YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

Audited Financial Statements
and Other Reports

June 30, 2023

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

June 30, 2023

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

BASIC FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yolo–Solano Air Quality Management District
Davis, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Yolo–Solano Air Quality Management District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

October 23, 2024

The following discussion and analysis of the Yolo-Solano Air Quality Management District's financial performance provides an overview of the District's financial activities for the fiscal year ending June 30, 2023 and in conjunction with the 2023 financial statements. This information is presented in combination with the audited financial statements and the accompanying notes that follow this section.

Financial Highlights

- As of June 30, 2023, the total assets and deferred outflows of the District exceeded its total liabilities and deferred inflows by $15,623,899 (net position). Of this amount, $4,699,873 is restricted due to legislation under AB 2766 and AB 923, $1,471,697 is restricted under Solano County property tax based on Board approval for public awareness programs, equipment and/or projects, and $3,286,556 is restricted for FARMER Fund which is used to grant incentives for the replacement of agricultural equipment.

- As of the close of FY 2023, the District's combined fund balances reported an ending balance of $18,432,970, an increase of $8,816,303 in comparison with FY 2022. The restricted portion of the total fund balance is 79% of the combined balance.

- Net pension liability: The District has recognized a liability in the amount of $3,899,895 for a net pension obligation due to Governmental Accounting Standards Board Statement (GASB) 68. The liability increased $2,299,052 from the prior year. See Note G of the basic financial statements.

- Other Post-Employment Benefits (OPEB): The District continues to prefund health care premiums for eligible retirees and dependents and contributed $333,923 in FY 2023. The OPEB liability is $787,962 as of June 30, 2023, an increase of $205,227. The liability increased $205,227 from the prior year. See Note H of the basic financial statements.

- GASB Statement No. 87, *Leases* requires the recognition of a lease liability and an intangible right to use lease asset for the office space currently being used by the District. As of June 30, 2023 the carrying value of the lease asset and lease liability is $1,151,857 and $1,246,395 respectively. See Note E of the basic financial statements.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to District's basic financial statements. The District's basic financial statements have three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

In general, the purpose of financial reporting is to provide the external parties that read financial statements with information that will help them make decisions or draw conclusions about an entity. In order to address the needs of as many parties as reasonably possible, the District, in accordance with required reporting standards, presents government-wide financial statements, and fund financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to commercial enterprises or a private sector business. These financial statements include the Statement of Net Position and the Statement of Activities.

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator as to whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The government-wide financial statements are presented on pages 13 and 14.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. The District's fund financial statements are divided into six funds:

- General Fund: This fund is used for the stationary source, agricultural burning, asbestos, and mutual settlement programs. The District receives a small subvention grant and Portable Equipment Registration (PERP) fees from the State of California Air Resources Board (ARB). The District also received small pass-through grants from the EPA to assist in the stationary source and air monitoring programs. The revenue supports the staff that works within the programs.

- Mobile Source Program - Dept. of Motor Vehicle Fees, Funds (AB 2766 and AB 923): Both funds are considered special revenue funds that track restricted revenue received from the DMV. The DMV collects and provides to the District $6.00 for each vehicle registered within the District's jurisdiction. A portion of the revenue ($4.00 per vehicle) is used to support Clean Air Fund (CAF) projects and supports the staff that works within the mobile source program under AB 2766. The District Board approved an additional $2.00 and this allows the DMV to collect an additional $2.00 per vehicle. The use of the extra $2.00 is restricted and is included with the revenue received under AB 2766. Administrative fees are charged to these restricted funds and are reimbursed to the General Fund.

- Solano Property Tax: This fund is considered a special revenue fund. Restricted revenue received from Solano County is granted back to the Solano County community through the District's CAF program and a small percentage is used toward public health awareness programs, special projects and equipment. Also included in this fund are pass-throughs from successor agencies to former Redevelopment Agencies (RDA's) collected tax. An administrative fee is charged to this restricted fund and is reimbursed to the General Fund.

- FARMER Fund: This fund is considered a special revenue fund. The Funding Agricultural Replacement Measures for Emission Reductions (FARMER) fund manages the necessary tracking to support a new incentive program relating to the replacement of qualified agricultural equipment. An administrative fee is allocated within the funding and when expenses are recognized, the General Fund receives such fees.

- Other Grant Fund:

    - MOYER Fund: This fund is considered a special revenue fund. The Carl Moyer (Moyer) fund manages the necessary tracking to support a new incentive program relating to the replacement of qualified off-road, on-road and infrastructure projects. An administrative fee is allocated within the funding and when expenses are recognized, the General Fund receives such fees.

    - Community Air Protection Program Fund: This fund is considered a special revenue fund. The Community Air Protection Program (CAPP) fund manages the necessary tracking to support a new incentive program relating to Carl Moyer eligible projects in disadvantaged and low-income communities. An administrative fee is allocated within the funding and when expenses are recognized, the General Fund receives such fees.

Governmental Funds

The fund financial statements consist of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. These are prepared on the modified accrual basis of accounting. The government-wide statements are prepared on the full accrual basis.

In general, these financial statements under the modified accrual basis have a short-term emphasis and for the most part, measure and account for cash and other assets that can easily be converted to cash. Specifically, cash and receivables collectible within a very short period of time are reported on the balance sheet.

Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. The long-term liabilities are not included. The difference between a fund's total assets and total liabilities represents the fund balance. This portion indicates the amount available to finance future activities.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. The governmental fund financial statements can be found on pages 15 and 17. Since different accounting bases are used to prepare the above statements, reconciliation is required to facilitate the comparison between the government-wide statements and the fund statements. The reconciliation between the total fund balances and the net position can be found on page 16. The reconciliation of the total change in fund balances for all governmental funds to the change in net position can be found on page 18.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual

Budgeted and actual amounts by fund are provided on pages 41 through 46.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the 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 19 through 40 of this report.

Government-Wide Financial Analysis

Net position of the District's governmental activities may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $15,623,899 as of June 30, 2023 and $6,529,649 as of June 30, 2022.

The following schedule lists a condensed Statement of Net Position as of June 30, 2023 compared with 2022 and 2021.

	Year ended June 30,		
	2023	2022	2021
Assets:			
Current assets	$18,827,834	$10,006,384	$8,967,528
Capital assets, net	1,266,206	1,397,254	85,503
Total assets	20,094,040	11,403,638	9,053,031
Deferred outflows of resources	2,547,059	1,295,024	1,373,416
Liabilities:			
Current liabilities	498,923	452,005	206,482
Noncurrent liabilities	5,869,699	3,522,565	4,825,962
Total liabilities	6,368,622	3,974,570	5,032,444
Deferred inflows of resources	648,578	2,194,443	231,658
Net Position:			
Net investment in capital assets	19,811	58,610	85,503
Restricted	14,491,622	5,387,441	5,089,485
Unrestricted	1,112,466	1,083,598	(12,643)
Total net position	$15,623,899	$6,529,649	$5,162,345

Total net position increased 139% or $9,094,250 from 2022 to 2023. Total net position increased 26% or $1,367,304 from 2021 to 2022. Explanations for the changes in net position are discussed below.

The most significant variances of total Net Position are related to cash and investments, which is covered in detail in Note B on pages 24 and 25, restricted cash and investments, which is covered in detail in Note C on page 25 through 28, the pension and OPEB liabilities which is covered in detail in Notes G and H on pages 31 through 38, and the right to use lease asset and lease liability which is covered in detail in Note E on pages 29 and 30 . The District is allocated its proportionate share of the CalPERS' net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by District management.

The following lists the Statement of Activities for the years ended June 30, 2023, 2022, and 2021:

	Year ended June 30,		
	2023	2022	2021
Program Revenues:			
Charges for services	$2,697,556	$3,227,691	$3,030,317
Operating grants and contributions	7,321,224	2,941,369	3,592,407
Total program revenues	10,018,780	6,169,060	6,622,724
Program Expenses:			
Public health	5,528,592	4,786,138	6,812,722
Interest on long term debt	66,328	76,494	3,392
Total program expenses	5,594,920	4,862,632	6,816,114
General Revenues			
Investment income	251,718	51,171	84,618
Other	42,522	9,705	6,122
Total general revenues	294,240	60,876	90,740
Change in net position	4,718,100	1,367,304	(102,650)
Net Position - July 1	6,529,649	5,162,345	5,264,995
Net Position - June 30	$10,905,799	$6,529,649	$5,162,345

Governmental Activities

Below are explanations of the significant revenue variances from fiscal years 2022 to 2023.

