



San Joaquin Valley Unified Air Pollution Control District

Comprehensive Annual Financial Report
Year Ended June 30, 2008

Prepared By:
Finance Department
Fred O. Bates Jr., District Controller
Roger W. McCoy, Director of Administrative Services

San Joaquin Valley Unified Air Pollution Control District

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Year Ended June 30, 2008

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Introductory Section

San Joaquin Valley Unified Air Pollution Control District

Governing Board

Leroy Ornellas, Chair
Supervisor, San Joaquin County

Chris Vierra, Vice Chair
Councilmember, City of Ceres

John G. Telles, M.D.
Appointed by Governor

Tony Barba
Supervisor, Kings County

Raymond A. Watson
Supervisor, Kern County

Judith G. Case
Supervisor, Fresno County

J. Steven Worthley
Supervisor, Tulare County

Ronn Dominici
Supervisor, Madera County

Vacant
Appointed by Governor

Michael G. Nelson
Supervisor, Merced County

Vacant
Large City

William O'Brien
Supervisor, Stanislaus County

Vacant
Small City, Central Region

Henry T. Perea
Councilmember, City of Fresno

Vacant
Small City, Southern Region

Seyed Sadredin
Executive Director - Air Pollution Control Officer



San Joaquin Valley Unified Air Pollution Control District

February 19, 2009

Governing Board
San Joaquin Valley Unified Air Pollution Control District

This Comprehensive Annual Financial Report (CAFR) of the San Joaquin Valley Unified Air Pollution Control District (District) is for the fiscal year ended June 30, 2008 and was prepared by the District's Finance Office. Responsibility for the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, reported in a manner designed to present fairly the financial position and changes in financial position and all disclosures necessary to enable the reader to gain an understanding of the District's financial activities.

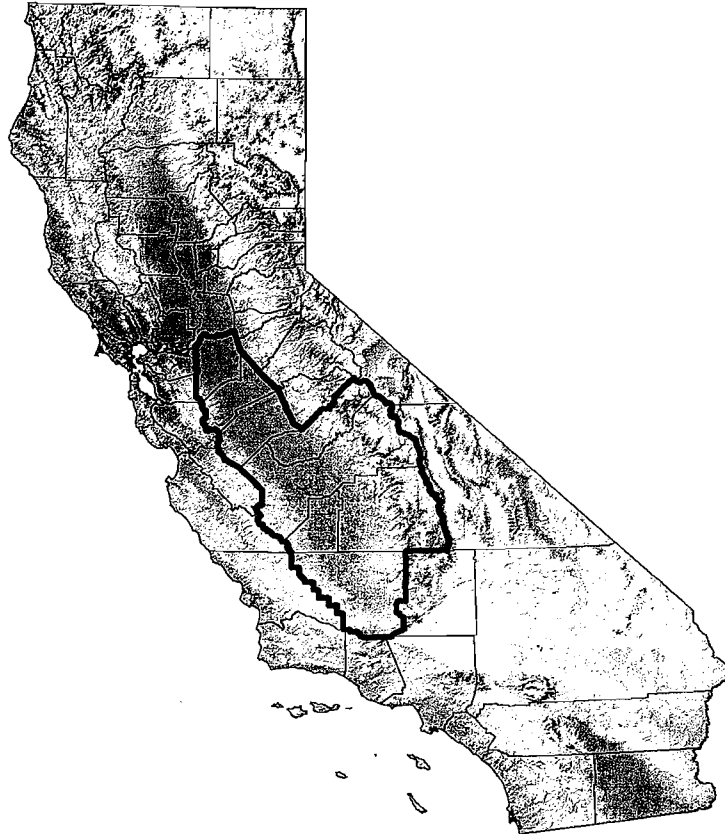
This report is divided into three major sections: the Introductory Section, Financial Section and Statistical Section. The Introductory Section includes the District's organizational structure and a list of principal officials as well as this Letter of Transmittal, which provides general comments on activities of interest to the reader. The Financial Section is comprised of the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, which include the Notes to the Basic Financial Statements, and the Budgetary Comparison Schedule for the General Fund. The Statistical Section provides important historical and trend information about the District.

ABOUT THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

Background

The San Joaquin Valley Unified Air Pollution Control District (District) began operation on March 20, 1991 as a unified air pollution control district operating under the provisions of Sections 40150 through 40162 of the California Health and Safety Code. The District is a regional agency responsible for air quality management in the eight counties in the San Joaquin Valley Air Basin: San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare and the Valley portion of Kern. The San Joaquin Valley Air Basin is the largest air basin in California and covers about 25,000 square miles (see map next page). The San Joaquin Valley is one of California's fastest growing population areas, with a total population of about 3.8 million residents in the year 2007. Major urban centers exist in Stockton, Modesto, Fresno, Visalia, and Bakersfield.

San Joaquin Valley Unified Air Pollution Control District Jurisdictional Boundaries



The District works with local, state and federal government agencies, the business community and the residents of the Valley to reduce emissions that create harmful air quality conditions.

The District is governed by a 15-member Board that consists of one representative from each of the Board of Supervisors of all eight counties, five Council Members from Valley cities and two governor-appointed public members. These locally elected and appointed officials ensure that the implementation of state and federal air pollution mandates in the Valley are tailored to local conditions and responsive to local needs.

The Journey to Cleaner Air

Despite significant progress, San Joaquin Valley continues to be severely impacted by adverse air quality. Since 1980, when air programs in the Valley

began taking shape, emissions from stationary sources have been reduced by 80%, and total emissions have been reduced by nearly 60%. These enormous reductions in emissions have come about as the result of significant investment and sacrifice by Valley businesses. The number of days and the magnitude by which the Valley exceeds the health-based standards have been reduced dramatically. However, much more needs to be done before we have healthier air for all Valley residents. The region's topography and meteorology provide ideal conditions for trapping air pollution for long periods of time, producing harmful pollutants such as ozone and particulate matter. The region also houses the state's major arteries for goods and people movement, thereby attracting a large volume of vehicular traffic. Another compounding factor is the large growth in population. In recent years, the population rate of growth in San Joaquin Valley has been at 65 percent above the state's average.

Given the enormity of these challenges, achieving cleaner air requires continued focus on all sources of emissions and participation by all government sectors, business entities, and individuals throughout the Valley.

The District has the primary authority in regulating stationary sources of pollution, such as factories, businesses, and industries. Although state and federal laws preempt the District from setting new tailpipe standards for mobile sources of emissions, the District implements indirect source regulations and incentive-based programs to reduce emissions from on-road and off-road sources of air pollution. The primary authority to regulate emissions from mobile sources of air pollution, such as cars and trucks, lies with the state and federal government. In achieving clean air goals, the District partners with a number of other governmental agencies:

- The **federal government**, primarily through the Environmental Protection Agency (EPA), sets health-based standards for air pollutants. EPA also oversees state and local actions to improve air quality.
- The **state government**, through the California Air Resources Board (ARB) and the Bureau of Automotive Repair, develops programs to reduce pollution from vehicles and consumer products. The state also oversees the actions of local air districts and city and county agencies.
- **County and city governments** are responsible for land-use planning to address issues such as "urban sprawl" as well as transportation and mass transit planning.

Progress in cleaning our air is often measured in relation to the health-based standards established by the federal government. The state of California also establishes ambient air quality standards that serve as ultimate goals in achieving clean air.

In a regulatory sense, the District's journey to cleaner air can be described as follows:

- EPA establishes the health standards
- EPA identifies the regions that do not meet the new standards
- EPA establishes deadlines for meeting the new standards and for submitting plans to get there
- In collaboration with ARB, the District develops air quality plans outlining strategies needed to reduce emissions and meet the new standards
- ARB forwards the plans for EPA approval after review, approval, and addition of state strategies
- The District, ARB, and EPA adopt and implement plan commitments
- The District provides routine updates and progress reports

How the District Does Its Job

The District is a public health agency whose mission is ***to improve the health and quality of life for all Valley residents through efficient, effective, and entrepreneurial air quality-management strategies.*** Towards that end, the District conducts the following functions:

- Maintains and updates an ***inventory of emissions*** from various sources throughout the Valley on an ongoing basis.
- Develops and adopts ***air quality plans*** outlining strategies needed to reduce emissions.
- Develops, adopts, and implements ***rules and regulations*** to reduce emissions.
- Administers an efficient and comprehensive ***permitting*** system for stationary sources of air pollution and offers meaningful business assistance to the regulated community in meeting applicable regulations.
- Maintains an active and effective ***enforcement*** program to assure real and continued reductions in emissions.
- Administers ***voluntary incentive grants*** offering financial assistance to businesses and individuals to reduce air pollution.
- Conducts comprehensive ***public education and outreach.***
- Collaborates with ***state and local agencies.***
- Operates and maintains an extensive ***air monitoring*** network to measure actual concentrations of various air pollutants throughout the Valley and track the progress in improving the Valley's air quality.
- Conducts or oversees ***scientific research*** to better assess air quality impacts from various sources of air pollution and the related impacts on public health.

MAJOR ACCOMPLISHMENTS FOR 2007-08

Air Quality Plans

In 2007, the District Governing Board approved a new plan for attaining the health-based federal 8-hour ozone standard. This plan included an in-depth analysis of all possible control measures and projected that the Valley will achieve the 8-hour ozone standard (as set by EPA in 1997) for all areas of the San Joaquin Valley Air Basin no later than 2023. This plan went above and beyond minimum legal requirements by including a “Fast Track” control strategy. Through Fast Track, new strategies produce real reductions (even though they cannot be legally counted in the plan at this time) and will clean the air before the deadline.

The District Governing Board approved a new 2008 PM_{2.5} Plan on April 30, 2008, further building upon the strategy used in the 2007 Ozone Plan. The *2008 PM_{2.5} Plan*, which was developed in an extensive public process, estimates that the San Joaquin Valley Air Basin will reach the PM_{2.5} standard (as set by EPA in 1997) in 2014. The California Air Resources Board approved the Plan on May 22, 2008, and the plan has been submitted to EPA.

The District’s 2007 PM₁₀ Maintenance Plan and Request for Re-designation, which was adopted on September 21, 2007, assures that the Valley will continue to meet the PM₁₀ standard and requested that EPA formally re-designate the Valley to attainment status. EPA re-designated the San Joaquin Valley to attainment of the PM₁₀ standard on September 25, 2008.

Rules and Regulations

While air quality plans establish targets, during the rule development process the District engages in exhaustive efforts to identify the most effective controls that are technologically and economically feasible. Every rule commitment from the 2007 Ozone Plan has been adopted on time and has either met or exceeded its emissions reduction goal. Rules adopted during this reporting period included:

- Biosolids Operations (Rule 4565)
- Polystyrene Foam (Rule 4682)
- Stationary Gas Turbines (Rule 4703)
- Gasoline Storage and Transfer (Rules 4621, 4622, and 4624)
- Solvent Cleaning Portion of Eleven District Rules (Rules 4603, 4604, 4605, 4606, 4607, 4612, 4653, 4661, 4662, 4663, and 4684)
- Soil Decontamination Operations (Rule 4651)
- Open Burning (Rule 4103)

Permitting

The District administers an efficient and comprehensive permitting system for stationary sources of air pollution and offers meaningful business assistance to

the regulated community in meeting applicable regulations. During this reporting period, permitting activities included:

- 4,032 Authority to Construct permits issued
- 1,405 new Permits to Operate issued
- 630 new Title V permits issued
- 363 Title V permit modifications
- 572 Conservation Management Practices plans issued
- 686 Emission Reduction Credit certificates issued or transferred
- 892 toxic air contaminant risk-management reviews performed
- 4,500 annual emissions inventory surveys processed
- 2,471 California Environmental Quality Act review requests processed
- 708 CEQA comment letters and 42 CEQA documents prepared
- 191 Indirect Source Review applications processed

Enforcement

The District maintains an active and effective enforcement program to assure real and continued reductions in emissions. The District inspects sources of air pollution, including all sources permitted by the District. When sources are found in violation, citations and monetary fines are levied. For 2007-08:

- 30,844 permit units were inspected
- 2,678 public complaints were investigated
- 3,649 incentive funding units (trucks, engines) were inspected; and
- 727 asbestos projects were reviewed and inspected

Voluntary Incentive Grants

The District administers a voluntary incentive grants program offering financial assistance to businesses and individuals to reduce air pollution. Incentive funding helps achieve emissions reductions earlier than or beyond legal requirements. Over its history, the District has awarded over \$190 million in incentives. This has resulted in over 59,000 tons of lifetime emission reductions, at an average cost-effectiveness of approximately \$2,800 per ton. In 2007, the District executed over 320 agreements for over \$35.7 million. During their project lives, these projects are expected to reduce over 6,742 tons of NO_x, PM, and VOC emissions. The District funds the following types of projects:

- Diesel agriculture irrigation pump replacement
- On-road and off-road vehicle engine replacement, engine retrofit and vehicle replacement
- New clean vehicle purchases
- Locomotive replacements
- Vanpools
- E-mobility equipment
- Bicycle path construction

- Transit pass subsidies
- Many other cost-effective projects

In 2007-08, the District incentive program was reviewed in three State audits. The audits concluded that the program is robust and one of the best incentive programs in California.

Comprehensive Public Education and Outreach

As air quality continues to be a key issue for Valley residents, the District's comprehensive multi-lingual (English, Spanish, Punjabi and Hmong) outreach serves to educate Valley residents and stakeholders on the activities of the District and to enable residents to take a proactive role in improving air quality. Every Valley resident must take a level of ownership and make personal decisions to address the challenges presented by new federal mandates and health study information.

The District's outreach program includes community incentive programs. Through the Clean Green Yard Machine program, vouchers for electric lawn mowers were issued to retire 866 gas lawn mowers in the first half of 2008. Through the Burn Cleaner program, vouchers for gas-fueled fireplaces were issued from February through April 2008 for the removal of 244 wood burning devices.

