

**Monterey Bay
Unified Air
Pollution Control
District dba
Monterey Bay Air
Resources District**

Monterey, California

*Basic Financial Statements
and Independent Auditors' Reports*

For the year ended June 30, 2021

Monterey Bay Unified Air Pollution Control District dba Monterey Bay Air Resources District

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Monterey Bay Unified Air Pollution Control District
Monterey, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors
of the Monterey Bay Unified Air Pollution Control District
Monterey, California
Page 2

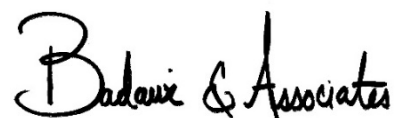
Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules, and OPEB plan schedules on pages 3-9 and 46-49 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.



Badawi & Associates, CPAs
Berkeley, California
January 21, 2022

**MONTEREY BAY UNIFIED AIR
POLLUTION CONTROL DISTRICT dba
MONTEREY BAY AIR RESOURCES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

Our discussion and analysis of the Monterey Bay Unified Air Pollution Control District's (the District) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2021. This report is to be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$13,347,000 (net position). Of this amount, \$11,911,000 (restricted net position) are legally restricted for grant programs and other purposes.
- The District's total net position increased by \$1,239,000 from the prior year.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$19.4 million, an increase of \$1.9 million in comparison to the prior year. The major factors contributing to this increase are described on page 7.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the District's revenue base, to assess the overall health or financial condition of the District.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental-wide financial statements include all the governmental activities of the District. The governmental activities of the District include administration, engineering/compliance, air monitoring, planning and grants. The District does not operate any business-type activities.

The District's government-wide financial statements are presented on pages 14 and 15.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. The District has one fund, the General Fund, which is a governmental fund type. The General Fund includes all of the sub-funds the District maintains, including the individual grant program funds such as AB2766, AB293, Moyer Grant Fund, General Grants, CAPP Grant Fund, and FARMER Grant Fund. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements. The fund financial statements can be found on pages 18 through 21 of this report.

Notes to Basic Financial Statements – The notes 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 financial statements can be found on pages 28 to 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position (Rounded to the nearest \$1,000) For the Year Ended June 30

	2021	2020	Change
Current and other assets	\$ 22,091,000	\$ 21,251,000	\$ 840,000
Capital assets	2,790,000	3,018,000	-228,000
Total assets	24,881,000	24,269,000	612,000
Deferred outflow of resources	2,045,000	2,141,000	-96,000
Current and other liabilities	2,867,000	3,908,000	-1,041,000
Long-term liabilities	9,391,000	8,645,000	746,000
Total liabilities	12,258,000	12,553,000	-295,000
Deferred inflow of resources	1,321,000	1,750,000	429,000
Net investment in capital assets	2,789,000	3,018,000	-229,000
Restricted	11,911,000	10,835,000	1,076,000
Unrestricted	-1,353,000	-1,745,000	392,000
Total net position	\$ 13,347,000	\$ 12,108,000	\$ 1,239,000

Net position may serve over time as a useful indicator of the District's financial position. At the close of the fiscal year ended June 30, 2021, the District's assets exceeded its liabilities by \$13.3 million.

GOVERNMENT–WIDE FINANCIAL ANALYSIS (Continued)

Approximately 94% of the District’s current and other assets consist of cash and investments.

Approximately \$12 million (91% of total net position) are restricted for grants and other purposes. The unrestricted portion of the District’s net position increased by almost \$410,000 from the previous year. This increase is primarily due to an increase of current assets of about \$612,000. Restricted assets in the District’s grant funds increased by \$1.1 million primarily due to the completion of various grant projects.

**Change in Net Position (Rounded to the nearest \$1,000)
For the Year Ended June 30**

	2021	2020	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 4,071,000	\$ 4,202,000	\$ (131,000)
Operating grants and contributions	4,343,000	3,285,000	1,058,000
General Revenues:			
DMV surcharges	2,815,000	2,700,000	115,000
AB 923	1,407,000	1,350,000	57,000
City/County contributions	364,000	368,000	(4,000)
Investment income	252,000	439,000	(187,000)
Other	329,000	493,000	(164,000)
Total Revenues	13,581,000	12,837,000	744,000
Expenses:			
Administration	2,001,000	1,851,000	150,000
Engineering/Compliance	2,863,000	3,346,000	(483,000)
Air monitoring	706,000	693,000	13,000
Planning and grants	6,772,000	10,109,000	(3,337,000)
Total Expenses	12,342,000	15,999,000	(3,657,000)
Change in net position	1,239,000	(3,162,000)	4,401,000
Net position, beginning of year	12,108,000	15,270,000	(3,162,000)
Net position, end of year	\$ 13,347,000	\$ 12,108,000	\$ 1,239,000

For Program Revenues, Charges for Services totaled approximately \$4.1 million, which is \$131,000 lower than the previous year’s total. This includes a decrease of \$61,000 in asbestos fees, decrease of \$37,370 in Major Source billing due to permit cancellations, and \$9,500 decrease in Title V revenues due to permit cancellations. Operating grant revenues in FY 2020-21 increased by about \$1,058,000 as compared to the previous year primarily due to recognition of grant revenues as a result of incurring eligible expenses.