Program Revenue

- Charges for Services: This is the District's General Fund revenue and is considered the main operating fund of the District. There was a decrease in revenue that falls within this category from 2022 to 2023 of 16% or $530,135 in comparison to 2021 to 2022 which was an increase of 7% or $197,374. This revenue category can fluctuate based on permit activity. Also included in Charges for Services is Settlement revenues. This revenue is received due to violations of District rules and regulations, and federal and/or state law, and can vary from year to year. Settlement revenues increased from $639,939 in 2021 to $888,330 in 2022 (39% increase), and decreased to $282,948 in 2023 (68% decrease).

- Operating Grants and Contributions: This is revenue received from the DMV, Solano County under property tax proceeds and redevelopment pass-through dollars, state or federal grants and/or pass-through funds, and the FARMER Fund. There was an increase of 67% or $4,140,801 from 2022 to 2023 in comparison to 2021 to 2022 which was a decrease of 18% or $651,038. The Carl Moyer and Community Air Protection (AB617) programs were new to the District for 2022, and the first full year was 2023. The Moyer program provides grant funding for cleaner engines, equipment, and other sources of air pollution. The Community Air Protection program is focused on reducing exposure in communities most impacted by air pollution.

Program Expenses

- Public Health: Expenses in this category have been fluctuating in recent years from $6,812,722 in 2021, to $4,786,138 in 2022, and $5,528,592 in 2023. The decrease from 2021 to 2022 is in relation to the activity in the general fund for employee related and mitigation offset expenses. The increase from 2022 to 2023 was due to the FARMER, CAPP, and Moyer grant programs.

- The District considers the role of the District as a public health agency with our goal to protect human health and property from the harmful effects of air pollution. Included in the role of a public health agency is staffing to ensure the goals are met. This involves meeting state and federal air quality rules and regulations and mandates. Other expenditures to effectively run the District consists of services and supplies including rent of office space, utilities, insurance, training, travel and professional services, such as legal, accounting, payroll, computer network support, etc.

General Revenues

- General Revenue: Investment income decreased from $84,618 in 2021 to $51,171 in 2022 (40% decrease). However, it increased in 2023 to $251,718 (392% increase). Investment income is the result of cash and investment balances held in the County Treasury. Also included in General Revenues is other income, which was $6,122 in 2021, $9,705 in 2022, and $42,522 in 2023 (338% increase).

Financial Analysis of the Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental funds provide information on near-term inflows, outflows and balances of spending resources. Total governmental fund balances at June 30, 2023 were $18,432,970 which is an increase of 92% or $8,816,303 from 2022.

The following table shows the fund balance by classifications for the last three years ending June 30. Classifications include Restricted AB 2766, AB 923, Solano Property Tax, FARMER Fund, Other Grant Funds and General Funds. The General Fund includes the Board approved assigned reserve of $28,281 for equipment replacement.

	Year ended June 30,		
Fund Balance	2023	2022	2021
General Fund	$4,719,656	$4,229,226	$3,644,958
AB2766	1,274,929	966,815	659,009
AB923	3,424,944	2,797,828	2,553,986
Solano Property Tax	1,471,697	1,286,244	1,097,076
FARMER Fund	3,286,556	336,554	779,414
Other Grants	4,255,188	0	0
Total program fund balance	$18,432,970	$9,616,667	$8,734,443

Variances in the fund balances by classification within the last two years are explained as follows.

- General Fund: The fund balance increased by 12% or $490,430 in FY 2023. The District received about $428,000 more in revenues than expected, and incurred approximately $802,000 less in public health expenses than budgeted in FY 2023.

- AB2766: The fund balance increased by 32% or $308,114 in FY 2023. Revenues received were more than budget by about $16,000, and the District had favorable budget variances in expenses of about $88,000 during the year.

- AB923: The fund balance increased by 22% or $627,116 in FY 2023. The District received about $23,000 more in revenues than originally budgeted, but had about $942,000 less in grant activity than originally planned.

- Solano Property Tax: The fund balance increased by 14% or $185,453 in FY 2023. The District received about $154,000 more in revenues than originally budgeted, and expense activity was $15,000 above budgeted levels for 2023.

- FARMER Fund: The fund balance increased by 876% or $2,950,002 in FY 2023. The District received FARMER funding for 2023 as budgeted, but had grant expenditures of about $927,000, which was $1,291,400 below the amount budgeted.

- Other Grants: The fund balance began during FY 2023 due to the following grants; Community Air Protection Program, Targeted Airshed Grant #2, the Carl Moyer Program, and the Woodsmoke Reduction Program.

Analysis of General Fund Budget

Significant variances from the Final General Fund Budget to the Actual amounts as shown on page 41 for FY 2023 are:

- Revenue received from licenses and permits show a ($4,535) decrease from final to actual.

- Intergovernmental revenues received show a $35,421 increase from final to actual.

- Settlements and penalties increased by $146,948 from final to actual. This revenue received is based on violations of District Rules and Regulations and settlement of violations.

- Expenditures in the Public Health category decreased from the final budget to the actual spent by $681,473. There were savings in salaries and benefits, and professional services from the original budget.

Capital Assets and Long-Term Debt

Capital Assets:

As of June 30, 2023, and June 30, 2022, the District's investment in capital assets amounted to $1,266,206 and $1,397,254 respectively, net of accumulated depreciation. This investment in capital assets includes air monitoring equipment, vehicles, office equipment, and furniture. Also included in capital assets at June 30, 2023 and June 30, 2022 is the right to use lease asset for the District's office space it is currently leasing. There were additions to capital assets during the current fiscal year in the air monitoring equipment. Additional information on the District's capital assets can be found in Note D of the Financial Statements on page 29.

Long-Term Liabilities:

As of June 30, 2023, and 2022, the District's long-term liabilities that are not due and payable in the current period total $5,869,699 and $3,522,565, respectively, which includes the District's accrued compensated absences (accrued leave), pension, other post-employment benefits and the District's office lease liability. As of June 30, 2023, and 2022, the District's net pension liability totaled $3,899,895 and $1,600,843, respectively. As of June 30, 2023 and 2022, the District's other post-employment benefits (OPEB) liability was $787,962 and $582,735 respectively. The District has a lease liability for its office space in the amount of $1,246,395 as of June 30, 2023. Additional information on the District's long-term liabilities can be found in Notes E, G, and H of the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's policies include taking a conservative approach to budgeting and careful forecasting for future revenues and expenditures.

The General Fund's main support is from fees received from permit holders under the stationary source permit program. As the General Fund supports salaries and benefits, and service and supplies, the District looks closely at cost recovery in the stationary source program. This determines future cost recovery adjustments in permit fees to ensure the District has the revenue to support operations. For FY 2023, the District projected an 80 percent cost recovery in the stationary source program. By year's end the District ended 2022 with 95 percent cost recovery in the stationary source program. For FY 2024, the District is projecting a cost recovery of the stationary source program of 86 percent. The cost recovery includes a cost-of-living adjustment tied to the Consumer Price Index.

The DMV revenue is received from vehicle registration fees within the District's jurisdiction. The DMV revenue received under AB 2766 supports employees working within the Mobile Source program, which includes salaries and benefits, and operating costs; and a portion supports the Clean Air Funds (CAF) program. The District has budgeted $217,725 toward the CAF Program using AB 2766 money for FY 2024. AB 923 supports the District's Lower Emission School Bus Program, and has $928,825 budgeted for FY 2024 compared to $942,825 in FY 2023.