In 2007–08, the District launched its most extensive public outreach effort, Healthy Air Living. The District hosted three inaugural summit conferences in late March 2008, when hundreds of Valley residents learned that their every day actions can play an instrumental part in cleaning the Valley's air. Healthy Air Living Week was held July 7-13, 2008. This enhanced public outreach initiative emphasizes:

- Making air quality a priority in all business and individual decisions
- Reducing vehicle miles traveled by the public
- Reducing emissions from high emitting equipment and processes
- Reducing emissions through energy efficiency and use of cleaner fuels and/or equipment

The following highlights some of the accomplishments in the first year of the Healthy Air Living Initiative:

- Held a series of three Healthy Air Living summits in Bakersfield, Fresno and Modesto attended by more than 500 individuals. Speakers from Valley businesses, organizations and municipalities highlighted their innovative and entrepreneurial air-friendly activities.
- Received proclamations of support from 42 cities and all eight Valley counties declaring Healthy Air Living Week. Most proclamations also included pledges to engage in air friendly behaviors.

- Received 4,600 personal pledges by Valley residents to engage in air friendly behaviors and enter to win a Toyota Prius. In addition to the car, Toyota dealers also provided \$50,000 in advertisements to promote Healthy Air Living Week and the drawing.
- Received pledges from 149 businesses with commitments to engage in air friendly behaviors.

FINANCIAL CONTROLS

Annual and Independent Audit

It is the policy of the District to have an annual audit performed by an independent certified public accounting firm appointed by the District's Governing Board. Brown Armstrong, Certified Public Accountants, conducted the independent audit of the District's financial statements for fiscal year ended June 30, 2008. The auditor's unqualified opinion on the basic financial statements is included in the Financial Section of this report.

As part of the District's annual audit engagement, the auditors review the District's internal control structure, as well as compliance with applicable laws and regulations. The results of the District's annual audit for fiscal year ended June 30, 2008, provided no instances of material weaknesses in connection with the internal control structure or violations of applicable laws and regulations.

As recipients of federal and state financial resources, the District is required to undergo an annual single audit. The information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separately issued report.

Internal Accounting Controls

Management of the District is responsible for establishing, maintaining and evaluating the District's accounting system with an emphasis on the adequacy of an internal control structure. The internal accounting controls are designed: to ensure that the assets of the government are protected against loss, theft or misuse; to ensure the reliability of adequate accounting data for the preparation of financial statements in conformity with generally accepted accounting principles and; to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the costs of control should not exceed the benefits likely to be derived from it and that the evaluation of costs and benefits require estimates and judgment be made by management.

The District's internal control evaluations occur within the above framework, which ensures adequate safeguard of the District's assets and reasonable assurance of proper recording of financial transactions.

Budgetary Control

In accordance with the provisions of the State Health and Safety Code Section 40131, the District's Formation Agreement, and the District's Administrative Code, the District prepares and legally adopts a final balanced budget on or before June 30 of each fiscal year. The final adopted budget is available for review on the District's Website, www.valleyair.org.

Budgetary control is exercised at the object level. All amendments or transfers of appropriations between these levels are authorized by the Executive Director/APCO and must be approved by the District Governing Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board.

Expenditures, except for fixed assets, are controlled at the object level for all program budgets within the District. Fixed assets are controlled at the sub-object level. There are no significant excess expenditures over the related appropriations in any object. Budgeted amounts are reported as amended.

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate effective cash planning and control.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

The accounting principles applied in developing budgetary expenditures data differ from the amount reported on the financial statements in conformity with generally accepted accounting principles. Reconciliation of the differences is presented in the Required Supplementary Information section of this report.

OTHER INFORMATION

Cash Management

The County of Fresno provides treasury management services to the District. Cash resources of District funds are invested as part of Fresno County's common investment pool. California Statutes and the County's Investment Policy authorize investments in obligations of the U.S. Treasury, agencies and instrumentalities, medium term notes, commercial paper, bankers' acceptances, repurchase

agreements and the State Treasurer's Investment Pool. The District's portfolio at June 30, 2008 is \$58.4 million.

The primary objective of the District's investment policy is to ensure money in the Treasury not required for the immediate needs of the District are prudently invested to preserve principal and provide necessary liquidity, while earning a market average rate of return.

Risk Management

The District participates in a joint powers authority, the Special District Risk Management Authority, (SDRMA) whose purpose is to develop and fund programs of excess insurance for comprehensive liability, property and employee blanket bonds for its member districts.

The District has coverage against claims up to a limit of \$10,000,000 for comprehensive general and auto liability and public official's liability, and up to \$400,000 for public employees blanket bond and for the replacement cost of property.

Acknowledgments


The dedicated services of the accountants and staff of the Finance Department made the preparation of our comprehensive annual financial report possible.

Recognition is also given to the Governing Board for their 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 in an efficient and cost effective manner.

Respectively submitted,



Seyed Sadredin
Executive Director / APCO

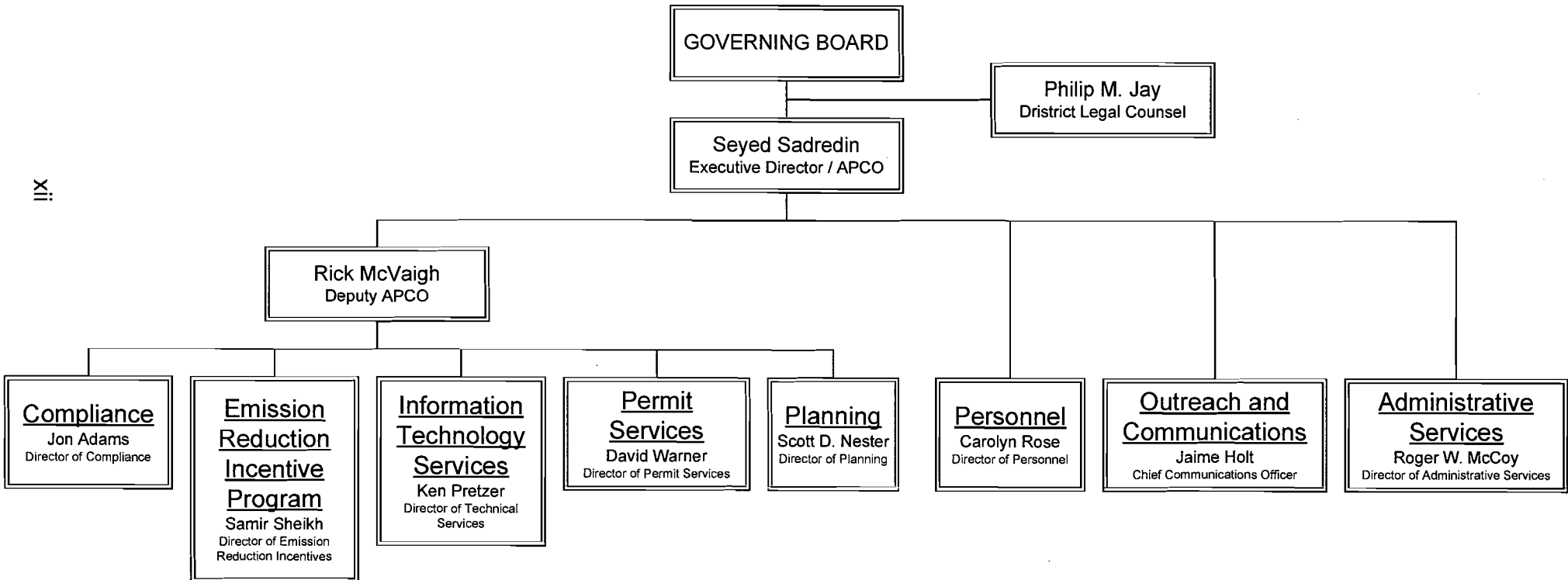


Roger W. McCoy
Director of Administrative Services

San Joaquin Valley Unified Air Pollution Control District

June 30, 2008

ix.



Financial Section



BROWN ARMSTRONG PAULDEN
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Ariadne S. Prunes, CPA
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Brooke N. DeCuir, CPA
Kenneth J. Witham, CPA
Clint W. Baird, CPA
Jose Garcia, CPA
Adrian Rich, CPA
Lance Larralde, CPA

The Governing Board
San Joaquin Valley Unified Air Pollution Control District
Fresno, California

We have audited the accompanying financial statements of the government activities and the major fund/general fund of San Joaquin Valley Unified Air Pollution Control District (the "District"), as of June 30, 2008, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

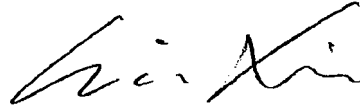
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and the major fund/general fund of the District, as of June 30, 2008, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as listed in the accompany table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures, which principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "B. A. Paulden", is written over the printed name of the firm.

Bakersfield, California
November 28, 2008

San Joaquin Valley Unified Air Pollution Control District

Management's Discussion and Analysis June 30, 2008

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter and the basic financial statements.

A. Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$68.6 million (*net assets*). Of this amount \$10.4 million (*unrestricted net assets*) may be used to finance the District's day-to-day operations without constraints established by legal requirements.
- The District's total net assets decreased \$9.7 million as compared to the prior fiscal year. A decrease of \$9.5 million to the cash account being the major factor in this decrease to the District's Total Net Assets.
- Total District Expenditures exceeded total District Revenues and Other Financing Sources by \$10.6 million. District Operating Revenues and Other Financing Sources exceeded District Operating Expenditures by \$1.9 Million. District Non-Operating Expenditures exceeded District Non-Operating Revenues by \$12.5 million.
- The District's General Fund reported total fund balance of \$61.4 million at year-end; a \$9.0 million decrease as compared to the prior year-end balance. Of this total \$7.8 million represents the unreserved fund balance.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. The District's report also includes required supplementary information to the Basic Financial Statements.

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

Government-Wide Financial Statements

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

The Statement of Net Assets reports all assets held and liabilities owed by the District on a full accrual basis. The difference between the two is reported as *net assets*. This difference is comparable to the total stockholders' equity presented by a commercial enterprise. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities reports the net cost of the District's activities by program and is prepared on the full accrual basis. Revenues and expenses are recognized as earned and incurred even though they may not have been received or paid in cash.

The focus of the Statement of Activities is on the cost of various program activities performed by the District. The Statement begins with a column that identifies the cost of each of the District's major programs. Another set of columns identifies the revenues that are specifically related to these activities. The difference between the expenses and the revenues related to specific program activities represents the net cost or revenue of the program activities. This determines the amount, if any, drawn from general revenues by each program activity.

The District's government-wide financial statements are presented on pages 17 to 18 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.

Governmental Fund

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 financial statements are prepared on the full accrual basis.

In general, these fund financial statements under the modified accrual basis have a short-term emphasis and for the most part, measure and account for cash and other assets that can easily be converted to cash. Specifically, cash and receivables collectible within a very short period of time as reported on the Balance Sheet. The capital assets such as land and buildings are not reported.

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

The operating statement for the General Fund reports 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 District's Balance Sheet is presented on page 19 and Statement of Revenues, Expenditures, and Changes in Fund Balance is presented on page 21 of this report.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. Since different accounting bases are used to prepare the above statements, a reconciliation is required to facilitate the comparison between the fund statements and the government-wide statements. The reconciliation of the total fund balance between these two statements can be found on page 20 of this report.

The reconciliation of the total changes in fund balance for all governmental funds to the change in net assets can be found on page 22 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found on pages 23 to 35 of this report.

Required Supplementary Information

In addition to the Basic Financial Statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison schedule and budgetary reconciliation. The Notes to Schedule of General Fund Budget and Actual Expenditures can be found on page 36 of this report.

C. Government-wide Financial Analysis

Our analysis focuses on the net assets and the changes in net assets of the District's governmental activities.

The following schedule is a condensed Statement of Net Assets as of the year ended June 30, 2008, as compared to the prior fiscal year.

Statement of Net Assets (In Thousands)

	FY 2007-08	FY 2006-07	Increase (Decrease)	Percent Change
Current and Other Assets	\$63,504	\$72,106	(\$8,602)	-11.9%
Capital Assets	10,812	9,740	1,072	11.0%
Total Assets	<u>\$74,316</u>	<u>\$81,846</u>	<u>(\$7,530)</u>	<u>-9.2%</u>
Current Liabilities	\$2,116	\$1,712	\$404	23.6%
Noncurrent Liabilities	3,337	1,837	1,500	81.7%
Total Liabilities	<u>\$5,453</u>	<u>\$3,549</u>	<u>\$1,904</u>	<u>53.6%</u>
Net Assets:				
Invested in Capital Assets, net of related debt	\$10,812	\$9,740	\$1,072	11.0%
Restricted for Special Projects/Programs	47,388	57,905	(10,517)	-18.2%
Unrestricted	10,364	10,652	(288)	-2.7%
Total Net Assets	<u><u>\$68,564</u></u>	<u><u>\$78,297</u></u>	<u><u>(\$9,733)</u></u>	<u><u>-12.4%</u></u>

The District's total net assets decreased \$9,732,571 as compared to the prior fiscal year. A decrease of \$9,547,459 to the cash account is the major factor in the decrease to net assets as compared to the prior fiscal year.

The District's total liabilities increased \$2,203,586 as compared to the prior fiscal year. Current Liabilities increased \$404,273, the major factors being a \$220,335 increase to Accounts Payable and a \$167,200 increase to Accrued Wages payable. Noncurrent Liabilities increased \$1,799,313, the major factors being a \$147,131 increase to Compensated Absences Payable and a \$1,652,183 increase to Capital Leases Payable.

Of the District's total net assets, 69.1% are restricted to expenditures for specific purposes, 15.1% are unrestricted and may be used to meet the District's ongoing obligations without constraints established by legal requirements, and 15.8% are capital assets (e.g. land, buildings, equipment, and vehicles) purchased and used in carrying out the mission of protecting public health while being sensitive to the

economic needs of local businesses. Consequently, these assets are not available for future spending.

The following is a condensed schedule of Changes in Net Assets for the fiscal year ended June 30, 2008, as compared to the prior year.

