					(23,203)
					(500,000)
					<u>(251,041)</u>
					964,132
					<u>523,790</u>
					(604,893)
					<u>(81,103)</u>
					<u>\$ 883,029</u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Balance Sheet – Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Mobile Emissions Program AB 2766 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
Assets:				
Cash and cash equivalents	\$ 1,967,848	-	-	1,967,848
Restricted cash and cash equivalents	-	2,958,598	1,098,382	4,056,980
Accounts receivable	2,319,421	113,586	-	2,433,007
Due from California Air Resources Board	-	-	1,544,294	1,544,294
Due from fiduciary fund (note 3)	9,593	-	-	9,593
Due from other funds (note 3)	60,000	-	127,659	187,659
Prepays	10,150	-	-	10,150
Total assets	<u>\$ 4,367,012</u>	<u>3,072,184</u>	<u>2,770,335</u>	<u>10,209,531</u>
Liabilities:				
Accounts payable	\$ 73,151	-	116,957	190,108
Accrued payroll and related expenses	103,401	-	-	103,401
Due to California Air Resources Board	-	4,721	-	4,721
Due to other fund (note 3)	127,659	60,000	-	187,659
Unearned revenue (note 5)	6,049	-	2,622,909	2,628,958
Total liabilities	<u>310,260</u>	<u>64,721</u>	<u>2,739,866</u>	<u>3,114,847</u>
Fund balance:				
Restricted:				
Mobile emissions program AB 2677	-	3,007,463	-	3,007,463
Carl Moyer	-	-	30,469	30,469
Nonspendable:				
Prepays	10,150	-	-	10,150
Committed:				
Operating reserves	700,000	-	-	700,000
Building improvement reserves	200,000	-	-	200,000
Legal and litigation reserves	300,000	-	-	300,000
Retirement reserves	1,000,000	-	-	1,000,000
Assigned:				
Budget stabilization	250,000	-	-	250,000
Compensated absences	150,000	-	-	150,000
Unassigned	1,446,602	-	-	1,446,602
Total fund balance	<u>4,056,752</u>	<u>3,007,463</u>	<u>30,469</u>	<u>7,094,684</u>
Total liabilities and fund balance	<u>\$ 4,367,012</u>	<u>3,072,184</u>	<u>2,770,335</u>	<u>10,209,531</u>

Continued on next page

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

Reconciliation:

Total Fund Balances of Governmental Funds	\$	7,094,684
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, are not reported 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.		
Capital assets, net		2,198,040
Pension contributions made during the fiscal year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the government-wide financial statements.	\$	1,417,654
Recognized net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide financial statements.		366,518
Recognized net changes in assumptions for the pension plan are reported as deferred outflows of resources in the government-wide financial statements.		2,579,612
Recognized portion due to net differences between the actual employer contribution and the proportionate share of contribution are reported as deferred outflows of resources in the government-wide financial statements.	<u>675,970</u>	<u>5,039,754</u>
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities both current and long-term, are reported in the statement of net position as follows:		
Compensated absences		(691,256)
Net other post-employment benefits liability		(979,577)
Net pension liability		(10,094,423)
Recognized net differences between the expected and actual experience for the pension plan are reported as deferred inflows of resources in the government-wide financial statements.	(1,079,896)	
Recognized portion net due to differences between the actual employer contribution and the proportionate share of contribution for the pension plan are reported as deferred inflows of resources in the government-wide financial statements.	<u>(585,658)</u>	<u>(1,665,554)</u>
Recognized net difference between projected and actual earnings on OPEB plan investments are reported as deferred inflows of resources in the government-wide financial statements.	(8,295)	
Recognized net changes in assumptions for the OPEB plan are reported as deferred inflows of resources in the government-wide financial statements.	<u>(10,344)</u>	<u>(18,639)</u>
Total adjustments		<u>(6,211,655)</u>
Net Position of Governmental Activities	\$	<u><u>883,029</u></u>

See accompanying notes to the basic financial statements

Mojave Desert Air Quality Management District
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Mobile Emissions Program AB 2766 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total Fund</u>
Revenues:				
Program revenues:				
Charges for services:				
Application and permit fees	\$ 4,534,689	-	-	4,534,689
Management contract – Antelope Valley AQMD (note 13)	1,276,830	-	-	1,276,830
Total charges for services	<u>5,811,519</u>	<u>-</u>	<u>-</u>	<u>5,811,519</u>
Operating grants:				
Assembly Bill 2766	961,401	640,934	-	1,602,335
State grants	1,398,439	-	73,184	1,471,623
State subvention	137,896	-	-	137,896
Federal grants	168,917	-	-	168,917
California Clean Air Act	67,452	-	-	67,452
Other programs	27,962	-	-	27,962
Total operating grants	<u>2,762,067</u>	<u>640,934</u>	<u>73,184</u>	<u>3,476,185</u>
Total program revenues	<u>8,573,586</u>	<u>640,934</u>	<u>73,184</u>	<u>9,287,704</u>
General revenues:				
Fines, forfeitures, and penalties	197,716	-	-	197,716
Investment earnings	17,430	43,797	11,678	72,905
Other revenue	1,541	-	-	1,541
Total general revenues	<u>216,687</u>	<u>43,797</u>	<u>11,678</u>	<u>272,162</u>
Total revenues	<u>8,790,273</u>	<u>684,731</u>	<u>84,862</u>	<u>9,559,866</u>
Expenditures:				
Salaries and benefits	4,843,246	-	-	4,843,246
Services and supplies	928,675	137	116,957	1,045,769
Contributions	95,041	831,562	20,832	947,435
Capital outlay	130,622	-	-	130,622
Total expenditures	<u>5,997,584</u>	<u>831,699</u>	<u>137,789</u>	<u>6,967,072</u>
Excess(deficiency) of revenue over expenditures	2,792,689	(146,968)	(52,927)	2,592,794
Other financing sources(uses):				
Transfers out – OPEB Trust (note 3)	(23,203)	-	-	(23,203)
Transfers out – Pension Trust (note 3)	(500,000)	-	-	(500,000)
Net change in fund balance	<u>2,269,486</u>	<u>(146,968)</u>	<u>(52,927)</u>	<u>2,069,591</u>
Fund balance – beginning of year	<u>2,392,159</u>	<u>3,154,431</u>	<u>83,396</u>	<u>5,629,986</u>
Prior period adjustment	(604,893)	-	-	(604,893)
Fund balance – beginning of year, as restated (note 12)	<u>1,787,266</u>	<u>3,154,431</u>	<u>83,396</u>	<u>5,025,093</u>
Fund balance – end of year	<u>\$ 4,056,752</u>	<u>3,007,463</u>	<u>30,469</u>	<u>7,094,684</u>

Continued on next page

See accompanying notes to the basic financial statements

**Mojave Desert 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**

Reconciliation:

Net Changes in Fund Balances – Total Governmental Funds	\$ 2,069,591
<p>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:</p>	
Capital outlay	130,622
Depreciation expense	(315,950)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:</p>	
Net change in compensated absences for the current period	(26,804)
Net change in other post-employment benefit obligations for the current period	(684,206)
Net change in pension obligations for the current period	(209,121)
Change in Net Position of Governmental Activities	\$ 964,132

See accompanying notes to the basic financial statements

Board Presentation Version

Mojave Desert Air Quality Management District
Statement of Net Position – Fiduciary Fund
Other Post-Employment Benefits
June 30, 2018

		Other Post-Employment Benefits (OPEB) Trust Fund
Assets:		
Cash in trust	\$	611,196
Total assets		611,196
Liabilities:		
Due to general fund		9,593
Total liabilities		9,593
Net position:		
Restricted – held in trust for OPEB benefits		601,603
Total net position	\$	601,603

See accompanying notes to the basic financial statements

Note: This fund balance is included in the calculation of the District's Net Other Post-Employment Benefits Liability at June 30, 2018. (Please see note 7 for further information.)

**Mojave Desert Air Quality Management District
Statement of Changes in Net Position – Fiduciary Fund
Other Post-Employment Benefits
For the Year Ended June 30, 2018**

		Other Post-Employment Benefits (OPEB) Trust Fund
Additions:		
Investment income	\$	47,929
Transfers in from general fund		23,203
Total additions		<u>71,132</u>
Deductions:		
Distributions		38,136
Payroll contract		42
Bank fees		1,639
Miscellaneous expense		3,001
Total deductions		<u>42,818</u>
Net change in net position		28,314
Net position – beginning of period		<u>573,289</u>
Net position – end of period	\$	<u><u>601,603</u></u>

See accompanying notes to the basic financial statements

Note: This fund balance is included in the calculation of the District's Net Other Post-Employment Benefits Liability at June 30, 2018. (Please see note 7 for further information.)