Solano County property tax proceeds are allocated to the District through the Solano County Auditor-Controller's Office. This revenue has been used exclusively for the District's CAF program, and the District granted $350,000 for the 2023 CAF program. In FY 2024 the District plans to release $550,000.

The following factors were considered in preparing the FY 2024 approved final budget. The District's overall budget is projected with a 13% increase compared to FY 2023, which includes the General Fund and six restricted funds.

- General Fund is projected to increase by about 19 percent. For revenue, the District is projecting an increase of $691,161. On the expenditure side is a payment to the CERBT OPEB Trust to meet the District's ADC of $267,898 for FY 2024 and funding for other operating expenses.

- Mobile Source DMV AB 2766 Fund is projected for FY 2024 to increase by $193,025. The expenditures cover operating costs include salaries and benefits for those employees that are designated to work within the restricted program.

- Mobile Source DMV AB 923 Fund is projecting a decrease of $11,645 for FY 2024. This fund is used exclusively for grant programs that are allowed under AB 923 legislation. In FY 2024 the District Board has allocated $928,825 towards replacing school buses.

- Solano County Property Tax Fund is projected to increase by $207,077 for FY 2024. Available grant funds released through the CAF grant program is expected to increase by $200,000 from FY 2023.

- FARMER Fund is projected to decrease by $144,606 for FY 2024. It is anticipated to receive $1,592,200 in funding in FY 2024 and to allocate $1,916,758 in grant incentives for the replacement of agricultural equipment.

- MOYER Fund was a new restricted special revenue fund for FY 2023. This program aims to clean heavy-duty engines beyond what is required by law and regulation through repowering, replacing, or retrofitting engines, vehicles, or equipment and funds infrastructure projects to support California's transformation to zero and near-zero emission technology. For FY 2024 budgeted revenues and expenses for the MOYER fund are expected to be $751,064, and $998,520 respectively.

- Community Air Protection Fund (CAPP) was also a new restricted special revenue fund for FY 2023. This fund manages the necessary tracking to support incentive programs relating to clean air projects through Assembly Bill 617, which was enacted in 2017. For FY 2024 budgeted revenues and expenses for the CAPP fund are expected to be $983,181, and $510,657 respectively.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Administrative Services Manager, 1947 Galileo Court, Suite 103, Davis, California 95618.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

ASSETS		
Cash and investments		$ 4,140,143
Restricted cash and investments		9,176,380
Accounts receivable		150,304
Prepaid items		28,577
Due from other agencies		5,332,430
Capital assets, net		1,266,206
	TOTAL ASSETS	20,094,040
DEFERRED OUTFLOWS OF RESOURCES		
Pensions		1,858,592
OPEB		688,467
	TOTAL DEFERRED OUTFLOWS	2,547,059
LIABILITIES		
Accounts payable		17,577
Accrued payroll		105,548
Unearned revenue		164,282
Compensated absences, current portion		51,437
Lease liability, current portion		160,079
Noncurrent liabilities:		
Compensated absences		95,526
Net pension liability		3,899,895
Net OPEB liability		787,962
Lease liability		1,086,316
	TOTAL LIABILITIES	6,368,622
DEFERRED INFLOWS OF RESOURCES		
Pensions		311,883
OPEB		336,695
		648,578
NET POSITION		
Investment in capital assets		19,811
Restricted for:		
Employee benefits		778,308
Mobile Source DMV (AB 2766)		1,274,929
Mobile Source DMV (AB 923)		3,424,944
Solano County projects		1,471,697
FARMER program		3,286,556
Other grants		4,255,188
Unrestricted		1,112,466
	TOTAL NET POSITION	$ 15,623,899

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

PROGRAM EXPENSES		
Governmental activities:		
Public health		$ 5,528,592
Interest on long-term debt		66,328
	TOTAL PROGRAM EXPENSES	5,594,920
PROGRAM REVENUES		
Charges for services		2,697,556
Operating grants and contributions		7,321,224
	TOTAL PROGRAM REVENUES	10,018,780
	NET PROGRAM REVENUE	4,423,860
GENERAL REVENUES		
Investment income		251,718
Other		42,522
	TOTAL GENERAL REVENUES	294,240
	CHANGE IN NET POSITION	4,718,100
Net position at beginning of year, as previously reported		6,529,649
Restatement		4,376,150
Net position at beginning of year, as restated		10,905,799
	NET POSITION AT END OF YEAR	$ 15,623,899

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

BALANCE SHEETS – GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Major Special Revenue Funds: Mobile Source DMV (AB 2766) Fund	Major Special Revenue Funds: Mobile Source DMV (AB 923) Fund	Major Special Revenue Funds: Solano Property Tax Fund	Major Special Revenue Funds: FARMER Fund	Major Special Revenue Funds: Other Grant Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 4,140,143						$ 4,140,143
Restricted cash and investments	778,308	$ 839,346	$ 3,316,341	$ 1,471,697	$ 1,694,356	$ 1,076,332	9,176,380
Accounts receivable	150,304						150,304
Prepaid items	27,331	1,246					28,577
Due from other governments	235,565	217,206	108,603		1,592,200	3,178,856	5,332,430
Due from other funds	55,443	289,313					344,756
TOTAL ASSETS	$ 5,387,094	$ 1,347,111	$ 3,424,944	$ 1,471,697	$ 3,286,556	$ 4,255,188	$ 19,172,590
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 16,476	$ 1,101					$ 17,577
Accrued payroll	89,910	15,638					105,548
Unearned revenue	164,282						164,282
Due to other funds	289,313	55,443					344,756
TOTAL LIABILITIES	559,981	72,182					632,163
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	107,457						107,457
TOTAL DEFERRED INFLOWS OF RESOURCES	107,457						107,457
FUND BALANCES							
Nonspendable:							
Prepaid items	27,331	1,246					28,577
Restricted for:							
Employee benefits	778,308						778,308
Mobile Source DMV (AB 2766)		1,273,683					1,273,683
Mobile Source DMV (AB 923)			$ 3,424,944				3,424,944
Solano property tax				$ 1,471,697			1,471,697
FARMER program					$ 3,286,556		3,286,556
Other grants						$ 4,255,188	4,255,188
Assigned to:							
Equipment replacement	28,281						28,281
Unassigned	3,885,736						3,885,736
TOTAL FUND BALANCES	4,719,656	1,274,929	3,424,944	1,471,697	3,286,556	4,255,188	18,432,970
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 5,387,094	$ 1,347,111	$ 3,424,944	$ 1,471,697	$ 3,286,556	$ 4,255,188	$ 19,172,590

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2023

Fund balances – total governmental funds		$ 18,432,970
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Revenues that are earned but are not available or received within the period of availability are not recognized as inflows in the fund statements but are reported as revenue in the Government-Wide statement of activities		107,457
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	$ 2,196,528	
Less: accumulated depreciation	(930,322)	1,266,206
Deferred outflows of resources related to pensions and OPEB		2,547,059
Lease liability, and related right of use asset, is not due and payable in the current period and therefore are not reported in the fund statement.		
Lease liability		(1,246,395)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued compensated absences	(146,963)	
Net pension liability	(3,899,895)	
Net OPEB liability	(787,962)	(4,834,820)
Deferred inflows of resources related to pensions and OPEB		(648,578)
Net position – governmental activities		$ 15,623,899

