

San Joaquin Valley
Unified Air Pollution
Control District

Comprehensive Annual Financial Report
Year Ended June 30, 2009

Prepared By:
Finance Department
Fred O. Bates Jr., District Controller

San Joaquin Valley Unified Air Pollution Control District

Comprehensive Annual Financial Report
Year Ended June 30, 2009

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Introductory Section

San Joaquin Valley Unified Air Pollution Control District

Governing Board

June 30, 2009

Chris Vierra, Chair
Councilmember, City of Ceres

Tony Barba, Vice Chair
Supervisor, Kings County

William O'Brien
Supervisor, Stanislaus County

Judith G. Case
Supervisor, Fresno County

Leroy Ornellas
Supervisor, San Joaquin County

Ronn Dominici
Supervisor, Madera County

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

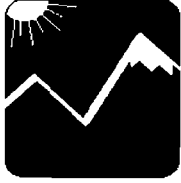
Henry Jay Foreman, Ph.D.
Appointed by Governor

Raymond A. Watson
Supervisor, Kern County

Michael G. Nelson
Supervisor, Merced County

J. Steven Worthley
Supervisor, Tulare County

Seyed Sadredin
Executive Director - Air Pollution Control Officer



San Joaquin Valley Unified Air Pollution Control District

December 21, 2010

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, 2009. 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 3.9 million residents in the year 2008. 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.

Achieving Cleaner Air in the San Joaquin Valley

Air Quality continues to improve in the San Joaquin Valley, and data from the summer of 2009 shows it was one of the cleanest summer ozone seasons on record. Wintertime air quality has also improved; the number of days and the

magnitude by which the Valley has exceeded health-based PM2.5 standards has been reduced dramatically in recent years. Multi-billion dollar investments in emissions controls by Valley businesses, air friendly policies put forward by local officials and community leaders, and the recent positive, cooperative response to the District's public outreach by Valley residents have all contributed to these improvements. Despite these major improvements, however, the Valley still faces significant challenges in meeting the newest air quality standards, and cleaner air will still require 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 road 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:

- 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.
- Continues to surpass high standards in legal activities
- Maintains and updates an ***inventory of emissions*** from various sources throughout the Valley on an ongoing basis.
- 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.

MAJOR ACCOMPLISHMENTS FOR 2008-09

Air Quality Plans

Plans written by the Air District serve as road maps detailing the measures needed to achieve cleaner air for the Valley. The measures outlined in these plans constitute legally binding commitments for meeting federal health-based air quality standards. While the most significant recent plans were adopted for Ozone and PM2.5 in 2007 and early 2008, actions on these and other plans continued in the 2008-09 fiscal year.

- The District adopted a minor amendment to the ***2007 Ozone Plan*** on December 18, 2008 to allow time for additional scientific research in the development of District Rule 4566 (Organic Waste Operations). The

amendment changed the scheduled adoption date for the rule from the first quarter of 2009 to the fourth quarter of 2010, while retaining the 2012 commitment date for emissions reductions achieved under the rule.

- The District adopted a revised *Reasonably Available Control Technology State Implementation Plan* (RACT SIP) for 8-hour ozone on April 16, 2009. The revised RACT SIP includes a more in-depth analysis of District control measures.
- EPA approved the District's *2007 PM10 Maintenance Plan and Request for Redesignation* on November 12, 2008. This action formally redesignated the District as an Attainment Area for a major pollutant of concern, PM10.
- EPA proposed to approve the District's 1-hour Ozone Plan on October 16, 2008, reproposing approval on July 14, 2009.

The District has also been laying the groundwork for upcoming plans with work on the emissions inventory and control profiles for adopted control measures.

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. Rules adopted during this reporting period included:

- Wood Burning Fireplaces and Wood Burning Heaters (Rule 4901)
- Glass Melting Furnaces (Rule 4354)
- Boilers, Steam Generators and Process Heaters – Phase 3 (Rule 4306)
- Boilers, Steam Generators and Process Heaters 2.0 to 5.0 MMBTU/HR (Rule 4307)
- Advanced Emission Reduction Options for Boilers, Steam Generators and Process Heaters Greater than 5.0 MMBTU/HR (Rule 4320)
- Surface Coating of Metal Parts and Products (Rule 4603)
- Wood Coating Operations (Rule 4606)
- Graphic Arts and Paper, Film, Foil and Fabric Coatings (Rule 4607)
- Definitions (Rule 1020)
- Confined Animal Facilities (Rule 4570)
- Flares (Rule 4311)

Emissions reductions achieved by these rule actions for NO_x, SO_x and PM_{2.5} were significantly higher than District commitments in our Air Quality Attainment Plans.

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:

- 5,830 Authority to Construct permits issued
- 523 new Permits to Operate issued
- 23 new Title V permits issued
- 452 Title V permit modifications
- 662 Conservation Management Practices plans issued
- 475 Emission Reduction Credit certificates issued or transferred
- 919 toxic air contaminant risk-management reviews performed
- 3,858 annual emissions inventory surveys processed
- 1,848 California Environmental Quality Act review requests processed
- 1,023 CEQA comment letters and 42 CEQA documents prepared
- 166 Indirect Source Review applications processed

In 2008, the District Governing Board also adopted a *Climate Change Action Plan* to assist Valley businesses and land-use agencies in meeting extensive new state and federal mandates for reducing greenhouse gas emissions.

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 2008-09:

- 36,899 permit units were inspected
- 2,801 public complaints were investigated
- 4,018 incentive funding units (trucks, engines) were inspected; and
- 1103 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. The District's Emission Reduction Incentive Program has become a model for grant programs throughout the State. Recent State audits concluded that the program is robust and one of the best incentive programs in California.

Over its history, the District has awarded over \$212 million in incentives. This has resulted in over 68,500 tons of lifetime emission reductions, at an average cost-effectiveness of approximately \$2,800 per ton. In 2008-09, although funding from the largest two state grants was delayed due to the state budget crisis, the District still executed over 650 agreements for over \$35.1 million. During their

project lives, these projects are expected to reduce over 8,700 tons of NOx, 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

The Air District has also been playing a lead role this year in regional efforts to ensure that the Valley receives its fair share of Federal Stimulus Funding under the American Recovery and Reinvestment Act. These efforts have led to requests for \$179 million dollars in funding related to air quality and alternative energy projects. So far, U.S. EPA and the California Energy Commission have approved requests for over \$35 million dollars in additional funding for the Valley.

Comprehensive Public Education and Outreach

In early 2008, the District launched its most extensive public outreach effort, Healthy Air Living, to encourage individuals and businesses to make air quality a priority in everyday decisions. Based on the success of the initiative, the District further expanded Healthy Air Living to encompass more programs. Many of the District's existing outreach programs, including the Clean Air Kids Calendar and the Clean Green Yard Machines lawn mower trade-in program were subsequently rebranded to reflect the Healthy Air Living initiative. New Healthy Air Living programs, such as the Clean Air Pledge Contest, were also introduced Valley-wide. The 2008-09 outreach efforts described here complement and reflect the Healthy Air Living initiative.

The 2008-09 Check Before You Burn campaign was a multimedia, multilingual public outreach effort addressing changes to the District wood burning regulations (Rule 4901), the air quality and health impacts of wood burning, and identification and promotion of cleaner wood burning options. The District also partnered with Duraflame, Inc. to leverage outreach dollars and educate the public on how to reduce emissions on days when wood burning is allowed.

As in past years, the Fall 2008 Clean Air Kids Calendar drew dozens of entries from throughout the air basin. The District printed 25,000 copies of the bilingual calendar that were distributed free of charge throughout the Valley.

In the winter 2008-09 Kids for Clean Air Contest, the District used existing partnerships and developed new partnerships in order to educate administrators,

teachers and students about wood burning and air quality. Staff sent out 1,100 Healthy Air Living toolkits and held 41 meetings with school stakeholders throughout the Valley. Sixty-three fourth and fifth grade classrooms participated by allowing students to obtain air quality pledges from friends and relatives. Over 7,400 pledge cards were received and 27 winning classrooms received prizes.

The Clean Green Yard Machine lawnmower trade-in continued to be the District's most popular public incentive program in 2009. The District has long-term plans to expand this into a year-round incentive program.

The District also held 15 Healthy Air Living chats and three Healthy Air Living business summits in locations throughout the eight counties of the Valley in 2009. The chats were casual informal meetings that included a short interactive presentation by the District designed to elicit questions and comments from community members. At the business summits, Valley businesses received pertinent information about incorporating Healthy Air Living principles into their operations.