**Mojave Desert Air Quality Management District
Statement of Net Position – Fiduciary Fund
Pension Benefits
For the Year Ended June 30, 2018**

	<u>Pension Benefits Trust Fund</u>
Assets:	
Cash in trust	\$ <u>654,942</u>
Total assets	<u>654,942</u>
Net position:	
Restricted – held in trust for pension benefits	<u>654,942</u>
Total net position	<u><u>\$ 654,942</u></u>

See accompanying notes to the basic financial statements

Note: This fund balance is not included in the calculation of the District's Net Pension Liability at June 30, 2018. This is due to differences between the Plan's measurement date of June 30, 2017 and the Trust funds' reporting measurement of June 30, 2018. (Please see note 8 for further information on the District's Net Pension Liability.)

Board Presentation Version

**Mojave Desert Air Quality Management District
Statement of Changes in Net Position – Fiduciary Fund
Pension Benefits
For the Year Ended June 30, 2018**

		Pension Benefits Trust Fund
Additions:		
Transfer from General Fund	\$	500,000
Contributions to trust		150,000
Investment income		5,699
Total additions		655,699
Deductions:		
Bank fees		757
Total deductions		757
Net change in net position		654,942
Net position – beginning of period		-
Net position – end of period	\$	654,942

See accompanying notes to the basic financial statements

Note: This fund balance is not included in the calculation of the District's Net Pension Liability at June 30, 2018. This is due to differences between the Plan's measurement date of June 30, 2017 and the Trust funds' reporting measurement of June 30, 2018. (Please see note 8 for further information on the District's Net Pension Liability.)

Mojave Desert 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 Mojave Desert Air Quality Management District (District), was established on July 1, 1993, upon the dissolution of the San Bernardino County Air Pollution Control District. The District's operates pursuant to the Lewis Air Quality Management Act which became effective on February 1, 1977, commencing at Section 40400 of the Health and Safety Code of the State of California. The District's primary responsibility is to regulate stationary sources of air pollution located within its jurisdictional boundaries. To accomplish its responsibility, the District implements air quality programs required by State and Federal mandates, enforces rules and regulations based on air pollution laws, and educates businesses and residents about their role in protecting air quality. The District represents the citizens within its 20,000 mile jurisdiction covering the San Bernardino High Desert and the Palo Verde Valley portion of Riverside County. Air monitoring staff operates six monitoring stations in Barstow, Hesperia, Phelan, Trona, Twentynine Palms, and Victorville.

The District's mission is to protect the air quality within its boundaries while supporting strong and sustainable economic growth. This is accomplished through a comprehensive and common-sense program of planning, regulation, compliance assistance, enforcement, monitoring, and public education. The District is an independent, special district, governed by a thirteen member Governing Board consisting of members from represented areas within its boundaries.

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 Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

Mojave Desert 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 Balances 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 fiduciary categories. An emphasis is placed on major funds within the governmental and fiduciary 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, governmental special revenue, or fiduciary fund is 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, governmental special revenue, or fiduciary fund is at least 5 percent of the corresponding total for all governmental 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 Fund – this governmental 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 Fund – this special revenue 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.

Carl Moyer Fund – this special revenue 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.

Mojave Desert 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

The fiduciary funds of the financial reporting entity is described below:

Other Post-Employment Benefits Trust Fund – this fund is a fiduciary fund used to account for assets held by the District as Trustees. The District maintains this non-major expendable trust fund, Retiree Benefits Fund, which is used to provide contingency reserves for the District payment of current and future retiree health and welfare benefits.

Pension Benefits Trust Fund – this fund is a fiduciary fund used to account for assets held by the District as Trustees. The District maintains this non-major expendable trust fund, Pension Fund, which is used to provide contingency reserves for the District payment of current and future retiree pension benefits.

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:

Governmental Accounting Standards Board Statement No. 75

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. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 81

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.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Mojave Desert 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, continued

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued State ment No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issu es that have been identified during im plementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues rel ated to blending component units, goodwill, fair value measurement and application, and postem ployment benefits (pensions and other postemployment benefits - OPEB).

The provisions of this State ment are effective for reporting periods beginning after June 15, 2017. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

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, defer red outflows of resources, liabilities, and deferred inflows of resources at the date of t he financial statements and the re ported changes in District net position du ring 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 investm ent policy to deposit funds in financial institutions. Investments are to be made in the following area:

- San Bernardino County Pooled 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. Fair Value Measurements

The District categorizes it s fair value mea surements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used t o measure the fair value of the asset, as follows:

- **Level 1** – This valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation is based on directly observable and indirectly observable inputs. These inputs are derived p rincipally from or corroborated by observable market data through correlation or market-corroborated in puts. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

Mojave Desert 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

4. Fair Value Measurements, continued

- **Level 3** – This valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District does not currently hold any investments which require the treatment of fair value measurements.

5. Accounts Receivable

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

6. Prepaids

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

7. Internal Balances and Activities

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

8. Capital Assets

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

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

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

Mojave Desert 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

9. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

Pension

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

10. Unearned Revenue

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.

11. Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation, administrative time, and sick leave benefits. The vesting method is used to calculate the liability. Depending on the years of service, an employee will be paid which range from 0% to 50%, dependent upon certain vesting criteria, of earned sick leave benefits, 100% of earned vacation and administrative time upon separation. All vacation pay, compensatory time and sick leave is accrued when incurred in the government-wide financial statements. The current portion of the liability is estimated from prior year payment and adjusted for material expected variances. The non-current portion of the liability will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is used to liquidate compensated absences, respective to each funds' liability.

12. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Mojave Desert 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

12. Post-Employment Benefits Other Than Pensions (OPEB)

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2018
- Measurement Date: June 30, 2018
- Measurement Period: July 1, 2017 to June 30, 2018

13. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's San Bernardino County Employees' Retirement System (SBCERA) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2016
- Measurement Date: June 30, 2017
- Measurement Period: July 1, 2016 to June 30, 2017

14. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Pensions

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Mojave Desert 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

15. Net Position

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

- **Net Investment in Capital Assets** – This component of net position 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 Net Position** – This component of net position 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 Net Position** – This component of net position 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.

16. 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.
- **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 established, 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.

Mojave Desert 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

16. Fund Balance, continued

Fund Balance Policy, continued

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.

17. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Cash Equivalents

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

	2018
Unrestricted cash and cash equivalents:	
General Fund	\$ 1,967,848
Total unrestricted cash and cash equivalents	1,967,848
Restricted cash and cash equivalents:	
Mobile Emissions Program AB 2766 Fund	2,958,598
Carl Moyer Fund	1,098,382
Total restricted cash and cash equivalents	4,056,980
Total cash and cash equivalents	\$ 6,024,828

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

	2018
Cash on hand	\$ 152,903
Deposits held with financial institutions	2,750,871
Deposits held with San Bernardino County Treasurer	3,121,054
Total	\$ 6,024,828

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Cash Equivalents, continued

As of June 30, the District's authorized deposits had the following maturities:

	2018
San Bernardino County Investment Pool	353 days

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and local agency bonds, notes and warrants	5 years	None	None
U.S. treasury obligations	5 years	None	None
Federal agency obligations	5 years	None	None
Banker's acceptances	180 days	40%	None
Commercial paper - Pooled/Non-Pooled	270 days	40%/25%	40%
Negotiable/Non-Negotiable certificates of deposit	5 years	30%/None	None
Placement Service - Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 years	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
County Pooled Investment Fund	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational obligations	5 years	30%	None

Investment in San Bernardino County Investment Pool

The San Bernardino County Investment Pool (SBCIP) is a pooled investment fund program governed by the County of San Bernardino Board of Supervisors, and administered by the County of San Bernardino Auditor-Controller/Treasurer/ Tax Collector. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by SBCIP for the entire SBCIP portfolio. Investments in SBCIP are highly liquid as deposits and withdrawals can be made at any time without penalty following the restrictions and limitations as identified below. SBCIP does not impose a maximum investment limit. SBCIP is not registered with the Securities and Exchange Commission as an investment company. At June 30, 2018, SBCIP is rated Fitch AAA/VI.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. SBCIP does not have any legally binding guarantees of share values. SBCIP does not impose liquidity fees or redemption gates on participant withdrawals.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Investments, continued

Investment in San Bernardino County Investment Pool, continued

Information related to the SBCIP may be obtained from the County of San Bernardino Administrative Offices – 268 West Hospitality Lane, 1st Floor – Treasury – San Bernardino, California 92415 or the Auditor-Controller/Treasurer/ Tax Collector’s office website www.sbcounty.gov.

