



**Ventura County Air Pollution  
Control District**

The cover illustration depicts a bright, smiling sun with a human-like face and wavy rays on the right side. In the background, there are rolling hills in shades of green, purple, and yellow. A road with a dashed yellow center line winds through the hills. In the distance, a factory with three smokestacks emitting white smoke is visible against a blue sky with white clouds.

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2012**

669 County Square Drive, 2<sup>nd</sup> Floor  
Ventura, CA 93003  
[www.vcapcd.org](http://www.vcapcd.org)

Michael Villegas  
APCO/Executive Officer



*\* Our Mission \**

*To protect public health and agriculture from the adverse effects of air pollution by identifying air pollution problems and developing a comprehensive program to achieve and maintain state and federal air quality standards.*

*Ventura County*  
*Air Pollution Control District*  
Ventura, California



**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2012**

Prepared by:  
Fiscal Section



**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2012**

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**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 June 30, 2012**

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Ventura County  
Air Pollution  
Control District

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Michael Villegas  
Air Pollution Control Officer

March 31, 2013

Air Pollution Control Board  
Ventura County Air Pollution Control District  
669 County Square Drive, 2<sup>nd</sup> Floor  
Ventura, CA 93003

Members of the Ventura County Air Pollution Control District Board and Citizens of Ventura County:

The Comprehensive Annual Financial Report (CAFR) of the Ventura County Air Pollution Control District (District) is hereby submitted for the year ended June 30, 2012. District management is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the data presented is accurate in all material aspects; reported in a manner designed to fairly present the financial position and changes in financial position of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is divided into three major sections: the Introductory Section, Financial Section, and Statistical Section. The Introductory Section includes the District's governing Board, organizational chart, and this Letter of Transmittal, which provides general comments on activities of interest to the reader. The Financial Section is comprised of the Independent Audit Opinion, Management's Discussion and Analysis, the Basic Financial Statements that include the notes to the basic financial statements, and budgetary comparison schedule of the General Fund. The Statistical Section provides important historical and trend information about the District.

### ***Audits***

The CAFR was prepared to satisfy the financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Further information regarding the reporting requirements can be found in Note 2 of the Notes to the Basic Financial Statements. Comparative analysis of the financial statements for June 30, 2012, and 2011 can be found in the Management's Discussion and Analysis.

Vavrinek Trine & Day Company LLP (VTD), an independent certified public accounting firm audited the District's CAFR. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the District for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The results of the District's annual audit for fiscal year ended June 30, 2012, concluded that the District's annual financial statements as contained herein present fairly, in all material respects, the financial position and changes in financial position of the District in conformity with generally accepted accounting principles. The auditor's unqualified opinion is included in the financial section of this CAFR.

In addition, the District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. This federally mandated requirement is designed to meet the needs of the Federal grantor agencies. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, summary of auditor's results, and the independent auditor's reports on internal control and compliance with applicable laws and regulations are included in a separately issued publication available at the District.

### ***Profile and Reporting Entity of the Ventura County Air Pollution Control District***

The District was formed by the Ventura County (the County) Board of Supervisors in 1968 in response to the County's first air pollution study that identified Ventura County as having a severe air quality problem. The Air Pollution Control Board is composed of ten members, which includes five representatives from the County Board of Supervisors and five representatives from five of the ten cities in Ventura County. The Chair of the Board is elected by the board members to a one-year term.

Division 26 of the California Health and Safety Code establishes the District's structure, operating procedures, and authority. The District provides a full range of air pollution control activities, including permitting, facility inspection, air quality attainment planning, rule-making, air quality monitoring and incentive programs.

The District shares responsibility with the California Air Resources Board for ensuring that all state and federal air quality standards are achieved and maintained within Ventura County. The District's jurisdiction is limited principally to regulating non-vehicular sources of air pollution within the County of Ventura, primarily commercial and industrial emission sources. Any company wishing to build or modify a facility in Ventura County must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the primary standard setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the District as the primary government entity for which it is considered to be financially accountable. Note 1 of the Notes to the Basic Financial Statements provides more information on the reporting entity.

District management is responsible for establishing, maintaining, and evaluating the adequacy of an internal accounting control structure. Internal accounting control structure is designed to ensure that assets of the District are protected from loss, theft, or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

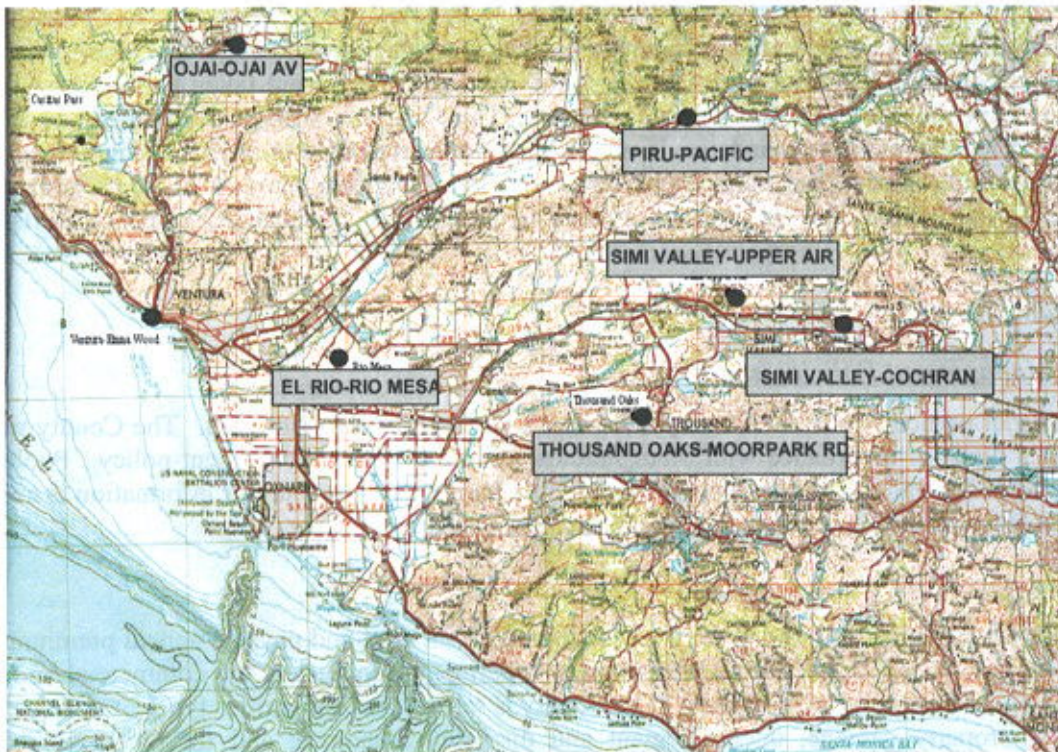
The concept of reasonable assurance recognizes that the costs of internal control should not exceed the benefits likely to be derived from it. It is our belief that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Air Pollution Control Board (District Board) adopts an annual budget in accordance with Health & Safety Code, Section 40130 et. seq. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department/budget unit and object level of expenditures, except capital assets which are controlled at the sub-object level. The Executive Officer is authorized to transfer appropriations between object levels within the Air Pollution Control District's budget as provided in Government Code Section 29125.



All unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available to finance the next year's budget. Encumbered appropriations are re-appropriated in the next year's budget. Additional budgetary information is included in the Required Supplementary Information section of the CAFR.

### Ventura County Air Monitoring Station Locations



Ventura County has a serious air quality problem. During summer and fall, a combination of poor atmospheric mixing, a capping temperature inversion, bordering mountains and sunny days act to enhance smog formation and effectively trap pollutants in the inland valleys. The District is responsible for monitoring air pollution within the County and for developing and administering programs to reduce air pollution levels below the health-based standards established by the State and federal governments. In 2012, the air quality standards for ozone were exceeded on 2 days for the state 1-hour standard and on 16 days for the federal 8-hour standard.

Despite occasionally high smog levels, the air quality in Ventura County has improved dramatically since the early 1970s. The average number of days exceeding the federal 8-hour standard over the three-year period of 2010 to 2012 decreased by approximately 93 percent when compared to 1973 to 1975. Federal standards for particulate matter (PM<sub>10</sub>), fine particulate matter (PM<sub>2.5</sub>), carbon monoxide, nitrogen dioxide, and sulfur dioxide have not been exceeded in Ventura County.

Most of the air quality improvements can be attributed to control strategies implemented by the District, the State, and the federal government. The District's regulatory program, in conjunction with State and federal programs, has decreased pollutant levels to meet the federal 84 part per billion 8-hour air quality standard, in spite of population growth in Ventura County.

## ***Factors Affecting Financial Condition***

The District is a fee supported agency and does not receive sales or property tax support. Approximately 28 percent of its funding is derived from fees paid by stationary sources that emit air pollution; 26 percent from auto registration fees collected by the Department of Motor Vehicles and distributed to air districts throughout the State in support of motor vehicle emission reduction programs; 43 percent from federal grants, pass through grants, and state subvention; and 3 percent from general revenues such as penalties/settlements and interest earnings.

The District minimized increases in expenses by reviewing the current budget and year-to-date expenditures to ensure that all likely costs were identified and necessary steps were taken to scrutinize the service and supplies expenditure object for potential savings. The District's workload continued to increase due to additional federal and state mandates; however, the District was able to meet its program commitments and has successfully streamlined many of its operations thus, reducing the cost of its programs. Overall, the District's fund balance has increased as a result of the positive financial performance in fiscal year 2011-2012.

## ***Relevant Financial Policies***

### ***Cash Management Policies and Practices***

The District participates in the County Treasurer's cash and investment pool. The County pool invests the District's funds in accordance with State statutes and the County's investment policy. Pooled investments are stated at fair value in accordance with GASB Statement No. 31. Further information is available in Note 4 of the Notes to the Basic Financial Statements, Cash and Investments.

### ***Risk Management***

The District participates in the County's Risk Management pool and pays an annual premium to the County for coverage. The County's Risk Management department administers the commercial and self-insurance aspects of the County's risk programs. The County is self insured for various types of risks including general liability, property damage, unemployment and disability insurance, and for the deductible on medical malpractice premiums. In addition, the County is self insured for workers' compensation.

## ***Other Information***

### ***On-Line Information***

Copies of this CAFR, the Single Audit Report, and the District's Adopted Budget may be obtained from the District office. The District's web page, <http://www.vcapcd.org/>, includes the CAFR, District's adopted budget, and information on the District's various air district programs, educational programs, air quality index and statistics, and health effects. In addition, information is also available on board meetings, board agendas, publications, and forms.

### ***Acknowledgments***

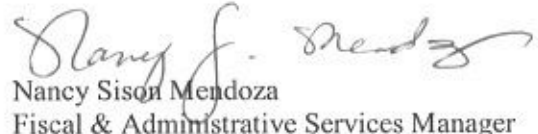
The completion of this report was made possible by the dedicated and coordinated team efforts of the entire District staff. We would like to acknowledge and express our appreciation to the special efforts of the Fiscal section, the Ventura County Auditor-Controller's Office, and our independent auditors, Vavrinek Trine & Company LLP, for their assistance in the report preparation.

Recognition is also given to the District Board for their continued leadership and support, and to all employees of the District who continue to push technology and improve operations to accomplish the District's mission of protecting public health from air pollution by working with community and businesses and other governmental agencies.