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. Price Paige & Company Accountancy Corporation conducted the independent audit of the District's financial statements for fiscal year ended June 30, 2009. 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, 2009, 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, 2009 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 is 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

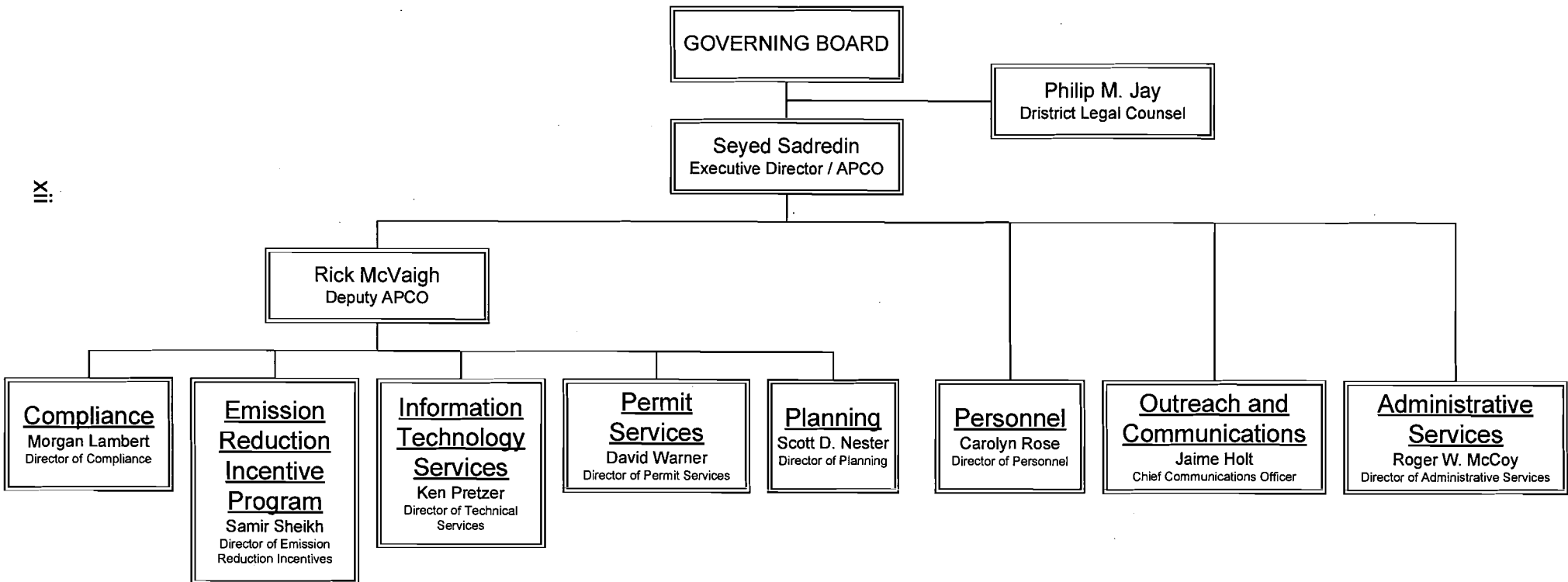


Fred O. Bates Jr.
District Controller

San Joaquin Valley Unified Air Pollution Control District

June 30, 2009

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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Governing Board
San Joaquin Valley Unified Air Pollution Control District

We have audited the accompanying financial statements of the governmental activities and major fund of the San Joaquin Valley Unified Air Pollution Control District, California (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2009, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009, 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 Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 16 and on page 37, 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Price Pange & Company

Clovis, California
December 15, 2009

San Joaquin Valley Unified Air Pollution Control District

Management's Discussion and Analysis June 30, 2009

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, 2009. 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 \$80.5 million (*net assets*). Of this amount \$12.2 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 increased \$11.9 million as compared to the prior fiscal year. An increase of \$12.6 million to the cash account being the major factor in this increase to the District's Total Net Assets.
- Total District Revenues exceeded total District Expenditures by \$14.3 million. District Operating Revenues exceeded District Operating Expenditures by \$1.0 Million. District Non-Operating Revenue exceeded District Non-Operating Expenditures by \$13.3 million.
- The District's General Fund reported a total fund balance of \$73.5 million at year-end, a \$12.1 million increase as compared to the prior year-end balance. Of this total \$7.1 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, 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 36 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 37 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, 2009, as compared to the prior fiscal year.

Statement of Net Assets (In Thousands)

	FY <u>2008-09</u>	FY <u>2007-08</u>	Increase (Decrease)	Percent Change
Current and Other Assets	\$75,321	\$63,504	\$11,817	18.6%
Capital Assets	<u>10,525</u>	<u>10,812</u>	<u>(287)</u>	<u>-2.7%</u>
Total Assets	<u>\$85,846</u>	<u>\$74,316</u>	<u>\$11,530</u>	<u>15.5%</u>
Current Liabilities	\$2,141	\$2,415	(\$274)	-11.3%
Noncurrent Liabilities	<u>3,253</u>	<u>3,337</u>	<u>(84)</u>	<u>-2.5%</u>
Total Liabilities	<u>\$5,394</u>	<u>\$5,752</u>	<u>(\$358)</u>	<u>-6.2%</u>
Net Assets:				
Invested in Capital Assets, net of related debt	\$9,173	\$9,160	\$13	0.1%
Restricted for Special Projects/Programs	59,073	47,388	11,685	24.7%
Unrestricted	<u>12,206</u>	<u>12,016</u>	<u>190</u>	<u>1.6%</u>
Total Net Assets	<u>\$80,452</u>	<u>\$68,564</u>	<u>\$11,888</u>	<u>17.3%</u>

The District's total Net Assets increased \$11,887,497 as compared to the prior fiscal year. An increase of \$12,609,618 to the cash account is the major factor in the increase to net assets as compared to the prior fiscal year.

The District's total liabilities decreased \$358,261 as compared to the prior fiscal year. Current Liabilities decreased \$273,680, the major factors being a \$210,471 increase to Accounts Payable and a \$522,087 decrease to Accrued Wages payable. Noncurrent Liabilities decreased \$84,581, the major factors being a \$230,233 increase to Compensated Absences Payable and a \$314,814 decrease to Capital Leases Payable due in more than one year.

Of the District's total net assets, 73.4% are restricted to expenditures for specific purposes, 15.2% are unrestricted and may be used to meet the District's ongoing obligations without constraints established by legal requirements, and 11.4% 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, 2009, as compared to the prior year.

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

	Fiscal Year 2008-09	Fiscal Year 2007-08	Difference	Percent Change
Revenues:				
Program Revenues:				
Fees and Charges - Stationary Sources	\$15,852	\$11,559	\$4,293	37.1%
Fees and Charges - Mobile Sources	11,872	11,915	(43)	-0.4%
Operating Grants	2,055	3,845	(1,790)	-46.6%
Restricted Special Revenue Sources	37,347	26,628	10,719	40.3%
General Revenues:				
State Subvention - Not Restricted	899	897	2	0.2%
Interest - Not Restricted	653	486	167	34.4%
Penalties/Settlements	3,605	4,007	(402)	-10.0%
Miscellaneous Revenue	(11)	125	(136)	-108.8%
Total General Revenues	<u>\$72,272</u>	<u>\$59,462</u>	<u>\$12,810</u>	<u>21.5%</u>
Other Financing Sources	-	1,652	(1,652)	-100.0%
Total Revenues & Other Financing Sources	<u>\$72,272</u>	<u>\$61,114</u>	<u>\$11,158</u>	<u>18.3%</u>
Current Expenses:				
Permitting	\$12,263	\$12,054	\$209	1.7%
Enforcement / Air Monitoring	11,105	11,020	85	0.8%
Agricultural Burning	1,170	1,181	(11)	-0.9%
Plan & Rule Development	2,484	2,062	422	20.5%
Mobile Sources	2,840	2,284	556	24.3%
Outreach and Communications	2,276	2,187	89	4.1%
Air Quality Analysis	1,156	1,235	(79)	-6.4%
Non-Operating Incentive Programs	24,872	40,453	(15,581)	-38.5%
Total Expenses	<u>\$58,166</u>	<u>\$72,476</u>	<u>(\$14,310)</u>	<u>-19.7%</u>
Increase/(Decrease) - Changes in Net Assets	<u>\$14,106</u>	<u>(\$11,362)</u>	<u>\$25,468</u>	<u>-224.2%</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, Enforcement / Air Monitoring, Agricultural Burning, Plan and Rule Development, Mobile Source, Public Education, Air Quality Analysis, and Non-Operating Incentive Programs.

The following is a schedule of Revenues by Major Source for the fiscal year ended June 30, 2009, as compared to the prior year.

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

	Fiscal Year <u>2008-09</u>	Fiscal Year <u>2007-08</u>	Increase (Decrease)
Stationary Sources	\$15,852	\$11,559	\$4,293
Mobile Sources	11,872	11,915	(43)
Operating Grants	2,055	3,845	(1,790)
General Revenues *	5,146	5,515	(369)
Restricted Special Revenue Sources	37,347	26,628	10,719
Other Financing Sources - Capital Leases	0	1,652	(1,652)
	<u>\$72,272</u>	<u>\$61,114</u>	<u>\$11,158</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 \$4,292,464 as compared to the prior fiscal year. Increases to Authority to Construct Fees of \$1,063,604, Renewal Fees for Permit to Operate Permits of \$800,423, and Administration Fees for various Emission Reduction Incentive Programs of \$1,844,386 are the major factors in the District's overall increase to Stationary Source Revenue.

Mobile Source Revenue

- Mobile Source Revenue decreased \$43,198 as compared to the prior fiscal year. A \$34,035 increase in DMV Surcharge Fees and a decrease of \$77,233 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 decreased \$1,789,146 as compared to the prior fiscal year. The major factor in this reduction was receipt of FY08 and FY09 EPA 105 Grant Revenues during the prior fiscal year. When compared to the prior year amounts for operating grant revenue this doubling up of EPA 105 grant revenue in the prior fiscal year results in a \$1,817,146 reduction in EPA 105 Grant Revenues this fiscal year. (see table below)

Grant Revenue	Fiscal Year 2008-09	Fiscal Year 2007-08	Increase (Decrease)
EPA 105 Grant	\$ 1,904,873	\$ 3,722,019	\$ (1,817,146)
EPA 103 Grant	150,500	122,500	28,000
Total Grant Revenue	\$ 2,055,373	\$ 3,844,519	\$ (1,789,146)

Restricted Special Revenue Sources

- Restricted Special Source Revenue increased \$10,719,630 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 2008-09	Fiscal Year 2007-08	Increase (Decrease)
DMV Surcharge Fees	\$ 8,162,630	\$ 8,620,290	\$ (457,660)
Carl Moyer Program	13,930,088	12,324,915	1,605,173
TCRP Funds	75,731	239,750	(164,019)
School Bus Retro/Replace Program	21,155	432,117	(410,962)
Development Mitigation Program	199,652	205,665	(6,013)
Proposition 1B	5,579,967		5,579,967
Lower Emission School Bus Program	6,811,920		6,811,920
ISR Rule Mitigation Funds	1,645,697	4,582,338	(2,936,641)
Miscellaneous Incentive Grants	203,409	-	203,409
Total	\$ 36,630,249	\$ 26,405,075	\$ 10,225,174

The following is a schedule of District Expenses by Activity for the fiscal year ending June 30, 2009, as compared to the prior year.