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

		Major Special Non-Major Special Revenue Funds					
	General Fund	Mobile Source DMV (AB 2766) Fund	Mobile Source DMV (AB 923) Fund	Solano Property Tax Fund	FARMER Fund	Other Grant Funds	Total Governmental Funds
REVENUES							
Licenses and permits	$ 2,414,608						$ 2,414,608
Intergovernmental	558,191	$ 1,201,816	$ 600,908	$ 594,948	$ 1,592,200	$ 2,799,359	7,347,422
Settlements and penalties	282,948						282,948
Use of money	124,458	13,673	67,339		27,527	22,491	255,488
Other revenues	42,522						42,522
TOTAL REVENUES	3,422,727	1,215,489	668,247	594,948	1,619,727	2,821,850	10,342,988
EXPENDITURES							
Current:							
Public health	3,326,506	682,255		350,000	743,864	499,414	5,602,039
Capital outlay	36,702	47,912					84,614
Debt service:							
Principal	146,084						146,084
Interest	66,328		3,770				70,098
TOTAL EXPENDITURES	3,575,620	730,167	3,770	350,000	743,864	499,414	5,902,835
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(152,893)	485,322	664,477	244,948	875,863	2,322,436	4,440,153
OTHER FINANCING SOURCES (USES)							
Transfers in	643,323						643,323
Transfers out		(177,208)	(37,361)	(59,495)	(183,161)	(186,098)	(643,323)
TOTAL OTHER FINANCING SOURCES (USES)	643,323	(177,208)	(37,361)	(59,495)	(183,161)	(186,098)	
NET CHANGE IN FUND BALANCES	490,430	308,114	627,116	185,453	692,702	2,136,338	4,440,153
Fund balances at beginning of year, as previously reported	4,229,226	966,815	2,797,828	1,286,244	336,554		9,616,667
Restatement					2,257,300	2,118,850	4,376,150
Fund balances at beginning of year, as restated	4,229,226	966,815	2,797,828	1,286,244	2,593,854	2,118,850	13,992,817
FUND BALANCES AT END OF YEAR	$ 4,719,656	$ 1,274,929	$ 3,424,944	$ 1,471,697	$ 3,286,556	$ 4,255,188	$ 18,432,970

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Net changes in fund balances – total governmental funds	$ 4,440,153
Amounts reported for governmental activities in the Statement of Activities are different because:	
Certain nonexchange revenues will not be collected up to 60 days after the year end, and therefore are not considered "available" and are deferred in the governmental funds. Unavailable revenues increased by this amount during the year.	(26,198)
Governmental funds report capital outlay as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	84,614
Depreciation and amortization expense	(215,662)
Lease payments use current financial resources of governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repayments on leases	146,084
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrual for compensated absences	(4,512)
Change in pension and related amounts	81,480
Change in OPEB liability and related amounts	212,141
Change in net position – governmental activities	$ 4,718,100

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Yolo–Solano Air Quality Management District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Background: The Yolo–Solano Air Quality Management District (the District), was formed June 18, 1971, by ratification of the Boards of Supervisors of Yolo and Solano Counties, under the name, “Yolo–Solano Air Pollution Control District,” under the provisions of Article 7, Chapter 2, of the Health and Safety Code of California. The District is empowered to maintain a program of air pollution control under the provisions of Article XI, Section 7, of the Constitution of the State of California, and under the Joint Powers Agreement between the two counties, effective February 10, 1992. On July 17, 1993, the Board of Directors adopted their resolution renaming the District to Yolo–Solano Air Quality Management District.

The District includes all of Yolo County and the northeast portion of Solano County which lies within the Sacramento Valley Air Basin. The District is governed by a Board of Directors, which is comprised of four members from the Board of Supervisors of Yolo County, three members from the Board of Supervisors of Solano County and seven city representatives.

Basis of Presentation – Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items properly excluded among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues other than expenditure reimbursement grants to be available if they are collected within 60 days of the end of the current fiscal period. Expenditure reimbursement grants are available if received within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Payable balances consist primarily of payables to vendors.

Licenses and permits, intergovernmental revenues, settlements and penalties and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District and accounts for revenues collected to provide legislative mandated services and used to finance the fundamental operations of the District. The fund is charged with all costs of operations, for which a specialized fund has not been established.

Mobile Source DMV (AB 2766) – This special revenue fund is used to account for the restricted revenues received from the State under Assembly Bill 2766 (AB 2766) for implementation of the California Clean Air Act to reduce air pollution from motor vehicles and related studies.

Mobile Source DMV (AB 923) – This special revenue fund was created in FY 2012/13 to separately account for the restricted revenues received from the State under Assembly Bill 923 (AB 923), whereby the Board of Directors approved the addition of $2.00 for each vehicle registration for various projects as established by legislation, which are legally restricted for the reduction of air pollution by providing funding for cleaner than required engines and equipment.

Mobile Source (Solano Property Tax) – This special revenue fund is used to account for the restricted tax revenues collected by the County of Solano from the northeast portion of the County under Assembly Bill 8 (AB 8), which have been restricted for the reduction of air pollution from motor vehicles and related studies. The District signed an agreement with the County of Solano in 1992 whereby the District would administer the Solano property tax funds as part of the Clean Air Funds Program. These taxes are restricted for specified purposes within the County of Solano.

FARMER – Funding Agricultural Replacement Measures for Emission Reductions (FARMER) is a special revenue fund used to account for restricted revenues from the California Air Resources Board (CARB) under Assembly Bill 134 (AB 134) and Assembly Bill 109 (AB 109). Monies are restricted for the reduction of agricultural sector emissions by providing grants, rebates and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors and other equipment used in agricultural operations in order to decrease toxic and greenhouse gas emission.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Grant Funds – This special revenue fund is used to account for other grant funds, including amounts reserved under the Carl Moyer Memorial Air Quality Standards Attainment Program under Senate Bill 513 (SB 513) (Beall, 2015). and Community Air Protection Program (CAPP) Incentives under Assembly Bill 617 (AB 617) (Garcia, 2017). With the purpose of reducing smog-forming and toxic emissions by cleaning up older polluting engines throughout California.

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the District's policy and procedure. Budgetary control is exercised by major object. All budgetary changes during the fiscal year require the approval of the District's Board of Directors. Unencumbered budget appropriations lapse at the end of the fiscal year.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at their acquisition value at the time received. Capital assets are depreciated using the straight-line method over the estimated useful lives, which is generally seven years.

It is the District's policy to capitalize all land, structures and improvements and equipment, except assets costing less than $3,000. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement. The proceeds from the sale of capital assets are included in the statement of revenues, expenditures and changes in fund balances of the related fund. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Unearned Revenues: Unearned revenues arise when resources are received before the District has legal claim to them, such as when fees are received for the following fiscal year.

Compensated Absences: The District's personnel policy allows employees to accumulate earned but unused vacation. Unused accrued vacation time will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation is recorded in the period accrued.

Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable are reported as expenditures and fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts. Compensated absences are liquidated by the General Fund.

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

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Assets may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. In addition to liabilities, the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. This separate financial statement element

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plans as described in Notes G and H and receivables not collected within the availability period.

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

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which include prepaid expenses.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The purpose of each restriction is listed on the face of the balance sheet.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is by resolution of the District. These amounts cannot be used for any other purpose unless the governing body modifies or removes the fund commitment.

Assigned Funds – Fund balance should be reported as assigned when self-imposed limitations are placed on resources that do not require approval by the highest level of decision making authority or the same level of formal action to remove or modify limitations. The District Board has the authority to assign fund balance through the budget process which is recommended by staff and approved by the Board each year.

Unassigned Funds – Unassigned fund balance is the residual classification of the District's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements present net position. Net position is categorized as the net investment in capital assets, restricted, committed and unrestricted.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Operating Transfers: Operating transfers are for the allocation of overhead costs and for administrative costs attributable to the AB 2766, AB 923, Solano Property Tax, FARMER and other grant programs.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Pronouncement: In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for each type of accounting change, including changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity, and error corrections. This Statement requires changes in accounting principles and error corrections to be reported retroactively by restating prior periods; requires changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period; and requires changes in accounting estimates to be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncements in absence of specific transition provisions in the new pronouncement. This Statement also requires the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position, as applicable, to be displayed by reporting unit in the financial statements. Furthermore, this Statement requires information presented in required supplementary information or supplementary information to be restated for error corrections, if practicable, but not for changes in accounting principles. The provisions of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

NOTE B – CASH AND INVESTMENTS

The District's cash and investments at June 30, 2023 is classified in the accompanying financial statements as follows:

Cash and investments	$ 4,140,143
Restricted investments	9,176,380
Total cash and investments	$ 13,316,523

Cash and cash equivalents as of June 30, 2023 consisted of the following:

Deposits with financial institutions	$ 781,925
Public Agency Retirement Services (PARS) Trust	778,308
Investment in Yolo County Pooled Investment Fund	11,756,290
Total cash and investments	$ 13,316,523

Investment in the County of Yolo Investment Pool: Most of the District's cash is held in the County of Yolo Treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value.