For General Revenues, DMV and AB923 surcharges increased by about 4.25% over the previous year. City and County contributions were down by \$4,000 due to an decreases to the per capita population. Investment income decreased by about \$187,000 due to lower interest earnings from the County investment pool.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The last General Revenue category, "Other" revenues, include CARB Subvention, rental income, off-site mitigation fees from the East Garrison housing development in Marina, and miscellaneous income. This category had a decrease of \$164,000, primarily due to fewer mitigation fees income from East Garrison housing development and lower Cost Recovery fees.

Expenses for the year totaled \$12 million, a decrease of about \$3.6 million as compared to the previous year. Majority of the decrease was attributable to planning and grants that decreased by about \$3.3 million.

Administration Division expenses were down in total by about \$162,000 primarily due to reduction in professional service fees, sponsorships and mileage and travel expenses.

Engineering/Compliance Division expenses were down in total by about \$483,000 as compared to previous year, primarily due to one vacant engineer position and one vacant inspector position. Additional decreases include Mileage and Travel expenses and Training due to COVID-19 travel restrictions.

Air Monitoring expenses were \$13,000 higher than the previous year primarily due to wages paid out for retirement and equipment expenses. Planning Division expenses were lower by about \$3.3 million primarily due to a decrease in Moyer, CAPP and FARMER grant program expenditures.

Planning and Grant expenses decreased by \$3.3 million primarily due to AB2766 grants decreased by \$696,000 due to projects being delayed due to COVID-19 pandemic. AB923 grant reimbursements were -\$77,000 as compared to \$2.2 million in FY 2020-21 due to reallocation of grant funds and delays in bus deliveries due to COVID-19 pandemic and Professional Services were down \$1 million due to larger projects not completed. For the Carl Moyer grant program, grant reimbursements decreased by about \$169,000 as compared to the prior year. The CAPP grant program had an increase of \$1 million. The FARMER grant program expenses decreased by \$1 million. Grant program expenditures fluctuate from year to year due to the timing of the completion of grant projects.

Overall, the District's net position increased by \$1.3 million bringing the net position to \$13.4 million as of June 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The book value of the District's investment in capital assets was \$2,790,000 (net of accumulated depreciation) as of June 30, 2021. This investment in capital assets includes land, buildings, laboratory equipment, air monitoring stations, computer and office equipment, and vehicles.

In FY 2020-21, there was a \$229,000 net decrease in capital assets consisting of:

Capital purchases	\$	0
Depreciation, net of retired assets		(229,000)
Total	\$	<u>(229,000)</u>

Additional information regarding the capital assets can be found in Note 3 in the "Notes to Basic Financial Statements," pages 31.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long Term Liabilities

At June 30, 2021, the District had total long term liabilities of \$9,566,000, consisting of Pension Liability, Compensated Absences (accrued leave) and Other Post-Employment Benefits (OPEB) liabilities.

The District's net pension liability increased by \$754,000 to \$8,761,000 due to increases in the CalPERS aggregate net pension liability for the CalPERS Cost Sharing Multiple Employer Plan. OPEB liabilities decreased by about \$52,000. The OPEB liability reflects the District's third year of implementing GASB 75 (*"Accounting and Financial Reporting for Postemployment Benefits Other Than Pension"*) which is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The District's other liability, Compensated Absences, increased by \$32,000.

Details of the long term liability balances are found on pages 31-42, Note 4, 6, and 7 of the "Notes to Basic Financial Statements."

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The General Fund balance at June 30, 2021 was \$19,399,000, an increase of approximately \$1,869,000 from the prior year. The increase was primarily due to the net of the following factors:

- Increase to the General Fund of approximately \$1,000,000 as compared to a budgeted deficit of \$88,726. Overall revenues were more than budget by about \$523,000 with the largest positive variances in Asbestos and Civil Penalties and permit application fees. Significant expenditures included: a) \$330,000 in legal and professional services, c) \$45,000 for a deposit to the District's OPEB liability trust account.
- The AB2766 Grant program funds paid out of approximately \$484,000 of grant project reimbursements, as compared to \$1,179,000 in the previous year, \$432,000 for electric vehicle incentives. DMV \$4.00 fees received from the State totaled \$2,815,000, an increase of approximately \$116,000 from the previous year. Other expenditures were about \$278,000 under budget.
- Increase to the AB923 Grant program funds of approximately \$880,000. DMV \$2.00 fees received from the State totaled \$1,408,000, an increase of approximately \$58,000 from the previous year. AB923 grant expenditures were about -\$77,000 due to reallocation of grant funding, as compared to \$2,233,000 in the previous year. Delays in projects were due to COVID-19 pandemic. About \$551,000 was spent of the \$2,100,000 set aside for the District's electric vehicle infrastructure program which is intended to increase the number of charging stations in the Monterey, Santa Cruz, and San Benito counties. This variance is due to a timing issue and delays due to COVID-19 pandemic. The projects are still in progress.
- Increase to the Moyer Grant program funds of approximately \$188,000. Funds received for grant projects totaled approximately \$1,369,000 as compared to budget of \$1,132,000. Grant expenditures were about \$1,111,000 as compared to the budget of \$1,181,000.
- Decrease to the General Grant fund of \$1,020,000. Revenues from offsite mitigation fees for the East Garrison Specific Plan Project in Marina (Monterey County) totaled \$28,000, as compared to the budget of \$219,000. Grant expenditures of \$1,052,000 were made for agricultural pump replacement and purchasing low emission school buses.