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 (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; however, the collateralized securities are not held in the District’s name.

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.

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 San Bernardino County Investment Pool 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.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(3) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources between the General fund and the Mobile Emissions Program AB2766 fund and between the Carl Moyer fund and the General funds' advances to temporarily support the operations of each respective fund.

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

Receivable from	Payable to	2018
Fiduciary Fund	General Fund	\$ 9,593
Payable to General		\$ 9,593
Receivable from	Payable to	2018
AB2766 Fund	General Fund	\$ 60,000
General Fund	Carl Moyer Fund	127,659
Total due to/from		\$ 187,659

For the year ended June 30, 2018, inter-fund transfers were utilized to transfer net position from the General fund to the Other Post-Employment Benefits (OPEB) Trust fund for the purpose of making contributions to the fund and for the purpose of establishing the District's Pension Benefits Trust fund sourcing from the General fund.

As of June 30, inter-fund transfers between the District's funds were as follows:

Transfer from	Transfer to	2018
General Fund	Other Post-Employment Benefits (OPEB) Trust Fund	\$ 23,203
General Fund	Pension Benefits Trust Fund	\$ 500,000

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(4) Capital Assets

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

	<u>Balance 2017</u>	<u>Adjustment</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2018</u>
Non-depreciable assets:					
Land	\$ 278,568	-	-	-	278,568
Total depreciable assets	<u>278,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,568</u>
Depreciable assets:					
Building and improvements	2,701,363	-	5,670	-	2,707,033
Equipment	3,414,790	(372,313)	75,800	-	3,118,277
Vehicles	197,402	-	49,152	-	246,554
Total depreciable assets	<u>6,313,555</u>	<u>(372,313)</u>	<u>130,622</u>	<u>-</u>	<u>6,071,864</u>
Accumulated depreciation:					
Building and improvements	(1,621,450)	-	(122,482)	-	(1,743,932)
Equipment	(2,423,492)	372,313	(178,539)	-	(2,229,718)
Vehicles	(163,813)	-	(14,929)	-	(178,742)
Total accumulated depreciation	<u>(4,208,755)</u>	<u>372,313</u>	<u>(315,950)</u>	<u>-</u>	<u>(4,152,392)</u>
Total depreciable assets, net	<u>2,104,800</u>	<u>-</u>	<u>(185,328)</u>	<u>-</u>	<u>1,919,472</u>
Total capital assets, net	<u>\$ 2,383,368</u>				<u>2,198,040</u>

In the current year the District identified capital assets which were impaired of \$372,313; however the assets had not been removed from the capital assets system. The assets were fully depreciated at disposal.

(5) Unearned Revenue

Changes in unearned revenues as of June 30, were as follows:

	<u>Balance 2017</u>	<u>New Unearned/ Awards</u>	<u>Expenses/ Revenues</u>	<u>Balance 2018</u>
General Fund				
BCS	\$ -	2,333	-	2,333
Caltrans – Kramer Junction	-	3,716	-	3,716
Carl Moyer Fund – Grant Awards				
Round 17	463,914	-	(20,832)	443,082
Round 18	687,885	-	(52,352)	635,533
Round 19	751,590	-	-	751,590
Round 20	-	792,704	-	792,704
Total unearned revenue	<u>\$ 1,903,389</u>	<u>798,753</u>	<u>(73,184)</u>	<u>2,628,958</u>

(6) Compensated Absences

Changes in compensated absences as of June 30 were as follows:

	<u>Balance 2017</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2018</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$	<u>664,452</u>	<u>607,347</u>	<u>(580,543)</u>	<u>691,256</u>	<u>172,294</u>	<u>518,962</u>

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Other Post-Employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan

Plan Description

The District pays a portion of the cost of health insurance for retirees, subject to certain restrictions as determined by the District. The Plan is open to qualified employees, who retire with a minimum of twenty (20) years of public service, of which, a minimum of ten years were served with the District.

Benefits Provided

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical program. The contribution requirements of Plan members and the District are established and may be amended by the Governing Board.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	2018
Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not receiving benefit payments	1
Active employees	23
Total Plan membership	40

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of its share of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The District's cap is \$133 per month which is adjusted for each year in accordance with California Government Code Section 22892. The annual contribution is based on the actuarially determined contribution.

As of the fiscal year ended June 30, the contributions were as follows:

	2018
Contributions – employer	\$ 27,623

As of June 30, 2018, employer pension contributions of \$27,623 reported as deferred outflows of resources related to contributions subsequent to the measurement date were recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2018.

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions

The net OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.50 percent
Discount rates	6.30% as of June 30, 2018 and June 30, 2017 for explicit costs 3.89% as of June 30, 2018 and 3.53% as of June 30, 2017 for implicit costs
Healthcare cost trend rates	7.50 percent per year
Retirees' share of benefit-related costs	100% percent of projected health insurance premiums for retirees at age 50 with a minimum 20 years of public service and a minimum of 10 years served with the District subject to certain restrictions determined by the District.

Discount Rate

The discount rate used to measure the net OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 1,547,971	629,068	918,903
Changes for the year:			
Service cost	64,270	-	64,270
Interest	81,969	-	81,969
Expected investment income	-	37,559	(37,559)
Employer contributions	-	27,623	(27,623)
Expenses	-	(1,639)	1,639
Benefit payments	(91,784)	(91,784)	-
Assumption changes	(11,653)	-	(11,653)
Investment experience	-	10,369	(10,369)
Net changes	42,802	(17,872)	60,674
Balance at June 30, 2018	\$ 1,590,773	611,196	979,577

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Other Post-Employment Benefits (OPEB) Plan, continued

Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.30 percent explicit rate / 2.89 percent implicit rate) or 1-percentage-point higher (7.30 percent explicit rate / 4.89 percent implicit rate) than the current discount rate:

	Discount Rate - 1% (5.30%) Explicit (2.89%) Implicit	Current Discount Rate (6.30%) Explicit (3.89%) Implicit	Discount Rate + 1% (7.30%) Explicit (4.89%) Implicit
District's Total OPEB liability	\$ 1,771,772	1,590,773	1,439,802
District's Net OPEB liability	\$ 1,160,576	979,577	828,606

Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50%)	Healthcare Cost Trend Rates (7.50%)	1% Increase (8.50%)
District's Total OPEB liability	\$ 1,410,249	1,590,773	1,858,514
District's Net OPEB liability	\$ 799,053	979,577	1,247,318

For the year ended June 30, 2018, the District recognized OPEB expense of \$106,936.

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

At June 30, 2018, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	(8,295)
Changes in assumptions	-	(10,344)
Total	\$ -	(18,639)

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

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

Actuarially Determined Deferred (Inflows) - OPEB Plan			
Fiscal Year Ending June 30:	Differences between Projected and Actual Earnings on Plan Investments	Changes in Assumptions	Net, Deferred (Inflows)
2019	\$ (2,074)	(1,309)	(3,383)
2020	(2,074)	(1,309)	(3,383)
2021	(2,074)	(1,309)	(3,383)
2022	(2,073)	(1,309)	(3,382)
2023	-	(1,309)	(1,309)
Thereafter	-	(3,799)	(3,799)
Total	\$ (8,295)	(10,344)	(18,639)

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

See page 47 for the Required Supplementary Schedule.

(8) Defined Benefit Pension Plan

Plan Description

The District participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan – a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The Plan operates under the provisions of the SBCERA is governed by the County Employees' Retirement Law (CERL) of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement (Board). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours, required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

SBCERA is a legally separate entity from the District, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the District's financial statements exclude the SBCERA pension plan as of June 30, 2018. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.SBCERA.org.

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms.