Investment in the PARS Trust: The District invested in PARS Section 115 Trust Fund as a pension and OPEB plan rate stabilization strategy. The District elected a discretionary investment approach, which allows the District to maintain oversight of the investment management, discretionary investment approach, control over target yield and the portfolio's risk tolerance. The District has elected to invest in the Moderate Index PLUS investment option for the pension account, which is invested in index-based mutual funds and exchange-traded funds. PARS uses Highmark Capital Management to help manage investment options The assets are withdrawn from the PARS trust on an amortized costs basis.

Investment Policy: California statutes authorize governmental agencies to invest surplus funds in a variety of credit instruments as provided in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District follows the investment policy of the County of Yolo.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023, the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 460 days and the PARS Trust was 8 days.

NOTE B – CASH AND INVESTMENTS (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Yolo investment pool and amounts held in PARS Trust do not have ratings provided by a nationally recognized statistical rating organization.

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 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 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. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Yolo investment pool).

At June 30, 2023, the carrying amount of the District's deposits was $781,925 and the balance in financial institutions was $808,502. Of the balance in financial institutions, $250,000 was covered by federal depository insurance and $558,502 at June 30, 2023 was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in the County of Yolo investment pool are not subject to the fair value hierarchy. The District's investment in PARS is valued at the net asset value of the underlying mutual funds of the PARS pool in which the District invests as provided by PARS, which is not categorized under the fair value hierarchy.

NOTE C – RESTRICTED CASH

Restricted assets in the general fund represents contributions to a Section 115 Trust fund with the Public Agency Retirement Services (PARS) and related interest that is restricted to contributions to the District's CalPERS pension plan or OPEB plan as described in Note B.

Revenues received under AB 2766 and AB 923 are restricted from cash available for current operations in accordance with that legislation. As of June 30, 2023, the restricted cash balance in the AB 2766 special revenue fund, which totaled $839,346, and the AB 923 special revenue fund, which totaled $3,316,341, is restricted for clean air projects as approved by the Board. Expenditures under AB 2766 for the year ended June 30, 2023 were made in accordance with the District's Board of Directors' authorizations and were as follows:

NOTE C – RESTRICTED CASH (Continued)

	Mobile Service DMV (AB 2766) Fund
Salaries and benefits	$ 454,804
Professional services:	
Professional service and information technology A-87 Costs	20,481
Other services and supplies	55,002
Equipment - capital outlay	47,912
Program expenditures:	
The Bike Campaign	40,000
Yolo Commute	11,000
Breathe California	8,275
City of West Sacramento	10,000
N. Davis Elementary	15,000
River Delta	60,000
Washington Commons	7,693
Total current expenditures	730,167
Transfers out:	
Overhead allocation*	102,487
Administrative fee*	74,721
Total AB 2766 Expenditures and Transfers	$ 907,375

* Administrative fees and overhead allocation transferred from the Special Revenue Funds to the General Fund to support operations.

Expenditures under AB 923 for the year ended June 30, 2023 were made in accordance with the District's Board of Directors' authorizations and were as follows:

	Mobile Service DMV (AB 923) Fund
Administrative fee*	$ 37,361
Total AB 923 Expenditures and Transfers	$ 37,361

* Administrative fees and overhead allocation transferred from the Special Revenue Funds to the General Fund to support operations.

NOTE C – RESTRICTED CASH (Continued)

As of June 30, 2023, the cash balance in the Solano Property Tax special revenue fund, which totaled $1,471,697 is restricted for clean air projects in Solano County as approved by the Board of Directors. Expenditures and transfers under Solano Property Tax for the fiscal year ended June 30, 2023 were made in accordance with the District's Board of Directors' authorizations and were as follows:

		Solano Property Tax Fund
Program expenditures:		
Solano Transportation Authority		$ 35,000
Markham Elementary		165,000
Solano County		150,000
	Total current expenditures	350,000
Transfers out:		
Administrative fee*		59,495
	Total Solano Property Tax Expenditures	$ 409,495

* Administrative fees and overhead allocation transferred from the Special Revenue Funds to the General Fund to support operations.

As of June 30, 2023 the cash balance in the FARMER's special revenue fund was $1,694,356 which is restricted for agriculture replacement measures for emission reduction projects. Expenditures for the year were made in accordance with the District's Board of Directors' authorizations and were as follows:

		FARMER Fund
Program expenditures:		
Andrew Vierra		$ 42,820
Payne Brother		150,000
T Ray Farms		88,657
Bob Dettling Farms		150,000
Faye Properties		82,187
Reveille Farms		150,000
Putah Creek Farming		80,200
	Total current expenditures	743,864
Transfer out:		
Administrative fee		183,161
	Total FARMER Expenditures	$ 927,025

NOTE C – RESTRICTED CASH (Continued)

As of June 30, 2023 the cash balance in the MOYER's special revenue fund was $1,012,355, which is restricted to clean heavy-duty engines vehicles or equipment to support transformation to zero and near-zero emission technology. Expenditures for the year were made in accordance with the District's Board of Directors' authorizations and were as follows:

		MOYER Fund
Program expenditures:		
T Ray Farms		$ 77,620
Martinez Orchards		69,050
Jim Welch Hay Service		150,000
S&S Farms Off Road Project		50,518
Circle G Ranch		46,435
John Timothy Transplanting		105,791
	Total current expenditures	499,414
Transfer out:		
Administrative fee		183,202
	Total MOYER Expenditures	$ 682,616

As of June 30, 2023 the cash balance in the CAPP's special revenue fund was $63,977, which is restricted for incentives relating to clean air projects through Assembly Bill 617. Expenditures for the year were made in accordance with the District's Board of Directors' authorizations and were as follows:

		CAPP Fund
Transfer out:		
Administrative fee		$ 2,896
	Total CAPP Expenditures	$ 2,896

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets being depreciated:				
Office equipment	$ 105,306	$ 35,485	$ (59,882)	$ 80,909
Office furniture	118,465			118,465
Air monitoring equipment	215,526	49,129	(23,635)	241,020
Vehicles	252,683		(21,981)	230,702
Office building right-of-use asset	1,525,432			1,525,432
Total capital assets, being depreciated	2,217,412	84,614	(105,498)	2,196,528
Less accumulated depreciation for:				
Office equipment	(105,306)	(3,546)	59,882	(48,970)
Office furniture	(118,465)			(118,465)
Air monitoring equipment	(192,607)	(9,222)	23,635	(178,194)
Vehicles	(216,992)	(16,107)	21,981	(211,118)
Office building right of use asset	(186,788)	(186,787)		(373,575)
Total accumulated depreciation	(820,158)	(215,662)	105,498	(930,322)
Capital assets, net	$ 1,397,254	$ (131,048)	$ -	$ 1,266,206

NOTE E – LONG-TERM LIABILITY

The following is a summary of long-term liabilities activity of the District for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
Compensated absences	$ 142,451	$ 4,512		$ 146,963	$ 51,437
Net pension liability	1,600,843	2,299,052		3,899,895	
Other post-employment benefits	582,735	205,227		787,962	
Lease liability	1,392,479		$ (146,084)	1,246,395	160,079
	$ 3,718,508	$ 2,508,791	$ (146,084)	$ 6,081,215	$ 211,516

The following is a description of the composition of long-term liabilities at June 30, 2023:

<u>Accrued Compensated Absences</u>: Accumulated unpaid employee vacation and compensated hours, are recognized as liabilities of the District to the extent they vest. Sick leave has not been included as employees only receive accumulated sick leave upon death, layoff, and/or retirement. Also, in the event of retirement, employees have the option to either convert unused sick leave into additional service credits or be paid at one half of any accumulated sick leave in excess of 200 hours. It is management's belief and estimate that all employees will take the service credit.