**Changes in Net Assets
(In Thousands)**

	Fiscal Year <u>2007-08</u>	Fiscal Year <u>2006-07</u>	<u>Difference</u>	<u>Percent Change</u>
Revenues:				
Program Revenues:				
Fees and Charges - Stationary Sources	\$11,559	\$11,317	\$242	2.1%
Fees and Charges - Mobile Sources	11,915	12,041	(126)	-1.0%
Operating Grants	3,845	94	3,751	3990.4%
Restricted Special Revenue Sources	26,628	30,231	(3,603)	-11.9%
General Revenues:				
State Subvention - Not Restricted	897	868	29	3.3%
Interest - Not Restricted	486	625	(139)	-22.2%
Penalties/Settlements	4,007	3,010	997	33.1%
Miscellaneous Revenue	125	81	44	54.3%
Total General Revenues	<u>\$59,462</u>	<u>\$58,267</u>	<u>\$1,195</u>	<u>2.1%</u>
Other Financing Sources	1,652	-	1,652	0.0%
Total Revenues & Other Financing Sources	<u>\$61,114</u>	<u>\$58,267</u>	<u>\$2,847</u>	<u>4.9%</u>
Current Expenses:				
Permitting	\$12,054	\$11,230	\$824	7.3%
Enforcement	9,378	8,819	559	6.3%
Agricultural Burning	1,181	1,115	66	5.9%
Plan & Rule Development	2,062	1,854	208	11.2%
Mobile Sources	2,284	1,526	758	49.7%
Public Education	2,187	1,675	512	30.6%
Air Quality Analysis	1,235	1,246	(11)	-0.9%
Air Monitoring	1,642	1,495	147	9.8%
Non-Operating Incentive Programs	40,453	37,768	2,685	7.1%
Total Expenses	<u>\$72,476</u>	<u>\$66,728</u>	<u>\$5,748</u>	<u>8.6%</u>
Increase/(Decrease) - Changes in Net Assets	<u>(\$11,362)</u>	<u>(\$8,461)</u>	<u>(\$2,901)</u>	<u>34.3%</u>

Governmental Activities

The objective of the Statement of Activities is to report the full cost of providing government services for the year. The format also permits the reader to ascertain the extent to which each function is either self-financing or draws from the general revenues of the District.

The Statement of Activities presents information showing how the District's net assets changed during the year. All changes in net assets are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

Fees, grants, state subvention, penalties, and settlements predominantly support governmental functions of the District. The primary governmental activities of the District include the following: Permit Services and Enforcement, Agricultural Burning, Plan and Rule Development, Mobile Source, Public Education, Air Quality Analysis, Air Monitoring, and Non-Operating Incentive Programs.

The following is a schedule of Revenues by Major Source for the fiscal year ended June 30, 2008, as compared to the prior year.

**Revenues by Major Source
Governmental Activities
(In Thousands)**

	Fiscal Year <u>2007-08</u>	Fiscal Year <u>2006-07</u>	Increase <u>(Decrease)</u>
Stationary Sources	\$11,559	\$11,317	\$242
Mobile Sources	11,915	12,041	(126)
Operating Grants	3,845	94	3,751
General Revenues *	5,515	4,584	931
Restricted Special Revenue Sources	26,628	30,231	(3,603)
Other Financing Sources - Capital Leases	1,652	0	1,652
	<u>\$61,114</u>	<u>\$58,267</u>	<u>\$2,847</u>

* Includes State Subvention, Interest, Penalties and Settlements, and other Miscellaneous Revenues that are not restricted to specific programs

Following are explanations of the significant revenue variances as compared to the prior fiscal year:

Stationary Source Revenue

- Stationary Source Revenue increased \$242,422 as compared to the prior fiscal year. Increases to Permit Fees of \$493,618, Indirect Source Review Fees of \$108,008, Portable Equipment Inspection Fees of \$265,934 and decreases in Development Mitigation Contract Administration Fees of \$198,664 and CMP Biennial Renewal Fees of \$524,443 are the major factors in the District's overall increase to Stationary Source Revenue.

Mobile Source Revenue

- Mobile Source Revenue decreased \$125,876 as compared to the prior fiscal year. A \$203,282 reduction in the amount of interest the District earned on DMV Fees and an increase of \$104,024 in the amount of Administrative Fees the District received for the Carl Moyer Program are the major factors in this net decrease.

Operating Grant Revenue

- Operating Grant Revenue increased \$3,750,724 as compared to the prior fiscal year. The major factor in this increase is the receipt of the FY08 EPA 105 Grant this fiscal year for \$1,817,146 that should have been received during FY 2006-07. When compared to the prior year amounts for Operating Grant Revenue the delay of receiving this grant from one year to the next results in \$3,634,292 increase when compared to prior year amount. (see table below)

Grant Revenue	2007-08	2006-07	(Decrease)
EPA 105 Grant	\$ 3,722,019	\$ -	\$ 3,722,019
EPA 103 Grant	122,500	93,795	28,705
Total Grant Revenue	\$ 3,844,519	\$ 93,795	\$ 3,750,724

Restricted Special Revenue Sources

- Restricted Special Source Revenue decreased \$3,603,117 as compared to the prior fiscal year. The table below details the major changes to the various Incentive Programs that make up this decrease.

Incentive Program Name	Fiscal Year 2007-08	Fiscal Year 2006-07	Increase (Decrease)
\$2 DMV Fees	\$ 5,695,550	\$ 6,135,791	\$ (440,241)
Carl Moyer Program	12,324,915	11,380,414	944,501
TCRP Funds	239,750	424,401	(184,651)
School Bus Retro/Replace Program	432,117	186,457	245,660
Development Mitigation Program	205,665	5,507,689	(5,302,024)
ISR Rule Mitigation Funds	4,582,338	3,393,218	1,189,120
Total	\$ 23,480,335	\$ 27,027,970	\$ (3,547,635)

The following is a schedule of District Expenses by Activity for the fiscal year ending June 30, 2008, as compared to the prior year.

Expenses by Activities
Governmental Activities
(In Thousands)

	Fiscal Year 2007-08	Fiscal Year 2006-07	Increase (Decrease)
Permitting	\$12,054	\$11,230	\$824
Enforcement	9,378	8,819	559
Agricultural Burning	1,181	1,115	66
Plan and Rule Development	2,062	1,854	208
Mobile Sorce	2,284	1,526	758
Public Education	2,187	1,675	512
Air Quality Analysis	1,235	1,246	(11)
Air Monitoring	1,642	1,495	147
Total Operating Expenses	<u>32,023</u>	<u>28,960</u>	<u>3,063</u>
Non-Operating Incentive Programs	<u>40,453</u>	<u>37,768</u>	<u>2,685</u>
Total District Expenses	<u><u>\$72,476</u></u>	<u><u>\$66,728</u></u>	<u><u>\$5,748</u></u>

Operating Expenditures

- Total Operating Expenditures increased \$3,063,557 as compared to the prior fiscal year.
- Total Salaries and Benefits increased \$716,246 as compared to the prior fiscal year. The addition of 14 permanent budgeted positions during the year and a 4% Cost of Living Adjustment for District employees, effective September 29, 2007 were the major factors in this increase.
- Total Services and Supplies increased \$432,050 as compared to the prior fiscal year. During FY 2007-08 there were numerous variances, both positive and negative, to the District's Service and Supply accounts. A significant increase in the amount of public outreach expended by the District as compared to the prior fiscal year was the major factor in the \$419,601 increase to the Professional and Specialized Services account.
- Total Fixed Assets decreased \$1,931,989 as compared to the prior fiscal year. Increases for the capital lease agreements to upgrade the District's Video Teleconferencing System for \$1,139,514, and the new Telephone System for \$512,668, coupled with the decrease of \$3,344,999 for the purchase of the District's northern region office building during the last fiscal year were the major factors in the net decrease to Total Fixed Assets.

Non-Operating Expenditures

- Non-Operating Incentive Program expenditures increased approximately \$2,684,767 as compared to the prior fiscal year. The table below details the major changes to the various Incentive Programs that make up this increase.

Incentive Program Name	Fiscal Year 2007-08	Fiscal Year 2006-07	Increase (Decrease)
DMV Heavy-Duty Program	\$ 18,508,966	\$ 7,748,839	\$ 10,760,127
Carl Moyer Program	11,928,328	10,702,671	1,225,657
Traffic Congestion Relief Program	864,535	8,979,397	(8,114,862)
School Bus Retro/Replace Program	2,338,413	3,870,000	(1,531,587)
State ERC Program	394,640	42,893	351,747
Peaker Plant Program	491,481	213,636	277,845
San Joaquin Valley Blueprint Program	-	250,000	(250,000)
Total	\$ 34,526,363	\$ 31,807,436	\$ 2,718,927

D. Financial Analysis of the District's General Fund

General Fund

As of the end of the fiscal year, the District's General Fund reported an ending fund balance of \$61,388,374, a decrease of \$9,005,980 in comparison with the prior year. Approximately 87% of this fund balance, or \$53,583,574, is reserved and restricted for specific purposes. The long-term contractual commitments related to these restricted programs involve multiple-year expenditures.

At the end of the fiscal year, the District's Unreserved Fund Balance was \$7,804,800, an increase of \$94,955 as compared with the prior year.

E. Capital Assets

The District's investment in capital assets is for its governmental activities. The book value was \$10,812,484 (net of accumulated depreciation of \$7,556,234) as of June 30, 2008. This investment in capital assets includes land, buildings and improvements, equipment for air monitoring stations, computer and office equipment, video conferencing equipment, and District vehicles.

Additional information on the capital assets can be found in the "Notes to Financial Statements" on page 31 of this report.

F. Current Year's Budget

The District Budget is divided into two sections. The Operating Budget represents those expenditures that directly support the everyday operations of the District. The Non-Operating Budget represents those expenditures for the incentive programs administered by the District. Various federal and state agencies provide funding for

these programs in the form of grants or agreements. Listed below are the major factors that explain the change from the Adopted Budget to the final Adjusted Budget at year-end.

The District's Adjusted Budget for the fiscal year ended June 30, 2008 was \$101,722,904, an increase of \$29,528,704 as compared to the years Adopted Budget.

The Adjusted Operating Budget at June 30, 2008 was \$32,076,900, an increase of \$1,283,900 as compared to the Adopted Operating Budget. A \$1,015,900 budget increase to fund additional District staff and other resources to accommodate current and future workload associated with the District's Enhanced Emission Reduction Incentive Program was the major factor in the increase to the adopted budget.

The Adjusted Non-Operating Budget at June 30, 2008 was \$69,646,004, an increase of \$28,244,804 as compared to the Adopted Non-Operating Budget. Budget additions for the Lower Emission School Bus Program \$20,714,933 and the early grant revenue portion of the Proposition 1B Goods Movement Emission Reduction Program \$5,415,000 were the major factors in this increase.

Operating Budget

Revenues

Actual Operating Revenues at June 30, 2008 were \$31,534,083 as compared to the final Adjusted Budget of \$28,390,000, a positive variance of \$3,144,083. Two major factors were responsible for this positive variance; 1) The FY07 Federal EPA 105 Grant, in the amount of \$1,817,146, that should have been awarded in FY 06/07, was awarded and received in the first quarter of FY 07/08. 2) Actual Penalties and Settlements received were \$1,066,887 more than budgeted

Expenditures

Actual Operating Expenditures at June 30, 2008 were \$30,715,120 as compared to the final Adjusted Budget of \$32,076,900, a positive variance of \$1,361,780.

Salaries and Benefits

Actual Salary and Benefit expenditures at year-end were \$24,196,584 as compared to the final Adjusted Budget of \$25,250,400, a positive variance of \$1,053,816. Salary and benefit savings on vacant positions during the year were the major factor contributing to the positive variance.

Services and Supplies

Actual Service and Supplies expenditures at year-end were \$3,883,778 as compared to the final Adjusted Budget of \$4,895,400, a positive variance of \$1,011,622. The major factors in this positive variance were the Professional

and Specialized Services account that was under budget by \$661,590 and the Video Conferencing Maintenance and Operation account that was under budget by \$93,485. Of this amount, \$604,274 for Professional and Specialized Services and \$85,479 for Video Conferencing Maintenance and Operations was encumbered for binding commitments that were entered into prior to the end of the fiscal year that will be expended in FY 2007-08.

Fixed Assets

Actual Fixed Assets expenditures at year-end were \$2,634,758 as compared to the final Adjusted Budget of \$1,931,100, a negative variance of \$703,658. Listed in the table below are the expenditures that make up the major variances in the Fixed Assets accounts.

	Final Adjusted Budget	Actual Expenditures @ 6/30/08	Variance Positive (Negative)	Amount Encumbered
Office Furniture and Equipment	\$ 92,700	\$ 21,224	\$ 71,476	\$ 66,000
Telephone System	146,600	540,862	(394,262)	122,974
Automobiles	321,700	226,916	94,784	-
Video Teleconferencing System	156,100	1,271,538	(1,115,438)	24,330
Air Monitoring Station Equipment	227,500	69,672	157,828	105,000
Proposition 1B Building Expansion	400,000	-	400,000	400,000
Total	<u>\$ 1,344,600</u>	<u>\$ 2,130,212</u>	<u>\$ (785,612)</u>	<u>\$ 718,304</u>

Capital Lease Agreements for a new Telephone System and the upgrade of the Video Teleconferencing System were budgeted in the District's FY 2008-09 Adopted Budget. Because these agreements were actually executed during FY 2007-08, GASB Accounting Rules require that the total lease amount, \$512,668 for the Telephone System and \$1,139,514 for the upgrade to the Video Teleconferencing System, be recorded as expenditures in the year the agreements were executed. The negative variances in the table above for the Telephone System and the Video Teleconferencing System are a result of this requirement.

Non-Operating Budget

Revenues

Actual Non-Operating Revenues at June 30, 2008 were \$27,927,693 as compared to the final Adjusted Budget of \$66,019,704, a negative variance of \$38,092,011. Listed in the table below are the revenues that make up the major variances in Non-Operating Revenues.

	Final Adusted Budget	Actual Revnues @ 6/30/08	Variance Positive (Negative)
Interest - Non-Operating	\$ 499,600	\$ 2,364,600	\$ 1,865,000
Proposition 1B Program	5,415,000	-	(5,415,000)
Lower Emission School Bus Programs	20,714,933	-	(20,714,933)
ISR Rule and Development Mitigation Funds	17,554,300	4,328,231	(13,226,069)
Total	\$ 44,183,833	\$ 6,692,831	\$ (37,491,002)

The amount of interest that will be earned on Non-Operating Revenue is difficult to estimate at the time the budget is prepared. Unknown variables include the timing of when the revenues will actually be received, how fast the revenues will be expended, and what the interest rates will be during the year.

The revenue for the Proposition 1B Program, \$5,415,000, and the revenue for the Lower Emission School Bus Programs, \$20,714,933, that were budgeted for receipt during FY 2007-08 are now expected to be received during FY 2008-09. The \$13,226,069 negative variance in ISR Rule and Development Mitigation Funds was due to the downturn in the economy and the less than anticipated projects started during the fiscal year.