**Expenses by Activities
Governmental Activities
(In Thousands)**

	Fiscal Year 2008-09	Fiscal Year 2007-08	Increase (Decrease)
Permitting	\$12,263	\$12,054	\$209
Enforcement / Air Monitoring	11,105	11,020	85
Agricultural Burning	1,170	1,181	(11)
Plan and Rule Development	2,484	2,062	422
Mobile Sorce	2,840	2,284	556
Outreach & Communications	2,276	2,187	89
Air Quality Analysis	1,156	1,235	(79)
Total Operating Expenses	<u>33,294</u>	<u>32,023</u>	1,271
Non-Operating Incentive Programs	<u>24,872</u>	<u>40,453</u>	(15,581)
Total District Expenses	<u><u>\$58,166</u></u>	<u><u>\$72,476</u></u>	<u><u>(\$14,310)</u></u>

Operating Expenditures

- Total Operating Expenditures increased \$1,891,372 as compared to the prior fiscal year.
- Total Salaries and Benefits increased \$1,976,288 as compared to the prior fiscal year. The addition of 5 permanent budgeted positions during the year and a 3.5% Cost of Living Adjustment for District employees, effective October 27, 2008 were the major factors in this increase.
- Total Services and Supplies increased \$853,057 as compared to the prior fiscal year. The table below details the major changes to the various service and supply accounts that make up a significant portion of this increase.

Account Title	Fiscal Year 2008-09	Fiscal Year 2007-08	Increase (Decrease)
Vehicle Maintenance	\$ 211,930	\$ 244,292	\$ (32,362)
Computer Maintenance	140,867	90,699	50,168
Building Maintenance	245,037	170,240	74,797
Air Monitoring Station Supplies	134,757	81,859	52,898
Professional & Specialized Services	2,024,574	1,655,759	368,815
Rents & Leases	337,488	253,127	84,361
Special District Expense	322,840	205,081	117,759
Travel and Training	158,226	116,265	41,961
Utilities	232,422	197,382	35,040
Total	<u>\$ 3,808,141</u>	<u>\$ 3,014,704</u>	<u>\$ 793,437</u>

- Total capital outlay decreased \$1,310,920 as compared to the prior fiscal year. The table below details the major changes to the various fixed asset accounts that make up this increase.

Account Title	Fiscal Year 2008-09	Fiscal Year 2007-08	Increase (Decrease)
Computer Equipment	\$ 493,661	\$ 449,596	\$ 44,065
Telephone System	137,596	527,398	(389,802)
Automobiles	320,510	226,916	93,594
Bakersfield Office Move	279,369	-	279,369
Video Conferencing System	289,543	1,275,021	(985,478)
Air Monitoring Station Equipment	304,091	133,288	170,803
Electronic Document Management Project	18,641	148,398	(129,757)
Total	\$ 1,843,411	\$ 2,760,617	\$ (917,206)

Non-Operating Expenditures

- Non-Operating Incentive Program expenditures decreased \$15,581,067 as compared to the prior fiscal year. The table below details the major changes to the various Incentive Programs that make up most of this increase.

Incentive Program Name	Fiscal Year 2008-09	Fiscal Year 2007-08	Increase (Decrease)
DMV Heavy-Duty Program	\$ 8,114,923	\$ 18,318,967	\$ (10,204,044)
Carl Moyer Program	11,814,610	11,928,328	(113,718)
Traffic Congestion Relief Program	649,903	864,535	(214,632)
School Bus Retro/Replace Program	112,214	2,338,413	(2,226,199)
State ERC Program	53,409	394,640	(341,231)
Peaker Plant Program	491,481	532,749	(41,268)
Backup Generator Program	105,939	612,536	(506,597)
Voluntary Emission Reduction Agreements	205,560	5,136,414	(4,930,854)
ISR Rule Mitigation Program	114,984	35,832	79,152
Federal Diesel Earmark Grant	423,625	-	423,625
Proposition 1B Program	1,750,000	-	1,750,000
Lower Emission School Bus Program	559,620	-	559,620
San Joaquin Valley Blueprint Program	250,000	-	250,000
Total	\$ 24,646,268	\$ 40,162,414	\$ (15,516,146)

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 \$73,493,776, an increase of \$12,105,402 in comparison with the prior year. Approximately 90% of this fund balance, or \$66,369,747, 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 \$7,124,028, a reduction of \$680,771 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 \$10,525,237 (net of accumulated depreciation of \$6,959,874) as of June 30, 2009. 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 32 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 emission reduction 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, 2009 was \$146,069,334, an increase of \$9,031,434 as compared to the prior years Adopted Budget.

The Adjusted Operating Budget at June 30, 2009 was \$35,167,969, an increase of \$624,369 as compared to the adopted Operating Budget. Listed below are budget additions that were made to the adopted budget during the year that represent the major factors in the increase to the adopted Operating Budget.

- Budget addition to increase the adopted Operating Budget by \$100,000 for a Goods Movement Emission Reduction Program Marketing Campaign.
- Budget addition to increase the adopted Operating Budget by \$250,000 for the District's 2008-09 Winter Campaign for Healthy Air Living with a public outreach focus on wood burning.
- Budget addition to increase the adopted Operating Budget by \$121,369 to provide funding for the construction of a new Air Monitoring Station in Madera.
- Budget addition to increase the adopted Operating Budget by \$96,500 to provide funding for the Gross Polluting Vehicle Replacement Program.

The Adjusted Non-Operating Budget at June 30, 2009 was \$110,422,734, an increase of \$8,778,434 as compared to the Adopted Non-Operating Budget. Budget additions of \$7,651,884 for the Lower Emission School Bus Program, \$935,900 for the Antelope Valley and Mojave Desert Carl Moyer Programs, and \$190,600 for the DERA ARRA Lower Emission School Bus Program were the major factors in this increase.

Operating Budget

Revenues

Actual Operating Revenues at June 30, 2009 were \$34,160,814 as compared to the final Adjusted Budget of \$34,038,200, a positive variance of \$122,614.

Expenditures

Actual Operating Expenditures at June 30, 2009 were \$32,595,867 as compared to the final Adjusted Budget of \$35,167,969, a positive variance of \$2,572,102.

Salaries and Benefits

Actual Salary and Benefit expenditures at year-end were \$26,171,573 as compared to the final Adjusted Budget of \$27,017,900, a positive variance of \$846,327. 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 \$4,591,621 as compared to the final Adjusted Budget of \$5,618,000, a positive variance of \$1,026,379. Listed in the table below are the expenditures that make up the major variances in the Services and Supplies accounts.

	Final Adjusted Budget	Actual Expenditures @ 6/30/09	Variance Positive (Negative)	Amount Encumbered
Mobile Communications	\$ 104,000	\$ 87,544	\$ 16,456	\$ -
Insurance	189,100	158,953	30,147	-
Equipment Maintenance	180,900	93,841	87,059	2,067
Computer Maintenance	168,000	139,617	28,383	18,370
Video Conferencing Maintenance	246,200	75,742	170,458	19,956
Office Supplies	98,500	84,071	14,429	-
Air Monitoring Station Supplies	163,300	130,795	32,505	19,288
Professional & Specialized Services	2,159,600	1,557,973	601,627	464,140
Publications & Legal Notices	162,900	150,519	12,381	-
Small Tools and Equipment	57,800	44,740	13,060	-
Special District Expense	349,500	312,386	37,114	10,646
Utilities - Office Buildings	168,400	206,973	(38,573)	-
Total	\$ 4,048,200	\$ 3,043,154	\$ 1,005,046	\$ 534,467

Fixed Assets

Actual Fixed Assets expenditures at year-end were \$1,832,673 as compared to the final Adjusted Budget of \$2,532,069, a positive variance of \$699,396. Listed in the table below are the expenditures that make up the major variances in the Fixed Assets accounts.

	<u>Final Adjusted Budget</u>	<u>Actual Expenditures @ 6/30/09</u>	<u>Variance Positive (Negative)</u>	<u>Amount Encumbered</u>
Office Improvements	\$ 51,300	\$ 5,817	\$ 45,483	\$ 51,239
Computer Equipment	545,300	493,200	52,100	2,074
Office Machines	47,900	-	47,900	-
Video Teleconferencing System	124,031	32,639	91,392	-
Air Monitoring Station Equipment	666,369	274,002	392,367	178,700
Total	<u>\$ 1,434,900</u>	<u>\$ 805,658</u>	<u>\$ 629,242</u>	<u>\$ 232,013</u>

Non-Operating Budget

Revenues

Actual Non-Operating Revenues at June 30, 2009 were \$38,222,459 as compared to the final Adjusted Budget of \$109,888,734, a negative variance of \$71,666,275. Listed in the table below are the revenues that make up the major variances in Non-Operating Revenues.

	<u>Final Adjusted Budget</u>	<u>Actual Revenues @ 6/30/09</u>	<u>Variance Positive (Negative)</u>
Proposition 1B Program	\$ 38,718,500	\$ 5,579,967	\$ (33,138,533)
Federal Diesel Earmark Grant	5,050,000	242,238	(4,807,762)
Lower Emission School Bus Programs	27,009,884	6,811,939	(20,197,945)
Voluntary Emission Reduction Agreements	3,740,000	199,652	(3,540,348)
ISR Rule Mitigation Funds	12,908,000	1,645,697	(11,262,303)
Total	<u>\$ 87,426,384</u>	<u>\$ 14,479,493</u>	<u>\$ (72,946,891)</u>

The budgeted revenues for the Proposition 1B Program, \$38,718,500, and the revenues for the Lower Emission School Bus Programs, \$27,009,884, that were budgeted for receipt during FY 2008-09 are now expected to be received during FY 2009-10. The \$11,262,303 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, 2009 were \$4,278,112 as compared to the final Adjusted Budget of \$110,422,734 a positive variance of \$106,623,253. Listed in the table below are the expenditures that make up the major variances in Non-Operating Expenditures.