- The Community Air Protection Program (CAPP) Grant from The California Air Resources Board received \$1,801,000. Grant expenditures of \$1,537,000 were made for agricultural equipment to help reduce emissions in disadvantaged and low income communities.
- The Funding Agricultural Replacement Measures for Emission Reduction (FARMER) Grant received funds of fund of \$793,000. Grant expenditures of \$687,000 were made for replacement of agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations to help reduce criteria, toxic and greenhouse gas emissions.

BUDGETARY HIGHLIGHTS

Revenues

The actual revenues total of \$13,601,000 compared to a final budget of \$13,593,000. The categories with the largest favorable budget variances were:

- Licenses and permits, about \$328,000 higher than budget
- DMV Surcharges, about \$305,000 higher than budget
- Fines and fees were about \$180,000 higher than budget

The categories with the largest unfavorable budget variances included:

- Grants were about \$508,000 lower than budget

Expenditures

Actual expenditures for the year totaled \$11,713,000 as compared to a budget of \$21,647,000. The primary reason for the significant budget variance is a timing difference for grant expenditures. The grants expenditures budget is based on the maximum amount to be reimbursed for all outstanding grant commitments. For example, \$5.3 million was budgeted for AB2766 expenditures for new grants and unspent grants carried forward from previous years. Out of this total, actual payments to grantees totaled about \$1.2 million, resulting in a budget variance of \$3.8 million. Similar timing issues existed for the General Grant Fund with a budget of \$2.3 million but actual payments were only \$1.1 million, and AB923 with a budget of \$4.4 million but actual payments were only \$0.6 million.

Other notable expenditure budget variances included a \$87,000 positive variance for travel and training due to COVID-19 pandemic and the District suspending all travel, and a \$91,000 positive variance for maintenance, equipment and supplies.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY 2021-22 new budget was prepared with the assumption that operating revenues would be about 7% less than the previous year, primarily due to a reduction in State grant administrative revenues.

The operating budget includes State revenues of approximately \$399,000 for administrative expenses for the Moyer, CAPP and FARMER grants. The budget assumes a staffing level of 30 employees. Salaries and benefit costs are budgeted at \$4.9 million, which is an increase of about \$401,000, primarily due to filling one vacant positions and a 2% CPI pay increase for all staff. Capital asset purchases of \$151,000 are projected for licenses for cloud services, a vehicle for compliance and air monitoring equipment.

In FY 2021-22, the revised General Fund budget is projected to have a \$(504,581) net deficit. The projected budget deficit will be covered by the use of General Fund reserves, including the use of the Other Post Employment Benefits (OPEB) liability reserve to make a \$45,000 deposit to the District's OPEB trust. The OPEB reserve had a balance of \$45,000 as of June 30, 2021.

For non-operating budget revenues (grant program revenues), the FY 2021-22 budget is lower than the previous year budget by about \$52,000. The new budget includes State funded grant programs: Moyer, the Community Air Protection Program (CAPP) and the Funding Agricultural Replacement Measures for Emission Reductions (FARMER). The CAPP grant program is focused on reducing air pollution in disadvantaged and low income areas. The FARMER grant program is intended to fund agricultural equipment replacements to reduce emissions. The budget also includes \$1.2 million in funds from Central Coast Community Energy, which was originally budgeted in FY 2020-21 but not received due to delays in bus deliveries due to the COVID-19 pandemic.

The District's June 30, 2021 General Fund reserve balance was \$7.1 million with \$1.9 million designated for special purposes and \$5.2 million as unassigned. This level of reserves will help offset potential revenue losses and/or increased expenditures. A portion of the reserves, \$45,000, is designated to fund trust accounts to reduce the District's OPEB obligations. Future financial challenges include additional potential loss of permit fee revenues from major sources, possible decreases to EPA grant funding and State grants, and increases to retirement and health benefit costs. To minimize the effect of these factors, the District strives each year to make efficiency improvements to lower costs and seeks to maximize its limited revenue sources to cover expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monterey Bay Air Resources District, Attn: Administrative Services Manager, 24580 Silver Cloud Court, Monterey, California 93940 or via email at rosales@mbard.org.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Statement of Net Position
June 30, 2021

ASSETS	
Current assets:	
Cash and investments	\$ 20,225,037
Restricted cash and investments	556,221
Receivables:	
Account receivables, net	509,183
Interest receivables	28,387
DMV fees receivable	723,845
Other receivables	6,255
Prepaid expenses	42,237
Total current assets	22,091,165
Noncurrent assets:	
Capital assets:	
Non-depreciable	271,707
Depreciable, net	2,518,035
Total capital assets, net	2,789,742
Total noncurrent assets	2,789,742
Total assets	24,880,907
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	1,942,737
Deferred outflows of resources - OPEB	102,729
Total deferred outflows of resources	2,045,466
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	733,967
Unearned revenue	1,958,451
Compensated absences - due in one year	174,739
Total current liabilities	2,867,157
Noncurrent liabilities:	
Compensated absences - due in more than one year	300,532
Net OPEB liability	329,538
Net pension liability	8,760,809
Total noncurrent liabilities	9,390,879
Total liabilities	12,258,036
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	670,075
Deferred inflows of resources - OPEB	651,263
Total deferred inflows of resources	1,321,338
NET POSITION	
Investment in capital assets	2,789,742
Restricted	11,911,015
Unrestricted	(1,353,758)
Net position	\$ 13,346,999