Respectfully submitted,



Michael Villegas  
Executive Officer



Nancy Sison Mendoza  
Fiscal & Administrative Services Manager

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**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

List of Governing Board

June 30, 2012

***KATHY I. LONG***  
*Chair*  
*Board of Supervisors - District III*

***CARMEN RAMIREZ***  
*Vice-Chair*  
*Council Member, City of Oxnard*

***STEVE BENNETT***  
*Board of Supervisors - District I*

***MIKE MORGAN***  
*Mayor, City of Camarillo*

***PETER C. FOY***  
*Board of Supervisors - District IV*

***BRIAN BRENNAN***  
*Council Member, City of San Buenaventura*

***LINDA PARKS***  
*Board of Supervisors - District II*

***JONATHAN SHARKEY***  
*Council Member, City of Port Hueneme*

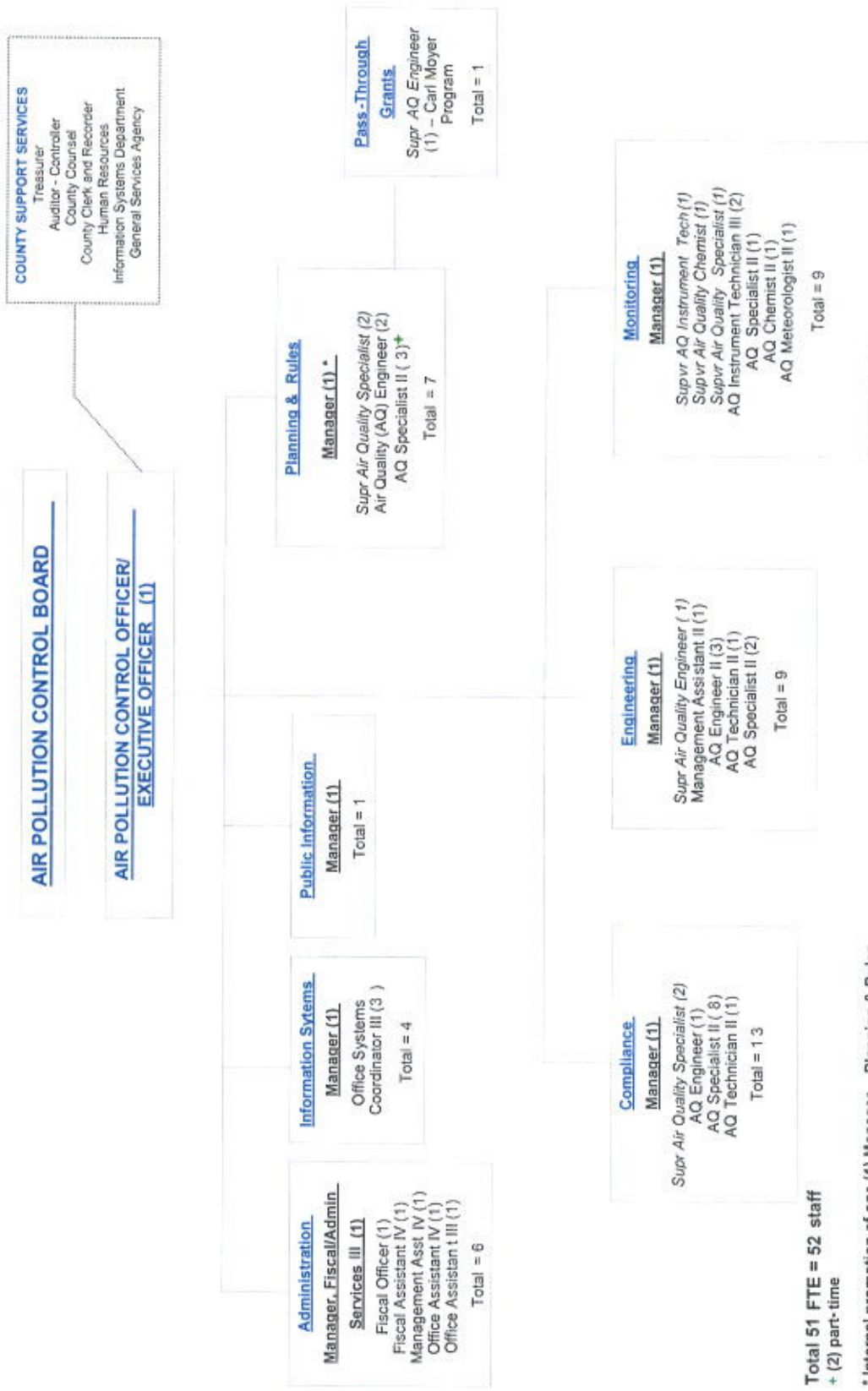
***JOHN ZARAGOZA***  
*Board of Supervisors - District V*

***GAYLE WASHBURN***  
*Mayor, City of Fillmore*

***MICHAEL VILLEGAS***  
*Air Pollution Control Officer /*  
*Executive Officer*

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Organization Chart



Total 51 FTE = 52 staff + (2) part-time

\* Internal promotion of one (1) Manager - Planning & Rules



# **FINANCIAL SECTION**







## INDEPENDENT AUDITORS' REPORT

Air Pollution Control Board  
Ventura County Air Pollution Control District  
Ventura, California

We have audited the accompanying financial statements of the governmental activities and the general fund of the Ventura County Air Pollution Control District (District), California, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11 through 20 and the budgetary comparison schedule and related notes on pages 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other information, such as the introductory section, California Air Resources Board – state subvention funds revenue detail, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Vavinich Train, DMS & Co, LLP*

Rancho Cucamonga, California

March 6, 2013

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

This section of the report presents the District's discussion and analysis, a requirement of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments*, for its financial performance during the fiscal year ended June 30, 2012. Please read this section in conjunction with the transmittal letter at the front of this report and the basic financial statements following this section.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the 2011-2012 fiscal year by \$10,494,000 (net assets). Of this amount, \$9,974,000 (unrestricted net assets) may be used to meet the District's ongoing obligations without constraints established by legal requirements and \$520,000 is invested in capital assets.
- As of June 30, 2012, the District's governmental fund reported combined fund balances of \$10,622,000 an increase of \$732,000 in comparison to the prior year. The \$10,622,000 represents the entire amount of the General Fund. Approximately 9 percent of the fund balance is available for spending, but bound by various levels of constraints that control the purposes for which specific amounts can be spent. Approximately 91 percent is not constrained as reported in other classifications, may be available to meet the District's current and future needs (unassigned fund balance).
- Out of the general fund balance of \$10,622,000 at the end of the fiscal year, \$933,000 was assigned and \$9,689,000 was unassigned, which is 97% of the general fund expenditures. The District's fund balance policy is to maintain an unassigned fund balance between four to six months of operating expenses. A detailed analysis of fund balances can be found on page 31 in Note 3 of the Notes to Basic Financial Statements.

The March 2009 release of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, substantially altered the focus and terminology used for fund balance reporting. The objective is to improve the clarity and consistency of the fund balance information provided to the financial report users. GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the level of government commitment to honor fiscal constraints on fund expenditures. The requirements of GASB Statement No. 54 are effective for financial statements beginning after June 15, 2010. APCD has implemented the statement starting Fiscal Year 2010-11. This change affects the reporting of fund balances in APCD's Balance Sheet and Note 3 of the Notes to Basic Financial Statements.

### Overview of the Financial Statements

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components:

Government-wide financial statements

Fund financial statements

Notes to basic financial statements

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

The Comprehensive Annual Financial Report also includes required supplementary information, supplementary financial information, and statistical information.

In general, the purpose of financial reporting is to provide external parties 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 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. This set of financial statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information on all assets held and liabilities owed by the District using the accrual basis of accounting. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information on how net assets changed during the most recent fiscal year. Revenues and expenses are recognized as earned and incurred even though they may not have been received or paid in cash. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The District's government-wide financial statements can be found on pages 21-22 of this report.

### ***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. They are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District is a single purpose, single-fund entity and utilizes government funds to account for its activities.

### **Governmental Funds**

The fund financial statements consist of the balance sheet and statement of revenues, expenditures, and changes in fund balance. 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 assets that are current financial resources and liabilities that are expected to be liquidated with current financial resources. 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

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

liabilities represents the fund balance. The unassigned fund balance is not constrained and may be used to finance any District activities.

The operating statements for governmental funds report only those revenues and expenditures that were collected in cash or paid with cash during the current period or very shortly after the end of the year.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. Since the different accounting bases are used to prepare the above statements, reconciliation is required to facilitate the comparison between the fund statements and the government-wide statements. The reconciliation between the total fund balances and net assets of governmental activities can be found on page 24.

The reconciliation of the total change in the fund balance for the governmental funds to the change in net assets of governmental activities can be found on page 26.

The fund financial statements can be found on pages 23 and 25.

### **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 in pages 27 to 37 of this report.

### ***Required and Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual. It also includes supplementary information on the District's Revenue Detail. Required supplementary information can be found on page 39 of this report. Other supplementary information as required by the California Air Resources Board to report on the District's State Subvention Funds can be found on page 41 of this report. Statistical information is also provided beginning on page 43 of this report.

### **Government-Wide Financial Analysis**

#### ***Government-wide Summary of Net Assets***

The net assets serve as a useful indicator of the District's financial position. At the close of fiscal year, the District's assets exceeded liabilities by \$10,494,000. The District's net assets increase of \$874,000 from last fiscal year was due to unique cost savings and receipt of one time revenues.

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

(Unaudited)

Statement of Net Assets

June 30, 2012 and 2011

(In Thousands)

	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>	<u>Percent Change</u>
<b>Assets:</b>			
Current and other assets	\$ 14,787	\$ 14,649	1%
Capital Assets	<u>520</u>	<u>451</u>	15%
Total Assets	<u>15,307</u>	<u>15,100</u>	1%
<b>Liabilities:</b>			
Long-term liabilities outstanding	280	346	-19%
Other liabilities	<u>4,533</u>	<u>5,134</u>	-12%
Total Liabilities	<u>4,813</u>	<u>5,480</u>	-12%
<b>Net Assets:</b>			
Invested in capital assets	520	451	15%
Unrestricted	<u>9,974</u>	<u>9,169</u>	9%
Total Net Assets	<u>\$ 10,494</u>	<u>\$ 9,620</u>	9%

Net assets include three components: Invested in capital assets, restricted net assets, and unrestricted net assets.

The largest portion of the District's net assets of \$9,974,000 (95%) is unrestricted and may be used to meet ongoing obligations in carrying out day-to-day operations.

Another component of the District's net assets totaling \$520,000 (5%) reflects the District's investment in capital assets net of accumulated depreciation. The District uses these capital assets in carrying out its mission of protecting public health. Accordingly, these assets are not available for future spending.

The District has no restricted net assets for the year ended, June 30, 2012.