The Plans' provision and benefits in effect at June 30, 2018, are summarized as follows:

	General Plan	
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit percent per year of service for normal retirement age	2.0% per year of final average compensation for every year of	2.5% per year of final average compensation for every year of
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code 7522.10
Required employee contribution rates	7.07% – 13.52%	6.37% – 7.88%
Required employer contribution rates	34.53%	30.09%

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Contributions

The Plan and Plan's active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for the Plan, and Government Code sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly based on an annual actuarial valuation, which is conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and Plan contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, the contributions for the Plan were as follows:

Contribution Source	General Plan 2018
Contributions – employer	\$ 1,417,654

Net Pension Liability

As of June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Plan Description	Proportionate Share of Pension Liability 2018
General Plan	\$ 10,094,423

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the Plan as of the measurement dates June 30, 2016 and 2017, was as follows:

	General Plan
Proportional share – June 30, 2016	0.37500%
Proportional share – June 30, 2017	0.38300%
Change – Increase (Decrease)	0.00800%

For the year ended June 30, 2018, the District recognized pension expense of \$1,626,775.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

As June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	2018	
	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Pension contributions subsequent to the measurement date	\$ 1,417,654	-
Net differences between projected and actual earnings on plan investments	366,518	-
Changes in assumptions	2,579,612	-
Differences between actual contribution and proportionate share of contribution	675,970	(585,658)
Differences between actual and expected experience	-	(1,079,896)
Total	<u>\$ 5,039,754</u>	<u>(1,665,554)</u>

As of June 30, 2018, the District reported \$1,417,654, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

As of June 30, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	General Plan
Ending	Deferred
June 30:	Outflows
	/(Inflows) of
	Resources
2019	\$ 587,617
2020	734,890
2021	329,408
2022	(161,897)
2023	381,843
2024	84,685
Thereafter	-

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The significant actuarial assumptions and methods used to measure the total pension liability as of June 30, 2018, are as follows:

Actuarial assumptions:	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll (3.75% payroll growth assumed)
Investment Rate of Return ⁽¹⁾	7.25%
Inflation	3.00%
Projected salary increases ⁽²⁾	General: 4.50% to 14.50%
Administrative expenses	0.60% of payroll

(1) Includes inflation at 3.25% and is net of pension plan investment expenses.

(2) Includes inflation at 3.25%, plus real across the board salary increases of 0.50%, plus merit and promotional increases that vary by service.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study (experience study) which covered the periods from July 1, 2010 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability (TPL) was 7.25% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2017.

The long-term expected rate of return on Plan investments was determined in 2014 using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations approved by the SBCERA Board, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions, are summarized in the following table. This information will change every three years based on the triennial actuarial experience study.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(8) Defined Benefit Pension Plan, continued

Discount Rate

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Large Cap U.S. Equity	8.00 %	5.61 %
Small Cap U.S. Equity	2.00	6.37
Developed International Equity	6.00	6.96
Emerging Market Equity	6.00	9.28
U.S. Core Fixed Income	2.00	1.06
High Yield/Credit Strategies	13.00	3.65
Global Core Fixed Income	1.00	0.07
Emerging Market Debt	6.00	3.85
Real Estate	9.00	4.37
Cash & Equivalents	2.00	(0.17)
International Credit	11.00	6.75
Absolute Return	13.00	3.56
Real Assets	5.00	6.35
Private Equity	16.00	8.47
Total	<u>100.00 %</u>	

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

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

As of June 30, 2018, the discount rate comparison was the following:

	<u>Discount Rate - 1% (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>Discount Rate + 1% (8.25%)</u>
District's Net Pension Liability – General Plan	\$ <u>14,608,735</u>	<u>10,094,423</u>	<u>6,381,295</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SBCERA financial reports. See pages 48 through 49 for the Required Supplementary Schedules.

Payable to the Pension Plan

As of June 30, 2018, the District reported no payables for the outstanding amount of contribution to the pension plan.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(9) Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	2018
Net investment in capital assets:	
Capital assets – being depreciated, net	\$ 2,198,040
Total net investment in capital assets	\$ 2,198,040

(10) Restricted Net Position

Restricted net position is calculated as follows:

	2018
Restricted:	
Restricted cash and cash equivalent – Mobile Emissions Program (AB 2677)	\$ 2,958,598
Restricted cash and cash equivalent – Carl Moyer Fund	1,098,382
Total restricted	\$ 4,056,980

(11) Unrestricted Net Position

The District’s Governing Board has designated the use of the District’s June 30, unrestricted net position as follows:

	2018
Unrestricted:	
Unfunded reserves	\$ (7,982,141)
Prepays	10,150
Operating cash reserve	700,000
Building improvement reserves	200,000
Legal and litigation reserves	300,000
Retirement reserves	1,000,000
Budget stabilization	250,000
Compensated absences	150,000
Total unrestricted	\$ (5,371,991)

(12) Adjustment to Net Position

Other Post-employment Benefits (OPEB) – GASB 75 Implementation

In fiscal year 2018, the District implemented GASB pronouncements 74 and 75 to recognize its total other post-employment benefits (OPEB) liability. As a result of the implementation, the District recognized the OPEB liability and recorded a prior period adjustment, a (decrease) to net position, of \$918,903 at July 1, 2017. The District recorded a prior period adjustment, an increase to net position, to reclassify from liabilities to net position, the prior year’s OPEB liability, recognized in accordance with GASB 45, of \$314,010 at July 1, 2017.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(12) Adjustment to Net Position

The adjustment to net position was as follows:

Net position at July 1, 2017, as previously stated	\$ 523,790
Effect of adjustment to record the net OPEB liability	(918,903)
Effect of adjustment to remove OPEB liability reported under GASB 45	<u>314,010</u>
Total adjustment to net position	<u>(604,893)</u>
Net position at July 1, 2017, as restated	<u><u>\$ (81,103)</u></u>

The adjustment to fund balance in the governmental funds is as follows:

	<u>General Fund</u>	<u>Mobile Emissions Program AB 2766 Fund</u>	<u>Carl Moyer Fund</u>	<u>Total</u>
Fund balance at July 1, 2017, as previously stated	\$ 2,392,159	3,154,431	83,396	5,629,986
Effect of adjustment to record total OPEB liability	(918,903)	-	-	(918,903)
Effect of adjustment to remove OPEB liability reported under GASB 45	<u>314,010</u>	<u>-</u>	<u>-</u>	<u>314,010</u>
Change in fund balance as of July 1, 2017, as previously stated	<u>(604,893)</u>	<u>-</u>	<u>-</u>	<u>(604,893)</u>
Fund balance at July 1, 2017, as restated	<u><u>\$ 1,787,266</u></u>	<u><u>3,154,431</u></u>	<u><u>83,396</u></u>	<u><u>5,025,093</u></u>

(13) Management Contract Revenue

Antelope Valley Air Quality Management District

On April 19, 2016, the District entered into an agreement with the Antelope Valley Air Quality Management District (AVAQMD) to provide air pollution control services including administration and operations to meet the regulatory and legislated responsibilities of AVAQMD.

The agreement commenced on January 1, 2016 and expires on June 30, 2021. The agreement carries an option to extend services for two years.

The contracts compensation terms include: (1) actual cost reimbursement for the purchase of materials for supplies, (2) the AVAQMD pays the pro-rata share of base salary and associated employment benefits of Program Staff, (3) the District provides utilization of its file management system, accounting system, compliance and permit system, and air monitoring data collection and reporting system, which AVAQMD will cover costs for enhancements and maintenance, (4) The District may assess a proportionate share of the purchase cost/service costs to the AVAQMD not to exceed a proportionate amount based on the ratio of operating permits between both District's, (5) AVAQMD will pay a charge to cover administrative overhead and compensate the District for indirect costs of delivering services. The charge is calculated as 14% of the total billed each month for services added to each invoice.

The District provides professional officers and employees. The District is responsible for the payment of all salaries and benefits, including health and dental benefits, union benefits, related employment taxes and pension contributions. Upon termination of the agreement any dedicated staff will be transitioned from the District to AVAQMD.

Payment of costs is billed monthly at 1/12th of the annual contract amount. On the quarterly basis the District will reconcile actual costs. At June 30, 2018, the District reported management contract revenue of \$1,276,830.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(14) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by ING Aetna Financial Service, Inc. at June 30, 2018, was \$5,532,035.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(15) Operating Leases

The District has entered into several operating leases with Enterprise FM Trust for the purpose of leasing vehicles. The operating leases call for monthly payments ranging from \$3,654 to \$4,443 through 2020. Future rent payments subsequent to year end are as follows:

Year ending June 30,	Amount
2019	\$ 13,270
2020	11,059
Total	<u>\$ 24,329</u>

At June 30, 2018, the District's rent expense amounted to \$57,782.

(16) 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 District 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 \$1,000,000,000 pool limit, replacement cost of scheduled property, boiler & machinery of \$100,000,000 pool limit, replacement cost of scheduled property.
- Pollution liability of \$2,000,000 per pollution condition or indoor environmental condition.
- General liability insurance consists of bodily injury, property damage of \$5,000,000 per occurrence, Auto bodily injury and auto property damage of \$5,000,000 per occurrence, employee benefits liability of \$5,000,000 per occurrence, employee and public official's errors and omission of \$5,000,000 per occurrence; and employment practices liability of \$5,000,000 per occurrence.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

(16) Risk Management, continued

- Personal liability coverage – Board members / Directors of \$500,000 per occurrence.
- Employee and public official’s dishonesty of \$1,000,000 per occurrence.
- Auto physical damage coverage subject to selected comprehensive and collision deductibles (option of \$250/\$500, \$500/\$1,000 or comprehensive only of \$250/\$500).