See accompanying Notes to Basic Financial Statements.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Statement of Activities
For the year ended June 30, 2021

	Program Revenues				Net
	Expenses	Charges for Services	Operating Grants and Contributions	Total	(Expense) Revenue and Changes in Net Position
					Governmental Activities
Governmental activities					
Administration	\$ 1,939,607	\$ 26	\$ -	\$ 26	\$ (1,939,581)
Engineering/Compliance	2,924,851	3,952,240	413,124	4,365,364	1,440,513
Air monitoring	706,329	119,059	248,053	367,112	(339,217)
Planning and grants	6,772,078	-	3,681,188	3,681,188	(3,090,890)
Total governmental activities	\$ 12,342,865	\$ 4,071,325	\$ 4,342,365	\$ 8,413,690	(3,929,175)
General Revenues:					
					2,815,270
					1,407,635
					364,123
					252,676
					328,818
				Total general revenues	5,168,522
				Change in net position	1,239,347
				Net position - beginning of year	12,107,652
				Net position - end of year	\$ 13,346,999

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Balance Sheet - General Fund
June 30, 2021

	General
ASSETS	
Cash and investments	\$ 20,225,037
Restricted cash and investments	556,221
Receivables:	
Account receivables, net	509,183
Interest receivables	28,387
DMV fees receivable	723,845
Other receivables	6,255
Prepaid items	42,237
Total assets	\$ 22,091,165
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 543,582
Accrued liabilities	190,385
Unearned revenue	1,958,451
Total liabilities	2,692,418
Fund Balances:	
Nonspendable	42,237
Restricted:	
AB2766	7,143,868
Moyer	373,112
AB923	3,666,529
General grants	171,285
Pension funding	556,221
Committed:	
Economic uncertainty	1,604,750
Building and facilities	100,000
OPEB funding	75,000
Unassigned	5,665,745
Total fund balances	19,398,747
Total liabilities and fund balances	\$ 22,091,165

See accompanying Notes to Basic Financial Statements.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
For the year ended June 30, 2021

Fund Balances of General Funds	\$ 19,398,747
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,789,742
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Employer contributions for pension and OPEB paid after the measurement date and prior to the reporting date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	937,876
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In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension and OPEB are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	1,092,952
Deferred outflows of resources - OPEB	14,638
Deferred inflows of resources - pension	(670,075)
Deferred inflows of resources - OPEB	(651,263)

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds.

Compensated absences - due within one year	(174,739)
Compensated absences - due in more than one year	(300,532)
Net OPEB liability	(329,538)
Net pension liability	(8,760,809)

Net Position of Governmental Activities	\$ 13,346,999
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Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	General
REVENUES:	
DMV surcharges	\$ 4,222,905
Grants	4,222,010
Licenses and permits	3,350,949
Fines and fees	575,791
Investment earnings	252,676
Other revenues	957,881
Total revenues	13,582,212
EXPENDITURES:	
Current	
Administration	1,695,962
Engineering/Compliance	2,640,837
Air monitoring	663,688
Planning and grants	6,712,561
Total expenditures	11,713,048
Net change in fund balances	1,869,164
FUND BALANCES:	
Beginning of year	17,529,583
End of year	\$ 19,398,747

See accompanying Notes to Basic Financial Statements.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2021

Net Change in Fund Balances \$ 1,869,164

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

 Current year depreciation (228,672)

Employer contributions for pension and OPEB paid after the measurement date and prior to the reporting date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. 937,876

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. (1,377,567)

OPEB expense is recorded as incurred in the Government-Wide Statement of Activities, however OPEB expense is not recognized in the governmental funds. 70,545

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. In the current period these amounts are:

 Compensated absences (31,999)

Change in Net Position of Governmental Activities \$ 1,239,347

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NOTES TO BASIC FINANCIAL STATEMENTS

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of Reporting Entity*

The Monterey Bay Unified Air Pollution Control District (the District) was created in 1974, by a district agreement between the Counties of Monterey, Santa Cruz and San Benito. 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 the North Central Coast Air Basin.

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

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Separate fund based financial statements are provided for governmental funds. The District has no proprietary funds.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the District's General Fund, its sole major governmental fund. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of year end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Fees, fines, charges for services, operating grants, and interest are recognized under the susceptible to accrual concept. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting/Measurement Focus, Continued

There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The District's major governmental fund, the General Fund, accounts for the District's primary services, Administration, Engineering/Compliance, Air Monitoring and Planning and grants.

C. Cash and Investments

Pooled cash and investment accounts, which essentially operate as demand deposit accounts, are maintained by the Monterey County Treasurer's Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Interest earnings from these funds are generally credited to the District's account on a quarterly basis. The investments are stated at the fair value, which equates cost.

The Monterey County Treasurer's investment policy is in compliance with Section 53601 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies.

The District also has cash held with a banking institution for accounts payable and payroll purposes.

D. Receivables and Deferred Inflows of Resources

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within 60 days subsequent to year end are offset by deferred inflows of resources, and accordingly have not been recorded as revenue in the governmental fund.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2021, the allowance was estimated to be \$73,856.