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

#### *Government-wide Summary of Activities*

The following table shows the revenues, expenses, and changes in net assets for governmental type activities:

Statement of Activities  
For the Fiscal Year Ended June 30, 2012 and 2011  
(In Thousands)

	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>	<u>Percent Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,307	\$ 3,319	0%
Operating grants and contributions	7,542	8,634	-13%
General revenues:			
Investment earnings	40	88	-55%
Total Revenues	<u>10,889</u>	<u>12,041</u>	-10%
Expenses:			
Public Protection	<u>10,015</u>	<u>11,240</u>	-11%
Increase in net assets	874	801	9%
Net Assets:			
Beginning of year	9,620	8,819	9%
End of year	<u>\$ 10,494</u>	<u>\$ 9,620</u>	9%

**Governmental Activities** - The statement of activities presents information on how net assets changed during the most recent fiscal year. The format also permits the reader to ascertain the extent to which the District is either self-financing or draws from net assets in a given year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement include some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of activities for the District presents its governmental activities, its sole purpose. Governmental functions of the District are predominantly supported by fees, grants, state subvention, penalties, and settlements. The primary governmental activities of the District include the following: Ensure Compliance with Clean Air Rules, Customer Service, Develop Programs to Achieve Clean Air, Develop Rules to Achieve Clean Air, Monitoring Air Quality, Permit Review, Public Information, Policy Support, and Advance Clean Air Technology.

The District's revenues were for air pollution control services and totaled \$10,889,000. The graph and table on page 17 shows the total revenue for the District in 2011-12.

Operating grants and contributions are revenues earned from entities outside of the District, primarily state and federal agencies. In 2011-12, the District reported \$7,542,000 in operating grants and contributions representing the largest revenue source for the District. Federal grants of \$1,304,000 and Pass-through grants

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

(Unaudited)

of \$3,204,000 decreased by 20% due to a decrease in Carl Moyer and School Bus projects. Majority of the School Bus projects happened in fiscal years 2010 and 2011.

Charges for services of \$3,307,000 are revenues earned from providing goods and services to external customers. Charges for services provided 30 percent of total program revenues in 2011-12, a decrease over the prior year by less than 1 percent.



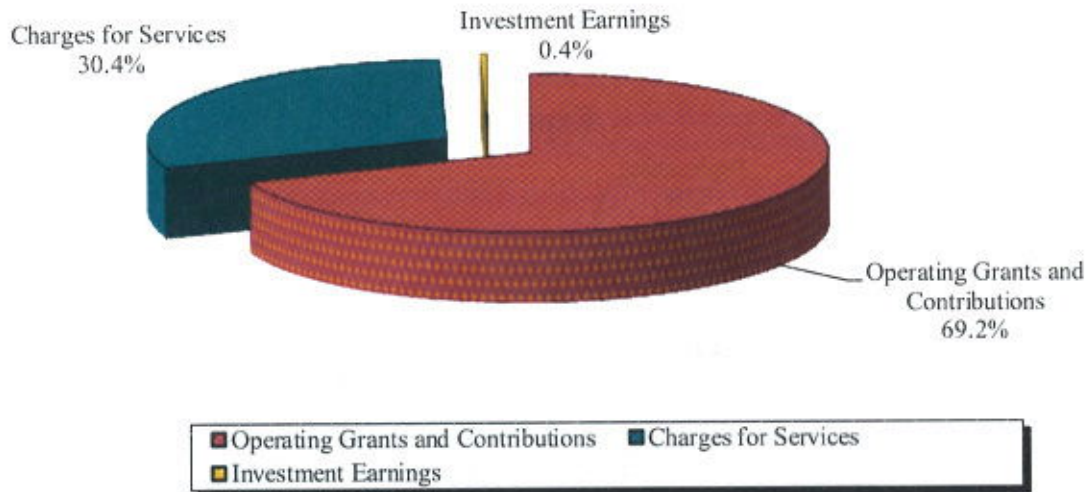
**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

(Unaudited)

**Revenues**



<u>Operating Grants and Contributions</u>	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>
DMV fees	\$ 2,833,000	\$ 2,831,000
State Subvention	201,000	199,000
Federal grants	1,304,000	2,573,000
Pass-through grants	3,204,000	3,031,000
Total	<u>\$ 7,542,000</u>	<u>\$ 8,634,000</u>
<u>Charges for Services</u>	<u>FY 2011-2012</u>	<u>FY 2010-2011</u>
Licenses, permits, and franchises	\$ 3,039,000	\$ 3,054,000
Charges for current services	42,000	41,000
Fines, forfeitures, and penalties	222,000	215,000
Other revenues	4,000	9,000
Total	<u>\$ 3,307,000</u>	<u>\$ 3,319,000</u>

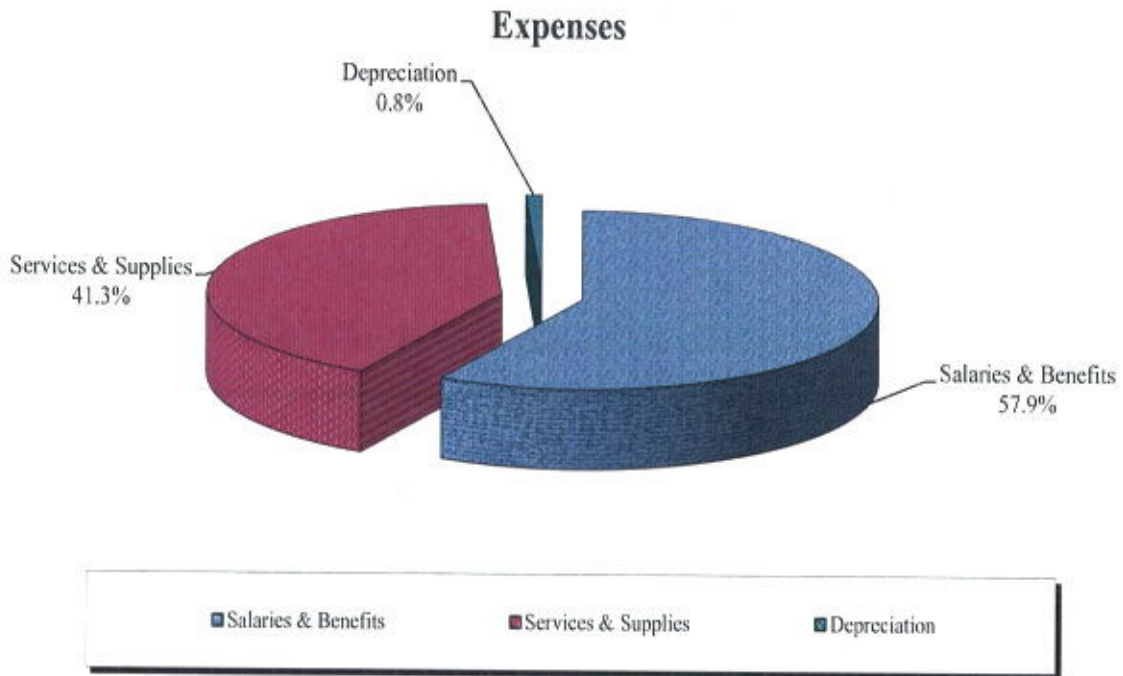
**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2012**

(Unaudited)

All of the expenses of the District were for air pollution control services at a total of \$10,015,000, a decrease of 11 percent compared to the prior fiscal year. The majority of the decrease was mainly due to the decrease in pass-through grant projects of the School Bus Program and the Carl Moyer Program. Savings in Salaries and Benefits were mainly due to retirements during the fiscal year and deferment of filling vacant positions. The graph and table below provide District expenses by object level.



<u>Expenses</u>	<u>FY2011-12</u>	<u>FY2010-11</u>
Salaries & Benefits	\$ 5,797,000	\$ 5,904,000
Services & Supplies	4,133,000	5,262,000
Depreciation	85,000	74,000
Total expenses	<u>\$ 10,015,000</u>	<u>\$ 11,240,000</u>

**Financial Analysis of the District's Funds**

At June 30, 2012, the District's general fund reported an ending fund balance of \$10,622,000, an increase of \$732,000 from the prior year.

The General Fund is the operating fund of the District, and as a single-purpose entity, is the only fund reported. The General Fund has an unassigned fund balance of \$9,689,000 which is available for spending in the future at the district's discretion within allowable use. The assigned amount of \$933,000 represents the

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

District's intended use of the financial resources in future periods. Its components are reported under Note 3 of the Notes to Basic Financial Statements. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance, and total fund balance to the total General Fund expenditures. The unassigned fund balance is \$9,689,000 which represents 97 percent of total expenditures for the year ended June 30, 2012, while the total fund balance represents 106 percent of that same total.

#### **General Fund Budgetary Highlights**

##### ***Original Budget Compared to Final Budget, June 30, 2012***

Appropriation for the General Fund final budget compared to the original budget reflected an increase in appropriations of \$3,607,000. The changes to the budget were the result of Air Pollution Control Board actions that allocated additional funding to pass through grants after the budget was adopted. The largest change to the budget of approximately \$3,500,000 was attributable to higher estimates in services and supplies related to the various pass-through grant programs, particularly the Carl Moyer Program and the School Bus Program.

Estimated revenues for the General Fund final budget exceeded the original budget by \$3,460,000. Aid from other governmental units increased as a result of the corresponding funding for the various pass-through grants above.

##### ***Final Budget to Actual Expenditures and Revenues, June 30, 2012***

The final budget appropriations exceeded actual expenditures by \$2,004,000, while the final budget estimated revenues exceeded actual revenues by \$692,000. The resulting combined positive budgetary variance was \$1,312,000. The largest revenue shortfall was \$815,000, aid from other governmental units, due to pass-through grant projects that were allocated funding but were not completed at fiscal yearend and were carried over to the new fiscal year. The largest expenditure savings was \$1,336,000 in services and supplies due mainly to the corresponding pass-thru grant projects above. Salary savings of \$298,000 resulted from retirements during the fiscal year and the deferment of filling vacant positions.

Budgetary information is included in the Required Supplementary Information (RSI) section.

#### **Capital Assets**

The investment in capital assets is entirely for its governmental activities. The book value was \$520,000 (net of accumulated depreciation of \$1,005,000) as of June 30, 2012. This investment in capital assets includes the following equipment: laboratory equipment, air monitoring stations, computer, and software. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures. The increase in capital assets reflects the replacement of aging monitoring computer and laboratory equipment.

#### **Economic Factors and Next Year's Budget and Rates**

The fiscal year 2012-13 adopted budget (without pass-through grants) totals \$7,999,000 an increase of less than 1 percent or \$29,420 when compared to the fiscal year 2011-12 adopted budget. Salary savings of \$53,610 resulted from unfunding one position. The salary savings would have been higher but was offset by the increase in Retirement Contribution, Overtime, and the full year funding of positions that became vacant

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

due to promotions. Appropriations for services and supplies increased by \$29,080 due to increases in Cost Allocation Plan, Minor Equipment, Insurance, Building Lease, and Conference/Seminars. The increase was offset by the decrease in Computer Parts, Software, Other Equipment Maintenance, and Lab Supplies. Appropriations for fixed assets are \$53,950 higher due to planned replacement of various aging monitoring equipment.

The fiscal year 2012-13 adopted budget (without pass-through grants) as compared to prior year actual expenditures includes an overall increase of 4% in salaries and benefits. This is due mainly to increases in salaries and retirement appropriations. Adopted budget for services and supplies (without pass-through grants) in fiscal year 2012-13 is 42 percent higher as compared to prior year actual expenditures. This is due mainly to increases in appropriations for Other Professional Services, Cost Allocation Plan, Conference and Seminar Expense, and Printing. Capital Outlay increased by 11% due to increased appropriations for laboratory equipment.