Expenditures

Actual Non-Operating Expenditures at June 30, 2008 were \$5,378,387 as compared to the final Adjusted Budget of \$69,646,004 a positive variance of \$64,267,617. Listed in the table below are the expenditures that make up the major variances in Non-Operating Expenditures.

	Final Adusted Budget	Actual Expenditures @ 6/30/08	Variance Positive (Negative)	Amount Reserved
DMV Surcharge Fee Programs	\$ 12,002,300	\$ 3,266,925	\$ 8,735,375	\$ 8,735,375
Carl Moyer Program	12,517,300	1,631,365	10,885,935	10,885,935
School Bus Retrofit/Replacement	409,071	315,239	93,832	93,832
Deveopment Mitigation Contracts	8,404,400	-	8,404,400	-
ISR Rule Mitigation Program	9,209,700	35,832	9,173,868	-
Proposition 1B Program	5,415,000	-	5,415,000	-
Lower Emission School Bus Programs	20,714,933	-	20,714,933	-
Total	\$ 68,672,704	\$ 5,249,361	\$ 63,423,343	\$ 19,715,142

The District has a policy of not entering into incentive grant contracts until grant funds are received by the District. As detailed on the prior page, a significant amount of the grant funds that were received and appropriated in FY 2006-07, (DMV Surcharge Fee Programs, Carl Moyer Program, and the School Bus Retrofit/Replacement Programs) will not be expended on incentive contracts until FY 2008-09 or later.

G. Next Year's Budget

The Adopted Budget for FY 2008-09 is \$137,037,900 as compared to the Adjusted Budget for FY 2007-08 of \$75,774,971, an increase of \$61,262,929 or 81%. Operating appropriations were increased 9%, while Non-Operating appropriations were increased 132%.

The FY 2008-09 Budget includes an 8% increase to stationary source fees effective January 18, 2008. This fee increase was approved by the District's Governing Board on January 17, 2008.

Operating Budget: The Operating Budget shows an increase of \$2,921,700, or 9.2% as compared to the prior year adjusted budget. The table below details the changes to the three major appropriation categories.

	FY 2008-09 Adopted Budget	FY 2007-08 Adjusted Budget	Increase (Decrease)
Salaries & Benefits	\$ 27,017,900	\$ 25,250,400	\$ 1,767,500
Services & Supplies	5,115,000	4,840,400	274,600
Fixed Assets	2,410,700	1,531,100	879,600
Total Operating Appropriations	\$ 34,543,600	\$ 31,621,900	\$ 2,921,700

Non-Operating Budget: The Non-Operating Budget for the FY 2008-09 Adopted Budget is \$102,494,300 as compared to the FY 2007-08 Adjusted Budget of \$44,153,071, an increase of \$58,341,229. Increases of \$38,503,500 for the Proposition 1B Program and \$19,208,000 for the Lower Emission School Bus Program are the major factors in the increase to the Non-Operating Budget.

H. Economic Factors

It is important to note that the District is relatively self-sufficient with no significant dependence on the state. In addition, ongoing, long-term forecasts project good fiscal health for the District. So while the District does face a full agenda of challenges, the Governing Board has sufficient resources available to meet those challenges.

I. Requests for Information

This financial report is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, 1990 East Gettysburg Avenue, Fresno, California 93726-0244.

San Joaquin Valley Unified Air Pollution Control District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$58,396,985
Accrued Revenues	5,105,617
Prepaid Expenses	1,616
Total Current Assets	63,504,218
Noncurrent Assets:	
Land	904,208
Capital Assets, Net of Accumulated Depreciation	9,908,276
Total Noncurrent Assets	10,812,484
Total Assets	74,316,702
<u>Liabilities</u>	
Current Liabilities - Due within one year	
Accounts Payable	478,283
Accrued Wages Payable	1,489,515
Compensated Absences Payable	148,046
Total Current Liabilities	2,115,844
Noncurrent Liabilities	
Due within one year	
Capital Leases Payable	299,575
Total Noncurrent Liabilities - Due within one year	299,575
Due in more than one year	
Compensated Absences Payable - Due In More Than One Year	1,984,540
Capital Leases Payable	1,352,608
Total Noncurrent Liabilities - Due in more than one year	3,337,148
Total Non-current Liabilities	3,636,723
Total Liabilities	5,752,567
<u>Net Assets</u>	
Invested in Capital Assets	10,812,484
Restricted for Special Projects/Programs	47,387,764
Unrestricted	10,363,887
Total Net Assets	\$68,564,135

The notes to the financial statements are an integral part of the this statement.

San Joaquin Valley Unified Air Pollution Control District
Statement of Activities
For the Year Ended June 30, 2008

Programs	Expenses	Program Revenues				Restricted Special Revenue Sources	Net (Expense) Revenue and Changes in Net Assets
		Fees & Charges for Services		Operating Grants	Governmental Activities		
		Stationary Sources	Mobile Sources				
Governmental Activities:							
Permitting	\$12,053,583	\$5,344,055	\$1,283,769	476,072	-	(\$4,949,687)	
Enforcement	9,378,191	5,745,911	1,393,124	475,081	-	(1,764,075)	
Agricultural Burning	1,180,869	394,979	271	6,483	-	(779,136)	
Plan & Rule Development	2,062,228	-	1,492,049	594,903	-	24,724	
Mobile Sources	2,284,463	74,438	1,994,488	549,272	-	333,735	
Outreach & Communications	2,187,232	-	2,110,292	713,736	-	636,796	
Air Quality Analysis	1,234,496	-	941,886	395,877	-	103,267	
Air Monitoring	1,641,947	-	1,399,390	633,095	-	390,538	
Non-Operating	40,453,003	-	1,300,000	-	\$26,627,693	(12,525,310)	
Total Governmental Activities	<u>\$72,476,012</u>	<u>\$11,559,383</u>	<u>\$11,915,269</u>	<u>\$3,844,519</u>	<u>\$26,627,693</u>	<u>(18,529,148)</u>	
General Revenues & Other Financing Sources:							
						896,628	
						486,560	
						4,006,786	
						124,938	
						1,652,183	
						<u>7,167,095</u>	
						(11,362,053)	
As Stated Net Assets - beginning, July 1, 2007							
						78,296,705	
						1,629,483	
						<u>79,926,188</u>	
Net Assets - ending							
						<u>68,564,135</u>	

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District
Balance Sheet - General Fund
June 30, 2008

Assets:	
Cash and Cash Equivalents	\$ 58,396,985
Accrued Revenues	5,105,617
Suspense Accounts Receivable	1,616
Total Assets	<u>\$ 63,504,218</u>
Liabilities:	
Accounts Payable	\$ 478,283
Accrued Wages Payable	1,489,515
Compensated Absences Payable	148,046
Total Liabilities	<u>2,115,844</u>
Fund Balance:	
Reserved Fund Balance	53,583,574
Unreserved Fund Balance	7,804,800
Total Fund Balance	<u>61,388,374</u>
Total Liabilities and Fund Balance	<u>\$ 63,504,218</u>

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District

Reconciliation of the General Fund Balance Sheet to the Government-wide Statement of Net Assets

June 30, 2008

Fund Balance - General Fund	\$61,388,374
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Land and Capital Assets Net of Accumulated Depreciation have not been included as financial resources in the General Fund activity. These capital assets are reported in the Statement of Net Assets as capital assets of the District as a whole.

10,812,484

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

(3,636,723)

Net Assets of Governmental Activities

\$68,564,135

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Air Pollution Control District
Statement of Revenue, Expenditures, and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2008

Revenues:	
Operating:	
License and Permit Fees	\$ 21,054,122
Administrative Fees	1,131,587
Penalties and Settlements	3,906,786
Interest	486,560
State Grants	896,628
Federal Grants	3,844,519
Miscellaneous Revenue	213,881
Total Operating Revenue	<u>31,534,083</u>
Non-Operating:	
Incentive Grants	\$ 25,484,069
Interest	2,364,600
Federal Grants	79,024
Total Non-Operating Revenue	<u>27,927,693</u>
Total Revenue	<u><u>59,461,776</u></u>
Expenditures:	
Operating:	
Salaries and Benefits	24,195,285
Services and Supplies	4,246,693
Capital Outlay	2,854,440
Total Operating Expenditures	<u>31,296,418</u>
Non-Operating:	
Pass Through and Non-Operating	40,453,003
Total Expenditures	<u>71,749,421</u>
Other Financing Sources	
Capital Lease Agreements	1,652,183
Total Other Financing Sources	<u>1,652,183</u>
Deficiency of Revenues under Expenditures	<u>(10,635,462)</u>
As Stated Beginning Fund Balance, July 1, 2007	70,394,353
Adjustment to Fund Balance - (See Note 1. J)	1,629,483
Restated Beginning Fund Balance, July 1, 2007	<u>72,023,836</u>
Fund Balance, June 30, 2008	<u><u>\$ 61,388,374</u></u>

The notes to the financial statements are an integral part of this statement.

San Joaquin Valley Unified Air Pollution Control District

Reconciliation of the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-wide Statement of Activities

For the Year Ended June 30, 2008

Net Change in Fund Balance - General Fund	(\$10,635,463)
---	----------------

The General Fund reports capital outlays as expenditures. However, in the Government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of the capital outlays recorded in the current period.

187,148

Depreciation expense on capital assets is reported in the Government-wide Statement of Activities but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the General Fund.

(766,608)

Increase in compensated absences due in more than one year

<u>(147,130)</u>

Change in Net Assets of Governmental Activities

<u><u>(\$11,362,053)</u></u>

The notes to the financial statements are an integral part of this statement

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The San Joaquin Valley Unified Air Pollution Control District (the "District") is a special district operating under the provisions of Sections 40150 through 40162 of the California Health and Safety Code. The District exists to develop and implement programs on a local level to meet the requirements of state and federal air pollution control laws in the San Joaquin Valley. The San Joaquin Valley Air Basin (SJVAB) comprises eight counties (San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the Valley portion of Kern), and covers about 25,000 square miles. The District is governed by a fifteen member Board that consists of one representative from the board of supervisors of all eight counties, five Council Members from Valley cities and two governor-appointed public members. The District operates a network of air monitoring stations, analyzes air quality data and establishes maximum emission levels for stationary, commercial, and industrial facilities that are enforced through the District's permit system.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resource 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers accrued revenue to be available if it is collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and

claims and judgments, are recorded only when payment is due. State and Federal Grants, Vehicle Registration Fees, Licenses and Interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the District receives cash.

Government-wide Financial Statements

The District government-wide financial statements include a Statement of Net Assets and Statement of Activities. These statements present summaries of governmental activities for the District as a whole.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities including capital assets and long-term liabilities are included in the accompanying Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given functional activity are offset by program revenues directly connected with the functional activity. Direct expenses are those that are clearly identifiable with a specific functional activity.

The District's functional activities are broken down into the following categories:

- Permitting
- Enforcement
- Agricultural Burning
- Plan and Rule Development
- Mobile Sources
- Outreach & Communications
- Air Quality Analysis
- Air Monitoring

The types of transactions reported as program revenues are reported in three categories: 1) Fees and Charges, including stationary source fees from permitted facilities and mobile source fees derived from motor vehicle registrations, 2) Operating Grants that are in support of air pollution program activities, and 3) Restricted Special Revenue Sources. Program revenues are netted with program expenses to present the net cost of each functional activity. Interest income and other miscellaneous revenue that cannot be identified with a program are reported as General Revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences as a result of the integrated approach of GASB Statement Number 34 reporting.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Using the current financial resources measurement focus means that only current assets and current liabilities are generally included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than recording them as fund assets.

C. Fund Types

General Fund

The primary operating fund of the District is used to record transactions relating to its general business operations.

D. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is employed in the General Fund. Purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are recorded as reservations of fund balance for expenditure in a subsequent year. These outstanding encumbrances do not constitute expenditures or liabilities until performance has occurred on the part of the vendors with whom the District has entered into an agreement.

E. Capital Assets and Depreciation

Land, equipment, buildings and improvements are valued at cost unless obtained by donation in which case the assets are recorded at the appraised value at the date of receipt. Capital Asset purchases with values of at least \$2,000 and with an expected useful life greater than one year are capitalized.

Repair and maintenance costs are charged to current expenditures as incurred. Equipment disposed of or no longer required for its existing use is removed from the records at actual or estimated cost.

Depreciation is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Assets. Property, plant, and equipment of the District are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	20-40 Years
Air Monitoring and Detection Equipment	5-10 Years
Office Furniture and Other Misc. Equipment	5-10 Years
Telephone Equipment	10 Years
Computer Equipment	5 Years
Automobiles	5 Years

F. Compensated Absences

Regular full-time employees accumulate annual leave. Certain restrictions apply with respect to the accumulation of annual leave and its payment at termination.

The current and noncurrent portion of compensated absences amounted to \$148,046 and \$1,984,540 respectively, and has been reflected in the Statement of Net Assets.

G. Self Insurance

The District is self-insured on comprehensive/collision coverage on all District automobiles. The Special District Risk Management Authority provides coverage for comprehensive general and auto liability, public officials liability, public employees blanket bond, and the replacement cost of property. (See note 6).

H. Restrictions on Net Assets

Total Restricted Net Assets at year-end were \$47,387,764. Restricted Net Assets are assets that are subject to restrictions beyond the District's control. The programs listed below are subject to restrictions imposed by the grantors of each program. The amounts for each program are as follows:

Heavy-Duty Program - Incentives	\$23,146,586
DMV Surcharge Fees - Incentives	13,555,958
DMV Fees - Rollover	614,902
DMV Administrative Fees	57,479
State ERC Bank Program	112,679
Backup Generator Program	127,827
Peaker Plant Program	614,255
Dairy CEQA Program	8,520
ISR Rule Mitigation Program	7,773,314
Development Mitigation Contracts	1,126,244
San Joaquin Valley Blueprint Project	250,000
Total Restricted Net Assets	<u>\$47,387,764</u>

As these restrictions are also reserves of fund balance, a description and the purpose of each program can be found in (Note I.) Reserved Fund Balances.