NOTE E – LONG-TERM LIABILITY (Continued)

Leases: In September 2019 the District amended its lease for the office space at 1947 Galileo Court in Davis, CA. The lease ends on August 31, 2029 and contains the option to renew for an additional five years at 3% increases in rent. For the purposes of discounting future payments on the lease, the District used a discount rate of 5%. The total amount of lease assets for the year ended June 30, 2023 was $1,525,432, and related accumulated amortization was $373,575. The intangible right of use asset is being amortized over 6 years, the remaining term of the lease, including option periods. Amortization expense was $186,787 during the year ended June 30, 2023. Minimum lease payments over the remaining term of the lease include:

Fiscal year ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 160,079	$ 58,707	$ 218,786
2025	174,984	50,365	225,349
2026	190,853	41,256	232,109
2027	207,742	31,330	239,072
2028	225,708	20,536	246,244
Thereafter	287,029	9,082	296,111
Total minimum lease commitments	$ 1,246,395	$ 211,276	$ 1,457,671

NOTE F – INTERFUND TRANSACTIONS

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid within the next fiscal year. At June 30, 2023, the following funds have interfund balances.

Due to Other Funds	Due from Other Funds	
General Fund	Mobile Source (AB 2766) Fund	$ 55,443
Mobile Source (AB 2766) Fund	General Fund	289,313
Total Due to/from Other Funds		$ 344,756

Interfund Transfers

Interfund transfers are used to allocate overhead expenses and administrative fees from the General Fund to the other funds. Interfund transfers for the years ended June 30, 2023 were as follows:

Fund Receiving Transfer	Fund Making Transfer	
General Fund	Mobile Source DMV (AB 2766) Fund	$ 177,208
	Mobile Source (AB 923) Fund	37,361
	Solano Property Tax	59,495
	Farmer's Fund	183,161
	Other Grant Funds	186,098
Total Interfund Transfers		$ 643,323

NOTE G – DEFINED BENEFIT PENSION PLANS

Plan Description: All qualified employees are eligible to participate in the District's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect for the year ended June 30, 2023 is summarized as follows for each rate plan:

Hire date	Miscellaneous Plan (Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	10.87%	7.47%

In addition to the contribution rates above, the District was also required to make payments of $271,560 toward its unfunded actuarial liability during the year ended June 30, 2023.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

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

The contributions made to the Plan were $440,287 for the year ended June 30, 2023.

NOTE G – DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability: As of June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $3,899,895.

The District's net pension liability for the Plan is measured as the total pension liability, less the plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022.

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

Proportion - June 30, 2022	0.08431%
Proportion - June 30, 2023	0.08334%
Change - Increase	-0.00097%

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended June 30, 2023, the District recognized pension expense of $358,807. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 440,287	
Changes in assumptions	399,626	
Differences between actual and expected experience	78,317	$ 52,453
Net differences between projected and actual earnings on plan investments	714,357	
Change in employer's proportion	226,005	
Differences between the employer's contribution and the employer's proportionate share of contributions		259,430
Total	$ 1,858,592	$ 311,883

The $440,287 reported 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 subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of June 30, 2023:

Year Ended June 30	
2024	$ (280,723)
2025	(248,598)
2026	(140,175)
2027	(436,926)
Thereafter	-
	$ (1,106,422)

NOTE G – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liability at the June 30, 2019 measurement date was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90% (1)
Inflation	2.30%
Mortality	Derived using CalPERS Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation

(2) The morality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the December 2021 experience study report that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.9% at the June 30, 2022 measurement date, which is a decrease from the 7% used in the June 30,2021 valuation. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2021. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

NOTE G – DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a,b)
Global Equity - cap weighted	30.0%	4.45%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investement Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-59.0%
Total	100.0%	

(a) An expected inflation of 2.3% used for this period.
(b) Figures are based on the 2021-2022 Asset Liability Management study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	5.90%
Net Pension Liability	$ 6,118,925
Current Discount Rate	6.90%
Net Pension Liability	$ 3,899,895
1% Increase	7.90%
Net Pension Liability	$ 2,074,185

NOTE H – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description: The District provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System Healthcare Program (PEMHCA). Benefit provisions are established and may be amended through agreements between the District and its employees.

The District provides a retiree medical contribution for employees who retire directly from the District under CalPERS. The retiree is covered as well as dependents. The District contributes 100% of the monthly medical premiums for the retiree and eligible dependents. The District's current monthly maximum contribution for active employees is: Employee only $550, employee plus one $1,100 and

NOTE H – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

employee and family $1,430. The District's monthly contribution for retirees is capped at the same amounts; however, once the retiree and/or dependent reaches Medicare eligibility, the employer contribution can be reduced based on the coordination of Medicare and PEMHCA.

Funding Policy: The contribution requirements of the District's participants and the District are established by and may be amended by the District pursuant to agreements with its employees. In December 2013, the Board entered into an agreement with the California Employers' Retirement Benefit Trust Program (CERBT) for prefunding of Other Post-Employment Benefits. The Trust is administered by CalPERS as an agent multiple-employer plan. During the year ended June 30, 2023, the District's cash contributions to the trust were $124,728, benefit payments were $161,357 and the estimated implicit subsidy was $47,838.

Employees Covered by Benefit Terms: As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	21
Inactive plan members entitled to but not receiving benefits	2
Total	41

Net OPEB Liability: The District's total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.1%
Salary increases	3.0% per year
General inflation rate	2.50% per year
Mortality rate	Derived using CalPERS membership data
Mortality Improvement	Mac Leod Watts Scale 2020 applied generationally from 2015
Healthcare trend rate	Start at 5.7%. Grade down to 4.0% for years after 2075

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Changes in assumptions in the June 30, 2021 measurement date consists of the following: Decrease in the discount rate from 6.60% to 6.10%.

NOTE H – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

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

Asset Class	Percentage of Portfolio	Assumed Gross Return
Global Equity	49.0%	6.80%
Fixed Income	23.0%	4.50%
Real Estate Investment Trusts	20.0%	6.20%
Treasury Inflation Protected Securities	5.0%	3.60%
Commodities	3.0%	3.50%
	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.60%. 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. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability: The changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2022	$ 2,465,973	$ 1,883,238	$ 582,735
Changes in the year:			
Service cost	76,499		76,499
Interest	160,516		160,516
Contributions - employer		426,869	(426,869)
Investment income		(272,880)	272,880
Assumption changes	121,714		121,714
Plan experience			-
Administrative expenses		(487)	487
Benefit payments	(220,817)	(220,817)	-
Net changes	137,912	(67,315)	205,227
Balance at June 30, 2023 (measurement date June 30, 2022)	$ 2,603,885	$ 1,815,923	$ 787,962

NOTE H – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Total 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 or 1 percentage point higher than the current discount rate:

	1% Decrease 5.10%	Current Discount Rate 6.10%	1% Increase 7.10%
Net OPEB liability	$ 1,062,459	$ 787,962	$ 553,737

Sensitivity of the Total 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 or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease 4.7%	Current Healthcare Cost Trend Rates 5.7%	1% Increase 6.7%
Net OPEB liability	$ 697,917	$ 787,962	$ 899,345

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023, the District recognized OPEB expense of $121,782. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 333,923	
Changes of assumptions	150,535	$ 6,324
Net differences between projected and actual earnings on plan investments	171,773	
Differences between expected and actual experience	32,236	330,371
Total	$ 688,467	$ 336,695

The $333,923 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE H – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Year Ended June 30	
2024	$ 16,271
2025	13,432
2026	(7,970)
2027	40,088
2028	(40,705)
Thereafter	(3,267)
	$ 17,849

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first 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.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.48 years at June 30, 2023.

NOTE I – INSURANCE

The District participates in the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a public entity risk pool of governmental entities within Yolo County, for comprehensive general and auto liability, including errors and omissions, workers' compensation, property, and fidelity (dishonest acts, forgery) insurance. Through the District's membership in the YCPARMIA, the District is provided with excess coverage through the California State Association of Counties–Excess Insurance for catastrophic liability losses. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

The District pays an annual premium to YCPARMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the YCPARMIA. The District's deductibles and maximum coverage are as follows:

Coverage	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 1,000,000	40,000,000	$ 1,000
Worker's Compensation	1,000,000	Statutory limit	1,000
Property Damage	25,000	600,000,000	1,000
Fidelity	25,000	2,000,000	1,000

During the year ended June 30, 2023, the District has no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for District.