The District's fund balance has increased as a result of continued increases in revenue and decreases in expenditures in fiscal years 2010 to 2012. However, fiscal year 2012-2013 adopted budget shows that expenditures will exceed revenues. If the current economic situation continues, revenue from permits may likely decrease due to business closures, along with the possibility of federal grants remaining flat, if not reduced. Furthermore, any potential increase in retirement costs in the coming fiscal years, as well as any increase from bargaining agreements and/or cost of living adjustments for management, will contribute to reducing the fund balance. The District's fund balance is able to support these unforeseen events but staff will continue to explore all potential revenues and ensure the expenses generated provides the highest benefits to District's programs.

#### **Request for Information**

This financial information is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fiscal and Administrative Services Manager, Ventura County Air Pollution Control District, 669 County Square Drive, 2<sup>nd</sup> Floor, Ventura CA 93003.

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Statement of Net Assets

June 30, 2012

(In thousands)

	<u><b>Total Government Activities</b></u>
<b>Assets:</b>	
Cash & investments	\$ 14,587
Accounts receivable	182
Due from the County of Ventura	18
Capital assets:	
Depreciable, net	<u>520</u>
<b>Total assets</b>	<u><b>15,307</b></u>
 <b>Liabilities:</b>	
Accounts payable	22
Accrued liabilities	103
Due to the County of Ventura	14
Deferred revenue	4,026
Noncurrent liabilities:	
Due within one year	368
Due in more than one year	<u>280</u>
<b>Total liabilities</b>	<u><b>4,813</b></u>
 <b>Net assets:</b>	
Invested in capital assets	520
Unrestricted	<u>9,974</u>
<b>Total net assets</b>	<u><b>\$ 10,494</b></u>

See accompanying notes to basic financial statements.

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Statement of Activities

For the Fiscal Year Ended June 30, 2012

(In thousands)

		Program revenues		Net (expense) revenue and changes in net assets
	Expenses	Charges for services	Operating Grants and contributions	Governmental activities
Function/program activities:				
Governmental activities:				
Public protection	\$ 10,015	3,307	7,542	834
Total governmental activities	10,015	3,307	7,542	834
General revenues:				
Interest earnings				40
Total general revenues				40
Changes in net assets				874
Net assets, beginning of year				9,620
Net assets, end of year				\$ 10,494

See accompanying notes to basic financial statements.

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Balance Sheet  
 Governmental Fund  
 June 30, 2012  
 (In thousands)

		<b>General Fund</b>
<b>Assets</b>		
Cash and investments	\$	14,587
Accounts receivable		182
Due from the County of Ventura		18
		<u>18</u>
Total assets and other debits	\$	<u><u>14,787</u></u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$	22
Accrued liabilities		103
Due to the County of Ventura		14
Deferred revenue		4,026
		<u>4,026</u>
Total liabilities		<u>4,165</u>
Fund balance		
Assigned:		
Fixed Asset Acquisition		200
Litigation		300
Motor Vehicle Fee Projects		200
Appropriated Fund Balance for FY 2012-13		233
		<u>9,689</u>
Unassigned		9,689
		<u>9,689</u>
Total fund balance		<u>10,622</u>
Total liabilities and fund balance	\$	<u><u>14,787</u></u>

See accompanying notes to basic financial statements.

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Reconciliation of the Balance Sheet of

Governmental Fund to Statement of Net Assets

June 30, 2012

(In thousands)

Fund Balance - total governmental fund (page 23)	\$ 10,622
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	520
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds:	
Compensated absences	<u>(648)</u>
Net assets of governmental activities (page 21)	<u>\$ 10,494</u>

See accompanying notes to financial statements



# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

Year ended June 30, 2012

(In thousands)

	<u>General Fund</u>
Revenues:	
Aid from other governmental units	\$ 7,542
Licenses, permits, and franchises	3,039
Fines, forfeitures, and penalties	222
Use of money and property	40
Charges for current services	42
Other revenue	4
Total revenues	<u>10,889</u>
Expenditures:	
Current:	
Public protection	10,003
Capital outlay	154
Total expenditures	<u>10,157</u>
Excess of revenues over expenditures	732
Fund balance, beginning of year	<u>9,890</u>
Fund balance, end of year	<u>\$ 10,622</u>

See accompanying notes to financial statements

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures, and

Changes in Fund Balances of Governmental Fund to Statement of Activities

Year ended June 30, 2012

(In thousands)

Net changes in fund balance - total governmental fund (page 25)	\$	732
Amounts reported for governmental activities in the statement of activities are different because:		
The Governmental fund report capital outlay and other capital projects as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	154	
Less: Current year depreciation	<u>(85)</u>	69
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds:		
Compensated absences		<u>73</u>
Change in net assets of governmental activities (page 22)	<u>\$</u>	<u>874</u>

See accompanying notes to financial statements

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

### (1) The Financial Reporting Entity

#### *Reporting Entity*

The Ventura County Air Pollution Control District (the District) was formed by the Ventura County (the County) Board of Supervisors in 1968 in response to the County's first air pollution study that identified Ventura County as having a severe air quality problem. The District's 10-member Board includes five representatives from the County Board of Supervisors and five representatives from the cities of Camarillo, Oxnard, San Buenaventura, Port Hueneme, and Fillmore.

Division 26 of the California Health and Safety Code establishes the District's structure, operating procedures, and authority. The District shares responsibility with the California Air Resources Board for ensuring that all state and federal air quality standards are achieved and maintained within Ventura County. The District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the County of Ventura, primarily industry pollution. Any company wishing to build or modify a facility in Ventura County must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District as the primary government entity for which it is considered to be financially accountable.

### (2) Summary of Significant Accounting Policies

#### (a) New Accounting Pronouncements

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective immediately for the provisions related to the use and reporting of the alternative measurement method, and effective for periods beginning after June 15, 2011, for the provisions related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of the measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The new requirements are not applicable to the District.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, improves the financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The new requirements are not applicable to the District.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, effective for financial statements for periods beginning after June 15, 2011, improves financial reporting by enhancing guidance for including, presenting, and disclosing

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Notes to Basic Financial Statements

Year ended June 30, 2012

information about component units and equity interest transactions of a financial reporting entity. The new requirements are not applicable to the District.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. This statement has no material effect on the financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 64, *Derivative instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The new requirements are not applicable to the District.

GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District intends to implement the new requirements for the fiscal year 2013-14 financial statements.

GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The new requirements are not applicable to the District.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013, improves financial reporting by state and local governmental pension plans. The District intends to implement the new requirements as applicable, for the fiscal year 2013-14 financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, improves accounting and financial

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

reporting by state and local governments for pensions. The District intends to implement the new requirements for the fiscal year 2014-15 financial statements.

### **(b) Government-wide and Fund Financial Statements**

#### **Government-wide Financial Statements**

The District's government-wide financial statements include a statement of net assets and statement of activities.

#### **Statement of Net Assets**

The government-wide statement of net assets utilizes a net asset presentation. This reports what the District owns or controls (assets), what it owes (liabilities), and what is leftover after assets have been used to satisfy liabilities (net assets). The net assets are categorized as invested in capital assets, restricted, and unrestricted.

(1) *Invested in Capital Assets* – This category groups all capital assets into one component of net assets. Accumulated depreciation reduces the balance in this category.

(2) *Restricted Net Assets* – This category represents assets subject to external restrictions imposed by creditors, grantors, contributions, or laws or regulations and other governmental restrictions imposed by law through constitutional provisions.

(3) *Unrestricted Net Assets* – These are the resources that do not fall into invested in capital assets or restricted net assets. They can be used for any purposes, though they are not necessarily liquid.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures. Proceeds of long-term debt are also recorded in the government-wide financial statements as a liability rather than as a financial source. The only reported long-term indebtedness is the District's compensated absences liability.

#### **Statement of Activities**

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. In the statement of activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense. Additionally, the statement of activities for the District presents its governmental activities, its sole purpose.

#### **Governmental Fund Financial Statements**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on the governmental funds. The General Fund, considered a major governmental fund, is the general operating fund of the District. It accounts for the legally authorized activities of the District and is the only fund of the District. The District is a special-purpose government engaged in a single governmental program and is presented, accordingly, in the basic financial statements.

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

The District follows the measurement focus and modified accrual basis of accounting. Measurement focus determines the accounting and financial reporting treatment applied to a fund. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the governmental fund balance sheet.

Operating statements of governmental fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types are accounted for using the modified-accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" is defined as an amount that can be determined. "Available" is defined as collectible in the current period or 6 months following the end of the fiscal year.

Revenues that are considered susceptible to accrual include federal and state grants, interest, and charges for current services. Unbilled receivable items are included in accounts receivable. Revenues that are not considered susceptible to accrual include certain licenses, permits, fines, forfeitures, DMV registration fees and penalties. Expenditures are generally recorded under the modified-accrual basis of accounting when the fund liability is incurred, except payments on compensated absences, which are recognized when matured.

**(c) External Investment Trust**

The District's cash and investments are included in the external investment trust fund of the County Treasurer's investment pool. The County Treasurer's investment pool is defined as an external investment pool in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The external investment pool commingles the moneys of more than one legally separate entity, not part of the sponsor's reporting entity, and invests on the participants' behalf in an investment portfolio.

The external investment pool includes both voluntary and involuntary participants for whom the County Treasurer holds cash and investments. Legal provisions require certain special districts to participate in the County Treasurer's investment pool, including public school districts, cemetery districts, recreation, park districts, and the Air Pollution Control District. Voluntary participants include the consolidated courts.

**(d) Capital Assets**

The accounting and reporting treatment applied to capital assets associated with a fund is determined by its measurement focus. Acquisitions of equipment are recorded as expenditures in the governmental fund types at the time of purchase.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. They are capitalized and depreciated on the government-wide statements; however, in the fund financial statements, the depreciation is not charged to expenditures. Depreciation is provided over the assets' estimated useful lives using the straight line method.

The capitalization level for equipment is \$5,000 and estimated useful lives range from 2 to 20 years.

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

The costs of normal maintenance and repairs are not capitalized. Betterments or major improvements that add to the value of the assets or materially extend the useful lives of the assets are capitalized and depreciated over the remaining useful lives of the related fixed assets, if applicable. The cost and related accumulated depreciation from a retired or sold capital asset is removed from the respective accounts and any loss or gain is included in the results of operations.

**(e) *Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)***

District policy permits employees to accumulate earned but unused vacation, sick pay, and compensatory time. A liability for all vacation pay and compensated absences and 25 percent of unused accumulated sick leave for those employees with at least ten years of service is accrued when earned in the government-wide financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured as a result of employee resignations and retirements prior to year-end and are paid by the District from current available resources.

**(f) *Deferred Revenues***

Deferred Revenues are advanced funds from the Carl Moyer Program, DMV AB923 Program, School Bus Program, Reliant Energy Mandalay, and Clean Air Fund. The Reliant Energy Mandalay, LLC-mitigation fees and DMV AB923 fees are used as matching funds for state funded programs. The Carl Moyer, School Bus, and DMV AB923 funds are awarded by the California Air Resource Board as pass-through grants.

**(g) *Use of Estimates***

The preparation of the District's basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**(3) Fund Balance**

As of June 30, 2012, the District's fund balance is categorized below:

**Nonspendable:** amounts are not in a spendable form or are required to be maintained intact (e.g. inventories, prepaid, or principal of an endowment).