E. Capital Assets

Property, facilities and equipment purchased or acquired is carried at historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 – 20 Years
Office furniture and equipment	3 – 5 Years
Shop, monitoring and lab equipment	5 – 7 Years
Vehicles	5 Years

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

G. Compensated Absences

Unused annual leave may be accumulated up to 600 hours for management and unused vacation leave may be accumulated up to 300 hours for other employees and is paid at the time of termination from District employment. Unused sick leave may be accumulated and is only paid to employees upon termination by death or retirement from the District through the Public Employees' Retirement System. Eligible employees are paid an amount equal to the sick leave accrued, up to 1,500 hours, at thirty percent of their hourly rate. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District**
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Pensions

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

J. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

K. Net Position

The Statement of Net Position presents the District's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

**Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District**
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Balances

Fund balance classifications are based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund.

In the Fund financial statements, fund balance consists of non-spendable fund balances, which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balances are amounts restricted to specific purposes. Committed fund balances are amounts that can only be used for specific purposes as pursuant to official action by the Board prior to the end of the reporting period. Unassigned fund balances represent fund balances that have not been assigned to other funds and have not been restricted or committed to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed and unassigned amounts, respectively.

M. Use of Estimates

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

N. New Pronouncements

The District adopted the following accounting pronouncements during the year:

GASB Statement No. 84, *Fiduciary Activities* - The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement did not apply to the District.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. New Pronouncements, Continued

GASB Statement No. 90, Majority Equity Interest – The objective of this statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government’s holding of the equity meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this statement did not apply to the District.

GASB Statement No. 93, Replacement of Interbank Offered Rates – The objective of this statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered Rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement did not apply to the District.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contributions other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on net position as a result of implementation of this statement.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

2. CASH AND INVESTMENTS

The District maintains cash and investments as summarized below:

Cash on hand	\$ 500
Deposits with financial institutions	493,132
Total Cash	<u>493,632</u>
Investment with Monterey County Investment Pool	19,731,405
Total Unrestricted Cash and Investments	<u>20,225,037</u>
Restricted cash and investments	556,221
Total District Cash and Investments	<u><u>\$ 20,781,258</u></u>

A. Cash with Banking Institutions

The carrying amount of the District’s cash deposit with financial institutions was \$493,132. Bank balances before reconciling items were a positive amount of \$532,014 at June 30, 2021. The District has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the District’s name. The California Government Code (Code) requires California banks and savings and loan associates to secure the District’s cash deposit by pledging securities as collateral. The Code states that the collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District’s name.

The market value of pledged securities must equal at least 110% of the District’s cash deposits. California law allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 140% of the District’s total cash deposits.

B. Investment with Monterey County Investment Pool

\$19,731,405 at June 30, 2021 is part of the common investment pool of the Monterey County Investment Pool. It is the policy of the Treasurer-Tax Collector of Monterey County to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer-Tax Collectors’ policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

The Monterey County Investment Pool is not rated. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investments in the County pool are not subject to levelling.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance				Balance
	June 30, 2020	Increases	Decreases	Reclassifications	June 30, 2021
Non-depreciable assets:					
Land	\$ 271,707	\$ -	\$ -	\$ -	\$ 271,707
Total non-depreciable assets	271,707	-	-	-	271,707
Depreciable assets:					
Buildings and improvements	6,175,749	-	-	-	6,175,749
Office furniture and equipment	654,636	-	-	-	654,636
Equipment	490,635	-	-	-	490,635
Vehicle	532,683	-	-	-	532,683
Total depreciable assets	7,853,703	-	-	-	7,853,703
Less accumulated depreciation:					
Buildings and improvements	3,849,772	141,332	-	-	3,991,104
Office furniture and equipment	412,227	39,810	-	-	452,037
Equipment	439,271	6,681	-	-	445,952
Vehicle	405,726	40,849	-	-	446,575
Total accumulated depreciation	5,106,996	228,672	-	-	5,335,668
Total depreciable assets, net	2,746,707	(228,672)	-	-	2,518,035
Total capital assets	\$ 3,018,414	\$ (228,672)	\$ -	\$ -	\$ 2,789,742

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration	\$ 157,125
Engineering and Compliance	52,700
Planning/Air Monitoring	18,847
	<u>\$ 228,672</u>

4. LONG-TERM LIABILITIES

Long-term liability balances and transactions for the year ended June 30, 2021 are as follows:

	Balance			June 30, 2021	Due Within	Due More
	June 30, 2020	Additions	Reductions		One Year	Than One Year
Other Liabilities						
Compensated absences	\$ 443,272	\$ 195,821	\$ (163,822)	\$ 475,271	\$ 174,739	\$ 300,532
Total	<u>\$ 443,272</u>	<u>\$ 195,821</u>	<u>\$ (163,822)</u>	<u>\$ 475,271</u>	<u>\$ 174,739</u>	<u>\$ 300,532</u>

**Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District**
Notes to Basic Financial Statements
For the year ended June 30, 2021

5. DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan for its eligible employees wherein amounts earned by the employee are paid at a future date. All full-time, regular, salaried employees are permitted to participate in the Plan beginning on the first day of the month following their hire date. The employee may elect to make contributions up to the limits established by the Internal Revenue Service for this type of plan. The employees become 100% vested in their own contributions from the first date of participation.