Settled claims, if any, have not exceeded any of the coverage amounts in the last three fiscal years. There were no reductions in insurance coverage in fiscal year years ending June 30, 2018, 2017, and 2016. 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, 2017, and 2016.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, 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) and 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 provisions of this Statement are effective for reporting periods beginning after June 15, 2018. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

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 provisions of this Statement are effective for reporting periods beginning after December 15, 2018. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

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

Governmental Accounting Standards Board Statement No. 86

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.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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 provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

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 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. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

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

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. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 90

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

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

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

Mojave Desert Air Quality Management District
Notes to the Basic Financial Statements, continued
June 30, 2018

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

Governmental Accounting Standards Board Statement No. 90, continued

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(18) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such 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.

(19) Subsequent Events

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of February 25, 2019, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Board Presentation Version

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Board Presentation Version

Mojave Desert Air Quality Management District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
As of June 30, 2018
Last Ten Fiscal Years*

	2018
To Total OPEB Liability	
Service cost	\$ 64,270
Interest	81,969
Changes in assumptions	(11,653)
Benefit payments	(91,784)
Net change in total OPEB liability	42,802
Total OPEB liability – beginning	1,547,971
Total OPEB liability – ending	\$ 1,590,773
Plan Fiduciary Net Position	
Contributions employer	\$ 27,623
Net investment income	47,928
Benefit payments	(91,784)
Expenses	(1,639)
Net change in plan fiduciary net position	(17,872)
Plan fiduciary net position – beginning	629,068
Plan fiduciary net position – ending	\$ 611,196
Net OPEB liability – ending	\$ 979,577
Covered payroll	\$ 6,008,949
Net OPEB liability as a percentage of covered payroll	16.30%

Notes:

* Historical information presented above follows the measurement periods for which GASB 74 & 75 were applicable. The fiscal year ended June 30, 2018, (valuation date of June 30, 2017) was the first year of implementation required by GASB 74 & 75, therefore only one year is shown.

**Mojave Desert Air Quality Management District
District's Proportionate Share of Net Pension Liability
As of June 30, 2018
Last Ten Fiscal Years***

Description	Fiscal Year 2017-2018	Fiscal Year 2016-2017	Fiscal Year 2015-2016	Fiscal Year 2014-2015	Fiscal Year 2013-2014
District's Proportion of the Net Pension Liability	0.38300%	0.37500%	0.40100%	0.41900%	0.38200%
District's Proportionate Share of the Net Pension Liability	\$ 10,094,423	9,252,237	7,782,355	7,124,444	7,580,519
District's Covered-Employee Payroll	\$ 4,139,787	4,122,720	3,918,233	3,852,547	3,454,500
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	243.84%	224.42%	198.62%	184.93%	219.44%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.07%	67.94%	71.93%	71.93%	68.36%

Notes:

Changes in Benefit Terms – For the measurement date June 30, 2017, there were no changes in the benefit terms.

Changes of Assumptions – For the measurement date June 30, 2017, the discount rate was reduced from 7.50% percent to 7.25%

* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015 was the first year of implementation required by GASB 68 & 71, therefore only four years are shown.

**Mojave Desert Air Quality Management District
Pension Plan Contributions
As of June 30, 2018
Last Ten Fiscal Years***

<u>Schedule of Pension Plan Contributions:</u>	<u>Fiscal Year 2017-2018</u>	<u>Fiscal Year 2016-2017</u>	<u>Fiscal Year 2015-2016</u>	<u>Fiscal Year 2014-2015</u>	<u>Fiscal Year 2013-2014</u>
Actuarially Determined Contribution	\$ 1,324,459	1,326,230	1,167,928	898,449	1,086,330
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,417,654)</u>	<u>(1,328,520)</u>	<u>(1,312,568)</u>	<u>(898,449)</u>	<u>(1,086,330)</u>
Contribution Deficiency (Excess)	\$ <u>(93,195)</u>	<u>(2,290)</u>	<u>(144,640)</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ <u>4,139,787</u>	<u>4,122,720</u>	<u>3,918,233</u>	<u>3,852,547</u>	<u>3,454,500</u>
Contribution's as a percentage of Covered-employee Payroll	<u>31.99%</u>	<u>32.17%</u>	<u>29.81%</u>	<u>23.32%</u>	<u>31.45%</u>

Notes:

- * Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore only five years are shown.

Board Presentation Version

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

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Program revenues:					
Charges for services:					
Application and permit fees	\$ 4,481,000	-	4,481,000	4,534,689	53,689
Management contract – AVAQMD	1,313,050	-	1,313,050	1,276,830	(36,220)
Operating grants:					
Assembly Bill 2766	951,600	-	951,600	961,401	9,801
State grants	266,172	-	266,172	1,398,439	1,132,267
State subvention	138,000	-	138,000	137,896	(104)
Federal grants	132,900	-	132,900	168,917	36,017
California Clean Air Act	66,000	-	66,000	67,452	1,452
Other programs	24,000	-	24,000	27,962	3,962
Total program revenues	<u>7,372,722</u>	<u>-</u>	<u>7,372,722</u>	<u>8,573,586</u>	<u>1,200,864</u>
General revenues:					
Fines, forfeitures, and penalties	82,000	-	82,000	197,716	115,716
Investment earnings	12,000	-	12,000	17,430	5,430
Other revenue	-	-	-	1,541	1,541
Total program revenues	<u>94,000</u>	<u>-</u>	<u>94,000</u>	<u>216,687</u>	<u>122,687</u>
Total revenues	<u>7,466,722</u>	<u>-</u>	<u>7,466,722</u>	<u>8,790,273</u>	<u>1,323,551</u>
Expenditures:					
Salaries and benefits	6,251,851	-	6,251,851	4,843,246	1,408,605
Services and supplies	861,771	-	861,771	928,675	(66,904)
Contributions	90,500	-	90,500	95,041	(4,541)
Capital outlay	200,500	-	200,500	130,622	69,878
Total expenditures	<u>7,404,622</u>	<u>-</u>	<u>7,404,622</u>	<u>5,997,584</u>	<u>1,407,038</u>
Excess(deficiency) of revenue over expenditures	62,100	-	62,100	2,792,689	2,730,589
Other Financing sources:					
Transfers out – OPEB Trust	-	-	-	(23,203)	(23,203)
Transfers out – Pension Trust	-	-	-	(500,000)	(500,000)
Net change in fund balance	<u>62,100</u>	<u>-</u>	<u>62,100</u>	<u>2,269,486</u>	<u>2,207,386</u>
Fund balance – beginning of year, as restated	<u>1,787,266</u>		<u>1,787,266</u>	<u>1,787,266</u>	
Fund balance – end of period	<u>\$ 1,849,366</u>		<u>1,849,366</u>	<u>4,056,752</u>	

**Mojave Desert 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>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Program revenues:					
Operating grants:					
Assembly Bill 2766	\$ 604,400	-	604,400	640,934	36,534
General revenues:					
Investment earnings	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>43,797</u>	<u>22,797</u>
Total revenues	<u>625,400</u>	<u>-</u>	<u>625,400</u>	<u>684,731</u>	<u>59,331</u>
Expenditures:					
Services and supplies	-	-	-	137	(137)
Contributions	<u>781,000</u>	<u>-</u>	<u>781,000</u>	<u>831,562</u>	<u>(50,562)</u>
Total expenditures	<u>781,000</u>	<u>-</u>	<u>781,000</u>	<u>831,699</u>	<u>(50,699)</u>
Net change in fund balance	<u>(155,600)</u>	<u>-</u>	<u>(155,600)</u>	<u>(146,968)</u>	<u>(8,632)</u>
Fund balance – beginning of year	<u>3,154,431</u>		<u>3,154,431</u>	<u>3,154,431</u>	
Fund balance – end of period	<u>\$ 2,998,831</u>		<u>2,998,831</u>	<u>3,007,463</u>	

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

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Program revenues:					
Operating grants	\$ 710,008	-	710,008	73,184	(636,824)
General revenues:					
Investment earnings	<u>3,900</u>	-	<u>3,900</u>	<u>11,678</u>	<u>7,778</u>
Total revenues	<u>713,908</u>	<u>-</u>	<u>713,908</u>	<u>84,862</u>	<u>(629,046)</u>
Expenditures:					
Services and supplies	94,120	-	94,120	116,957	(22,837)
Contributions	<u>615,888</u>	-	<u>615,888</u>	<u>20,832</u>	<u>595,056</u>
Total expenditures	<u>710,008</u>	<u>-</u>	<u>710,008</u>	<u>137,789</u>	<u>572,219</u>
Excess(deficiency) of revenue over expenditures	<u>3,900</u>	<u>-</u>	<u>3,900</u>	<u>(52,927)</u>	<u>(56,827)</u>
Net change in fund balance	<u>3,900</u>	<u>-</u>	<u>3,900</u>	<u>(52,927)</u>	<u>(56,827)</u>
Fund balance – beginning of year	<u>83,396</u>		<u>83,396</u>	<u>83,396</u>	
Fund balance – end of period	<u>\$ 87,296</u>		<u>87,296</u>	<u>30,469</u>	

**Mojave Desert 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 prepares and submits 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), 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
Mojave Desert Air Quality Management District
Victorville, 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 Mojave Desert 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 .