I. Reserved Fund Balances

Portions of the General Fund balance are reserved for specific future use and are, therefore, not available for appropriation. The amounts and purpose of these reserves are as follows:

General Reserve	\$3,500,000
Reserve for Long-Term Building Maintenance	343,000
Reserve for Encumbrances	2,352,810
Reserve for Heavy-Duty Program - Incentives	23,146,586
Reserve for DMV Surcharge Fees - Incentives	13,555,958
Reserve for DMV Fees - Rollover	614,902
Reserve for DMV Administrative Fees	57,479
Reserve for State ERC Bank Program	112,679
Reserve for Backup Generator Program	127,827
Reserve for Peaker Plant Program	614,255
Reserve for Dairy CEQA Program	8,520
Reserve for ISR Rule Mitigation Program	7,773,314
Reserve for Development Mitigation Program	1,126,244
Reserve for San Joaquin Valley Blueprint Project	250,000
Total Reserved Fund Balance	<u>\$53,583,574</u>
Unreserved Fund Balance	<u>7,804,800</u>
Total Fund Balance	<u>\$61,388,374</u>

- The \$3,500,000 general reserve was established by the District Governing Board to provide for additional financial stability.
- The \$343,000 was established by the District Governing Board to provide a reserve for Long-term Building Maintenance.
- The \$2,352,810 fund balance reserve for encumbrances outstanding at June 30, 2008 represents the amount of expenditures that would result if contracts in process at fiscal year end were completed. This reserve earmarks resources for specific future uses and legally segregates a portion of the fund balance.
- The \$23,146,586 fund balance reserve for the Heavy-Duty Program - Incentives represents monies and related interest identified by the District Governing Board for distribution to qualifying Heavy-Duty Programs. The qualifying programs include the Carl Moyer Program, California Energy Commission Funds (CEC), the Traffic Congestion Relief Program (TCRP), Miscellaneous Incentive Grants – Hearing Boards, and the School Bus Retrofit/Replacement Program.
- The \$13,555,958 fund balance reserve for DMV Surcharge Fees – Incentives represents monies identified by the District Governing Board for distribution to qualifying agencies or individuals in the District's DMV Heavy Duty Emissions Program and the DMV Mobile Source Incentives Program.
- The \$614,902 fund balance reserve for the DMV Surcharge Fees – Rollover represents unanticipated revenue, unexpended appropriations specifically identified for District-managed incentive programs, and interest earned on DMV Surcharge Fee monies.
- The \$57,479 fund balance reserve for the DMV Administrative Fees represents the administrative fee portion of DMV Surcharge Fees received at the fiscal year-end. This reserve will be released to the general fund as incentive contracts are executed and administrative funds are expended.
- The \$112,679 fund balance reserve for the State ERC Bank program represents monies from the California Air Resources Board's NOx and PM Emission Reduction Credit Bank Program. The District will use these funds for Heavy-Duty Engine Emission Reduction Program incentives.
- The \$127,827 fund balance reserve for the Backup Generator Program represents monies received from the California Air Resources Board to mitigate emissions from back-up diesel generators or other sources with the same or similar emissions.

- The \$614,255 fund balance reserve for the Peaker Plant Mitigation Program represents monies from new and expanding Power Plants to fund mitigation programs focused on Heavy-Duty Engine Projects. The District will use these funds for Heavy-Duty Engine Emission Reduction Program incentives.
- The \$8,520 fund balance reserve for the Dairy CEQA Program represents monies received from dairy permit applicants within the San Joaquin Valley. These monies will be used to fund and execute agreements with dairy project applicants and environmental consultants to prepare CEQA documents for dairy projects where the District is the Lead Agency.
- The \$7,773,314 fund balance reserve for the ISR Rule Mitigation Program represents funds received from new development projects. These funds will be used as incentive grants for projects that will offset the future projected emissions generated by these development projects.
- The \$1,126,244 fund balance reserve for the Development Mitigation Program represents funds received from voluntary development mitigation contracts. These funds will be used as incentive grants for projects that will offset the projected future emissions of these development projects.
- The \$250,000 fund balance reserve for the San Joaquin Valley Blueprint Project represents monies committed by the District to provide matching funds for the Blueprint Project. The California Regional Blueprint Program makes available five million dollars per year, for two years, to Metropolitan Planning Organizations and Councils of Governments to conduct comprehensive scenario planning that results in consensus by regional leaders, local governments and stakeholders on a preferred growth scenario or "Blueprint" to achieve objectives over a twenty-year planning horizon.

J. Restatements

During FY 2007-08 \$1,629,483 of incentive grant funds was received for refunds on expenditures recognized in prior fiscal years. In future months these funds will be re-committed and re-expended to the specific incentive grant programs that these funds originated from in prior fiscal years.

K. Use of Estimates

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

2. CASH ON HAND AND ON DEPOSIT

Cash on hand and on deposit as of June 30, 2008 consisted of the following:

Cash on Hand	
Petty Cash	\$1,050
District Cash Funds	3,000
Change Funds	150
Postage Funds	17,689
Total Cash On Hand	21,889
Deposits with Financial Institutions	
Wells Fargo Bank	358,730
United States Post Office	1,663
Total Deposits with Financial Institutions	360,393
Investments with County Investment Pools	
Fresno County Treasurer	57,006,396
Kern County Treasurer	1,008,307
Total Investments with County Investment Pools	58,014,703
Total Cash on Hand and on Deposit	\$58,396,985

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk and credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
County Investment Pool	N/A	100%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County Investment Pool	<u>\$58,014,703</u>	<u>\$58,014,703</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of the rating required by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, and the actual rating as of year-end for each type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
County Investment Pool	<u>\$0</u>	<u>N/A</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$58,014,703</u>

3. CAPITAL ASSETS AND DEPRECIATION

Capital Assets of the District for the year ended June 30, 2008 consisted of the following:

	Capital Assets - Governmental Activities			
	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Land	\$580,000	\$324,208		\$904,208
Building & Improvements	3,142,615	3,046,367		6,188,982
Machinery & Equipment	9,077,455	\$943,010	\$584,267	9,436,198
Totals	<u>12,800,070</u>	<u>4,313,585</u>	<u>584,267</u>	<u>16,529,388</u>
Less:				
Accumulated Depreciation	<u>6,295,630</u>	<u>1,020,811</u>	<u>526,815</u>	<u>6,789,626</u>
Net book value of Capital Assets	<u>\$6,504,440</u>	<u>\$3,292,774</u>	<u>\$57,452</u>	<u>\$9,739,762</u>

For the year ended June 30, 2008, the depreciation expense of \$766,608 on capital assets was charged to the District's activities as follows:

Permitting	\$180,743
Enforcement	289,197
Agricultural Burning	-17,021
Plan and Rule Development	50,979
Emission Reduction Incentives	53,296
Public Education	21,056
Air Quality Analysis	19,666
Air Monitoring	<u>168,692</u>
Total Depreciation Expense	<u>\$766,608</u>

4. COMPENSATED ABSENCES

Unused annual leave is paid at the time of termination. It may accumulate up to a maximum of 560 hours. It is paid at 100% of the hourly rate the employees were earning just prior to termination of their employment with the District.

The following is a summary of earned compensated absences of the District for the year ended June 30, 2008:

July 1, 2007 Balance	\$1,837,410
Plus: Net Increase 7/1/07 - 6/30/08	<u>295,176</u>
June 30, 2008 Balance	<u>\$2,132,586</u>
Amount Due within One Year	<u>\$148,046</u>
Amount Due in More Than One Year	<u>\$1,984,540</u>

5. RETIREMENT PLANS

Plan Description:

The District contributes to the Kern County Employees' Retirement Association (KCERA), a cost-sharing, multiple employers, defined benefit pension plan administered by the Board of Retirement. KCERA provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County Employees' Retirement Law of 1937 assigns the authority to establish and amend benefit provisions to the Kern County Board of Supervisors. KCERA issues a stand-alone financial report and required supplementary information, which may be obtained by calling the Retirement Board at (661) 868-3790.

Funding Policy

Plan members must contribute a percentage of their annual covered salary, which varies depending upon their age at date of entry in the association. The Average percentage was 4.0% during the fiscal year. The District is required to

contribute at an actuarially determined rate. The contribution is 25.26% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Board of Retirement. The District's contributions to KCERA for each of the last three fiscal years are as follows:

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$5,078,432	100%
2007	5,208,586	100%
2006	4,040,113	100%

6. RISK MANAGEMENT

The District participates in a joint powers authority, the Special District Risk Management Authority, (SDRMA) whose purpose is to develop and fund programs of excess insurance for comprehensive liability, property and employee blanket bonds for its member districts.

For the fiscal year 2007-08, the District contributed \$151,183 to the SDRMA. The District's contributions represented 0.6% of all member contributions.

The District has coverage against claims up to a limit of \$10,000,000 for comprehensive general and auto liability and public officials liability, and up to \$400,000 for public employees blanket bond and for the replacement cost of property.

The District's workers compensation insurance carrier during fiscal year 2007-08 was State Compensation Insurance Fund.

7. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan permits them to defer a portion of their salary until future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

The deferred compensation plan monies are invested in various investment funds as selected by the participating employees. The available investment options include a fixed return fund, stock fund, bond fund and a money market fund. All amounts of compensation deferred under the plan and all income attributed to those amounts are held in trust for the exclusive benefit of plan participants and their beneficiaries.

Effective January 1, 1999, federal legislation requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. The District's deferred compensation administrator, Hartford Life Insurance Co. qualifies as

a plan trustee to meet the federal requirements. In accordance with GASB Statement 32, the District no longer reports plan assets and liabilities in its financial statements.

8. COMMITMENTS

Operating Leases

The District is obligated under operating leases for the rental of office space. The District's rental expense was \$211,200 for the year ended June 30, 2008. Future minimum lease payments under these leases are as follows:

Year Ending June 30, 2009	\$ 327,000
Year Ending June 30, 2010	367,200
Year Ending June 30, 2011	<u>367,200</u>
Total	<u>\$ 1,061,400</u>

9. CAPITAL LEASE OBLIGATIONS

Shortly before the end of the last fiscal year the District entered into two capital lease agreements. One agreement for a new Telephone System, and a second agreement for a Video Teleconferencing System Upgrade, that provides title to pass to the District upon expiration of the lease period. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date

The assets acquired through capital leases are as follows:

Asset:	Total Future Minimum Lease Payments
Telephone Equipment	\$512,668
Video Teleconferencing Equipment	<u>1,139,514</u>
Subtotal	\$1,652,182
Less: Accumulated Depreciation	<u>0</u>
Total	<u><u>\$1,652,182</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

Year Ended June 30:	Total Future Minimum Lease Payments
2009	\$372,946
2010	372,946
2011	372,946
2012	372,946
2013	372,946
Total minimum lease payments	<u>1,864,730</u>
Less: amount representing interest	<u>(212,548)</u>
Present Value of minimum lease payments	1,652,182
Amount due within one year	<u>(299,575)</u>
Amount due in more than one year	<u><u>\$1,352,607</u></u>

10. PENDING LITIGATION

There are various lawsuits and claims filed against the District which, in the opinion of the District Counsel, will be resolved with no material adverse effect on the District's financial position or results of operations.

**Required
Supplementary
Information**

San Joaquin Valley Unified Air Pollution Control District
General Fund - Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance
	Adopted	Final Adjusted		Positive (Negative)
Operating Budget				
Revenues:				
Vehicle Registration Fees	\$ 9,800,000	\$ 9,800,000	\$ 9,657,024	\$ (142,976)
License & Permit Fees	11,937,800	12,553,700	12,528,685	(25,015)
Interest	360,000	360,000	486,560	126,560
Penalties & Settlements	2,839,900	2,839,900	3,906,786	1,066,886
State Grants	882,000	882,000	896,628	14,628
Federal Grants	1,840,000	1,840,000	3,844,519	2,004,519
Miscellaneous Revenue	59,400	114,400	213,881	99,481
Total Operating Revenues	<u>27,719,100</u>	<u>28,390,000</u>	<u>31,534,083</u>	<u>3,144,083</u>
Other Financing Sources				
Capital Lease Agreements	-	-	1,652,183	1,652,183
Operating Amounts Available For Appropriations	<u>27,719,100</u>	<u>28,390,000</u>	<u>33,186,266</u>	<u>4,796,266</u>
Expenditures:				
Salaries and Benefits	24,779,700	25,250,400	24,196,584	1,053,816
Services & Supplies	4,601,800	4,895,400	3,883,778	1,011,622
Fixed Assets				
Office Improvements	51,300	51,300	10,367	40,933
Computer Equipment	402,400	449,900	449,596	304
Office Furniture/Equipment	39,200	92,700	21,224	71,476
Office Machines	65,100	65,100	29,852	35,248
Telephone System	143,700	146,600	540,862	(394,262)
Detection Equipment	20,200	20,200	14,730	5,470
Automobiles	306,000	321,700	226,916	94,784
Safety Equipment	-	-	-	-
Video Conferencing System	156,100	156,100	1,271,539	(1,115,439)
Air Monitoring Station Equipment	227,500	227,500	69,672	157,828
Proposition 1B Building Expansion Project	-	400,000	-	400,000
Total Fixed Assets	<u>1,411,500</u>	<u>1,931,100</u>	<u>2,634,758</u>	<u>(703,658)</u>
Total Operating Charges to Appropriations	<u>30,793,000</u>	<u>32,076,900</u>	<u>30,715,120</u>	<u>1,361,780</u>
Deficiency of Operating Revenues Over Expenditures	<u>(3,073,900)</u>	<u>(3,686,900)</u>	<u>2,471,146</u>	<u>6,158,046</u>
Non-Operating Budget				
Revenues:				
Air Toxics Fees - Pass Through	36,000	36,000	27,874	(8,126)
Heavy-Duty Engine Emission Program Funds	11,356,300	37,650,104	11,934,437	(25,715,667)
DMV Surcharge Fees - Pass Through	9,879,500	9,879,500	9,184,184	(695,316)
Interest - Non-Operating	499,800	499,800	2,364,600	1,864,800
Federal Grants - Non-Operating	200,000	200,000	79,023	(120,977)
Dairy CEQA Program	200,000	200,000	9,344	(190,656)
Development Mitigation Program Contracts	8,304,000	8,304,000	-	(8,304,000)
ISR Rule Mitigation Funds - Pending	9,250,300	9,250,300	4,328,231	(4,922,069)
Winery Rule Mitigation Funds	-	-	-	-
Non-Operating Amounts Available For Appropriations	<u>39,725,900</u>	<u>66,019,704</u>	<u>27,927,693</u>	<u>(38,092,011)</u>
Expenditures:				
Air Toxics-Pass Through	36,000	36,000	-	36,000
Dairy CEQA Program	200,000	200,000	1,779	198,221
DMV Surcharge Fees - PM Study	100,000	100,000	100,000	-
Heavy-Duty Engine Emission Program	23,302,100	25,115,971	5,184,426	19,931,545
Federal Grants - Non-Operating	200,000	200,000	56,350	143,650
Development Mitigation Program Contracts	8,404,400	8,404,400	-	8,404,400
ISR Rule Mitigation Program	9,158,700	9,209,700	-	9,209,700
Proposition 1B Program	-	5,415,000	35,832	5,379,168
San Joaquin Valley Blueprint Project	-	250,000	-	250,000
Lower Emission School Program	-	20,714,933	-	20,714,933
Total Non-Operating Charges to Appropriations	<u>41,401,200</u>	<u>69,646,004</u>	<u>5,378,387</u>	<u>64,267,617</u>
Deficiency of Non-Operating Revenues Over Expenditures	<u>(1,675,300)</u>	<u>(3,626,300)</u>	<u>22,549,306</u>	<u>26,175,606</u>
Appropriation for Contingencies	<u>850,000</u>	<u>637,000</u>	<u>-</u>	<u>637,000</u>
Net Change to District Fund Balance, June 30, 2008	<u>\$ (5,599,200)</u>	<u>\$ (7,950,200)</u>	<u>\$ 25,020,452</u>	<u>\$ 32,970,652</u>

NOTES TO SCHEDULE OF GENERAL FUND BUDGETED AND ACTUAL EXPENDITURES BUDGETARY BASIS

Note 1 – GENERAL FUND BUDGETARY BASIS RECONCILIATION

The General Fund Budgetary Basis on page 36 presents comparisons of the legally Adopted Budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing expenditures data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of differences is presented below for the year ended June 30, 2008.