The Plan was originally established in conformity with Section 457 of the Internal Revenue Code which prevented governments from placing plan assets in a trust for the benefit of participants. Consequently, the participating employees' assets were potentially at risk of loss by claims of the District's general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries thus protecting the Plan assets from the District's general creditors.

The District has complied with the amended Section 457 requirements, Governmental Accounting Standards Board Statement (GASB) No. 97. The District determined that the plan did not meet the definition of a defined contribution pension plan, and also other requirements relating to fiduciary activities. The District accounts for the plan as other employee benefits.

6. PENSION PLAN

General Information about the Pension Plan

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plans (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools.

The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Monterey Bay Unified Air Pollution Control District
 dba Monterey Bay Air Resources District
 Notes to Basic Financial Statements
 For the year ended June 30, 2021**

6. PENSION PLAN, Continued

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each rate plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	2% to 2.7%	1% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	11.031%	7.732%
Required unfunded liability payment	\$ 548,061	\$ 4,350

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

C. Contributions

The District's contributions to the Plan for the measurement period ended June 30, 2020 were \$756,724.

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported net pension liability for its proportionate share of the net pension liability of the Plan was \$8,760,809.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

6. PENSION PLAN, Continued

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportionate share of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.

The District's proportionate share of the net pension liability for the Plan as of measurement dates June 30, 2019 and 2020 were as follows:

Proportion - June 30, 2019	0.07814%
Proportion - June 30, 2020	<u>0.08052%</u>
Change - Increase (Decrease)	0.00238%

For the year ended June 30, 2021, the District recognized pension expense of \$1,377,567. Pension expense is allocated to the functions based on full time equivalents. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 849,785	\$ -
Differences between expected and actual experience	451,471	-
Changes of assumptions	-	62,486
Changes in employer's proportion	381,227	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	607,589
Net differences between projected and actual earnings on plan investments	<u>260,254</u>	<u>-</u>
Total	<u>\$ 1,942,737</u>	<u>\$ 670,075</u>

\$849,785 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**Monterey Bay Unified Air Pollution Control District
 dba Monterey Bay Air Resources District**
Notes to Basic Financial Statements
For the year ended June 30, 2021

6. PENSION PLAN, Continued

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	
Ending June 30:	
2022	(22,067)
2023	161,474
2024	158,645
2025	124,825

E. Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.15%
Mortality	Based on CalPERS specific Data, using Society of Actuaries Scale BB

(1) Net of pension plan administrative expenses.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Notes to Basic Financial Statements
For the year ended June 30, 2021

6. PENSION PLAN, Continued

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

**Monterey Bay Unified Air Pollution Control District
 dba Monterey Bay Air Resources District
 Notes to Basic Financial Statements
 For the year ended June 30, 2021**

6. PENSION PLAN, Continued

G. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease - 6.15%		
Net Pension Liability (Asset)	\$	13,454,078
Current Discount Rate - 7.15%		
Net Pension Liability (Asset)	\$	8,760,809
1% Increase - 8.15%		
Net Pension Liability (Asset)	\$	4,882,907

H. Pension Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District has contracted with the Public Employees Retirement System (PERS) under the PERS Care Health Plan to provide benefits of the Meyers-Geddes State Employees’ Medical and Hospital Care Act per Government Code Section 22850. The Plan provides for continuation of medical insurance benefits for certain retirees or annuitants and their dependents. The Plan can be amended by action of the District Board on passing a Resolution. As of June 30, 2019, the Plan had 30 active members and 13 retirees.

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For the year ended June 30, 2021

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

B. Employees Covered

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>30</u>
Total	<u><u>43</u></u>

C. Contributions

The obligations of the plan members and the District are established by action of the District Board pursuant to the passing of a Resolution. The Districts' contribution for each retiree or annuitant is the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The retiree is responsible for any premium costs in excess of the District's contribution. For the measurement period ended June 30, 2020, the District contributed \$147,663. Plan members receiving benefits contributed no amounts of the total premiums.

D. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.20%
Inflation	2.50%
Contribution Policy	Contributes full ADC
Salary Increases	3.00%
Projected Salary Increase	3.00%
Investment Rate of Return	6.20%
Mortality	MacLeod Watts Scale 2018 applied generationally from 2015
Healthcare Trend	6.50% for 2021 decreasing to an ultimate rate of 4.00% for 2076 and later.

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7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

D. Net OPEB Liability, Continued

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

Asset Class	Target Allocation	Expected Real Rate of Return
Public Equity	60.00%	
Large Cap Core	32.00%	6.70%
Mid Cap Core	6.00%	7.00%
Small Cap Core	9.00%	7.90%
Real Estate	2.00%	5.70%
International	7.00%	7.30%
Emerging Markets	4.00%	9.70%
Fixed Income	35.00%	
Short Term Bond	6.75%	3.80%
Intermediate Term Bond	27.00%	4.60%
High Yield	1.25%	6.00%
Cash	5.00%	2.10%
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Investment Expenses		n/a
Expected Long-Term Net Rate of Return		6.82%
Discount Rate*		6.20%