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 District’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in our separately issued, Management Report, that we consider material weaknesses.

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)**

Mojave Desert Air Quality Management District's Response to Findings

The District's response to the findings identified in our audit is described in the separately issued Management Report. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Fedak & Brown LLP
Cypress, California
February 25, 2019

Board Presentation Version

Mojave Desert Air Quality Management District

Management Report

June 30, 2018



Fedak & Brown LLP

Certified Public Accountants

Mojave Desert Air Quality Management District

Management Report

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Board Presentation Version

CONFIDENTIAL

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Mojave Desert Air Quality Management District (District) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and may not be detected by such controls. 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.

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Our other observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized as follows:

Summary of Current Year Observations, Comments and Recommendations

Material Weakness

Year-End Closing, Reconciliation, and Review Procedures

During our final fieldwork we noted that the support provided for accounts receivable and accounts payable required additional support to show how they agreed to ending account balances on the trial balance. The balance for accrued payroll did not have support and also required additional adjustment to accrue the year-end balance. Certain reconciliations for year-end account balances for accounts receivable, prepaid expenses, capital assets and accounts payable appeared to require secondary review for either missing items or clean-up of stale balances. As a result, it was necessary for the auditor to prepare adjustments where account reconciliations or schedules did not agree to the District's general ledger. Auditing standards require that the auditor be independent from the maintenance of the District's books and records for which it plans to issue an opinion.

We recommend that the District increase controls for its year-end closing process to: 1) allocate additional time required to adjust year-end account balances, 2) prepare supporting reconciliations, and 3) review the support to ensure it does not contain stale or erroneous balances and is in agreement with the trial balance prior to the scheduled audit fieldwork.

Management's Response

We agree with the auditor's recommendation and will implement this recommendation in the next fiscal year.

Other Comments

Our other observation, comment, and recommendation, has been discussed with the appropriate members of management, is summarized below.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Governing Board to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Governing Board with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2018.

Summary of Prior Year Observations, Comments and Recommendations

Material Weaknesses

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. We consider the following deficiencies in internal control to be material weaknesses:

Carl Moyer Unearned Revenue

The grant funding for the Carl Moyer program is received on demand when requested, based on approved projects, before the District spends the grant funding. Based on the nature and timing of the awards received and spent, grant funding for the Carl Moyer program should maintain a relationship where unspent grant funding, held by both the District and the California Air Resources Board, at the beginning of the year plus current year's new award less grant expenditures equal unspent grant funding at the end of the year, plus any accrued interest. Since the grant revenues are not earned until the funding is spent, the revenues from the grant should equal the expenses of the grant, with exception of any interest for current and prior years. The accounting records provided by the District did not provide these relationships and a journal entry was proposed.

We recommend that the District implement a process to ensure the accuracy of the Carl Moyer grant funding by reconciling the beginning and ending unearned grant revenues, and recognized Carl Moyer grant revenues and expenses.

Management's Response

Management believes the discrepancy in the current year was a result of manual journal entries being posted and not due to the District's software or procedures. We would also like to note that for the Carl Moyer Fund program revenue should equal programmatic expenditures. In the General Fund, Carl Moyer revenue does not equal expenditures because the revenue is related to indirect costs and is pure unencumbered/attached revenue.

We agree and going forward, the District plans to reconcile its unearned revenue to ensure grant revenues and grant expenses to be equivalent; and will assist in the reconciliation process of beginning unearned grant revenues and ending unearned grant revenues. In the preparation of reconciliation's involving the General Fund, the District will define and explain any differences as part of its reconciliation, going forward in future periods.

Inclusion of Long-Term Liabilities in District's General Ledger

During our review of the District's books and records (general ledger) we noted that significant long-term liabilities for other post-employment benefits, net pension and related deferred outflows and inflows, and the full compensated absence liability were included on the financial statements but not maintained in the District in its general ledger. As a result it was necessary to research, establish the beginning balance, and adjust those balances for inclusion in the District's general ledger.

We recommend the District follow governmental industry practice by maintaining long-term liability balances either within its General fund or in a separate General Long Term Debt Account Group fund (GLTDAG) within its financial accounting system. This will ensure the District's general ledger is in alignment with its financial reporting.

Management's Response

In prior years, the previous auditor maintained the long-term liabilities for the District without recommendation that those liabilities should also be maintained in the District's books and records. The District's management felt at times that some entries were misunderstood or not explained properly.

We agree with the auditor's recommendation. The District will maintain all long-term liabilities which appear in the financial statements in its general ledger.

Summary of Prior Year Observations, Comments and Recommendations, continued

Year-End Closing, Reconciliation, and Review Procedures

During our final fieldwork we noted that the support provided for accounts receivable and accounts payable required additional support to show how they agreed to ending account balances on the trial balance. The balance for accrued payroll did not have support and also required additional adjustment to accrue the year-end balance. Certain reconciliations for year-end account balances for accounts receivable, prepaid expenses, capital assets and accounts payable appeared to require secondary review for either missing items or clean-up of stale balances. As a result, it was necessary for the auditor to prepare adjustments where account reconciliations or schedules did not agree to the District's general ledger. Auditing standards require that the auditor be independent from the maintenance of the District's books and records for which it plans to issue an opinion.

We recommend that the District increase controls for its year-end closing process to: 1) allocate additional time required to adjust year-end account balances, 2) prepare supporting reconciliations, and 3) review the support to ensure it does not contain stale or erroneous balances and is in agreement with the trial balance prior to the scheduled audit fieldwork.

Management's Response

We agree with the auditor's recommendation and will implement this recommendation in the next fiscal year.

Other Comments

Our other observation, comment, and recommendation, has been discussed with the appropriate members of management, is summarized below.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Governing Board to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Governing Board with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2017.

This communication is intended solely for the information and use of management, the audit committee, the governing board and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Our other observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized on the following page.

Fedak & Brown, LLP
Cypress, California
February 25, 2019

Board Presentation Version

APPENDIX

Mojave Desert Air Quality Management District

Audit/Finance Committee Letter

June 30, 2018

Board Presentation Version

Governing Board
Mojave Desert Air Quality Management District
Victorville, California

We have audited the basic financial statements of the Mojave Desert Air Quality Management District (District) for the year ended June 30, 2018 and have issued our report thereon dated February 25, 2019. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated February 6, 2018, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements as previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2018 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of the District's fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were twenty-seven audit adjustments, which were prepared by the auditor. Three of the twenty-seven entries related to the fourth-year implementation of GASB No. 68 and 71, four of the entries related to the first-year implementation of GASB No. 75, one of the entries was prepared by the District, of which were made to the original trial balance presented to us to begin our audit. A schedule of entries can be found at the end of this report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves the application of an accounting principle to the District’s basic financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require us the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated February 25, 2019.