Deficiency of revenues under expenditures (GAAP Basis)	\$(10,635,462)
Adjustments for encumbrance activity	862,538
Adjustments from budget cash basis to modified accrual basis	<u>34,793,376</u>
Excess of revenues over expenditures (Budgetary Basis)	<u>\$ 25,020,452</u>

A reconciliation of revenue is not presented since budgetary practices and GAAP do not differ with respect to revenue.

Note 2 - BUDGETING

In accordance with the provisions of the State Health and Safety Code Section 40131, the District's Formation Agreement, and the District's Administrative Code, the District prepares and legally adopts a final balanced budget on or before June 30 of each fiscal year. The final Adopted Budget is available for review on the District's website at www.valleyair.org.

Budgetary control is exercised at the object level. All amendments or transfers of appropriations between these levels are authorized by the Executive Director/APCO and must be approved by the District Governing Board. The Board also must approve supplemental appropriations financed by unanticipated revenues.

Expenditures, except for Fixed Assets, are controlled at the object level for all program budgets within the District. Fixed Assets are controlled at the sub-object level.

Statistical Section

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

STATEMENT OF NET ASSETS

Last Six Fiscal Years

(accrual basis of accounting)

(In Thousands)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Current and Other Assets	\$55,020	\$49,920	\$46,872	\$83,825	\$72,106	\$63,504
Capital Assets	6,232	5,840	6,605	6,504	9,740	10,812
Total Assets	<u>61,252</u>	<u>55,760</u>	<u>53,477</u>	<u>90,329</u>	<u>81,846</u>	<u>74,316</u>
Current Liabilities	2,083	1,092	1,430	1,849	1,712	2,415
Noncurrent Liabilities	1,435	1,432	1,581	1,723	1,837	3,337
Total Liabilities	<u>3,518</u>	<u>2,524</u>	<u>3,011</u>	<u>3,572</u>	<u>3,549</u>	<u>5,752</u>
Net Assets:						
Invested in Capital Assets, net of related debt	6,232	5,840	6,605	6,504	9,740	10,812
Restricted for Special Projects/Programs	34,084	30,494	27,454	66,096	57,905	47,388
Unrestricted	17,418	16,902	16,407	14,157	10,652	10,364
Total Net Assets	<u>\$57,734</u>	<u>\$53,236</u>	<u>\$50,466</u>	<u>\$86,757</u>	<u>\$78,297</u>	<u>\$68,564</u>

Source:

San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

CHANGES IN NET ASSETS

Last Six Fiscal Years

(accrual basis of accounting)

(In Thousands)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Revenue:						
Program Revenue						
Fees and Charges - Stationary Sources	\$8,423	\$8,581	\$9,312	\$10,413	\$11,317	\$11,559
Fees and Charges - Mobile Sources	9,907	10,100	13,007	11,329	12,041	11,915
Operating Grants	2,107	1,940	1,997	2,135	94	3,845
Restricted Special Revenue Sources	5,238	3,660	7,141	44,101	30,231	26,628
Total Program Revenue	<u>\$25,675</u>	<u>\$24,281</u>	<u>\$31,457</u>	<u>\$67,978</u>	<u>\$53,683</u>	<u>\$53,947</u>
General Revenues						
State Subvention	866	868	876	884	868	897
Interest	412	328	354	424	625	486
Penalties/Settlements	2,813	3,306	3,239	5,393	3,010	4,007
Miscellaneous	79	141	243	46	81	125
Total General Revenue	<u>\$4,170</u>	<u>\$4,643</u>	<u>\$4,712</u>	<u>\$6,747</u>	<u>\$4,584</u>	<u>\$5,515</u>
Other Financing Sources - Capital Asset Leases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,652</u>
Total Revenue & Other Financing Sources	<u>\$29,845</u>	<u>\$28,924</u>	<u>\$36,169</u>	<u>\$74,725</u>	<u>\$58,267</u>	<u>\$61,114</u>
Expenses:						
Permitting	\$6,800	\$7,787	\$9,005	\$9,614	\$11,230	\$12,054
Enforcement	6,405	7,076	7,376	8,182	8,819	9,378
Agricultural Burning	637	1,422	1,286	1,053	1,115	1,181
Plan and Rule Development	2,090	2,109	2,472	2,894	1,854	2,062
Mobile Sources	890	882	1,052	1,182	1,526	2,284
Outreach & Communications	1,229	1,284	1,552	1,806	1,675	2,187
Air Quality Analysis	797	885	996	1,421	1,246	1,235
Air Monitoring	1,097	1,442	1,126	1,520	1,495	1,642
Non-Operating	15,701	10,535	14,075	10,762	37,768	40,453
Total Expenses	<u>\$35,646</u>	<u>\$33,422</u>	<u>\$38,940</u>	<u>\$38,434</u>	<u>\$66,728</u>	<u>\$72,476</u>
Increase / (Decrease) - Changes in Net Assets	<u>(\$5,801)</u>	<u>(\$4,498)</u>	<u>(\$2,771)</u>	<u>\$36,291</u>	<u>(\$8,461)</u>	<u>(\$11,362)</u>

Source:

San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

**FUND BALANCES , GENERAL FUND
Last Six Fiscal Years**

(modified accrual basis of accounting)

(In Thousands)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
General Fund:						
Reserved	\$39,137	\$37,065	\$33,531	\$72,069	\$62,685	\$53,583
Unreserved	13,801	11,763	11,911	9,907	7,710	7,805
Total General Fund	<u>\$52,938</u>	<u>\$48,828</u>	<u>\$45,442</u>	<u>\$81,976</u>	<u>\$70,395</u>	<u>\$61,388</u>

Source:

San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

CHANGES IN FUND BALANCE, GENERAL FUND

Last Five Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Revenues:						
Program Revenues:						
Fees and Charges - Stationary Sources	\$8,423	\$8,581	\$9,312	\$10,413	\$11,317	\$11,559
Fees and Charges - Mobile Sources	9,907	10,100	11,013	11,329	12,041	11,915
Operating Grants	2,107	1,940	1,996	2,135	94	3,845
Restricted Special Revenue Sources	5,238	3,660	9,135	44,101	30,231	26,628
General Revenues:						
State Subvention - Not Resetricted	866	868	876	884	868	897
Interest - Not Resetricted	413	328	354	424	625	486
Penalties/Settlements	2,812	3,306	3,239	5,393	3,010	4,007
Miscellaneous Revenue	79	141	244	46	81	125
Total Revenue	<u>29,845</u>	<u>28,924</u>	<u>36,169</u>	<u>74,725</u>	<u>58,267</u>	<u>59,462</u>
Expenses:						
Operating:						
Salaries and Benefits	15,136	17,084	19,825	21,693	23,479	24,195
Services and Supplies	3,570	3,673	4,038	4,464	3,815	4,247
Capital Outlay	1,354	1,742	1,617	1,273	4,786	2,854
Total Operating Expenditures	<u>20,060</u>	<u>22,499</u>	<u>25,480</u>	<u>27,430</u>	<u>32,080</u>	<u>31,296</u>
Non-Operating:						
Pass Through and Non-Operating	15,700	10,535	14,075	10,762	37,768	40,453
Total Expenditures	<u>35,760</u>	<u>33,034</u>	<u>39,555</u>	<u>38,192</u>	<u>69,848</u>	<u>71,749</u>
Other Financing Soures - Capital Asset Leases	-	-	-	-	-	1,652
Net Change in Fund Balance - Prior to Adjustment	(5,915)	(4,110)	(3,386)	36,533	(11,581)	(10,635)
Adjustment to Fund Balance	792	-	-	-	-	1,629
Net Change in Fund Balance	<u>(\$5,123)</u>	<u>(\$4,110)</u>	<u>(\$3,386)</u>	<u>\$36,533</u>	<u>(\$11,581)</u>	<u>(\$9,006)</u>

Source:

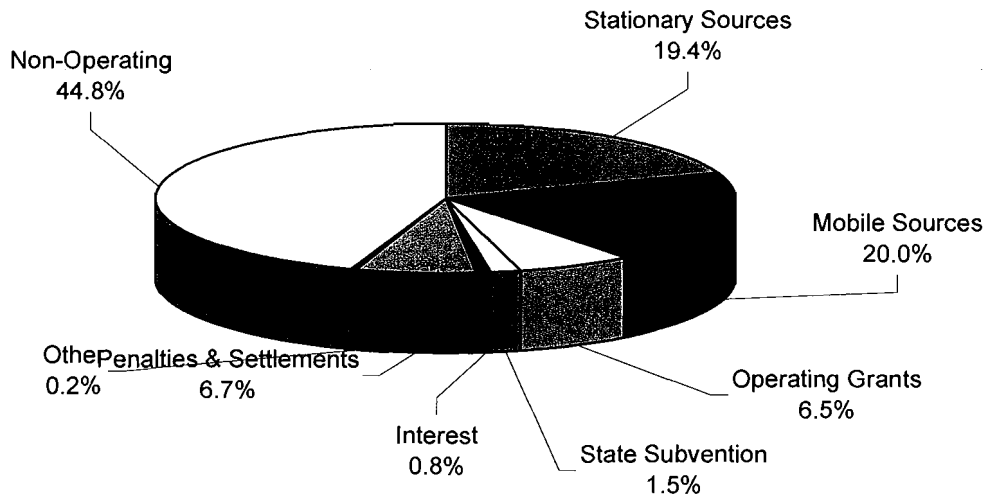
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

REVENUES BY PROGRAM ACTIVITY Last Five Fiscal Years

Program Activity	2003-04	2004-05	2005-06	2006-07	2007-08
Stationary Sources	8,581,027	9,312,515	10,413,416	11,316,961	11,559,383
Mobile Sources	10,100,150	11,012,746	11,328,423	12,041,145	11,915,269
Operating Grants	1,939,993	1,996,641	2,135,399	93,795	3,844,519
State Subvention	867,800	875,794	884,253	867,800	896,628
Interest	327,939	353,835	424,158	625,236	486,560
Penalties & Settlements	3,306,435	3,239,049	5,392,669	3,010,358	4,006,787
Other	140,711	243,502	46,446	81,065	124,937
Non-Operating	3,659,999	9,135,314	44,100,700	30,230,810	26,627,693
Total Revenue	28,924,054	36,169,396	74,725,464	58,267,170	59,461,776

FY 07-08 REVENUES BY PROGRAM ACTIVITY



Stationary Sources	Mobile Sources	Operating Grants	State Subvention
Interest	Penalties & Settlements	Other	Non-Operating

Notes:

Other includes: Miscellaneous Revenue and Subscriptions

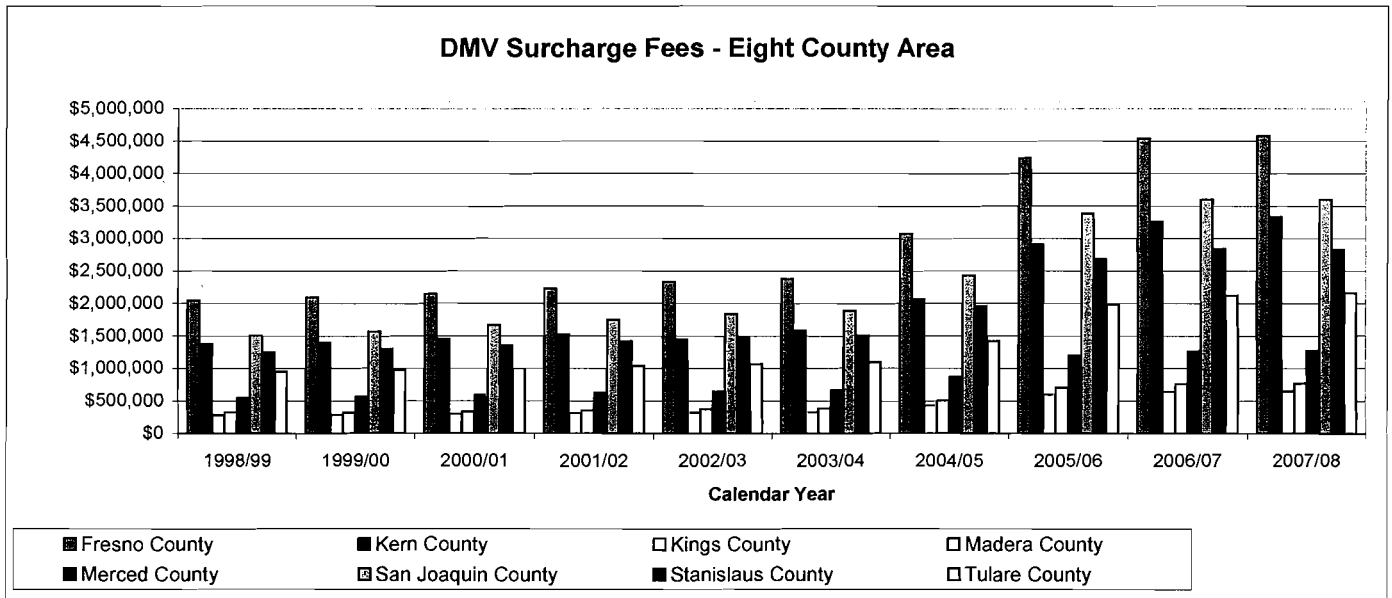
Source:

San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

San Joaquin Valley Unified Air Pollution Control District

DMV SURCHARGE FEES - EIGHT COUNTY AREA Last Ten Fiscal Years

Fiscal Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
1998/99	2,046,657	1,372,778	278,390	325,006	546,936	1,508,702	1,247,101	952,512	8,278,082	-0.46%
1999/00	2,094,622	1,397,104	285,207	327,130	565,313	1,573,808	1,293,200	975,501	8,511,885	4.22%
2000/01	2,150,677	1,455,402	299,542	336,909	589,162	1,665,743	1,351,551	1,000,762	8,849,748	2.82%
2001/02	2,227,493	1,523,782	308,038	357,055	623,319	1,748,164	1,419,123	1,038,981	9,245,955	3.97%
2002/03	2,332,851	1,443,497	321,647	373,073	647,110	1,839,549	1,494,038	1,067,073	9,518,838	4.48%
2003/04	2,379,559	1,584,515	331,516	387,595	664,317	1,893,093	1,514,331	1,093,248	9,848,174	2.95%
2004/05	3,079,191	2,061,601	426,999	509,137	867,833	2,428,456	1,959,813	1,419,005	12,752,035	3.46%
2005/06	4,242,477	2,912,463	596,583	705,113	1,195,142	3,386,635	2,686,686	1,980,099	17,705,198	29.49%
2006/07	4,540,457	3,262,092	638,027	764,935	1,264,960	3,600,963	2,844,147	2,121,519	19,037,100	38.84%
2007/08	4,579,395	3,333,027	649,141	769,579	1,273,970	3,599,834	2,831,833	2,160,649	19,197,428	0.84%



Notes:

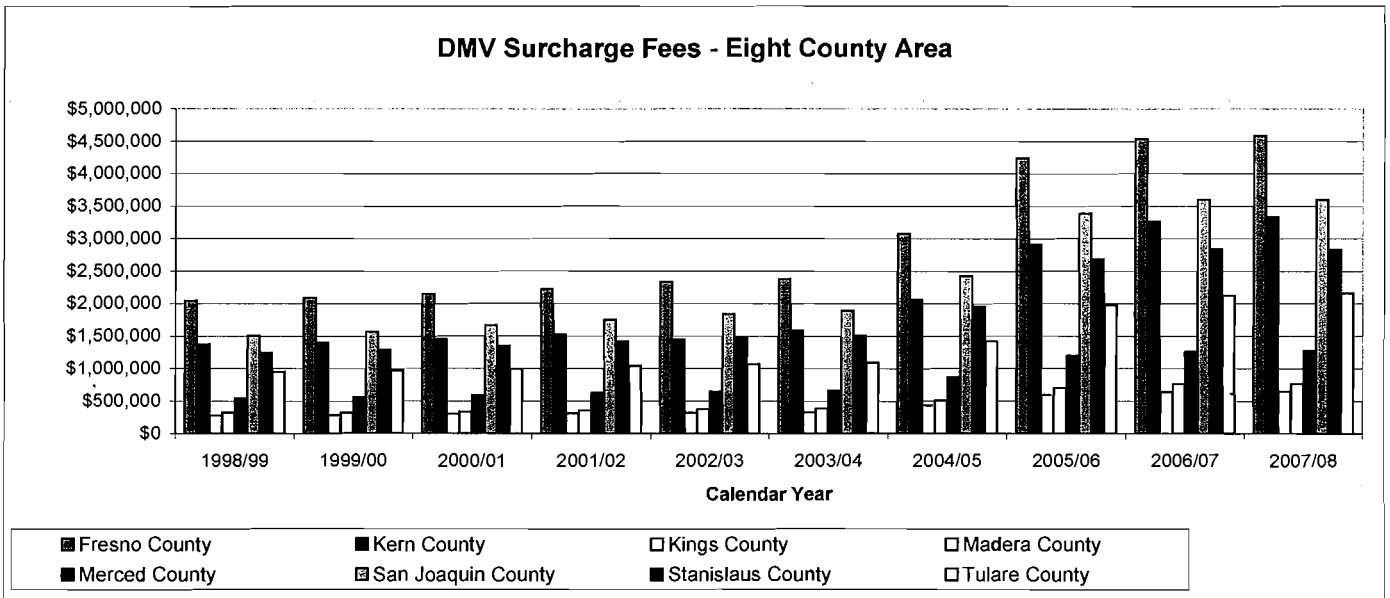
The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, and the valley portion of Kern County.
Starting in 2004/005 Total DMV Surcharge Fees include fund from AB2766, SB709, and AB923.

Source: California Department of Motor Vehicles

San Joaquin Valley Unified Air Pollution Control District

DMV SURCHARGE FEES - EIGHT COUNTY AREA Last Ten Fiscal Years

Fiscal Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
1998/99	2,046,657	1,372,778	278,390	325,006	546,936	1,508,702	1,247,101	952,512	8,278,082	-0.46%
1999/00	2,094,622	1,397,104	285,207	327,130	565,313	1,573,808	1,293,200	975,501	8,511,885	4.22%
2000/01	2,150,677	1,455,402	299,542	336,909	589,162	1,665,743	1,351,551	1,000,762	8,849,748	2.82%
2001/02	2,227,493	1,523,782	308,038	357,055	623,319	1,748,164	1,419,123	1,038,981	9,245,955	3.97%
2002/03	2,332,851	1,443,497	321,647	373,073	647,110	1,839,549	1,494,038	1,067,073	9,518,838	4.48%
2003/04	2,379,559	1,584,515	331,516	387,595	664,317	1,893,093	1,514,331	1,093,248	9,848,174	2.95%
2004/05	3,079,191	2,061,601	426,999	509,137	867,833	2,428,456	1,959,813	1,419,005	12,752,035	3.46%
2005/06	4,242,477	2,912,463	596,583	705,113	1,195,142	3,386,635	2,686,686	1,980,099	17,705,198	29.49%
2006/07	4,540,457	3,262,092	638,027	764,935	1,264,960	3,600,963	2,844,147	2,121,519	19,037,100	38.84%
2007/08	4,579,395	3,333,027	649,141	769,579	1,273,970	3,599,834	2,831,833	2,160,649	19,197,428	0.84%



Notes:

The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, and the valley portion of Kern County.

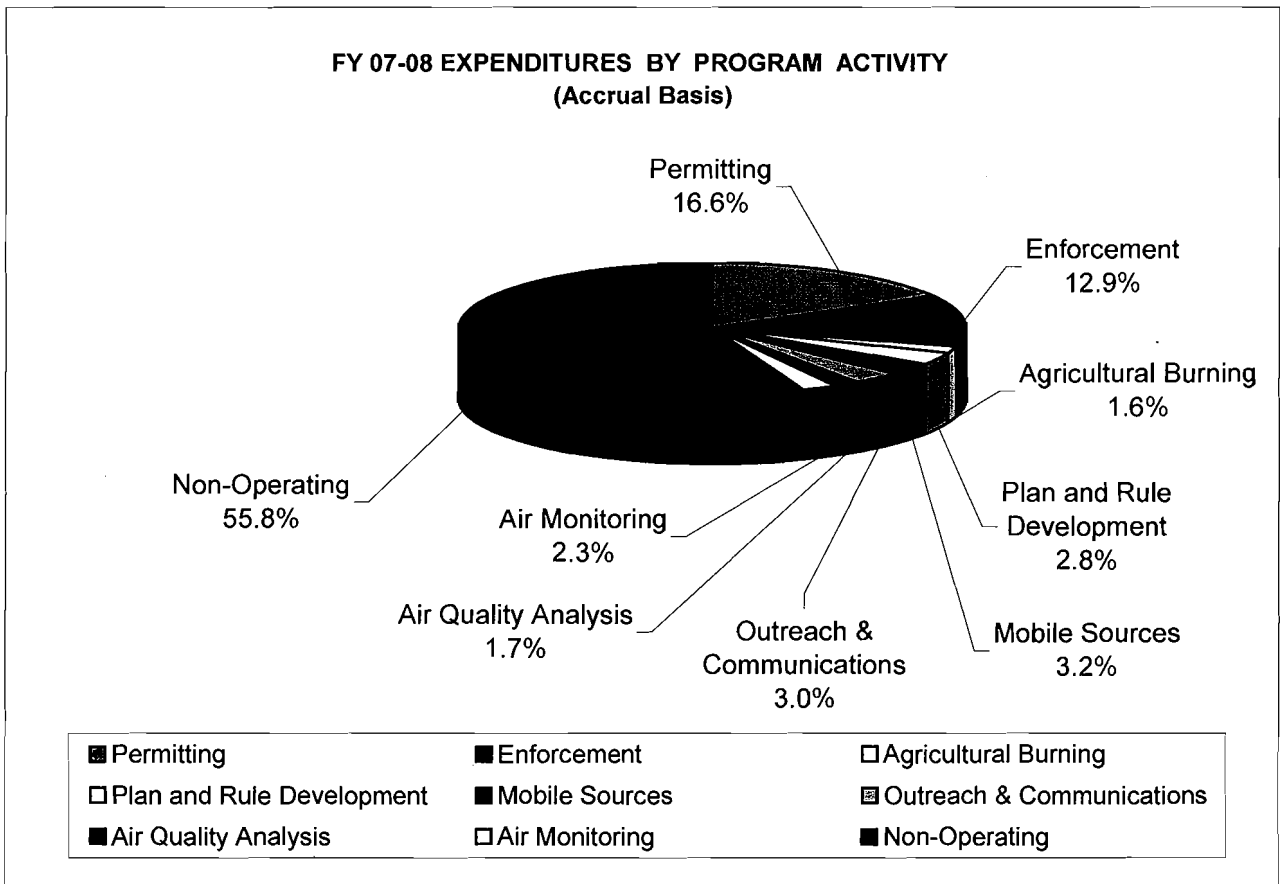
Starting in 2004/005 Total DMV Surcharge Fees include fund from AB2766, SB709, and AB923.

Source: California Department of Motor Vehicles

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

EXPENDITURES BY PROGRAM ACTIVITY - (Accrual Basis) Last Five Fiscal Years

Program Activity	2003-04	2004-05	2005-06	2006-07	2007-08
Permitting	7,786,585	9,004,901	9,614,325	11,230,458	12,053,583
Enforcement	7,076,429	7,376,463	8,182,446	8,818,589	9,378,191
Agricultural Burning	1,422,298	1,285,614	1,052,751	1,115,208	1,180,869
Plan and Rule Development	2,108,605	2,471,801	2,893,886	1,853,564	2,062,228
Mobile Sources	882,217	1,051,588	1,181,484	1,525,673	2,284,463
Outreach & Communications	1,283,592	1,552,531	1,805,975	1,675,084	2,187,232
Air Quality Analysis	884,659	996,157	1,421,034	1,245,566	1,234,496
Air Monitoring	1,442,041	1,126,441	1,520,391	1,495,311	1,641,947
Non-Operating	10,535,266	14,074,560	10,761,689	37,768,236	40,453,003
Total Expenditures	33,421,692	38,940,056	38,433,981	66,727,689	72,476,012



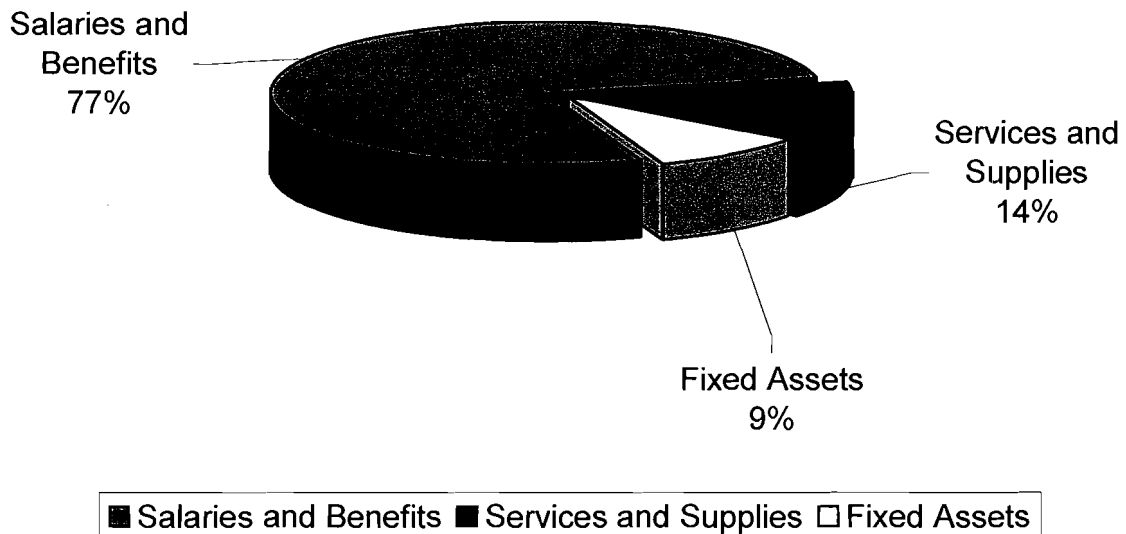
Source:
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

OPERATING EXPENDITURES BY BUDGET OBJECT LEVEL Last Ten Fiscal Years

Fiscal Year	Salaries and Benefits	Services and Supplies	Fixed Assets	Total Operating Expenditures
1998/99	10,847,610	2,813,565	4,541,909	18,203,084
1999/00	10,855,699	2,747,996	1,133,363	14,737,058
2000/01	11,399,829	2,953,265	1,021,780	15,374,874
2001/02	13,053,755	3,460,986	1,708,566	18,223,307
2002/03	15,135,708	3,570,051	1,354,016	20,059,775
2003/04	17,083,592	3,673,348	1,741,708	22,498,648
2004/05	19,824,791	4,038,448	1,617,469	25,480,708
2005/06	21,693,531	4,463,578	1,273,182	27,430,291
2006/07	23,479,039	3,814,644	4,786,429	32,080,112
2007/08	24,195,285	4,246,694	2,854,440	31,296,419