**Restricted:** amounts subject to specific purposes as stipulated by externally enforceable legal restrictions, constitution or through enabling legislation.

**Committed:** amounts that can be used only for specific purposes determined by the approval or resolution of the Air Pollution Control Board for the District and can only be changed or lifted by the same Board, taking same approval or resolution, that originally imposed the constraint.

**Assigned:** amounts that reflect a government's intended use of resources. The intent is established at either the highest level of decision making (the Air Pollution Control Board) or by a body (e.g., Standing Committee) or an official (Air Pollution Control Officer) designated for that purpose. The

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

government cannot assign resources that it does not have; thus, the amount reported as assigned fund balance could never exceed total fund balance less its nonspendable, restricted, and committed components. The Air Pollution Control Board following the recommendations of the Air Pollution Control Officer approves the assigned resources and delegates the Air Pollution Control Officer to use the assigned funds for their intended purpose.

Unassigned: the residual classification for the general fund and includes all amounts not contained in the other classifications.

Because fiscal circumstances differ for all government entities, not every government or every governmental fund will report all of these financial components.

As of June 30, 2012, fund balance is composed of the following:

		<u>General Fund</u>
Assigned:		
Fixed Asset Acquisition	\$ 200,000	
Litigation	300,000	
Motor Vehicle Projects	200,000	
Appropriated Fund Balance for FY 2011-12	233,000 (a)	933,000
Unassigned		9,689,000
Total Fund Balance		\$ 10,622,000

(a) FY 2012-13 Budget Deficit

If at fiscal year end, the available financing exceeds the financing requirements for the District's fund, the surplus financing shall be applied as a provision for increase in the Unassigned Fund Balance. If the financing requirements for the fund exceed available financing, the unassigned fund balance will be used before the assigned fund balance.

#### (4) Cash and Investments

The District participates in the County Treasurer's cash and investment pool. The District's total cash and investment at June 30, 2012, was \$14,587,000.

Per GASB 31, *Accounting and Financial Reporting for Certain Investment and for External Pools*, the District's investments were reported at fair market value of June 30, 2012. Calculations of the fair value at fiscal year-end were based on market values provided by the County's investment custodian. The net change in fair value from June 30, 2011 to June 30, 2012, was an increase of approximately \$24,000.



## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Notes to Basic Financial Statements

Year ended June 30, 2012

Applicable disclosures to the County Treasurer's Cash and Investment pool, are provided in Ventura County's Fiscal Year 2012 CAFR. That report may be obtained by contacting the County of Ventura, Auditor Controller, 800 South Victoria Avenue, Ventura CA 93009.

#### Investment Policy Statement

The County pool invests the District's funds in accordance with State statutes and the County's investment policy. The District has adopted the Investment Policy Statement (IPS) of the County, which complies with the requirements of California Government Code, and serves as the basis for the type of investments, maturity limit, credit rating, and diversification of securities comprising the Investment Pool. The objectives of the IPS are safety of principal, maintenance of liquidity, and earning a competitive rate of return.

Investments permitted by the IPS include obligations of the U.S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor's Corporation (S&P) or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase and reverse repurchase agreements, corporate notes, negotiable certificates of deposits, obligations of the State of California, and obligations of any local agency within.

#### (5) **Capital Assets**

Changes in the capital assets by asset type during the year ended June 30, 2012, are as follows (in thousands):

	<b>Balance June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2012</b>
Equipment	\$ 1,384	154	(13)	1,525
Less accumulated depreciation	(933)	(85)	13	(1,005)
Total	\$ 451	69	0	520

Depreciation expense is charged to the public protection function in the Statement of Activities.

#### (6) **Long-Term Liabilities**

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statement but only in the government-wide financial statements.

The following schedule represents changes in the long-term liabilities relating to compensated absences during the year ended June 30, 2012 (in thousands):

	<b>Balance June 30, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2012</b>	<b>Due within one year</b>
Employee compensated absences	\$ 721	774	847	648	368

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

Liabilities for vacation and vested sick leave benefits, as required by GASB Statement No. 16, *Accounting for Compensated Absences*, are recorded when benefits are earned. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured as a result of employee resignations and retirements prior to year end and are paid by the District from current available resources.

### (7) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the County's Risk Management pool and pays an annual premium to the County for such coverage. For the year ended June 30, 2012, the District paid premiums of \$31,103 to the County. There were no claims or losses for the past three years that have exceeded the coverage amounts.

The County's Risk Management department administers the commercial and self-insurance aspects of the County's risk programs. The County is self-insured for general liability up to \$500,000 per occurrence, thereafter covered by excess commercial liability insurance to \$20 million per occurrence, then self-insured to an unlimited amount. Workers' compensation occurrences are self-insured effective July 1, 2005, with coverage to all employees.

### (8) Commitments and Contingencies

District management is not aware of any outstanding claims or litigation. However, \$300,000 of the District's fund balance is assigned and approved by the District Board for unforeseen litigation. (see note 3 of the Notes to the Basic Financial Statements).

The District participates in a number of state and federal assisted programs. Although the District's grant programs have been audited through June 30, 2012, in accordance with the requirements of the Federal Single Audit Act of 1997 and the related U.S. Office of Management and Budget's Circular A-133, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District has entered into a lease agreement with the County of Ventura. This is for the 20,971 square feet of office space it occupies at 669 County Square Drive. The agreement is for a five year term, from July 1, 2009, through June 30, 2014, with an option for the District to terminate with 90 days written notice after July 1, 2011. The rent is for \$36,699 per month (\$440,388 per year) for the first two years with 3 percent annual increases thereafter. Total office rental expenditure for FY 2011-12 was \$453,600.

The District leases the Simi Valley monitoring station under an operating lease. Annual rental expense for the operating leases was \$300 for the year ended June 30, 2012. Future obligations under these agreements total \$300 for the year ended June 30, 2013. The District will renew the lease that will expire on June 30, 2013 for another 5 years.

The District has entered into various board approved contracts, which have outstanding balances totaling \$381,607 as of June 30, 2012. Majority of these contracts involve pass-through grants for the Carl Moyer, School Bus and DMV AB923 programs.

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

Notes to Basic Financial Statements

Year ended June 30, 2012

## (9) Pension

### *VCERA PLAN*

**Plan Description:** The District participates in a contributory defined benefit plan (Plan) which is administered by the Ventura County Employees Retirement Association (VCERA). The plan was established pursuant to Government Code Sections 31450 through 31899 and administered by the VCERA. VCERA operates a cost-sharing, multiple-employer system with substantially all member employers included in the County's primary government reporting entity. Covered employees include those from Courts, Air Pollution Control District, and other smaller special districts. Membership in the VCERA is mandatory for substantially all employees.

VCERA is governed by the Board of Retirement. The Plan's benefit provisions and contribution requirements are established by state law and resolutions and ordinances adopted by the Board of Retirement and Board of Supervisors. VCERA issues a stand-alone financial report. A copy of this report can be obtained by contacting the Retirement Association at 1190 South Victoria Avenue, Suite 200, Ventura, California, 93003.

Plan members are classified as either General or Safety categories. General members employed prior to or on June 29, 1979, and certain other employees before June 30, 2002, are designated as Tier I members. General members employed after June 29, 1979, are designated as Tier II members. All Safety members are classified as Tier I regardless of date of hire. The District does not have any safety members.

**Retirement Benefits:** A General or Safety member with 10 or more years of County service is entitled to an annual retirement allowance beginning at age 50. General members with 30 or more years of service and Safety members with 20 or more years of service may begin receiving a retirement allowance regardless of age. The basic retirement allowance is based upon the member's age, years of retirement service credit, and final average compensation.

Employees terminating before accruing five years of retirement service credit (five-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement.

In addition, certain death, disability, and supplemental benefits are provided to eligible employees. Cost of living adjustments of up to three percent per annum are made for all Tier I employees.

**Actuarially Determined Contribution Requirements:** The funding policy provides for periodic employer and employee contributions at actuarially determined rates, expressed as level percentages of annual covered payroll, that are sufficient to accumulate the required assets to pay benefits when due. The smoothing of market value method is used to determine the actuarial value of assets. In accordance with various employee collective bargaining agreements, the District subsidizes the employees' regular contributions in various amounts, depending on the classification of the employee. Contribution rates for employees range from 5.57 percent to 12.10 percent of covered payroll. Contribution rates are determined using the entry age normal actuarial cost method. Under this method, normal cost is the level amount that would fund the projected benefit if it was paid annually from the date of employment until retirement.

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Basic Financial Statements

Year ended June 30, 2012

**Contributions and Transfers Made:** The District's actuarially determined employer contributions were \$1,154,060 in FY 2009-10, \$1,019,022 in FY 2010-11, and \$1,055,791 in FY 2011-12. These contributions represent 100 percent of the annual pension cost required for fiscal years 2010, 2011, and 2012.

### **Management Retiree Health Payment**

**Plan Description:** The District participates in the Management Retiree Health Benefits Program (MRHBP), a cost-sharing multiple employer defined benefit plan administered by the County of Ventura. The MRHBP was established by the Ventura County Board of Supervisors on June 8, 1999. On June 21, 2005, the Board of Supervisors approved the elimination of this benefit for employees hired after July 2, 2005.

Employees who retired after July 1, 1999, became eligible to receive one year of payments for five years of service, up to a maximum of five years of coverage. Payments of approximately \$649 per month were equivalent to premiums for the Ventura County Health Care Plan. The payments do not constitute any guarantee of medical care benefits.

Additional details actuarial assumptions, funded status and required supplementary information for the MRHBP are provided in Ventura County's Fiscal Year 2012 Comprehensive Financial Statements.

**Funding Policy:** The MRHBP is currently funded on the pay-as-you-go basis. Annual required contributions are determined by the County of Ventura.

**Contributions and Transfers Made:** The District's required contributions, as determined by the County of Ventura, were \$11,923 in FY 2009-10, \$4,695 in FY 2010-11, and \$7,523 in FY 2011-12. These contributions represent 100 percent of the annual non-pension cost required for fiscal years 2010, 2011, and 2012.

## **(10) Other Postemployment Benefits (OPEB)**

### **Subsidized Retiree Health Benefits Program**

**Plan Description:** The District participates in the Subsidized Retiree Health Benefits Program (Program), a defined benefit plan administered by the County of Ventura. Due to the relative insignificance of the non-County employers participating in the plan, the County has established the Program as a single-employer benefit retiree medical plan. Eligible employees (age 50 with 10 years of County Service) who retire from the County may receive health benefits at subsidized rates. For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more to insure than active employees, the premium paid by the retiree is less than the "true cost" of coverage for retirees thus creating an implicit subsidy. This implicit subsidy is considered an obligation under GASB 45. The plan is governed by the County Board of Supervisors. The County has made no commitments to maintain this program and retirees' participation in the program is approved on a year-to-year basis by the Board. Retiree Health Benefits are not vested and may be modified or eliminated at anytime. A separate financial statement is not issued for the plan.

The financial statements and required supplementary information of the Plan are included in the County of Ventura's fiscal year 2012 CAFR.

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

Notes to Basic Financial Statements

Year ended June 30, 2012

**Funding Policy:** The contribution requirements of plan members and the District are those established for the County of Ventura and may be amended by the County Board of Supervisors. The County currently funds postemployment health benefits on a pay-as-you-go basis. For the fiscal year ended, June 30, 2012, the District's obligation was reported as part of County of Ventura's net OPEB obligation in fiscal year 2011-2012.