Conclusion

We appreciate the cooperation extended us by Brad Poiriez, Executive Director, Jean Bracy, Deputy Director/Administration, Laquita Cole, Finance Manager, and to the staff of the District in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Governing Board and management and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown, LLP
Cypress, California
February 25, 2019

Board Presentation Version

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2018

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To reclassify deposits in transit related to the General Fund County Cash account and disbursements related to the AB 2677 Fund County Cash account at June 30, 2018.			
10 1030 00 0000	SB County	40,793.50	
20 1290 00 0000	Bank Transfers	1,637.21	
10 1090 00 0000	Cash Receipts Clearing System		40,793.50
20 1031 00 0000	AB2766 Trust SB County		1,637.21
Total		42,430.71	42,430.71
Adjusting Journal Entries JE # 2			
AJE - To eliminate April and May Customer Rev transactions recorded in AP and Bank Transfers account, Petty Cash Reimb. transaction recorded in AP and Bank Xfrs and Pension exp test transaction recorded in Bank Xfrs and Pension Exp at June 30, 2018.			
10 1290 00 0000	Bank Transfers	264.30	
10 2000 00 0000	Accounts Payable System	7,907.56	
10 2000 00 0000	Accounts Payable System	15,119.93	
10 2000 00 0000	Accounts Payable System	185.67	
10 1290 00 0000	Bank Transfers		7,907.56
10 1290 00 0000	Bank Transfers		15,119.93
10 1290 00 0000	Bank Transfers		185.67
10 6450 20 0000	Retirement Cash		264.30
Total		23,477.46	23,477.46
Adjusting Journal Entries JE # 3			
AJE - To correct coding on Cash Receipts for January 2018 funds received at June 30, 2018.			
20 7300 00 2010	Program Expenditures AB 2766 Pass Thru	34,370.18	
20 2200 00 0000	Due To Other Gov't		34,370.18
Total		34,370.18	34,370.18
Adjusting Journal Entries JE # 4			
AJE - To adjust prepaids and accounts payable for FY2019 insurance: workers comp and property package paid in July for 2019 but recorded at June 30, 2018.			
10 2000 00 0000	Accounts Payable System	36,582.65	
10 2000 00 0000	Accounts Payable System	56,453.56	
10 3400 00 0000	Pre Paid	93,036.21	
10 1310 00 0000	Pre Paid Insurance		36,582.65
10 1310 00 0000	Pre Paid Insurance		56,453.56
10 3300 00 0000	Unassigned Fund Balance		93,036.21
Total		186,072.42	186,072.42
Adjusting Journal Entries JE # 5			
AJE - To adjust accounts payable for August medical premium paid in July 2018 at June 30, 2018. Benefits are already accrued in the payroll liability accounts.			
10 2000 00 0000	Accounts Payable System	14,504.87	
10 6140 00 0000	Admin		14,504.87
Total		14,504.87	14,504.87
Adjusting Journal Entries JE # 6			
AJE - To adjust Investment in Capital Assets per Support at June 30, 2018.			
10 3300 00 0000	Unassigned Fund Balance	2,521.00	
10 8215 00 0000	Miscellaneous Expense	1,654.79	
10 3700 00 0000	Investment in Capital Assets		1,654.79
10 8215 00 0000	Miscellaneous Expense		2,521.00
Total		4,175.79	4,175.79
Adjusting Journal Entries JE # 7			
GASB 68 Entry #1 - To reclassify 2017 contributions to the net pension liability at June 30, 2018.			
10 2810 00 0000	Net Pension Liability	1,328,520.00	
10 1900 00 0000	Deferred Outflows		1,328,520.00
Total		1,328,520.00	1,328,520.00

Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2018

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
GASB 68 Entry #2 - To reclassify 2018 contributions to Deferred Outflows of Resources at June 30, 2018.			
10 1900 00 0000	Deferred Outflows	1,417,654.00	
10 6415 00 0000	Contra District Pension Expense GASB 68		195,487.00
10 6415 10 0000	Contra District Pension Expense GASB 68		239,798.00
10 6415 20 0000	Contra District Pension Expense GASB 68		282,617.00
10 6415 30 0000	Contra District Pension Expense GASB 68		57,666.00
10 6415 40 0000	Contra District Pension Expense GASB 68		245,054.00
10 6415 50 0000	Contra District Pension Expense GASB 68		262,359.00
10 6415 60 0000	Contra District Pension Expense GASB 68		134,673.00
Total		1,417,654.00	1,417,654.00
Adjusting Journal Entries JE # 9			
GASB 68 Entry #3 - To record changes in pension liability and changes to the deferred outflows and inflows (amortization) during FY16/17 at June 30, 2018.			
10 1900 00 0000	Deferred Outflows	1,940,705.00	
10 2900 00 0000	Deferred Inflows	2,139,878.00	
10 2950 00 0000	Deferred Pension Inflows	320,832.00	
10 2950 00 0000	Deferred Pension Inflows	153,492.00	
10 6416 00 0000	Contra CY Implementation GASB 68	227,749.00	
10 6416 10 0000	Contra CY Implementation GASB 68	276,552.00	
10 6416 20 0000	Contra CY Implementation GASB 68	325,355.00	
10 6416 30 0000	Contra CY Implementation GASB 68	65,071.00	
10 6416 40 0000	Contra CY Implementation GASB 68	276,552.00	
10 6416 50 0000	Contra CY Implementation GASB 68	309,087.00	
10 6416 60 0000	Contra CY Implementation GASB 68	146,409.00	
10 1900 00 0000	Deferred Outflows		1,637,715.00
10 1900 00 0000	Deferred Outflows		233,383.00
10 2810 00 0000	Net Pension Liability		2,170,706.00
10 2950 00 0000	Deferred Pension Inflows		2,139,878.00
Total		6,181,682.00	6,181,682.00
Adjusting Journal Entries JE # 10			
CPE - To clear an unreconciled debit balance (3 customer payments) of \$8,810.45 and subsequent credit balance of \$2,540.71 at June 30, 2018.			
10 1010 00 0000	Wells Fargo	8,810.45	
10 2050 00 0000	Credit Card Payable	2,540.71	
10 2050 00 0000	Credit Card Payable		8,810.45
10 8215 00 0000	Miscellaneous Expense		2,540.71
Total		11,351.16	11,351.16
Adjusting Journal Entries JE # 11			
AJE - To reclassify vehicle added to land in error to vehicle's cost account at June 30, 2018.			
10 1750 00 0000	Vehicles	24,576.22	
10 1700 00 0000	Land		24,576.22
Total		24,576.22	24,576.22
Adjusting Journal Entries JE # 12			
AJE - To reclassify assets > \$5,000 threshold per financial statements to expense.			
10 1725 00 0000	Acc Dep Improvements Not Bldgs	62.38	
10 3700 00 0000	Investment in Capital Assets	4,990.00	
10 3700 00 0000	Investment in Capital Assets	1,004.42	
10 1720 00 0000	Improvements Not Buildings		4,990.00
10 1760 00 0000	Computers		1,004.42
10 3700 00 0000	Investment in Capital Assets		62.38
Total		6,056.80	6,056.80

**Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 13			
AJE - To adjust current year depreciation and accumulated depreciation accounts per Depreciation Support provided at June 30, 2018.			
10 1715 00 0000	Acc Dep Buildings	1,868.48	
10 1745 00 0000	Acc Dep Machinery & Equipment	128.47	
10 1755 00 0000	Acc Dep Vehicles	390.66	
10 1765 00 0000	Acc Dep Computers	1,240.77	
10 1775 00 0000	Acc Amort Software	196.14	
10 7145 50 0000	Computers	1,784.64	
10 3700 00 0000	Investment in Capital Assets		3,824.52
10 7665 50 0000	Depr Exp Computers		1,784.64
Total		<u>5,609.16</u>	<u>5,609.16</u>
Adjusting Journal Entries JE # 14			
AJE - To reclassify Audio TC System (Equipment) from Buildings to Machinery and Equipment at June 30, 2018.			
10 1715 00 0000	Acc Dep Buildings	2,517.43	
10 1740 00 0000	Machinery & Equipment	43,156.01	
10 1710 00 0000	Buildings		43,156.01
10 1745 00 0000	Acc Dep Machinery & Equipment		2,517.43
Total		<u>45,673.44</u>	<u>45,673.44</u>
Adjusting Journal Entries JE # 20			
AJE - To adjust beginning net position for compensated absences to actual at June 30, 2018.			
10 3390 00 0000	Compensated Absences	150,000.00	
10 3220 00 0000	Retirement Reserves		150,000.00
Total		<u>150,000.00</u>	<u>150,000.00</u>
Adjusting Journal Entries JE # 21			
AJE - To reclassify equity related to the OPEB liability from Fund 40 Fiduciary Fund to Fund 10 General Fund at June 30, 2018.			
10 3800 00 0000	Long Term Debt - OPEB	290,807.00	
10 9999 00 0000	Transfers (In) Out	23,203.00	
40 2540 00 0000	OPEB Liability	314,010.00	
10 2800 00 0000	Net OPEB Liability		314,010.00
40 3301 00 0000	Adjustments to Fund Balance - GASB		290,807.00
40 9999 00 0000	Transfers (In) Out		23,203.00
Total		<u>628,020.00</u>	<u>628,020.00</u>
Adjusting Journal Entries JE # 22			
GASB 75 Entry #1 - To record prior period adjustment for change in accounting principle of GASB 75 as of June 30, 2018.			
10 2800 00 0000	Net OPEB Liability	314,010.00	
10 3800 00 0000	Long Term Debt - OPEB	604,893.00	
10 2800 00 0000	Net OPEB Liability		918,903.00
Total		<u>918,903.00</u>	<u>918,903.00</u>
Adjusting Journal Entries JE # 23			
GASB 75 Entry #2 - To reclassify 2018 contributions to Net OPEB Liability at June 30, 2018.			
10 2800 00 0000	Net OPEB Liability	27,623.00	
10 6460 00 0000	Contra CY Implementation GASB 75		3,867.00
10 6460 10 0000	Contra CY Implementation GASB 75		4,696.00
10 6460 20 0000	Contra CY Implementation GASB 75		5,525.00
10 6460 30 0000	Contra CY Implementation GASB 75		1,105.00
10 6460 40 0000	Contra CY Implementation GASB 75		4,696.00
10 6460 50 0000	Contra CY Implementation GASB 75		5,248.00
10 6460 60 0000	Contra CY Implementation GASB 75		2,486.00
Total		<u>27,623.00</u>	<u>27,623.00</u>