NOTE J – RELATED PARTY TRANSACTIONS

Under the District's clean air funds programs the District contracts with certain other local agencies that are considered to be related parties due to District Board members holding positions of potentially significant influence with the contracted parties. The County of Yolo (County) provides certain legal, accounting, and other professional services to the District. Although the District was created in part by the County, it is not a part of the County's financial reporting entity. Legal, payroll and accounting services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. The District's Board of Directors receive a $100 fee per meeting and other administrative reimbursements. In addition, the District's Hearing Board receives stipends that equal $60 per hearing board meeting.

Expenses for services provided by related parties and payments to related parties under clean air programs during the fiscal year ended June 30, 2023 are summarized as follows:

Related Party	Fiscal Year 2022-2023 Expenses
Solano Transportation Authority	
Eastern Solano County Commuter Incentive Relaunch	$ 35,000
City of Vacaville	
Markham Elementary pedestrian Improvements	165,000
Solano County	
Foothill Drive Bike Connection Project	150,000
Bike Campaign	
City of West Sacramento	
On Demand Rideshare	40,000
Yolo County	
Legal services	76,590
District Directors and Hearing Board Members	
Board meeting stipends	12,800
Milage Reimbursements	17,186
Total	$ 496,576

NOTE K – CONTINGENCIES

The District is a party to claims and legal proceedings arising in the ordinary course of business. After taking into consideration information furnished by legal counsel to the District as to the current status of various claims and proceedings to which the District is a party, management is of the opinion that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on the financial position or results of operations of the District.

The District receives funding for specific purposes that are subject to review and audit by the funding source. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE L – RESTATEMENT

Certain revenues received from the state were determined to be annual allocations that need to be accrued in the year to which the allocation relates that were not accrued as of June 30, 2022, which was corrected during the year ended June 30, 2023. As a result, fund balances as of July 1, 2022 in the FARMER and Other Grants funds were increased by $2,257,300 and $2,118,850, respectively, and governmental activities net position was increased by $4,376,150.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Licenses and permits	$ 2,419,143	$ 2,419,143	$ 2,414,608	$ (4,535)
Intergovernmental	522,770	522,770	558,191	35,421
Settlements and penalties	136,000	136,000	282,948	146,948
Use of money	-	-	124,458	124,458
Other revenues	-	-	42,522	42,522
TOTAL REVENUES	3,077,913	3,077,913	3,422,727	344,814
EXPENDITURES				
Current:				
Public health	4,220,391	4,220,391	3,326,506	893,885
Capital outlay	81,056	81,056	36,702	44,354
Debt service:				
Principal	-	-	146,084	(146,084)
Interest	8,500	8,500	66,328	(57,828)
TOTAL EXPENDITURES	4,309,947	4,309,947	3,575,620	734,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,232,034)	(1,232,034)	(152,893)	1,079,141
OTHER FINANCING SOURCES				
Transfers in	-	-	643,323	643,323
TOTAL OTHER FINANCING SOURCES			643,323	643,323
NET CHANGE IN FUND BALANCE	(1,232,034)	(1,232,034)	490,430	1,722,464
Fund balance at beginning of year	4,229,226	4,229,226	4,229,226	
FUND BALANCE AT END OF YEAR	$ 2,997,192	$ 2,997,192	$ 4,719,656	$ 1,722,464

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MOBILE SOURCE DMV (AB 2766) SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 1,172,110	$ 1,172,110	$ 1,201,816	$ 29,706
Use of money	-	-	13,673	13,673
TOTAL REVENUES	1,172,110	1,172,110	1,215,489	43,379
EXPENDITURES				
Current:				
Public health	747,647	747,647	682,255	65,392
Capital outlay	-	-	47,912	(47,912)
TOTAL EXPENDITURES	747,647	747,647	730,167	17,480
EXCESS OF REVENUES OVER EXPENDITURES	424,463	424,463	485,322	60,859
OTHER FINANCING USES				
Transfers out	(183,297)	(183,297)	(177,208)	6,089
TOTAL OTHER FINANCING USES	(183,297)	(183,297)	(177,208)	6,089
NET CHANGE IN FUND BALANCE	241,166	241,166	308,114	66,948
Fund balance at beginning of year	966,815	966,815	966,815	
FUND BALANCE AT END OF YEAR	$ 1,207,981	$ 1,207,981	$ 1,274,929	$ 66,948

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MOBILE SOURCE DMV (AB 923) SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 589,000	$ 589,000	$ 600,908	$ 11,908
Use of money	-	-	63,569	63,569
TOTAL REVENUES	589,000	589,000	664,477	75,477
EXPENDITURES				
Current:				
Public health	942,825	942,825	-	942,825
TOTAL EXPENDITURES	942,825	942,825		942,825
EXCESS OF REVENUES OVER EXPENDITURES	(353,825)	(353,825)	664,477	1,018,302
OTHER FINANCING USES				
Transfers out	(36,813)	(36,813)	(37,361)	(548)
TOTAL OTHER FINANCING USES	(36,813)	(36,813)	(37,361)	(548)
NET CHANGE IN FUND BALANCE	(390,638)	(390,638)	627,116	1,017,754
Fund balance at beginning of year	2,797,828	2,797,828	2,797,828	
FUND BALANCE AT END OF YEAR	$ 2,407,190	$ 2,407,190	$ 3,424,944	$ 1,017,754

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SOLANO PROPERTY TAX SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 441,500	$ 441,500	$ 594,948	$ 153,448
TOTAL REVENUES	441,500	441,500	594,948	153,448
EXPENDITURES				
Current:				
Public health	350,000	350,000	350,000	-
TOTAL EXPENDITURES	350,000	350,000	350,000	
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	91,500	91,500	244,948	153,448
OTHER FINANCING USES				
Transfers out	(44,150)	(44,150)	(59,495)	(15,345)
TOTAL OTHER FINANCING USES	(44,150)	(44,150)	(59,495)	(15,345)
NET CHANGE IN FUND BALANCE	47,350	47,350	185,453	138,103
Fund balance at beginning of year	1,286,244	1,286,244	1,286,244	
FUND BALANCE AT END OF YEAR	$ 1,333,594	$ 1,333,594	$ 1,471,697	$ 138,103

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FARMER SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 2,257,000	$ 2,257,000	$ 1,592,200	$ (664,800)
Use of money	-	-	27,527	27,527
TOTAL REVENUES	2,257,000	2,257,000	1,619,727	(637,273)
EXPENDITURES				
Current:				
Public health	2,116,224	2,116,224	743,864	1,372,360
TOTAL EXPENDITURES	2,116,224	2,116,224	743,864	1,372,360
OTHER FINANCING USES				
Transfers out	(102,265)	(102,265)	(183,161)	(80,896)
TOTAL FINANCING OTHER USES	(102,265)	(102,265)	(183,161)	(80,896)
NET CHANGE IN FUND BALANCE	38,511	38,511	692,702	654,191
Fund balance at beginning of year, as previously reported	336,554	336,554	336,554	
Restatement	2,257,300	2,257,300	2,257,300	
Fund balance at beginning of year	2,593,854	2,593,854	2,593,854	
FUND BALANCE AT END OF YEAR	$ 2,632,365	$ 2,632,365	$ 3,286,556	$ 654,191