For additional details, actuarial assumptions, funded status of the plan and required supplementary information, refer to the Ventura County's CAFR.

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# **REQUIRED SUPPLEMENTARY INFORMATION**





## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Required Supplementary Information

#### General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

##### Budget and Actual

Year Ended June 30, 2012

(In thousands)

(Unaudited)

	Budgeted amounts		Actual amounts	Variance with final budget – positive (negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments units	\$ 4,897	8,357	7,542	(815)
Licenses and permits	2,931	2,931	3,039	108
Fines and forfeitures	109	109	222	113
Use of money and property	150	150	40	(110)
Charges for current services	33	33	42	9
Other revenue	1	1	4	3
Total revenues	<u>8,121</u>	<u>11,581</u>	<u>10,889</u>	<u>(692)</u>
<b>Expenditures:</b>				
Current – public protection:				
Salaries and benefits	6,095	6,095	5,797	298
Services and supplies	2,042	5,542	4,206	1,336
Contingencies	300	300	—	300
Total public protection	<u>8,437</u>	<u>11,937</u>	<u>10,003</u>	<u>1,934</u>
Capital outlay	<u>117</u>	<u>224</u>	<u>154</u>	<u>70</u>
Total expenditures	<u>8,554</u>	<u>12,161</u>	<u>10,157</u>	<u>2,004</u>
Excess (deficiency) of revenues over (under) expenditures	(433)	(580)	732	1,312
Fund balance, beginning of year	<u>9,890</u>	<u>9,890</u>	<u>9,890</u>	<u>—</u>
Fund balance, end of year	<u>\$ 9,457</u>	<u>9,310</u>	<u>10,622</u>	<u>1,312</u>

See notes to Required Supplementary Information.

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Notes to Required Supplementary Information

June 30, 2012

(Unaudited)

### ***Budgetary Information***

The Air Pollution Control Board (District Board) is legally required to adopt a final annual budget as set forth in Section 40130 et. seq. of the Health & Safety Code. The District adheres to the provisions of the applicable sections of the California Government Code concerning budgetary matters, commonly known as the County Budget Act. Annually, the District Board conducts two public hearings to hear public comments of the proposed budget prior to adoption. At the conclusion of the hearing, and no later than August 30, the District Board adopts the final budget, including revisions by resolution.

The Air Pollution Control Officer is authorized to transfer appropriations between object levels within the Air Pollution Control District's budget unit, as provided in Government Code Section 29125. The adopted budget is revised by the District Board during the fiscal year to give consideration to unanticipated or anticipated revenues and expenditures, but in excess of estimates thereof. The final revised budget is presented in the accompanying schedule of revenues, expenditures, and changes in fund balance.

### **Legal Level of Budgetary Control**

The legal level for budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department/budget unit and object level except for fixed assets, which are controlled at the sub-object level. Object level expenditures are as follows: Salaries and benefits, services and supplies, other charges, fixed assets, other financing uses, and contingencies. Sub-object levels of expenditures for fixed assets are air monitoring and office equipment. Expenditures are classified as public protection and capital outlay.

### **Encumbrances**

All unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available for the financing of next year's budget. Encumbered appropriations are re-appropriated in the next year's budget. Purchases and other significant commitments are recorded in governmental fund types as encumbrances when purchase orders or contracts are issued. When the related goods or services are received, the encumbrance is reversed and an expenditure and liability for payment to the vendor are recorded.



# **SUPPLEMENTARY FINANCIAL INFORMATION**



**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Supplementary Financial Information

California Air Resources Board – State Subvention Funds

Revenue Detail

For the Year Ended June 30, 2012

(In thousands)

	<u>Budgeted Revenue</u>	<u>Year-End Financial Report</u>	<u>Total Actual Revenue</u>
<b>Revenue Sources</b>			
Local Sources:			
Fees & Permits:			
Operating Permits	\$360	\$362	\$362
Variance/Hearing Board	9	13	13
Engineering (Permit Renewals/AtoC)	2,214	2,276	2,276
Agricultural Engine Registration	60	54	54
Portable Engine Registration Program	30	53	53
AB 2766/DMV Surcharge	2,825	2,833	2,833
AB 2588/Hot Spots	20	17	17
Source Tests	200	228	228
Asbestos	20	18	18
Title V Certification	18	18	18
Fines	109	222	222
Interest	150	66	40 [1]
Misc. Revenue	1	4	4
Charges for Services	33	42	42
Subtotal	\$6,049	\$6,206	\$6,180
State Sources:			
Subvention	200	201	201
Other Sources non-matching:			
Federal Grants	1,395	1,304	1,304
Carl Moyer Grant Program	180	1,495	1,495
School Bus Program	-	156	156
Lawn Mower Program	-	6	6
DMV AB 923	222	1,547	1,547
Other Grants	75	-	-
Total Revenue	<b>\$8,121</b>	<b>\$10,915</b>	<b>\$10,889</b>

[1] Adjustment to properly state cash and investments at its fair market value at 6/30/2012.

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# **STATISTICAL SECTION**





# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## STATISTICAL NARRATIVE

(Unaudited)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	45
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's revenue sources.	49
<b>Economic and Demographic Information</b> These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the District's financial activities take place.	53
<b>Operating Information</b> These schedules contain information about the county's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	56

### Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The District implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year. Also, some schedules contained here are presented with fiscal year 2011-12 information only. Relevant historical data are unavailable.

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**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Net Assets by Component – Last Five Fiscal Years

(Accrual Basis of Accounting)

(In thousands)

(Unaudited)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
<b>Governmental Activities:</b>					
Invested in capital assets	\$ 447	\$ 364	\$ 286	\$ 451	\$ 520
Restricted	-	-	-	-	-
Unrestricted	6,619	7,963	8,533	9,169	9,974
<b>Total governmental activities net assets</b>	<u>\$ 7,066</u>	<u>\$ 8,327</u>	<u>\$ 8,819</u>	<u>\$ 9,620</u>	<u>\$ 10,494</u>

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Changes in Net Assets – Last Five Fiscal Years

(Accrual Basis of Accounting)

(In thousands)

(Unaudited)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Governmental Activities</b>					
Expenses:					
Public Protection	\$ 11,444	\$ 9,562	\$ 14,265	\$ 11,240	\$ 10,015
Program revenues:					
Charge for services	3,566	3,639	3,354	3,319	3,307
Operating grants and contributions	8,506	6,866	11,369	8,634	7,542
Total program revenues	12,072	10,505	14,723	11,953	10,849
<b>Net (Expense)/Revenue</b>	\$ 628	\$ 943	\$ 458	\$ 713	\$ 834
General revenues:					
Investment earnings	361	318	34	88	40
<b>Change in Net Assets - Governmental Activities</b>	\$ 989	\$ 1,261	\$ 492	\$ 801	\$ 874

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Changes in Fund Balance—Governmental Funds

Last Five Fiscal Years

(Modified Accrual Basis of Accounting)

(In thousands)

(Unaudited)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
<b>Fund Balances:</b>			
Reserved :			
General reserve	\$ 100	\$ 100	\$ 100
Reserved for pass-through grants	-	-	-
Reserved for encumbrances	1,957	4,571	2,589
Total reserved	<u>2,057</u>	<u>4,671</u>	<u>2,689</u>
Unreserved :			
Designated	5,241	3,966	6,565
Total unreserved	<u>5,241</u>	<u>3,966</u>	<u>6,565</u>
<b>Total Fund Balance</b>	<b><u>\$ 7,298</u></b>	<b><u>\$ 8,637</u></b>	<b><u>\$ 9,254</u></b>

**Fund Balances per GASB 54:**

APCD has implemented the requirements of GASB Statement No. 54 starting Fiscal Year 2010-11. GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the level of government commitment to honor fiscal constraints on fund expenditures.

	<u>2010-11</u>	<u>2011-12</u>
Assigned:		
Fixed Asset Acquisition	\$ 200	\$ 200
Litigation	300	300
Motor Vehicle Fee Projects	200	200
Appropriated Fund Balance for next fiscal year	434	233
Total Assigned	<u>1,134</u>	<u>933</u>
Unassigned	8,756	9,689
<b>Total Fund Balance</b>	<b><u>\$ 9,890</u></b>	<b><u>\$ 10,622</u></b>

**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Changes in Fund Balance—Governmental Funds

Last Five Fiscal Years

(Modified Accrual Basis of Accounting)

(In thousands)

(Unaudited)

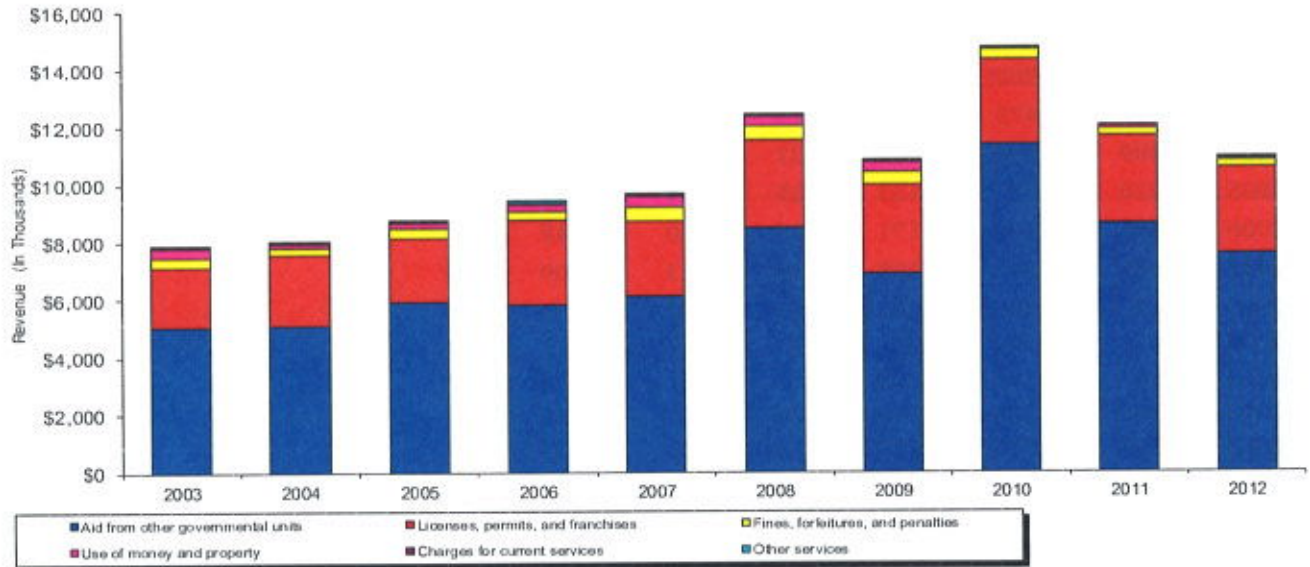
	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Revenues:</b>					
Aid from other governmental units	\$ 8,506	\$ 6,866	\$ 11,369	\$ 8,634	\$ 7,542
Licenses, permits, and franchises	3,039	3,108	2,974	3,054	3,039
Fines, forfeitures, and penalties	452	451	342	215	222
Use of money and property	361	318	34	88	40
Charges for current services	49	47	38	41	42
Other revenue	26	33	-	9	4
<b>Total revenues</b>	<b>12,433</b>	<b>10,823</b>	<b>14,757</b>	<b>12,041</b>	<b>10,889</b>
<b>Expenditures:</b>					
Current:					
Public protection	11,280	9,450	14,097	11,143	10,003
Capital outlay	134	34	43	262	154
<b>Total expenditures</b>	<b>11,414</b>	<b>9,484</b>	<b>14,140</b>	<b>11,405</b>	<b>10,157</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,019</b>	<b>\$ 1,339</b>	<b>\$ 617</b>	<b>\$ 636</b>	<b>\$ 732</b>