FY 07-08 Operating Expenditures by Budget Object Level



Source:

San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

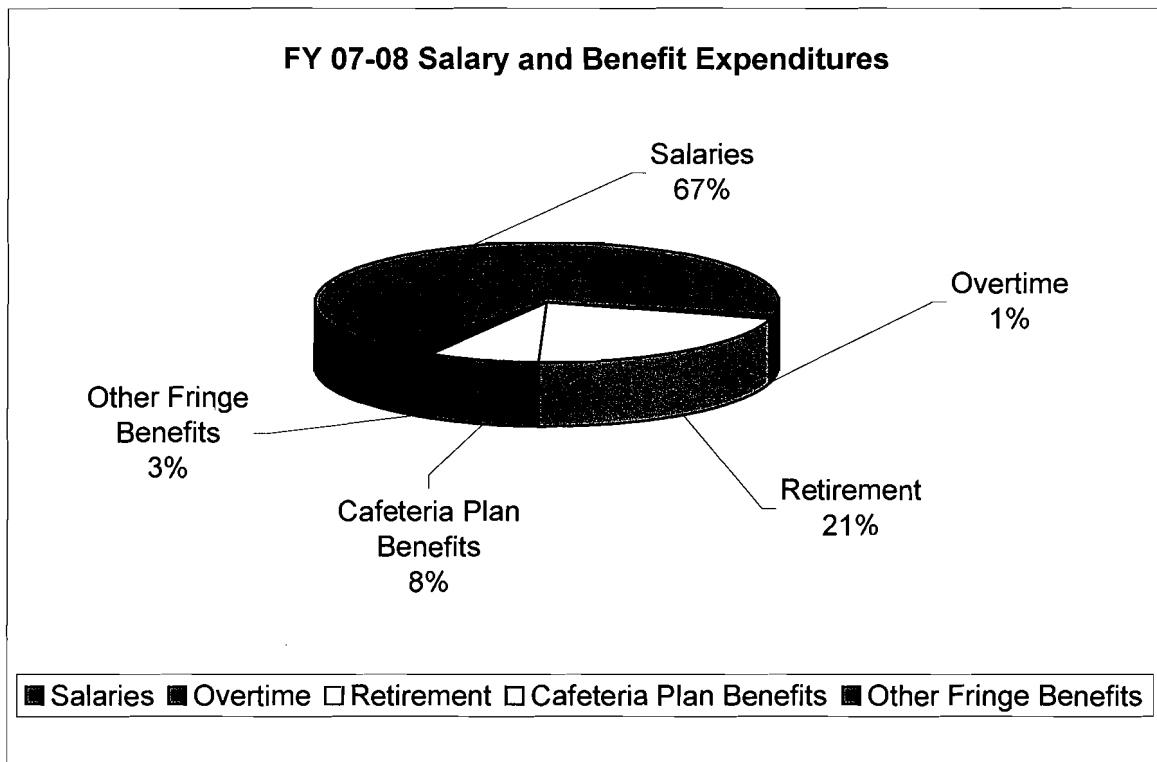
SALARY AND BENEFIT EXPENDITURES Last Ten Fiscal Years

Fiscal Year	Salaries	Overtime	Retirement	Cafeteria Plan Benefits	Other Fringe Benefits	Total Salaries and Benefits
1996/97	8,667,393	88,298	866,728	780,808	326,120	10,729,347
1997/98	8,718,119	72,861	991,179	763,771	289,137	10,835,067
1998/99	8,728,060	160,989	928,848	762,857	267,169	10,847,923
1999/00	8,840,651	156,885	824,692	775,262	269,208	10,866,698
2000/01	8,955,997	209,668	914,024	878,958	214,213	11,172,860
2001/02	10,286,165	269,340	1,028,358	1,161,467	308,425	13,053,755
2002/03	11,431,697	251,189	1,722,223	1,255,852	474,747	15,135,708
2003/04	12,760,813	226,307	1,995,013	1,398,170	703,289	17,083,592
2004/05	14,325,161	269,618	2,701,422	1,572,390	956,200	19,824,791
2005/06	14,850,007	254,625	4,040,114	1,700,021	848,764	21,693,531
2006/07	15,512,742	299,691	5,208,586	1,792,819	665,201	23,479,039
2007/08	16,267,143	276,813	5,078,432	1,909,038	663,859	24,195,285

Notes:

Salaries Includes: Regular Salaries, Temporary Help, and On Call Pay.

Other Fringe Benefits Includes: Unemployment Insurance, OASDI Insurance, Worker's Compensation Contributions, Long Term Disability Insurance, and Alternate Transportation Incentive.



Source:

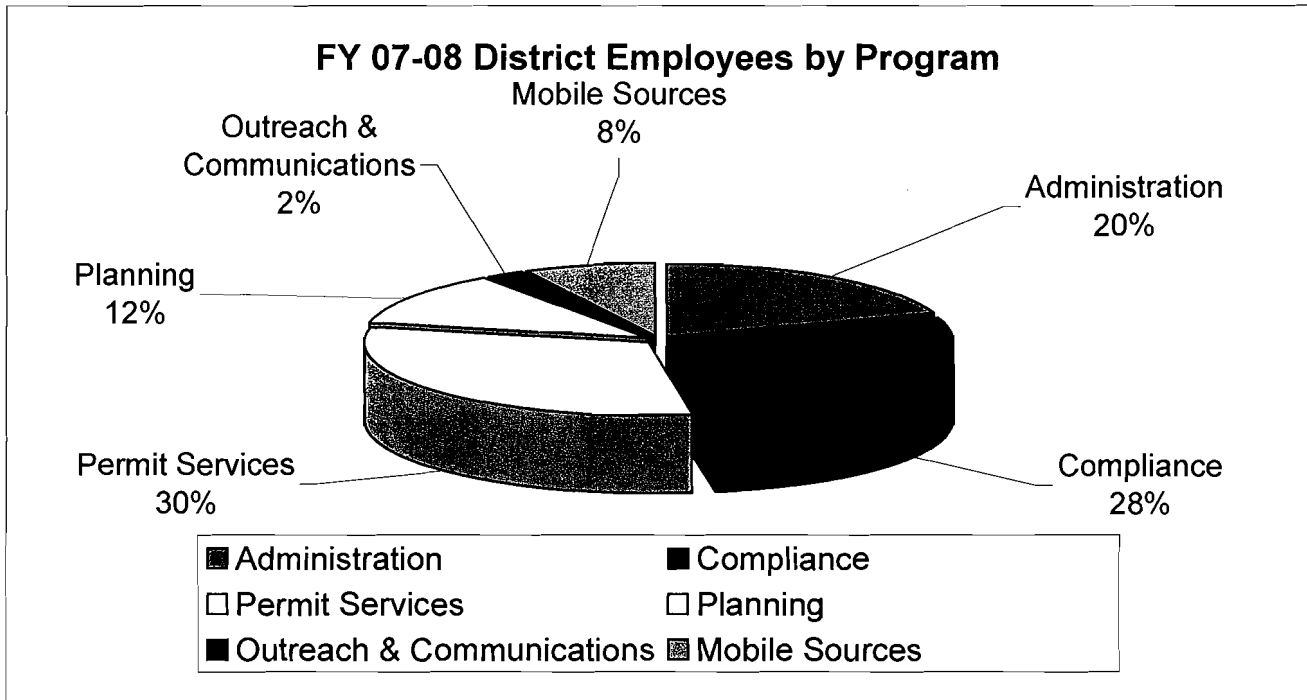
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

DISTRICT EMPLOYEES BY PROGRAM

Adjusted Budget @ June 30
Last Ten Fiscal Years

Fiscal Year	Administration	Compliance	Permit Services	Planning	Outreach & Communications	Mobile Sources	Total Employees
1998/99	42	61	60	37	4	0	204
1999/00	42	61	59	37	4	0	203
2000/01	40	70	63	34	6	6	219
2001/02	41	70	67	37	6	9	230
2002/03	42	71	73	39	6	9	240
2003/04	49	78	89	40	6	9	271
2004/05	48	83	85	44	8	10	278
2005/06	50	83	89	45	8	14	289
2006/07	52	83	99	35	8	14	291
2007/08	60	85	95	36	7	23	306

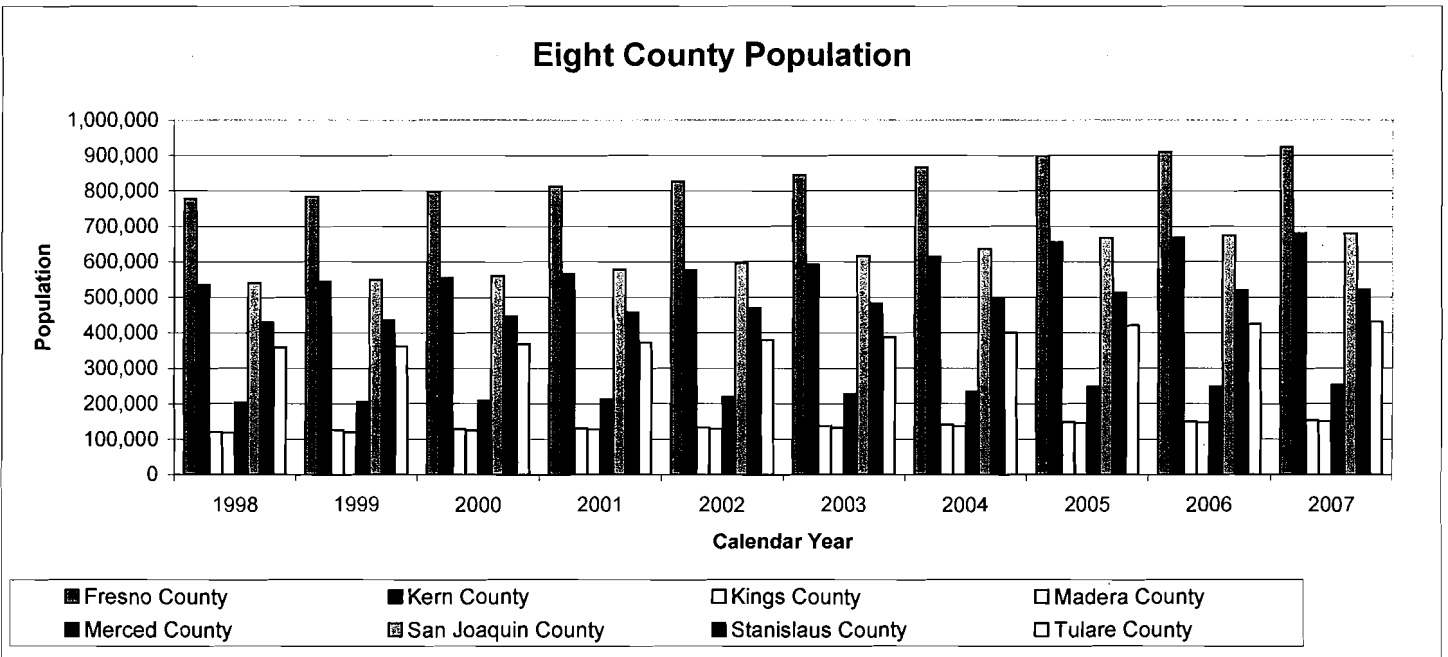


Source:
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT

EIGHT COUNTY POPULATION Last Ten Calendar Years

Year	Fresno County	Kern County	Kings County	Madera County	Merced County	San Joaquin County	Stanislaus County	Tulare County	Total	% Increase
1998	777,600	536,100	120,700	118,100	203,200	540,100	429,100	358,700	3,083,600	1.29%
1999	785,000	543,500	125,400	120,300	205,900	549,200	436,100	362,200	3,127,600	1.43%
2000	797,900	554,600	128,800	124,500	208,800	561,200	445,900	367,000	3,188,700	1.95%
2001	813,200	565,800	131,300	128,600	213,000	578,600	457,700	372,400	3,260,600	2.25%
2002	826,600	577,600	133,100	129,700	218,900	596,000	469,500	379,200	3,330,600	2.15%
2003	845,600	592,500	137,400	131,500	227,000	616,500	483,000	388,600	3,422,100	2.75%
2004	866,500	615,200	141,500	136,900	234,200	636,500	494,800	400,100	3,525,700	3.03%
2005	899,500	655,100	147,700	144,400	246,800	668,300	514,400	420,600	3,696,800	4.85%
2006	909,400	668,900	149,800	147,200	249,100	674,300	519,300	425,600	3,743,600	1.27%
2007	923,100	680,300	153,300	149,900	252,500	680,200	523,100	431,000	3,793,400	1.33%



Notes:

The San Joaquin Valley Unified Air Pollution Control District encompasses all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, and the valley portion of Kern County.

Source: California State Department of Finance - Demographic Research Unit - (SJVUAPCD Portion of Kern County estimated at 84%)

San Joaquin Valley Unified Air Pollution Control District

Demographic and Miscellaneous Statistics

District Established:	March 21, 1991
Area Covered:	25,000 Square Miles
Counties Included in District:	San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the Valley portion of Kern County
Population:	3,793,400 (2007)
Transportation:	Two Transcontinental Railroads – Burlington Northern Santa Fe and the Union Pacific Six Commercial Airports – Stockton Metro, Modesto, Merced Municipal, Fresno Yosemite, Visalia Municipal, and Meadows Field (Bakersfield) Two Major Interstate Freeways – California State Highway 99 and U.S. Interstate Highway 5 One Major Port – Port of Stockton
Visitor Destinations:	Yosemite National Park, Kings Canyon, National Park, Sequoia National Park
Number of Registered Vehicles:	2,790,500 (6/30/08) Estimate
Stationary Sources of Air Pollution Regulated	Oil Refineries, Oil Production Equipment, Power Plants, Manufacturing and Processing Facilities, Emergency Generators, Paint Spray Booths, Service Stations, Agricultural Operations, and Dry Cleaners
Number of Sources:	Approximately 13,700 operating locations with more than 6,200 Agricultural Conservation Management Practice Plans and 32,000 permits
Number of Air Monitoring Stations:	30, District, ARB, Tribal, and National Park Service Combined (Including 2 Lower Air Profilers)
District Full-time Authorized Positions:	306
Adopted FY 2008-09 Budget:	\$137,037,900