The accompanying notes are an integral part of these financial statements.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – OTHER GRANTS SPECIAL REVENUE FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	$ 2,838,963	$ 2,838,963	$ 2,799,359	$ (39,604)
Use of money	-	-	22,491	22,491
TOTAL REVENUES	2,838,963	2,838,963	2,821,850	(17,113)
EXPENDITURES				
Current:				
Public health	1,156,096	1,156,096	499,414	656,682
TOTAL EXPENDITURES	1,156,096	1,156,096	499,414	656,682
OTHER FINANCING USES				
Transfers out	(175,047)	(175,047)	(186,098)	(11,051)
TOTAL FINANCING OTHER USES	(175,047)	(175,047)	(186,098)	(11,051)
NET CHANGE IN FUND BALANCE	1,507,820	1,507,820	2,136,338	628,518
Fund balance at beginning of year, as previously reported	-	-	-	
Restatement	2,118,850	2,118,850	2,118,850	
Fund balance at beginning of year	2,118,850	2,118,850	2,118,850	
FUND BALANCE AT END OF YEAR	$ 3,626,670	$ 3,626,670	$ 4,255,188	$ 628,518

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.08334%	0.08431%	0.07558%	0.07194%	0.06854%	0.06690%	0.02560%	0.02360%	0.02660%
Proportionate share of the net pension liability	$ 3,899,895	$ 1,600,843	$ 3,187,998	$ 2,880,959	$ 2,583,053	$ 2,637,270	$ 2,215,008	$ 1,619,296	$ 1,656,926
Covered payroll - measurement period	$ 2,020,265	$ 2,126,650	$ 2,031,714	$ 1,925,641	$ 1,988,330	$ 1,807,348	$ 1,780,319	$ 1,800,152	$ 1,794,933
Proportionate share of the net pension liability as a percentage of covered payroll	193.04%	75.28%	156.91%	149.61%	129.91%	145.92%	124.42%	89.95%	92.31%
Plan fiduciary net position as a percentage of the total pension liability	76.04%	89.40%	77.66%	78.65%	79.12%	77.19%	74.06%	78.40%	79.82%

Notes to Schedule:

Reporting valutaion	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Rerporting measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount rate	6.90%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%	7.50%	7.50%

Change in Benefit Terms: None.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 to 7.15% in 2017 and to 7.00% in 2018.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 440,287	$ 413,712	$ 396,414	$ 348,459	$ 300,961	$ 258,810	$ 226,957	$ 208,597	$ 285,922
Contributions in relation to the actuarially determined contributions	(440,287)	(413,712)	(396,414)	(348,459)	(300,961)	(258,810)	(226,957)	(208,597)	(285,922)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 1,894,765	$ 2,020,265	$ 2,126,650	$ 2,031,714	$ 1,925,641	$ 1,988,330	$ 1,807,348	$ 1,780,319	$ 1,800,152
Contributions as a percentage of covered payroll	23.24%	20.48%	18.64%	17.15%	15.63%	13.02%	12.56%	11.72%	15.88%

Notes to Schedule:

Valuation date:	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

Valuation cost method	Entry age normal								
Amortization method	Level percentage of payroll, closed								
Remaining amortization period	Varies, not more than 30 years								
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service								
Payroll growth	2.75%	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	7.00%	7.00%	7.25%	7.375% (1)	7.50% (1)	7.50% (1)	7.50% (1)	7.50%
Morality	(3)	(3)	(3)	(3)	(2)	(2)	(1)	(1)	(1)

Notes to Schedule:

(1) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.

(2) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

(3) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

YOLO–SOLANO AIR QUALITY MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the measurement periods ended June 30

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 76,499	$ 78,536	$ 76,249	$ 100,155	$ 90,099	$ 87,263
Interest	160,516	185,456	181,593	177,628	172,852	163,911
Differences between expected and actual experience	-	(450,945)		78,952		
Changes of assumptions	121,714	24,757		(15,488)	102,666	
Benefit payments	(220,817)	(206,461)	(196,735)	(159,482)	(135,855)	(125,500)
Net change in total OPEB liability	137,912	(368,657)	61,107	181,765	229,762	125,674
Total OPEB liability - beginning	2,465,973	2,834,630	2,773,523	2,591,758	2,361,996	2,236,322
Total OPEB liability - ending (a)	$ 2,603,885	$ 2,465,973	$ 2,834,630	$ 2,773,523	$ 2,591,758	$ 2,361,996
Plan fiduciary net position:						
Contributions - employer	$ 426,869	$ 405,506	$ 436,353	$ 387,482	$ 342,855	$ 326,500
Net investment income	(272,880)	369,323	39,626	61,049	47,849	40,033
Other trust expense					(920)	
Administrative expenses	(487)	(509)	(508)	(179)	(343)	(223)
Benefit payments	(220,817)	(206,461)	(196,735)	(159,482)	(135,855)	(125,500)
Net change in plan fiduciary net position	(67,315)	567,859	278,736	288,870	253,586	240,810
Plan fiduciary net position - beginning	1,883,238	1,315,379	1,036,643	747,773	494,187	253,377
Plan fiduciary net position - ending (b)	$ 1,815,923	$ 1,883,238	$ 1,315,379	$ 1,036,643	$ 747,773	$ 494,187
Net OPEB liability - ending (a)-(b)	$ 787,962	$ 582,735	$ 1,519,251	$ 1,736,880	$ 1,843,985	$ 1,867,809
Plan fiduciary net position as a percentage of the total OPEB liability	69.74%	76.37%	46.40%	37.38%	28.85%	20.92%
Covered-employee payroll - measurement period	$ 2,171,208	$ 2,314,851	$ 2,172,124	$ 2,071,003	$ 1,914,724	$ 1,780,314
Total net OPEB liability as percentage of covered-employee payroll	36.29%	25.17%	69.94%	83.87%	96.31%	104.91%
Notes to schedule:						
Valuation date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Discount Rate	6.10%	6.60%	6.60%	6.60%	6.80%	7.25%
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increase	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%
Health insurance increase	5.7% to 4%		5.4% to 4%		7.50% to 5%	

Benefit changes. None since June 30, 2017.

Changes in assumptions. None since June 30, 2017.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2017. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution - employer fiscal year	$ 124,728	$ 200,611	$ 195,533	$ 207,100	$ 228,705	$ 207,000
Contributions in relation to the actuarially determined contributions	(333,923)	(426,869)	(405,506)	(436,353)	(387,482)	(342,855)
Contribution deficiency (excess)	$ (209,195)	$ (226,258)	$ (209,973)	$ (229,253)	$ (158,777)	$ (135,855)
Covered-employee payroll - employer fiscal year	$ 2,186,238	$ 2,171,208	$ 2,314,851	$ 2,163,100	$ 2,071,003	$ 1,914,724
Contributions as a percentage of covered-employee payroll	15.27%	19.66%	17.52%	20.17%	18.71%	17.91%

Notes to Schedule:

	2023	2022	2021	2020	2019	2018
Valuation date used to determine ADC	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2015
Discount rate used to determine ADC	6.60%	6.60%	6.60%	6.60%	7.25%	7.25%
Actuarial cost method	Entry age normal					
Amortization method	Level % of pay					
Amortization period	18 years closed	18 years closed	19 years closed	20 years closed	21 years closed	22 years closed
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Actuarial value
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend rates	5.7% in 2022 to 4% in 2076 in steps of 0.1%	5.4% in 2021 to 4% in 2076 in steps of 0.1%	5.4% in 2021 to 4% in 2076 in steps of 0.1%	5.4% in 2021 to 4% in 2076 in steps of 0.1%	7.5% in 2019 to 5% in steps of 0.5%	7.0% in 2017 to 5% in steps of 0.5%
Salary increases	3%	3%	3%	3%	3.25%	3.25%
Retirement age	50 to 75					
Mortality	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2014	CalPERS 2014
Mortality improvement	MW Scale 2020 generationally	MW Scale 2018 generationally	MW Scale 2018 generationally	MW Scale 2018 generationally	MW Scale 2017	MP-2014

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

COMPLIANCE REPORTS

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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*

Board of Directors
Yolo–Solano Air Quality Management District
Davis, 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 the Yolo–Solano Air Quality Management District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit 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 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that Transportation Development Act Funds allocated and received by the District were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act, Section 6661 and 6662 of the California Code of Regulations and other State regulations. The results of performing these tasks disclosed no instances of noncompliance with the applicable statutes, rules and regulations of the Transportation Development Act. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Richardson & Company, LLP

October 23, 2024