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Local Revenue Sources – Last Ten Fiscal Years

(In thousands)

(Unaudited)



**Aid from**

Year Ended	other governmental units	Licenses, permits, and franchises	Fines, forfeitures, and penalties	Use of money and property	Charges for current services	Other services	Total revenues
2003	\$ 5,064	\$ 2,070	\$ 339	\$ 311	\$ 61	\$ 2	\$ 7,847
2004	5,107	2,440	252	155	56	32	8,042
2005	5,919	2,216	359	197	42	45	8,778
2006	5,845	2,905	327	218	40	101	9,436
2007	6,132	2,602	492	371	52	17	9,666
2008	8,506	3,039	452	361	49	26	12,433
2009	6,866	3,108	451	318	47	33	10,823
2010	11,369	2,974	342	34	38	-	14,757
2011	8,634	3,054	215	88	41	9	12,041
2012	7,542	3,039	222	40	42	4	10,889
	(1)	(2)	(3)	(4)	(5)	(6)	

- (1) Subvention, DMV fees, 105 & 103 Federal Grant, and Pass-Through Grants
- (2) Permit, Emission, Variance, Rule 47, Title V, Asbestos, and Air Toxics Fees
- (3) Fines and Penalties
- (4) Interest Earnings
- (5) Land Use-EIR and Outside Contracts
- (6) Internal Service Fund (ISF) Credits/Refunds, Cost Allocation Plan (A-87) Credit, and Other Miscellaneous Revenues

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Local Revenue Sources – Last Ten Fiscal Years

(In thousands)

(Unaudited)

Year Ended	Permits	Emission	Rule 47	Title V	Asbestos	DMV	Air Toxics	Variance	Agricultural Permits & Renewals	(1) PERP Fees	Total Local Revenues
2003	\$ 380	\$ 1,475	\$ 110	\$ 15	\$ 17	\$ 2,665	\$ 58	\$ 16	\$ -	\$ -	\$ 4,735
2004	409	1,834	103	21	25	2,707	32	16	-	-	5,147
2005	610	1,381	133	25	24	2,799	35	9	-	-	5,016
2006	548	2,103	171	25	20	2,848	29	8	-	-	5,752
2007	475	1,841	208	19	13	2,809	29	18	-	-	5,412
2008	477	2,206	207	25	27	2,853	24	4	46	23	5,892
2009	471	2,198	251	18	17	2,813	23	14	56	60	5,921
2010	383	2,191	228	17	21	2,818	22	20	59	33	5,792
2011	368	2,226	246	26	20	2,831	20	11	75	62	5,885
2012	362	2,276	228	18	18	2,833	17	13	54	53	5,872

[1] Portable Engine Registration Program (PERP)

Source: Ventura County Air Pollution Control District Accounting Records



**VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT**

Top Ten Payers of Emission Fees

Fiscal Year 2011-12

(Unaudited)

<u>Company Name</u>	<u>Emission Fees</u>	<u>Rank</u>	<u>Percentage of Total Emission Fees</u>
GenOn West, LP*	\$ 314,391	1	13.8%
Venoco, Inc.*	210,275	2	9.2%
Occidental Petroleum Corporation*	153,420	3	6.7%
DCOR, LLC*	131,606	4	5.8%
Aera Energy LLC	100,710	5	4.4%
Naval Base Ventura County	80,540	6	3.5%
Procter & Gamble Paper Prods.	44,452	7	2.0%
County of Ventura *	41,572	8	1.8%
Seneca Resources Corporation	31,663	9	1.4%
New-Indy Oxnard, LLC	<u>21,980</u>	10	<u>1.0%</u>
Total Paid by Largest Payers for emission fees	<u>\$ 1,130,609</u>		<u>49.7%</u>
Total Emission Fees Paid By All Emitters	<u><u>\$ 2,275,797</u></u>		

\* Located at separate sites

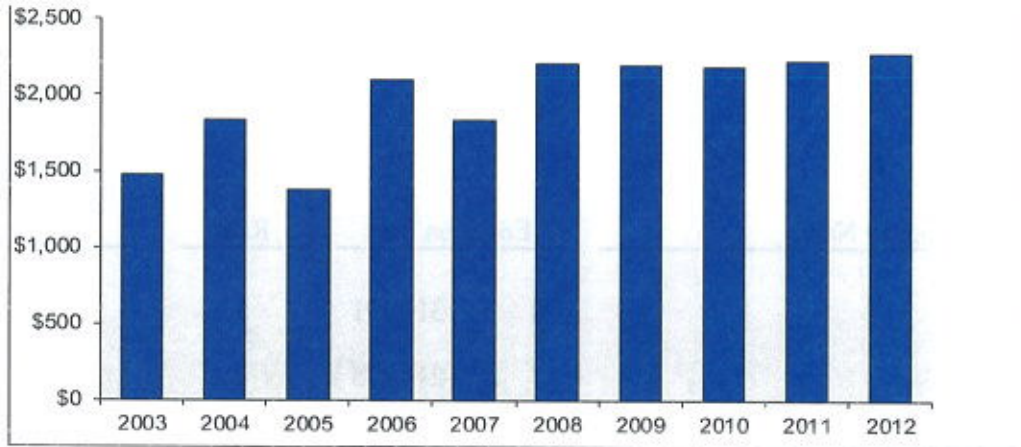
Source: Ventura County Air Pollution Control District Accounting Records

# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Total Emission Fees – Last Ten Fiscal Years

(In thousands)

(Unaudited)



	<u>Emission Fees</u>
2003	\$ 1,475
2004	1,834
2005	1,381
2006	2,103
2007	1,841
2008	2,206
2009	2,198
2010	2,191
2011	2,226
2012	2,276

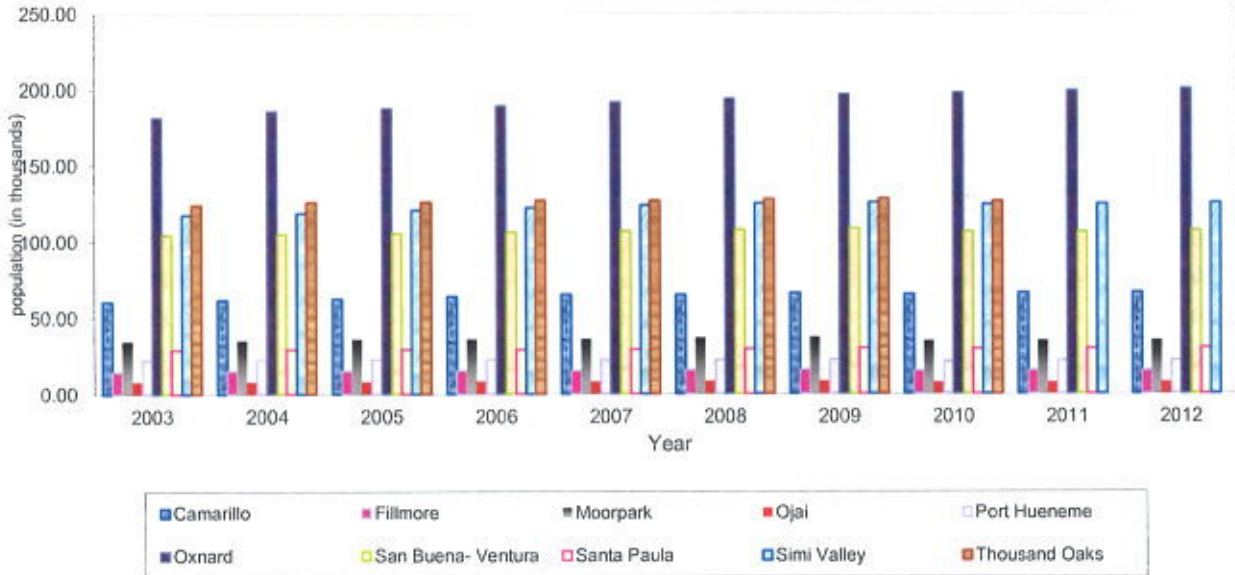
Source: Ventura County Air Pollution Control District  
Accounting Records

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Ventura County Population (by Cities) – Last Ten Years

(In thousands)

(Unaudited)



Year	San										Total Incorporated	
	Camarillo	Fillmore	Moorpark	Ojai	Oxnard	Port Hueneme	Buena- Ventura	Santa Paula	Simi Valley	Thousand Oaks		
2003	60.61	14.69	34.52	7.99	181.73	22.50	104.24	28.96	117.65	124.00	696.89	(1)
2004	61.76	15.11	34.75	8.08	185.87	22.40	104.88	29.08	118.63	126.00	706.56	(1)
2005	62.46	15.13	35.60	8.10	187.71	22.57	105.46	29.10	120.69	126.00	712.82	(1)
2006	63.89	15.13	35.67	8.13	189.29	22.33	106.32	29.02	122.25	127.17	719.20	(1)
2007	65.21	15.16	35.93	8.08	191.83	22.22	106.85	29.05	123.77	126.94	725.04	(1)
2008	65.12	15.54	36.62	8.11	193.89	22.09	107.71	29.39	125.00	127.98	731.45	(1)
2009	66.08	15.62	37.05	8.15	196.89	22.15	108.69	29.69	125.70	128.44	738.46	(1)
2010	65.20	14.90	34.39	7.46	197.90	21.04	106.43	29.31	124.24	126.66	727.53	(1)
2011	66.14	15.09	34.63	7.49	199.27	21.55	106.23	29.46	124.73	127.26	731.85	(1)
2012	66.41	15.14	34.83	7.54	200.39	21.68	107.17	29.88	125.32	128.03	736.39	(1)

(1) Population estimates for Cities 2003-2012 with 2010 Census Benchmark

Source: <http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php>

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

Ventura County Economic and Demographic Statistics

Last Ten Calendar Years

(Unaudited)

Year	Population	(a)	Personal Income (in millions)	(c)	Per Capita Personal Income	(c)	Unemployment Rate	(g)
2003	784,632		\$ 29,068		\$ 36,886		5.8%	
2004	792,213		31,334.0		39,464		5.4%	
2005	795,962		33,151.0		41,742		4.8%	
2006	799,049		35,706.0		44,735		4.3%	
2007	803,572		37,309.0		46,634		4.9%	
2008	808,970		37,603.0		46,634		6.3%	
2009	815,284		35,769.0		43,881		9.8%	
2010	822,108		36,858.0	(d)	44,653		10.8%	
2011	827,874	(b)	37,300.0	(d)	45,055	(f)	10.1%	
2012	832,970	(b)	37,295.0	(d)	45,530	(f)	9.3%	

**Sources:**

(a) State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, January 1, 2001-2010, with 2000 and 2010 census counts, as of August 2011.