	Final Adjusted Budget	Actual Expenditures @ 6/30/09	Variance Positive (Negative)
DMV Surcharge Fee Programs	\$ 10,750,600	\$ 393,499	\$ 10,357,101
Carl Moyer Program	11,543,100	3,319,239	8,223,861
Proposition 1B Program	38,718,500	-	38,718,500
Development Mitigation Contracts	3,740,000	-	3,740,000
ISR Rule Mitigation Program	12,958,000	-	12,958,000
Lower Emission School Bus Programs	27,009,884	-	27,009,884
Federal Diesel Earmark Grant	5,050,000	423,625	4,626,375
DERA - Lower Emission School Bus	190,650	-	190,650
Total	<u>\$ 109,960,734</u>	<u>\$ 4,136,363</u>	<u>\$ 105,824,371</u>

For Non-Federal incentive grant contracts the District has a policy of not entering into these agreements until grant funds are received by the District. A significant amount of the grant funds that were received and appropriated in FY 2008-09, (Carl Moyer Program, Proposition 1B Program, Lower Emission School Bus Program, and ISR Rule Mitigation Funds) will not be expended on incentive contracts until FY 2009-10 or later. Federal incentive grant contracts are reimbursable grants whereby the District must expend the incentive grant funds prior to receiving reimbursement from the Federal government.

G. Next Year's Budget

The Adopted Budget for FY 2009-10 is \$135,363,900 as compared to the Adjusted Budget for FY 2008-09 of \$146,069,334, a reduction of \$10,705,434. Operating appropriations were increased 2.1%, while Non-Operating appropriations were reduced 7.3%.

The FY 2009-10 Budget includes an 8% increase to stationary source fees effective July 1, 2009. This fee increase was approved by the District's Governing Board on January 17, 2008.

Operating Budget: The Operating Budget shows an increase of \$730,031 as compared to the prior year adjusted budget. The table below details the changes to the three major appropriation categories.

	FY 2009-10 Adopted Budget	FY 2008-09 Adjusted Budget	Increase (Decrease)
Salaries & Benefits	\$ 28,260,100	\$ 27,017,900	\$ 1,242,200
Services & Supplies	5,606,000	5,618,000	(12,000)
Fixed Assets	2,031,900	2,532,069	(500,169)
Total Operating Appropriations	\$ 35,898,000	\$ 35,167,969	\$ 730,031

Non-Operating Budget: The Non-Operating Budget for the FY 2009-10 Adopted Budget is \$98,585,900 as compared to the FY 2008-09 Adjusted Budget of \$110,422,734, a reduction of \$11,836,834. The table below details the major variances in Non-Operating Expenditures.

	FY 2009-10 Adopted Budget	FY 2008-09 Adjusted Budget	Increase (Decrease)
DMV Surcharge Fees	\$ 11,099,500	\$ 10,750,600	\$ 348,900
Carl Moyer Program	10,625,300	11,543,100	(917,800)
ISR Rule And VERA	6,984,600	16,648,000	(9,663,400)
Proposition 1B Program	45,675,000	38,718,500	6,956,500
Lower Emission School Bus Program	15,910,100	27,009,884	(11,099,784)
Federal Diesel Earmark Grant	7,500,000	5,050,000	2,450,000
Community Incentives	550,000	310,000	240,000
Total Incentive Programs	\$ 98,344,500	\$ 110,030,084	\$ (11,685,584)

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, 2009

	<u>Governmental Activities</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$71,006,603
Accrued Revenues	4,310,118
Prepaid Expenses	3,980
Total Current Assets	75,320,701
Noncurrent Assets:	
Land	904,208
Capital Assets, Net of Accumulated Depreciation	9,621,029
Total Noncurrent Assets	10,525,237
Total Assets	85,845,938
<u>Liabilities</u>	
Current Liabilities	
Accounts Payable	688,754
Accrued Wages Payable	967,428
Compensated Absences Payable	170,743
Total Current Liabilities	1,826,925
Non-Current Liabilities	
Due within one year	
Capital Leases Payable	314,814
Total Non-Current Liabilities - Due within one year	314,814
Due in more than one year	
Compensated Absences Payable	2,214,773
Capital Leases Payable	1,037,794
Total Non-Current Liabilities - Due in more than one year	3,252,567
Total Non-Current Liabilities	3,567,381
Total Liabilities	5,394,306
<u>Net Assets</u>	
Invested in Capital Assets, net of related debt	9,172,629
Restricted for Special Projects/Programs	59,072,542
Unrestricted	12,206,461
Total Net Assets	\$80,451,632

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, 2009

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	\$12,262,847	\$6,812,539	\$1,353,397	227,390	-	(\$3,869,521)	
Enforcement / Air Monitoring	11,105,333	7,093,061	2,008,250	641,779	-	(1,362,243)	
Agricultural Burning	1,169,500	390,174	703	907	-	(777,716)	
Plan & Rule Development	2,484,135	-	1,818,211	336,982	-	(328,942)	
Mobile Sources	2,840,067	1,556,072	2,679,252	404,060	-	1,799,317	
Outreach & Communications	2,275,970	-	2,287,734	284,553	-	296,317	
Air Quality Analysis	1,156,358	-	849,389	159,702	-	(147,267)	
Non-Operating	24,871,936	-	875,136	-	\$37,347,323	13,350,523	
Total Governmental Activities	\$58,166,146	\$15,851,846	\$11,872,072	\$2,055,373	\$37,347,323	8,960,468	
General Revenues & Other Financing Sources:							
State Subvention - not restricted to specific programs						898,823	
Interest - not restricted to specific programs						652,846	
Penalties/Settlements						3,604,528	
Miscellaneous Revenue						(11,023)	
Total General Revenues & Other Financing Sources						5,145,174	
Change in Net Assets						14,105,642	
As Stated Net Assets - beginning, July 1, 2008						68,564,135	
Adjustment to Net Assets - (See Note 1.J)						(2,218,145)	
Restated Net Assets - beginning, July 1, 2008						66,345,990	
Net Assets - ending						80,451,632	

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, 2009

Assets:

Cash and Cash Equivalents	\$ 71,006,603
Accrued Revenues	4,310,118
Suspense Accounts Receivable	3,980
Total Assets	\$ 75,320,701

Liabilities:

Accounts Payable	\$ 688,754
Accrued Wages Payable	967,428
Compensated Absences Payable	170,743
Total Liabilities	1,826,925

Fund Balance:

Reserved Fund Balance	66,369,747
Unreserved Fund Balance	7,124,029
Total Fund Balance	73,493,776

Total Liabilities and Fund Balance	\$ 75,320,701
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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, 2009

Fund Balance - General Fund	\$73,493,776
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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.	10,525,237
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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.	<u>(3,567,381)</u>
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Net Assets of Governmental Activities	<u><u>\$80,451,632</u></u>
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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, 2009

Revenues:

Operating:

License and Permit Fees	\$ 23,939,450
Administrative Fees	2,920,662
Penalties and Settlements	3,604,320
Interest	652,846
State Grants	898,823
Federal Grants	2,055,373
Miscellaneous Revenue	89,340
Total Operating Revenue	34,160,814

Non-Operating:

Incentive Grants	\$ 36,077,911
Interest	1,527,260
Federal Grants	617,288
Total Non-Operating Revenue	38,222,459

Total Revenue	72,383,273
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Expenditures:

Operating:

Salaries and Benefits	26,171,573
Services and Supplies	5,099,751
Capital Outlay	1,543,520
Debt Services	
Principal	299,575
Interest	73,371
Total Operating Expenditures	33,187,790

Non-Operating:

Pass Through and Non-Operating	24,871,936
Total Expenditures	58,059,726

Excess of Revenues over Expenditures	14,323,547
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As Stated Beginning Fund Balance, July 1, 2008	61,388,374
Adjustment to Fund Balance - (See Note 1. J)	(2,218,145)
Restated Beginning Fund Balance, July 1, 2008	59,170,229
Fund Balance, June 30, 2009	\$ 73,493,776

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, 2009

Net Change in Fund Balance - General Fund \$14,323,547

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

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. 1,066,935

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. (1,242,696)

The net effect of disposal of assets (111,486)

Increase in compensated absences due in more than one year (230,233)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources for the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of the principal payment recorded in the current period. 299,575

Change in Net Assets of Governmental Activities \$14,105,642

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, 2009

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

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 \$170,743 and \$2,214,773 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 \$59,072,542. 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	\$23,117,312
DMV Surcharge Fees - Incentives	14,380,906
DMV Fees - Rollover	125,819
DMV Administrative Fees	830,368
State ERC Bank Program	61,851
Backup Generator Program	25,837
Peaker Plant Program	94,034
Dairy CEQA Program	8,717
ISR Rule Mitigation Program	8,715,365
Lower Emission School Bus Program	6,394,049
Winery Rule Program	7,082
Community Incentive Programs	170,250
Proposition 1B Program	3,829,967
DERA - Lower Emission School Bus Program	190,650
Voluntary Emission Reduction Agreements	<u>1,120,335</u>
Total Restricted Net Assets	\$59,072,542