*The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.20 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Monterey Bay Unified Air Pollution Control District
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Notes to Basic Financial Statements
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7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019	\$ 1,206,961	\$ 825,368	\$ 381,593
Changes in the year:			
Service cost	40,626	-	40,626
Interest on the total OPEB liability	75,873	-	75,873
Differences between actual and expected experience	-	-	-
Changes in assumptions		-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	147,663	(147,663)
Net investment income	-	25,299	(25,299)
Administrative expenses	-	(4,408)	4,408
Benefit payments , including refunds of employee contributions	(47,663)	(47,663)	-
Net changes	68,836	120,891	(52,055)
Balance at June 30, 2020	\$ 1,275,797	\$ 946,259	\$ 329,538

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (5.20%)	Current Discount (6.20%)	1% Increase (7.20%)
Net OPEB Liability	\$ 502,172	\$ 329,538	\$ 186,940

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7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease (5.5% - 3.0%)	Trend Rate (6.5% - 4.0%)	1% Increase (7.5% to 5.0%)
Net OPEB Liability	\$ 172,813	\$ 329,538	\$ 520,452

I. Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

For the fiscal year ended June 30, 2021, the District recognized OPEB income of \$70,545. For the fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 88,091	\$ -
Changes of assumptions	-	37,619
Differences between expected and actual experience	-	613,644
Net differences between projected and actual earnings on plan investments	14,638	-
Total	<u>\$ 102,729</u>	<u>\$ 651,263</u>

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 Notes to Basic Financial Statements
 For the year ended June 30, 2021**

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

\$88,091 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year	
Ending June 30:	
2022	\$ (137,315)
2023	(131,422)
2024	(129,434)
2025	(129,911)
2026	(108,543)

8. RISK FINANCING

The District is exposed to various risks of loss related to torts, thefts, damage or destruction of assets, errors and omissions, injuries to workers, and natural disasters. The District covers its liability for significant claims by purchasing property, liability, crime and workers' compensations insurance. These risks are covered by a combination of participation in Public Property Insurance Program (PEPIP), Special Liability Insurance Program (SLIP), Alliant Crime Insurance Program (ACIP), and Special District Risk Management Authority (SDRMA). There have been no significant reductions in insurance coverage in the current year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

SDRMA was formed under a joint powers agreement pursuant to California Government Code Section 6500 et seq. effective August 1, 1986 to provide general liability, comprehensive/collision liability and property damage, and errors and omissions risk financing for the member districts. SDRMA is administered by a Board of Directors, consisting of one member appointed by the California Special Districts Association and five members elected by the participating districts.

9. OPERATING LEASES

The District leases certain office equipment under noncancelable operating leases as follows: 1) A copy machine lease expires in August 2021, the monthly lease is \$349, total lease expense for the year ended June 30, 2021 was \$4,193.

**Monterey Bay Unified Air Pollution Control District
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Notes to Basic Financial Statements
For the year ended June 30, 2021

9. OPERATING LEASES, Continued

Future minimum lease payments and sub-lease receipts under noncancelable operating leases are as follows:

Year Ending June 30	Lease Payments
2022	\$ 349
Total	\$ 349

10. COMMITMENTS AND CONTINGENCIES

The District may be subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the District's financial position.

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REQUIRED SUPPLEMENTARY INFORMATION

**Monterey Bay Unified Air Pollution Control District
dba Monterey Bay Air Resources District
Required Supplementary Information
For the year ended June 30, 2021**

1. BUDGETARY DATA

The District adopts an annual operating budget prepared on a modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP basis). By State law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted to hear public comments prior to adoption.

The Air Pollution Control Officer is authorized to transfer budget appropriations between objects in accordance with District policy. Each change shall be reported to the Board of Directors. Transfers between funds must be approved by the Board of Directors.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated revenues and expenditures.

A. Budgetary Comparison Schedule

The following are the budget comparison schedules for the General Fund and all major special revenue funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
DMV surcharges	\$ 3,917,600	\$ 3,917,600	\$ 4,222,905	\$ 305,305
Grants - EPA,CEC, Moyer	4,748,457	4,748,457	4,222,010	(526,447)
Licenses and permits	3,022,495	3,022,495	3,350,949	328,454
Fines and fees	396,000	396,000	575,791	179,791
Investment earnings	203,400	203,447	252,676	49,229
Other revenue	1,310,473	1,310,473	957,881	(352,592)
Total revenues	13,598,425	13,598,472	13,582,212	(16,260)
EXPENDITURES:				
Current:				
Administration	1,902,667	1,891,286	1,695,962	195,324
Engineering/Compliance	2,845,206	2,865,586	2,640,837	224,749
Air Monitoring	646,940	651,831	663,688	(11,857)
Planning & Grants	15,744,377	16,151,687	6,712,561	9,439,126
Capital outlay	86,800	86,800	-	86,800
Total expenditures	21,225,990	21,647,190	11,713,048	9,934,142
Net change in fund balance	\$ (7,627,565)	\$ (8,048,718)	1,869,164	\$ 9,917,882
FUND BALANCE:				
Beginning of year			17,529,583	
End of year			\$ 19,398,747	

**Monterey Bay Unified Air Pollution Control District
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For the year ended June 30, 2021**