(b) State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, with annual percent change - January 1, 2011, and 2012, as of May 2012.

(c) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1-3-Personal Income, as of April 2012. All dollar estimates are in current dollars (not adjusted for inflation).

(d) California Lutheran University, Center for Economic Research and Forecasting.

(e) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1-3-Per Capita Personal Income 2, as of April 2012. Per capita personal income was computed using Census Bureau midyear population estimates available as of April 2012. All dollar estimates are in current dollars (not adjusted for inflation).

(f) The 2011 and 2012 estimates are a calculated total of personal income divided by population reported for that year.

(g) State of California, Employment Development Department, Labor Market Information Division, August 2012. Historical Civilian Labor Force, data not seasonally adjusted. 2003 to 2011 rates are annual averages. The 2012 rate is a seven month average.

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

Ventura County Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

<u>Employer</u>	<u>2012[a]</u>			<u>2003[b]</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees [c]</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
United States Naval Base	17,000	1	5.80%	17,133	1	5.84%
County of Ventura	8,431	2	2.88%	7,986	2	2.72%
Amgen, Inc.	5,995	3	2.05%	5,800	3	1.98%
Wellpoint, Inc.	3,033	5	1.03%	3,596	5	1.23%
Simi Unified School District	2,250	6	0.77%	2,087	9	0.71%
Community Memorial Hospital	2,006	7	0.68%	1,520	15	0.52%
Conejo Unified School District	2,004	10	0.68%	2,158	8	0.74%
Ventura Unified School District	1,819	8	0.62%	2,484	6	0.85%
Ventura Community College District	1,682	9	0.57%	2,183	7	0.74%
Los Robles Regional Med Center	1,500	10	0.51%	1,390	17	0.47%
	<u>45,720</u>		<u>15.59%</u>	<u>46,337</u>		<u>15.80%</u>

Note:

(a) 2012 Ventura County Real Estate and Economic Outlook as of January 2012.

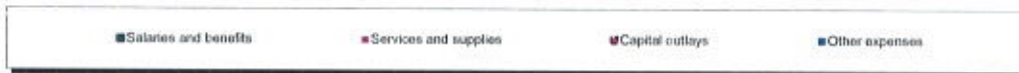
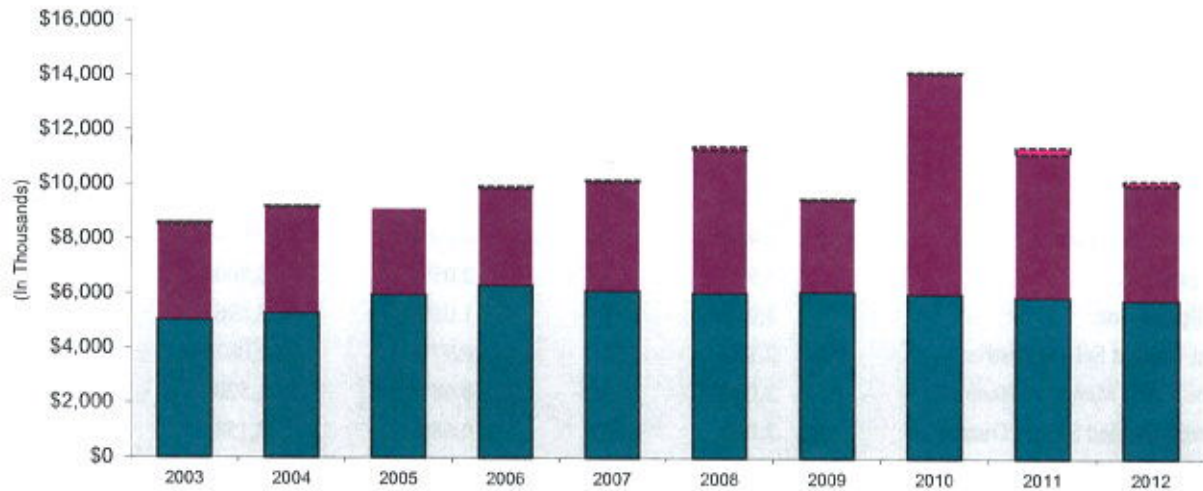
(b) UCSB Economic Forecast Project as of February, 2003

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Expenditures by Category – Last Ten Fiscal Years

(In thousands)

(Unaudited)



Year Ended	Salaries and benefits	Services and supplies	Capital outlays	Other expenses	Total expenditures
2003	\$ 5,048	\$ 3,448	\$ 98	\$ 22	\$ 8,615
2004	5,287	3,869	39	-	9,194
2005	5,972	3,146	-	-	9,118
2006	6,320	3,531	83	-	9,934
2007	6,116	3,989	50	-	10,155
2008	6,050	5,230	134	-	11,414
2009	6,098	3,352	34	-	9,484
2010	6,023	8,074	43	-	14,140
2011	5,904	5,239	262	-	11,405
2012	5,797	4,206	154	-	10,157

(1)

(1)

(1) Public Protection

Source: Ventura County Air Pollution Control District Financial Statements

## VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

### Full-Time Equivalent Employees – Last Ten Fiscal Years

(Unaudited)

POSITION TITLE	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
APCD-Fiscal Assistant IV	1	1	1	1	1	1	1	1	1	1
APCD-Air Pollution Control Officer	1	1	1	1	1	1	1	1	1	1
APCD-Mgr, Fiscal/Admin Services	1	1	1	1	1	1	1	1	1	1
APCD-Mgr, Office Systems	1	1	1	1	1	1	1	1	1	1
APCD-Mgr, Public Info Services	1	1	1	1	1	1	1	1	1	1
APCD-Mgr, Engineering	0	0	0	0	0	0	0	0	0	1
APCD-Mgr, Monitoring	0	0	0	0	0	0	0	0	0	1
APCD-Mgr, Compliance	0	0	0	0	0	0	0	0	0	1
APCD-Mgr, Planning & Rules	0	0	0	0	0	0	0	0	0	1
APCD-Fiscal Officer	1	1	1	1	1	1	1	1	1	1
APCD-Public Information Specialist	1	1	1	1	0	0	0	0	0	0
APCD-AQ Engineer II	8	8	7	7	6	6	6	6	6	6
APCD-Supervising AQ Engineer	4	4	4	4	3	3	3	3	2	1
APCD-AQ Chemist II	1	1	1	1	1	1	1	1	1	1
APCD-Supervising AQ Chemist	1	1	1	1	1	1	1	1	1	1
APCD-AQ Specialist II	18	18	18	15	15	15	15	14	15	13
APCD-Supervising AQ Specialist	5	5	5	5	5	5	5	5	5	5
APCD-AQ Meteorologist II	1	1	1	1	1	1	1	1	1	1
APCD-Supervising AQ Meteorologist	1	1	1	1	1	1	1	1	1	0
APCD-Sr Mgr, Engineering	1	1	1	1	0	0	0	0	0	0
APCD-Sr Mgr, MTS/Planning	2	2	1	1	0	0	0	0	0	0
APCD-Sr Mgr, Compliance	1	1	1	1	1	1	1	1	1	0
APCD-Mgmt Asst IV-Confidential	0	0	1	1	1	1	1	1	1	1
APCD-AQ Instrument Technician III	2	2	2	3	2	2	2	2	2	2
APCD-Supervising AQ Instrument Tech	1	1	1	1	1	1	1	1	1	1
APCD-AQ Technician II	2	2	2	2	2	2	2	2	2	2
APCD-Office Systems Coordinator III	3	3	4	4	4	4	4	4	3	3
APCD-Management Assistant II	4	4	2	2	2	2	1	1	1	1
APCD-Office Assistant IV	0	0	0	0	0	0	1	1	1	1
APCD-Office Assistant III	1	1	1	1	1	1	1	1	1	1
<b>TOTAL STAFFING*</b>	<b>63.0</b>	<b>63.0</b>	<b>61.0</b>	<b>59.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>52.0</b>	<b>51.0</b>	<b>50.0</b>

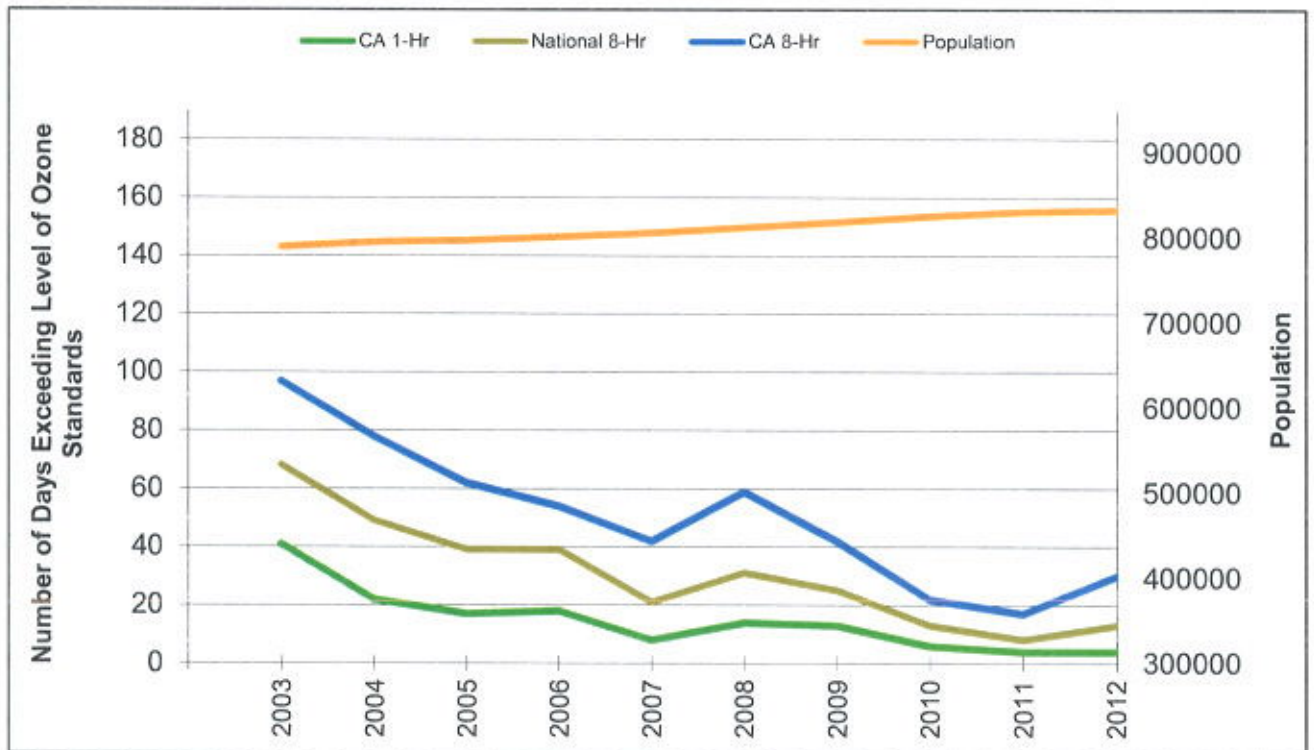
# VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT

## Ventura County Smog Trend

Last Ten Calendar Years

(Unaudited)

### County-wide Ozone v. Population



- Notes: 1) 2012 air quality data is preliminary and is subject to change.  
2) 2003 - 2010 population estimates are from the California Department of Finance, except for 2011 which is from the County of Ventura.



- END OF REPORT -