**Mojave Desert Air Quality Management District
Schedule of Audit Adjusting Journal Entries
June 30, 2018**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 24			
GASB 75 Entry #3 - To record changes in OPEB liability during FY17/18 in the current year.			
10 6460 00 0000	Contra CY Implementation GASB 75	15,445.00	
10 6460 10 0000	Contra CY Implementation GASB 75	18,754.00	
10 6460 20 0000	Contra CY Implementation GASB 75	22,064.00	
10 6460 30 0000	Contra CY Implementation GASB 75	4,412.00	
10 6460 40 0000	Contra CY Implementation GASB 75	18,754.00	
10 6460 50 0000	Contra CY Implementation GASB 75	20,961.00	
10 6460 60 0000	Contra CY Implementation GASB 75	9,929.00	
10 2800 00 0000	Net OPEB Liability		88,297.00
10 2940 00 0000	Deferred OPEB Inflows		11,653.00
10 2940 00 0000	Deferred OPEB Inflows		10,369.00
Total		<u>110,319.00</u>	<u>110,319.00</u>
Adjusting Journal Entries JE # 25			
GASB 75 Entry #4 - To record changes in the deferred outflows (none) and deferred inflows (amortization) at June 30, 2018.			
10 2940 00 0000	Deferred OPEB Inflows	1,309.00	
10 2940 00 0000	Deferred OPEB Inflows	2,074.00	
10 6460 00 0000	Contra CY Implementation GASB 75		474.00
10 6460 10 0000	Contra CY Implementation GASB 75		575.00
10 6460 20 0000	Contra CY Implementation GASB 75		677.00
10 6460 30 0000	Contra CY Implementation GASB 75		135.00
10 6460 40 0000	Contra CY Implementation GASB 75		575.00
10 6460 50 0000	Contra CY Implementation GASB 75		643.00
10 6460 60 0000	Contra CY Implementation GASB 75		304.00
Total		<u>3,383.00</u>	<u>3,383.00</u>
Adjusting Journal Entries JE # 26			
AJE - To adjust beginning equity to actual per prior year financial statement.			
40 8215 00 0000	Miscellaneous Expense	3,001.00	
40 3000 00 0000	Restricted Fund Balance		3,001.00
Total		<u>3,001.00</u>	<u>3,001.00</u>
Adjusting Journal Entries JE # 27			
AJE - To adjust cash for payroll which cleared with bank prior to 6/30/18 and EFT - System Error is being researched by AccuFund. \$275.81 reports twice for a total of \$551.62 at June 30, 2018.			
10 1010 00 0000	Wells Fargo	551.62	
10 2110 00 0000	Accrued Payroll	106,331.87	
10 1010 00 0000	Wells Fargo		106,331.87
10 8215 00 0000	Miscellaneous Expense		551.62
Total		<u>106,883.49</u>	<u>106,883.49</u>
Total Adjusting Journal Entries		<u>11,274,286.70</u>	<u>11,274,286.70</u>
Total All Journal Entries		<u>11,274,286.70</u>	<u>11,274,286.70</u>

Legend:

AJE	Audit Adjusting Journal Entry
CPE	Client Prepared Adjusting Journal Entry
GASB 68 Entry	Third Year GASB 68 Implementation Adjusting Journal Entry
GASB 75 Entry	First Year GASB 75 Implementation Adjusting Journal Entry



Governing Board

Presentation of 2018 Audit Results

From



Jeff Palmer
Fedak & Brown LLP

The Audit

The Audit was performed in accordance with auditing standards generally accepted in the United States of America

- ▶ **Our audit procedures include:**
 - ▶ Assessing the District's internal controls
 - ▶ Agree balances to supporting documentation
 - ▶ Perform analysis of key relationships

The Auditors Reports

Independent Auditor's Report

▶ **Unmodified “CLEAN” Opinion**

- ▶ In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Mojave Desert Air Quality Management District** as of June 30, 2018.

Management Report Findings

- ▶ **Significant Deficiencies**
- ▶ **Material Weaknesses**

What's new – GASB 75

In 2018, the Mojave Desert Air Quality Management District adopted the Provisions of Governmental Standards Board No. 75 – OPEB (*Post-employment Benefits*). As a result, the District has recorded a one-time Restatement of Beginning Net Position in the amount of \$1,397,872 and recorded the OPEB Liability of \$2,405,733 as a Long Term Liability.

The primary objective – *to match both accounting and reporting of the OPEB liability with the pension liability in the District's books.*

Financial Highlights

Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Current assets	\$ 10,021,872	8,690,330	1,331,542
Capital assets, net	<u>2,198,040</u>	<u>2,383,368</u>	<u>(185,328)</u>
Total assets	<u>12,219,912</u>	<u>11,073,698</u>	<u>1,146,214</u>
Deferred outflows of resources	<u>5,039,754</u>	<u>4,881,013</u>	<u>158,741</u>
Liabilities:			
Current liabilities	3,099,482	3,225,957	(126,475)
Non-current liabilities	<u>11,592,962</u>	<u>10,065,086</u>	<u>1,527,876</u>
Total liabilities	<u>14,692,444</u>	<u>13,291,043</u>	<u>1,401,401</u>
Deferred inflows of resources	<u>1,665,554</u>	<u>2,139,878</u>	<u>(474,324)</u>
Net position:			
Net investment in capital assets	2,198,040	2,383,368	(185,328)
Restricted	4,056,980	3,935,028	121,952
Unrestricted	<u>(5,371,991)</u>	<u>(5,794,606)</u>	<u>422,615</u>
Total net position	<u>\$ 883,029</u>	<u>523,790</u>	<u>359,239</u>

Financial Highlights

Condensed Statements of Activities

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,811,519	5,269,959	541,560
Operating grants:			
Mobile emission program AB 2766	1,602,335	1,598,734	3,601
Carl Moyer program	73,184	245,508	(172,324)
Other	1,800,666	403,243	1,397,423
Total program revenues	<u>9,287,704</u>	<u>7,517,444</u>	<u>1,770,260</u>
General revenues:			
Fines, forfeitures, and penalties	197,716	37,975	159,741
Investment earnings	72,905	42,370	30,535
Other revenue	1,541	9,399	(7,858)
Total general revenues	<u>272,162</u>	<u>89,744</u>	<u>182,418</u>
Total revenues	<u>9,559,866</u>	<u>7,607,188</u>	<u>1,952,678</u>
Expenses:			
General	6,972,421	7,596,857	(624,436)
Mobile emission program AB 2766	831,699	726,718	104,981
Carl Moyer program	137,789	340,564	(202,775)
Capital outlay	130,622	38,511	92,111
Total expenses	<u>8,072,531</u>	<u>8,702,650</u>	<u>(630,119)</u>
Change in net position before transfers	1,487,335	(1,095,462)	2,582,797
Transfers	(523,203)	-	(523,203)
Change in net position	<u>964,132</u>	<u>(1,095,462)</u>	<u>2,059,594</u>
Net position – beginning of year, as previously stated	523,790	1,619,252	(1,095,462)
Prior period adjustment (note 12)	(604,893)	-	(604,893)
Net position – beginning of year, as restated	<u>(81,103)</u>	<u>1,619,252</u>	<u>(1,700,355)</u>
Net position – end of period	<u>\$ 883,029</u>	<u>523,790</u>	<u>359,239</u>

Questions