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

The total Reserved Fund Balance at year-end was \$66,369,747. 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	363,000
Reserve for Encumbrances	3,434,205
Reserve for Heavy-Duty Program - Incentives	23,117,312
Reserve for DMV Surcharge Fees - Incentives	14,380,906
Reserve for DMV Fees - Rollover	125,819
Reserve for DMV Administrative Fees	830,368
Reserve for State ERC Bank Program	61,851
Reserve for Backup Generator Program	25,837
Reserve for Peaker Plant Program	94,033
Reserve for Dairy CEQA Program	8,717
Reserve for ISR Rule Mitigation Program	8,715,366
Reserve for Lower Emission School Bus Program	6,394,049
Reserve for Winery Rule	7,082
Reserve for Community Incentive Programs	170,250
Reserve for Proposition 1B Program	3,829,967
Reserve for DERA - Lower Emission School Bus Program	190,650
Reserve for Voluntary Emission Reduction Agreements	1,120,335
Total Reserved Fund Balance	<u>\$66,369,747</u>
Unreserved Fund Balance	<u>7,124,029</u>
Total Fund Balance	<u><u>\$73,493,776</u></u>

- The \$3,500,000 general reserve was established by the District Governing Board to provide for additional financial stability.
- The \$363,000 was established by the District Governing Board to provide a reserve for Long-Term Building Maintenance.
- The \$3,434,205 fund balance reserve for encumbrances outstanding at June 30, 2009 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 \$23,117,312 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 \$14,380,906 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 \$125,819 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 \$830,368 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 \$61,851 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 \$25,837 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 \$94,034 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 \$8,717 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 \$8,715,366 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 \$6,394,049 fund balance reserve for the Lower Emission School Bus Program represents funds received from the California Air Resources Board. The District will use these funds for the District’s Heavy-Duty Engine Program for school bus replacement and retrofits.

- The \$7,082 fund balance reserve for the Winery Rule Program represents fees collected under District Rule #4694, Wine Fermentation and Storage Tanks. These funds will be used for projects that will mitigate future projected emissions.
- The \$170,250 fund balance reserve for the Community Incentive Programs represent District appropriations for the Lawn Mower and Wood Stove change-out programs. These funds will be used for projects that will mitigate future projected emissions.
- The \$3,829,967 fund balance reserve for the Proposition 1B Program represents funds received from the California Air Resources Board. These funds will be used for the replacement and retrofit of heavy-duty trucks.
- The \$190,650 fund balance reserve for the DERA - Lower Emission School Bus Program represents funds from Environmental Protection Agency passed through to the California Air Resources Board. These funds will be used for the retrofit of school buses.
- The \$1,120,335 fund balance reserve for the Voluntary Emission Reduction 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.

J. Restatements

This year the District's beginning fund balance was restated to \$59,170,229, a negative adjustment of \$2,218,145. Two items account for this total adjustment; 1) Revenues from the District's ISR Program collected in FY 07/08 were refunded this year resulting in a negative adjustment to District Fund balance of \$588,662. 2) Funds from the District's Traffic Congestion Relief Program that were expended in FY 05/06 and refunded to the District in FY 07/08 were re-expended this fiscal year resulting in a negative adjustment to fund balance of \$1,629,483.

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, 2009 consisted of the following:

Cash on Hand	
Petty Cash	\$1,050
District Cash Funds	2,800
Change Funds	150
Postage Funds	25,687
Total Cash On Hand	<u>29,687</u>
Deposits with Financial Institutions	
Wells Fargo Bank	864,078
United States Post Office	1,040
Total Deposits with Financial Institutions	<u>865,118</u>
Other Deposits	
Security Deposit - Leased Property	<u>2,000</u>
Total Other Deposits	2,000
Investments with County Investment Pools	
Fresno County Treasurer	69,084,267
Kern County Treasurer	1,025,531
Total Investments with County Investment Pools	<u>70,109,798</u>
Total Cash on Hand and on Deposit	<u>\$71,006,603</u>

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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Investment Pool	<u>\$70,109,798</u>	<u>\$70,109,798</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:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
County Investment Pool	<u>\$70,109,798</u>	<u>N/A</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$70,109,798</u>

3. CAPITAL ASSETS AND DEPRECIATION

Capital Assets of the District for the year ended June 30, 2009 consisted of the following:

	<u>Capital Assets - Governmental Activities</u>			
	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Land	\$904,208			\$904,208
Building & Improvements	6,521,200	5,342		6,526,542
Machinery & Equipment	10,943,310	\$1,061,592	\$1,950,542	10,054,360
Totals	<u>18,368,718</u>	<u>1,066,934</u>	<u>1,950,542</u>	<u>17,485,110</u>
Less:				
Accumulated Depreciation	<u>7,556,234</u>	<u>1,242,696</u>	<u>1,839,056</u>	<u>6,959,874</u>
Net book value of Capital Assets	<u>\$10,812,484</u>	<u>(\$175,762)</u>	<u>\$111,486</u>	<u>\$10,525,236</u>

For the year ended June 30, 2009, the depreciation expense of \$1,242,696 on capital assets was charged to the District's activities as follows:

Permitting	\$314,289
Enforcement / Air Monitoring	693,256
Agricultural Burning	42,102
Plan and Rule Development	54,818
Mobile Sources	84,054
Outreach and Communications	27,467
Air Quality Analysis	26,710
Total Depreciation Expense	<u>\$1,242,696</u>

4. COMPENSATED ABSENCES

When employment with the District is terminated, an employee will receive compensation for all unused annual leave hours.

The following is a summary of earned compensated absences of the District for the year ended June 30, 2009:

July 1, 2008 Balance	\$2,132,586
Plus: Net Increase 7/1/08 - 6/30/09	<u>252,930</u>
June 30, 2009 Balance	<u>\$2,385,516</u>
Amount Due within One Year	<u>\$170,743</u>
Amount Due in More Than One Year	<u>\$2,214,773</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 for Fiscal Year 2008-09 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>
2009	\$4,962,833	100%
2008	5,078,432	100%
2007	5,208,586	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 2008-09, the District contributed \$152,328 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 official's 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 2008-09 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 \$316,194 for the year ended June 30, 2009. Future minimum lease payments under these leases are as follows:

Year Ending June 30,	
2010	\$ 385,608
2011	385,608
2012	413,688
2013	393,768
2014	408,888
2015 - 2019	<u>1,989,036</u>
Total	<u>\$ 3,976,596</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	\$420,940
Video Teleconferencing Equipment	<u>931,668</u>
Subtotal	<u>\$1,352,608</u>
Less: Accumulated Depreciation	<u>218,716</u>
Total	<u><u>\$1,133,892</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year Ended June 30:	Total Future Minimum Lease Payments
2010	\$372,946
2011	372,946
2012	372,946
2013	372,946
Total minimum lease payments	<u>1,491,784</u>
Less: amount representing interest	<u>(139,176)</u>
Present Value of minimum lease payments	1,352,608
Amount due within one year	<u>(314,814)</u>
Amount due in more than one year	<u>\$1,037,794</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, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Positive (Negative)
	Adopted	Final Adjusted		
Operating Budget				
Revenues:				
Vehicle Registration Fees	\$ 10,094,000	\$ 10,094,000	\$ 10,094,000	\$ -
License & Permit Fees	17,397,900	17,397,900	16,766,113	(631,787)
Interest	465,000	465,000	652,845	187,845
Penalties & Settlements	2,613,800	2,613,800	3,604,320	990,520
State Grants	882,000	882,000	898,823	16,823
Federal Grants	2,528,500	2,528,500	2,055,373	(473,127)
Miscellaneous Revenue	45,500	57,000	89,340	32,340
Total Operating Revenues	<u>34,026,700</u>	<u>34,038,200</u>	<u>34,160,814</u>	<u>122,614</u>
Operating Amounts Available For Appropriations	34,026,700	34,038,200	34,160,814	122,614
Expenditures:				
Salaries and Benefits	27,017,900	27,017,900	26,171,573	846,327
Services & Supplies	5,115,000	5,618,000	4,591,621	1,026,379
Fixed Assets				
Office Improvements	51,300	51,300	5,817	45,483
Computer Equipment	545,300	545,300	493,200	52,100
Office Furniture/Equipment	43,400	43,400	27,878	15,522
Office Machines	47,900	47,900	-	47,900
Telephone System	146,600	146,600	123,805	22,795
Detection Equipment	24,000	24,000	19,485	4,515
Automobiles	324,500	324,500	320,510	3,990
Video Conferencing System	380,000	380,000	288,608	91,392
Air Monitoring Station Equipment	545,000	666,369	274,001	392,368
Bakersfield Office Move	302,700	302,700	279,369	23,331
Total Fixed Assets	<u>2,410,700</u>	<u>2,532,069</u>	<u>1,832,673</u>	<u>699,396</u>
Total Operating Charges to Appropriations	<u>34,543,600</u>	<u>35,167,969</u>	<u>32,595,867</u>	<u>2,572,102</u>
Excess of Operating Revenues Over Expenditures	<u>(516,900)</u>	<u>(1,129,769)</u>	<u>1,564,947</u>	<u>2,694,716</u>
Non-Operating Budget				
Revenues:				
Air Toxics Fees - Pass Through	32,000	32,000	23,864	(8,136)
Heavy-Duty Engine Emission Funds	10,351,400	11,255,900	13,657,976	2,402,076
DMV Surcharge Fees - Pass Through	9,717,400	9,717,400	8,704,700	(1,012,700)
Interest - Non-Operating	1,530,000	1,561,400	1,527,260	(34,140)
Federal Grants - Non-Operating	5,000,000	5,190,650	617,288	(4,573,362)
Dairy CEQA Program Funds	120,000	120,000	-	(120,000)
Development Mitigation Program Contracts	3,740,000	3,740,000	158,409	(3,581,591)
Lower Emission School Bus Funds	19,208,000	26,859,884	6,680,276	(20,179,608)
ISR Rule Mitigation Funds - Pending	12,908,000	12,908,000	1,385,119	(11,522,881)
Proposition 1B Funds	38,503,500	38,503,500	5,430,000	(33,073,500)
Winery Rule Mitigation Funds	-	-	7,067	7,067
Community Incentive Programs	-	-	30,500	30,500
Non-Operating Amounts Available For Appropriations	<u>101,110,300</u>	<u>109,888,734</u>	<u>38,222,459</u>	<u>(71,666,275)</u>
Expenditures:				
Air Toxics-Pass Through	32,000	32,000	-	32,000
Dairy CEQA Program	120,000	120,000	-	120,000
Federal Grants - Non-Operating	5,100,000	5,290,650	423,625	4,867,025
Heavy-Duty Engine Emission Program	21,156,400	22,293,700	3,712,737	18,580,963
Development Mitigation Program Contracts	3,740,000	3,740,000	-	3,740,000
ISR Rule Mitigation Program	12,908,000	12,908,000	-	12,908,000
Proposition 1B Program	38,718,500	38,718,500	-	38,718,500
Lower Emission School Bus Funds	19,559,400	27,009,884	-	27,009,884
Community Incentive Programs	310,000	310,000	141,750	168,250
Total Non-Operating Charges to Appropriations	<u>101,644,300</u>	<u>110,422,734</u>	<u>4,278,112</u>	<u>106,144,622</u>
Excess of Non-Operating Revenues Over Expenditures	<u>(534,000)</u>	<u>(534,000)</u>	<u>33,944,347</u>	<u>34,478,347</u>
Appropriation for Contingencies	<u>850,000</u>	<u>478,631</u>	<u>-</u>	<u>478,631</u>
Net Change to District Fund Balance, June 30, 2009	<u>\$ (1,900,900)</u>	<u>\$ (2,142,400)</u>	<u>\$ 35,509,294</u>	<u>\$ 36,694,432</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 37 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, 2009.