2. SCHEDULE OF FUNDING PROGRESS OF OTHER POST EMPLOYMENT BENEFITS LAST TEN YEARS*

<i>Measurement Period</i>	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 40,626	\$ 51,722	\$ 50,094	\$ 48,517
Interest on the total OPEB liability	75,873	128,672	122,471	115,227
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	(869,330)	-	-
Changes of assumptions	-	(53,293)	-	-
Benefit payments, including refunds of employee contributions	(47,663)	(83,003)	(68,516)	(32,161)
Net change in total OPEB liability	68,836	(825,232)	104,049	131,583
Total OPEB liability - beginning	1,206,961	2,032,193	1,928,144	1,796,561
Total OPEB liability - ending (a)	\$ 1,275,797	\$ 1,206,961	\$ 2,032,193	\$ 1,928,144
Plan Fiduciary Net Position				
Contributions - employer	\$ 147,663	\$ 183,003	\$ 163,516	\$ 127,161
Contributions - employee	-	-	-	-
Net investment income	25,299	43,753	49,090	56,997
Benefit payments, including refunds of employee contributions	(47,663)	(83,003)	(68,516)	(32,161)
Administrative expense	(4,408)	(1,782)	(2,056)	-
Net change in plan fiduciary net position	120,891	141,971	142,034	151,997
Plan fiduciary net position - beginning	825,368	683,397	541,363	389,366
Plan fiduciary net position - ending (b)	\$ 946,259	\$ 825,368	\$ 683,397	\$ 541,363
Net OPEB liability/(asset) - ending (a) - (b)	\$ 329,538	\$ 381,593	\$ 1,348,796	\$ 1,386,781
Plan fiduciary net position as a percentage of the total OPEB liability	74%	68%	34%	28%
Covered-employee payroll	\$ 3,360,644	\$ 3,408,327	\$ 3,135,430	\$ 3,100,000
Net OPEB liability as a percentage of covered-employee payroll	9.81%	11.20%	43.02%	44.73%

**Monterey Bay Unified Air Pollution Control District
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3. SCHEDULE OF OPEB CONTRIBUTIONS LAST 10 YEARS*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 65,852	\$ 69,825	\$ 147,850	\$ 144,718
Contribution in relation to the actuarially determined contributions	(88,091)	(147,663)	(183,003)	(163,516)
Contribution deficiency (excess)	\$ (22,239)	\$ (77,838)	\$ (35,153)	\$ (18,798)
Covered-employee payroll	\$ 3,311,147	\$ 3,451,010	\$ 3,408,327	\$ 3,135,430
Contributions as a percentage of covered-employee payroll	2.66%	4.28%	5.37%	5.22%

Notes to Schedule

* - Fiscal year 2018 was the 1st year of implementation

Actuarial information pertaining to actuarially determined contributions:

Valuation date

Actuarial cost method

Amortization method

Amortization period

Asset valuation method

Inflation

Healthcare cost trend rates

Salary increases

Investment rate of return

Retirement age

Mortality

6/30/2019		7/1/2017	
Entry Age Normal		Entry Age Normal	
Level % of Pay; closed 30		Level % of Pay; closed 30	
19 years	20 years	21 years	22 years
Market Value		Market Value	
2.50%		2.75%	
4% to 6.5%		5% to 7.50%	
3.00%		3.25%	
.6.2%		6.30%	
From 50 to 75		From 50 to 75	
CalPERS 2017 Experience Study; Projected with MW Scale 2018		CalPERS 2014 Experience Study; Projected with MW Scale 2017	

5. SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 YEARS*

Fiscal year:	2021	2020	2019	2018	2017	2016	2015
Measurement date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.08052%	0.07814%	0.07527%	0.07440%	0.07223%	0.06609%	0.07051%
Proportionate share of the net pension liability	\$ 8,760,809	\$ 8,006,580	\$ 7,253,692	\$ 7,377,972	\$ 6,249,868	\$ 4,536,128	\$ 4,387,756
Covered payroll	\$ 3,408,327	\$ 3,147,611	\$ 3,055,933	\$ 3,040,605	\$ 3,076,988	\$ 3,103,566	\$ 3,109,115
Proportionate share of the net pension liability as a percentage of covered payroll	257%	254%	237%	243%	203%	146%	141%
Plan's share of fiduciary net position as a percentage of total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule

*Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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6. SCHEDULE OF PENSION CONTRIBUTIONS LAST 10 YEARS*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 849,785	\$ 756,724	\$ 657,439	\$ 541,836	\$ 471,224	\$ 440,564	\$ 496,951
Contribution in relation to the actuarially determined contributions	(849,785)	(756,724)	(657,439)	(541,836)	(471,224)	(440,564)	(496,951)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,111,111	\$ 3,408,327	\$ 3,147,611	\$ 3,055,933	\$ 3,040,605	\$ 3,076,988	\$ 3,103,566
Contributions as a percentage of covered payroll	27.31%	22.20%	20.89%	17.73%	15.50%	14.32%	16.01%

Note to Schedule

* - Fiscal year 2015 was the 1st year of implementation

Methods and assumptions used to determine contribution rates:

Valuation date (for contractually required contribution):	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)

⁽¹⁾ Level percentage of payroll, closed

⁽²⁾ Depending on age, service, and type of employment

⁽³⁾ 50 for all plans, with the exception of 52 for Miscellaneous PEPR 2%@62

⁽⁴⁾ Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.