Excess of revenues Over expenditures (GAAP Basis)	\$ 14,323,547
Adjustments for encumbrance activity	1,081,395
Adjustments from budget cash basis to modified accrual basis	<u>20,104,352</u>
Excess of revenues over expenditures (Budgetary Basis)	<u>\$ 35,509,294</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 Seven 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>	<u>2008-09</u>
Current and Other Assets	\$55,020	\$49,920	\$46,872	\$83,825	\$72,106	\$63,504	\$75,321
Capital Assets	6,232	5,840	6,605	6,504	9,740	10,812	10,525
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>	<u>85,846</u>
Current Liabilities	2,083	1,092	1,430	1,849	1,712	2,415	2,141
Noncurrent Liabilities	1,435	1,432	1,581	1,723	1,837	3,337	3,253
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>	<u>5,394</u>
Net Assets:							
Invested in Capital Assets, net of related debt	6,232	5,840	6,605	6,504	9,740	9,160	9,173
Restricted for Special Projects/Programs	34,084	30,494	27,454	66,096	57,905	47,388	59,073
Unrestricted	17,418	16,902	16,407	14,157	10,652	12,016	12,206
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>	<u>\$80,452</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 Seven 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>	<u>2008-09</u>
Revenue:							
Program Revenue							
Fees and Charges - Stationary Sources	\$8,423	\$8,581	\$9,312	\$10,413	\$11,317	\$11,559	\$15,852
Fees and Charges - Mobile Sources	9,907	10,100	13,007	11,329	12,041	11,915	11,872
Operating Grants	2,107	1,940	1,997	2,135	94	3,845	2,055
Restricted Special Revenue Sources	5,238	3,660	7,141	44,101	30,231	26,628	37,347
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>	<u>\$67,126</u>
General Revenues							
State Subvention	866	868	876	884	868	897	899
Interest	412	328	354	424	625	486	653
Penalties/Settlements	2,813	3,306	3,239	5,393	3,010	4,007	3,605
Miscellaneous	79	141	243	46	81	125	(11)
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>	<u>\$5,146</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>	<u>0</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>	<u>\$72,272</u>
Expenses:							
Permitting	\$6,800	\$7,787	\$9,005	\$9,614	\$11,230	\$12,054	\$12,263
Enforcement / Air Monitoring	7,502	8,518	7,376	9,702	10,314	11,020	11,105
Agricultural Burning	637	1,422	2,412	1,053	1,115	1,181	1,170
Plan and Rule Development	2,090	2,109	2,472	2,894	1,854	2,062	2,484
Mobile Sources	890	882	1,052	1,182	1,526	2,284	2,840
Outreach & Communications	1,229	1,284	1,552	1,806	1,675	2,187	2,276
Air Quality Analysis	797	885	996	1,421	1,246	1,235	1,156
Non-Operating	15,701	10,535	14,075	10,762	37,768	40,453	24,872
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>	<u>\$58,166</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>	<u>\$14,106</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 Seven 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>	<u>2008-09</u>
General Fund:							
Reserved	\$39,137	\$37,065	\$33,531	\$72,069	\$62,685	\$53,583	\$66,370
Unreserved	13,801	11,763	11,911	9,907	7,710	7,805	7,124
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>	<u>\$73,494</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 Seven 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>	<u>2008-09</u>
Revenues:							
Program Revenues:							
Fees and Charges - Stationary Sources	\$8,423	\$8,581	\$9,312	\$10,413	\$11,317	\$11,559	\$15,852
Fees and Charges - Mobile Sources	9,907	10,100	11,013	11,329	12,041	11,915	11,872
Operating Grants	2,107	1,940	1,996	2,135	94	3,845	2,055
Restricted Special Revenue Sources	5,238	3,660	9,135	44,101	30,231	26,628	37,347
General Revenues:							
State Subvention - Not Resetricted	866	868	876	884	868	897	899
Interest - Not Resetricted	413	328	354	424	625	486	653
Penalties/Settlements	2,812	3,306	3,239	5,393	3,010	4,007	3,605
Miscellaneous Revenue	79	141	244	46	81	125	100
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>	<u>72,383</u>
Expenses:							
Operating:							
Salaries and Benefits	15,136	17,084	19,825	21,693	23,479	24,195	26,172
Services and Supplies	3,570	3,673	4,038	4,464	3,815	4,247	5,100
Capital Outlay	1,354	1,742	1,617	1,273	4,786	2,854	1,916
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>	<u>33,188</u>
Non-Operating:							
Pass Through and Non-Operating	15,700	10,535	14,075	10,762	37,768	40,453	24,872
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>	<u>58,060</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)	14,323
Adjustment to Fund Balance	792	-	-	-	-	1,629	(2,218)
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>	<u>\$12,105</u>

Source:

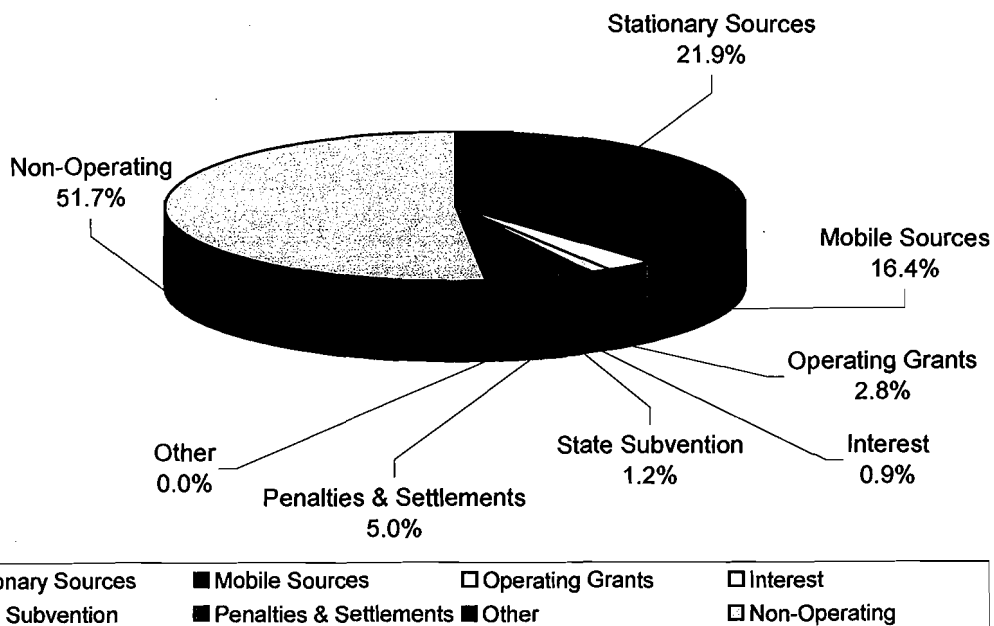
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT

REVENUES BY PROGRAM ACTIVITY Last Five Fiscal Years

Program Activity	2004-05	2005-06	2006-07	2007-08	2008-09
Stationary Sources	9,312,515	10,413,416	11,316,961	11,559,383	15,851,846
Mobile Sources	11,012,746	11,328,423	12,041,145	11,915,269	11,872,072
Operating Grants	1,996,641	2,135,399	93,795	3,844,519	2,055,373
Interest	353,835	424,158	625,236	486,560	652,846
State Subvention	875,794	884,253	867,800	896,628	898,823
Penalties & Settlements	3,239,049	5,392,669	3,010,358	4,006,787	3,604,528
Other	243,502	46,446	81,065	124,937	(11,024)
Non-Operating	9,135,314	44,100,700	30,230,810	26,627,693	37,347,323
Total Revenue	36,169,396	74,725,464	58,267,170	59,461,776	72,271,787

FY 08-09 REVENUES BY PROGRAM ACTIVITY



Notes:

Other includes: Miscellaneous Revenue and Subscriptions

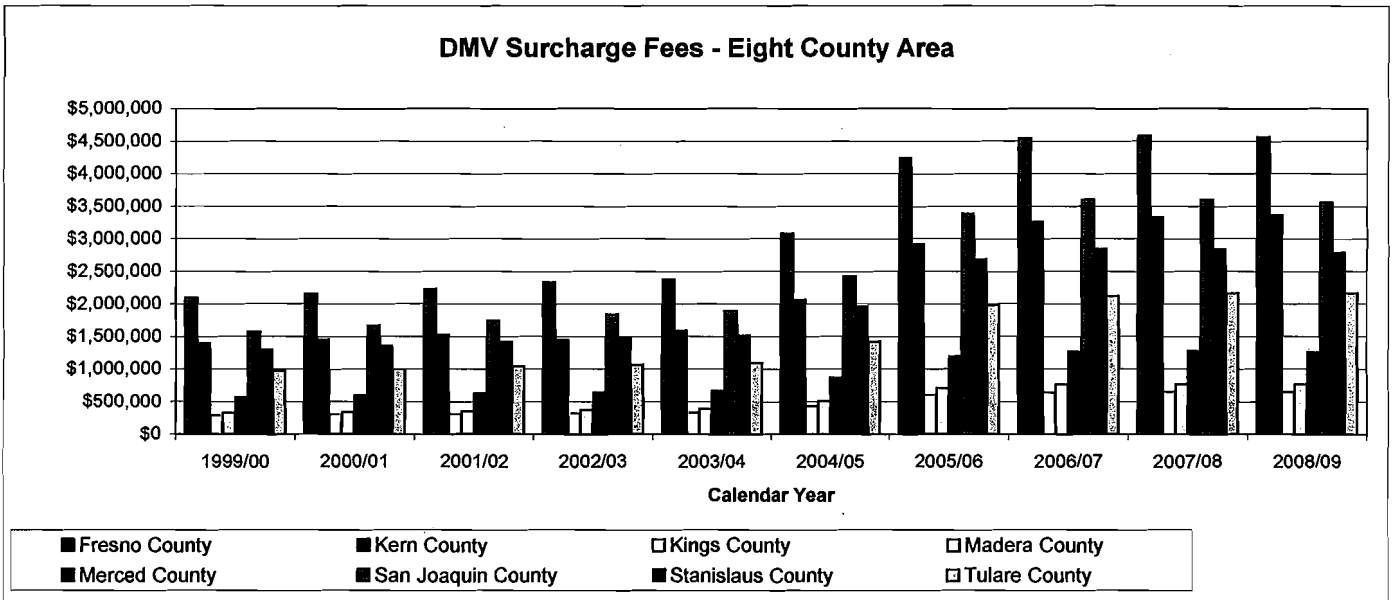
Source:

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
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%
2008/09	4,565,075	3,358,785	645,520	763,627	1,253,828	3,559,192	2,785,930	2,164,078	19,096,035	-0.53%



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.

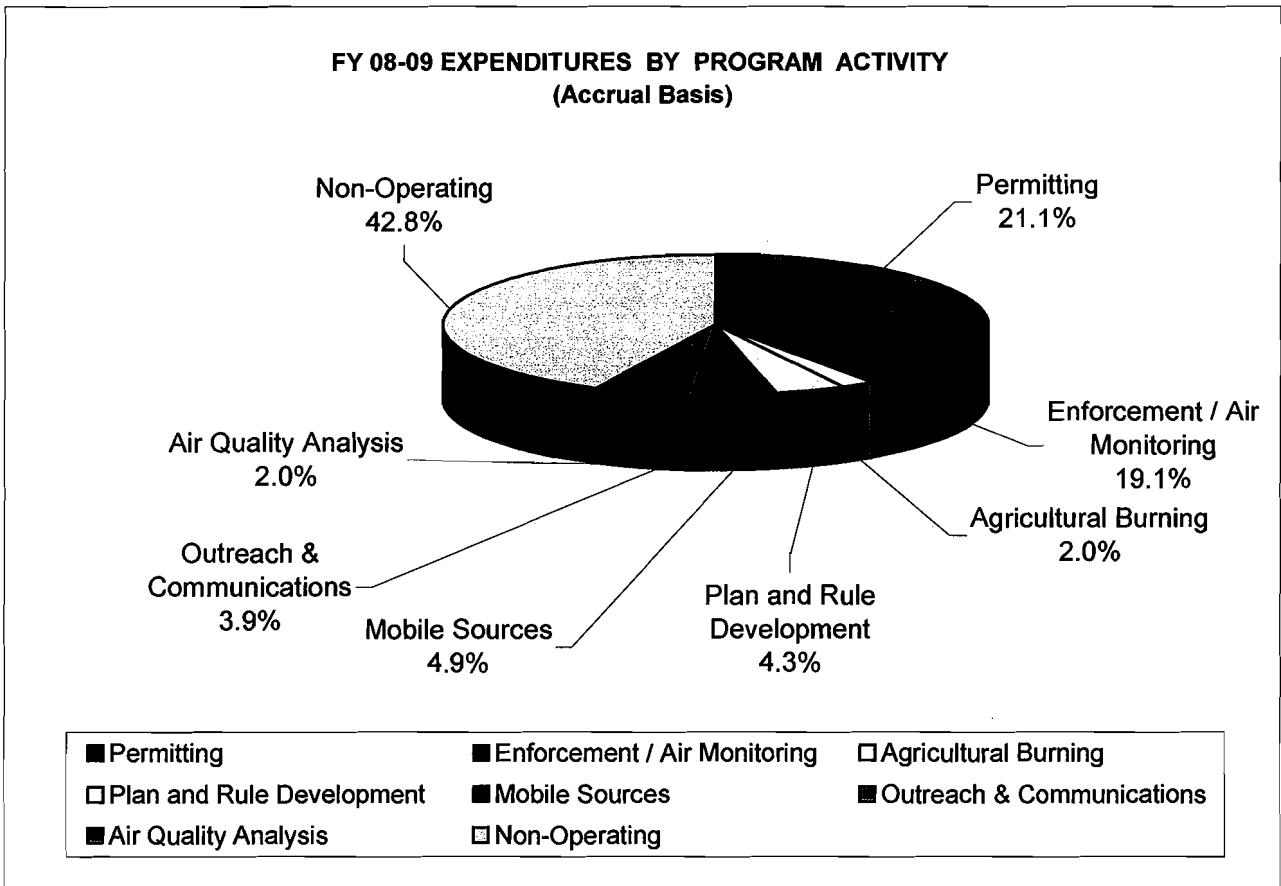
Starting in 2004/005 Total DMV Surcharge Fees include fund from AB2766, SB709, and AB923.

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	2004-05	2005-06	2006-07	2007-08	2008-09
Permitting	9,004,901	9,614,325	11,230,458	12,053,583	12,262,847
Enforcement / Air Monitoring	8,502,904	9,702,837	10,313,900	11,020,138	11,105,333
Agricultural Burning	1,285,614	1,052,751	1,115,208	1,180,869	1,169,500
Plan and Rule Development	2,471,801	2,893,886	1,853,564	2,062,228	2,484,135
Mobile Sources	1,051,588	1,181,484	1,525,673	2,284,463	2,840,067
Outreach & Communications	1,552,531	1,805,975	1,675,084	2,187,232	2,275,970
Air Quality Analysis	996,157	1,421,034	1,245,566	1,234,496	1,156,358
Non-Operating	14,074,560	10,761,689	37,768,236	40,453,003	24,871,936
Total Expenditures	38,940,056	38,433,981	66,727,689	72,476,012	58,166,146



Source:

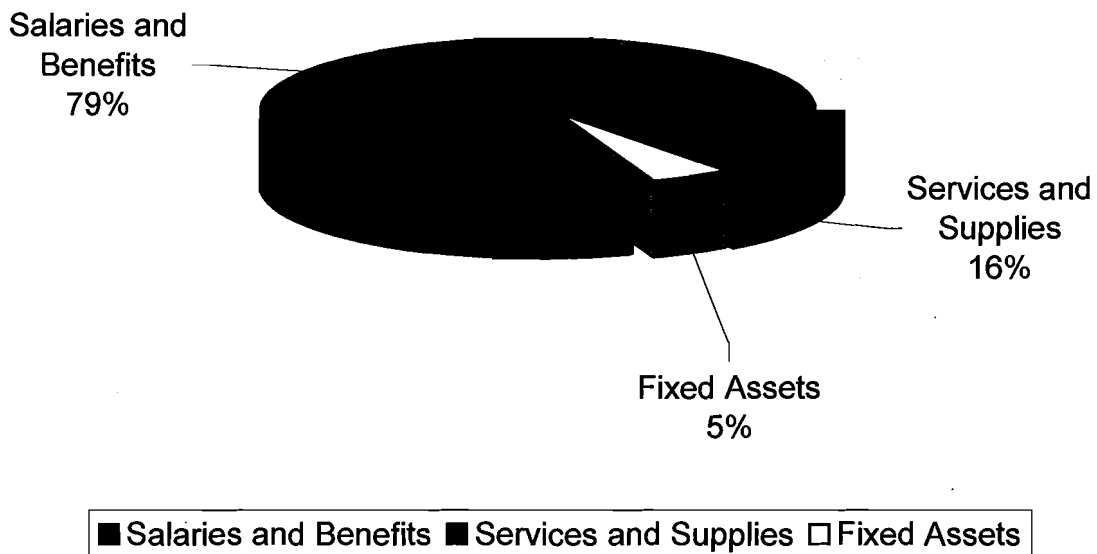
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

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
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
2008/09	26,171,573	5,099,751	1,543,520	32,814,844

FY 08-09 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

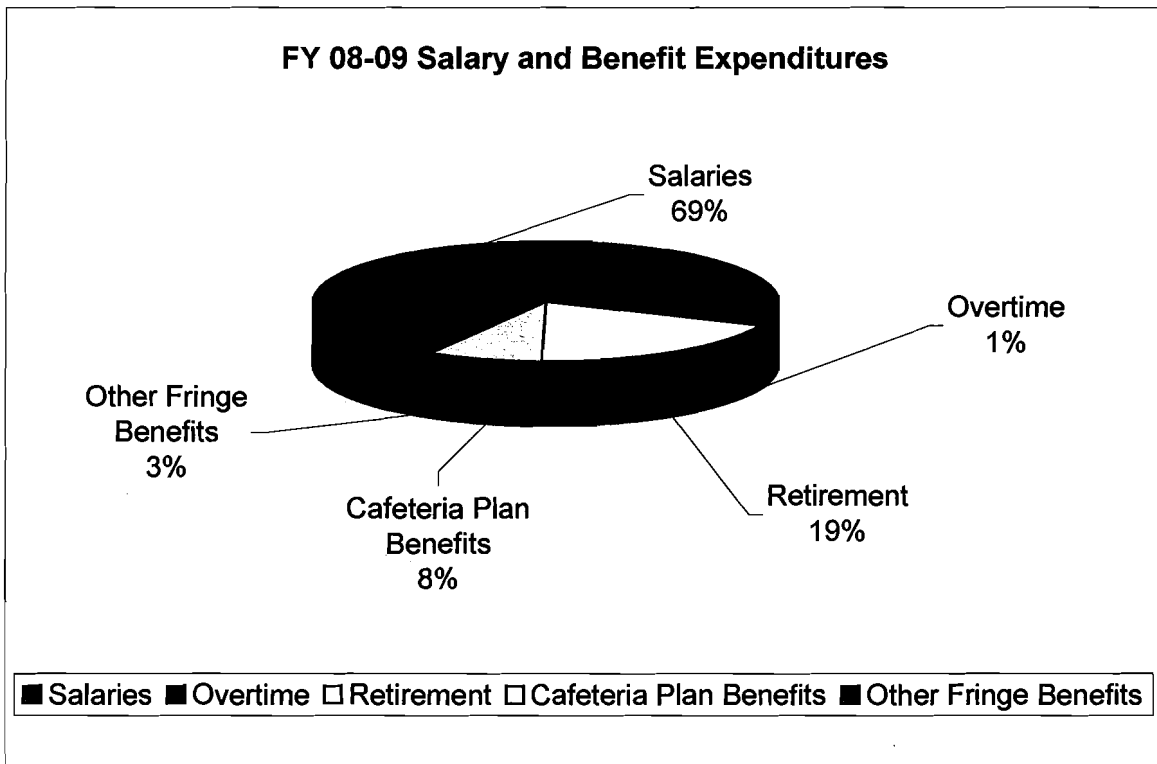
SALARY AND BENEFIT EXPENDITURES Last Ten Fiscal Years

Fiscal Year	Salaries	Overtime	Retirement	Cafeteria Plan Benefits	Other Fringe Benefits	Total Salaries and Benefits
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	15,512,732	299,691	5,208,586	1,792,819	665,201	23,479,029
2007/08	16,267,143	276,813	5,078,432	1,909,038	663,859	24,195,285
2008/09	18,065,322	320,202	4,962,833	2,074,820	748,396	26,171,573

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:

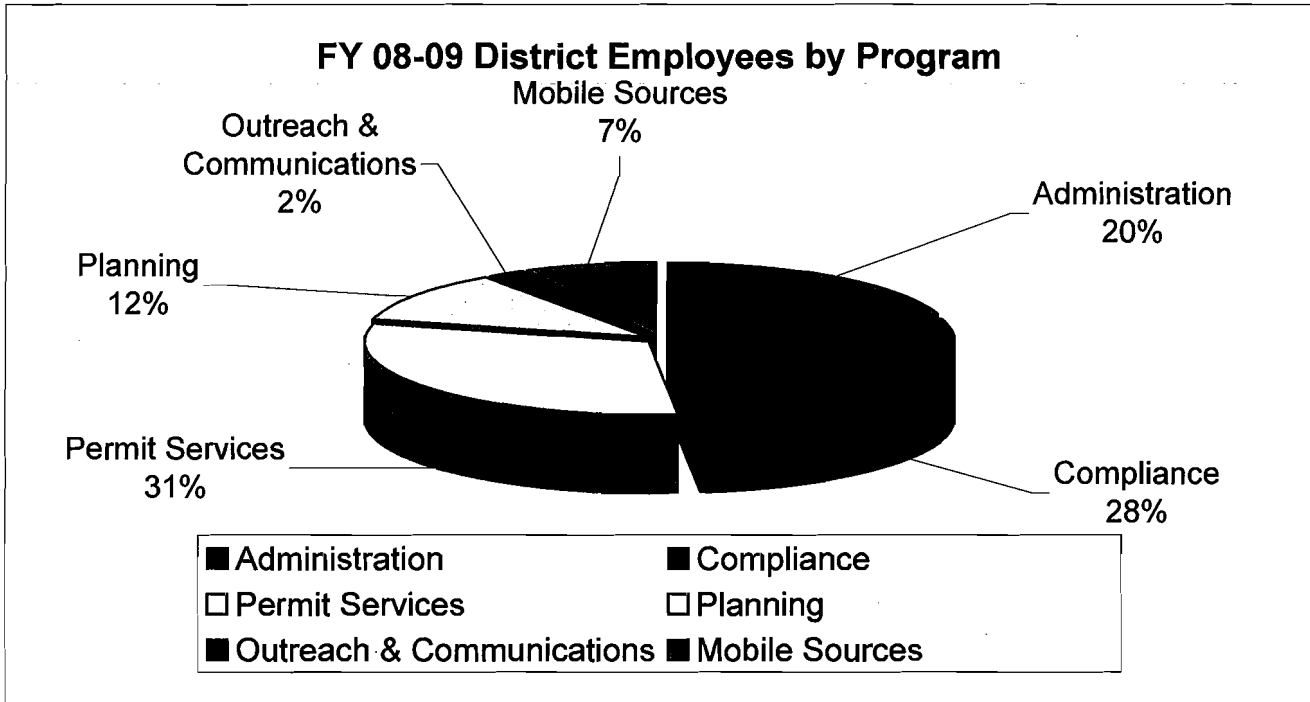
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

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
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
2008/09	62	88	95	36	7	23	311



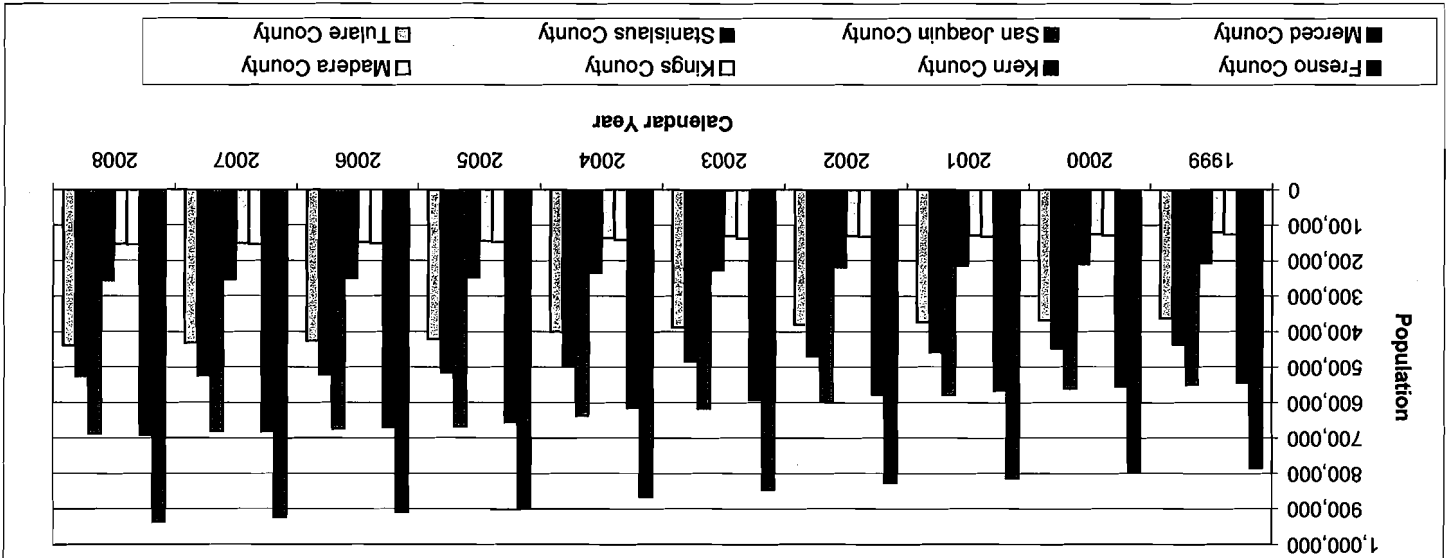
Source:
San Joaquin Valley Unified Air Pollution Control District Audited Financial Statements

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
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%
2008	936,800	691,800	155,000	151,900	256,100	687,000	526,000	438,300	3,842,900	1.30%

Eight County Population



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:	3,842,900 (2008)
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:	2,775,700 (6/30/09) Estimate
Stationary Sources of Air Pollution	Oil Refineries, Oil Production Equipment, Power Regulated Plants, Manufacturing and Processing Facilities, Boilers and other Combustion Equipment, Emergency Generators, Paint Spray Booths, Service Stations, Agricultural Operations, and Dry Cleaners
Number of Sources:	Approximately 13,700 operating locations with more than 33,000 Permits Operate and 6,200 Agricultural Conservation Management Practice Plans
Number of Air Monitoring Stations:	29, District, ARB, Tribal, and National Park Service Combined (Including 2 Lower Air Profilers)
District Full-time Authorized Positions:	311
Adopted FY 2009-10 Budget:	\$135,363,900