



Santa Barbara County  
**Air Pollution Control District**  
Located in the State of California

Our Vision  Clean Air

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED  
JUNE 30, 2009**

**TERRY DRESSLER  
AIR POLLUTION CONTROL OFFICER**



### **MISSION STATEMENT**

**Our mission is to protect the people and the environment of Santa Barbara County from the effects of air pollution.**

**Front Cover:**  
NORTH-FACING VIEW OF CASA NUEVA'S EAST ENTRANCE

*Santa Barbara County  
Air Pollution Control District  
Located in the State of California*



**Comprehensive Annual Financial Report**  
Year Ended June 30, 2009

Prepared by:

The Fiscal Section of the Santa Barbara County Air Pollution Control District  
Donald C. Kendig, CPA, Business Manager





Comprehensive Annual Financial Report  
Year Ended June 30, 2009

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Comprehensive Annual Financial Report  
Year Ended June 30, 2009

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## INTRODUCTORY SECTION

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*Letter of Transmittal*

December 4, 2009

To the Governing Board of the Santa Barbara County Air Pollution Control District, and  
the Citizens of Santa Barbara County

Please accept the Comprehensive Annual Financial Report (CAFR) of the Santa Barbara County Air Pollution Control District (APCD) for the fiscal year that ended June 30, 2009.

APCD management assumes full responsibility for the accuracy of the data, the completeness and fairness of the presentation, including all disclosures. 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 results of operations of the various funds and all disclosures necessary to enable the reader to gain an understanding of the APCD's financial activities.

Nasif, Hicks, Harris & Co., LLP, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the APCD's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

A federally mandated "Single Audit" was not required for the fiscal year ended June 30, 2009 because expenditures of federal funds were below the \$500,000 threshold. Therefore, there will be no separately issued Single Audit report.

### **Profile of the Santa Barbara County Air Pollution Control District**

The Santa Barbara County Air Pollution Control District (APCD) is an independent special district charged with improving the quality of the air, and protecting the people of Santa Barbara County from the effects of air pollution. In 1970, the California Legislature gave local governments the primary responsibility for controlling air pollution from most sources except motor vehicles. In response, the APCD was established on September 14, 1970 to adopt measures to control stationary sources of pollution, issue permits, monitor air quality, maintain an inventory of pollution sources, and other related activities.

*Santa Barbara County Air Pollution Control District Governing Board*

Policymaking and legislative authority is vested in the governing board (Board) of the APCD, which consists of the five members of the County Board of Supervisors and one representative (a mayor or city councilperson) from each of the eight cities in the county, totaling thirteen (13).

The Board is responsible, among other things, for adopting rules and regulations, adopting budgets, appointing committees, and appointing the Air Pollution Control Officer (APCO).

The following lists members of the governing board as of June 30, 2009.

**Supervisor Salud Carbajal**

First District, Santa Barbara County  
Board of Supervisors

**Supervisor Janet Wolf, Chair**

Second District, Santa Barbara County  
Board of Supervisors

**Supervisor Doreen Farr**

Third District, Santa Barbara County  
Board of Supervisors

**Supervisor Joni Gray**

Fourth District, Santa Barbara County  
Board of Supervisors

**Supervisor Joe Centeno**

Fifth District, Santa Barbara County  
Board of Supervisors

**Mayor Russ Hicks**

City of Buellton

**Vice-Mayor Al Clark**

City of Carpinteria

**Mayor Pro-Tem Eric Onnen, Vice Chair**

City of Goleta

**Mayor Lupe Alvarez**

City of Guadalupe

**Councilmember Cecilia Martner**

City of Lompoc

**Mayor Marty Blum**

City of Santa Barbara

**Mayor Larry Lavagnino**

City of Santa Maria

**Councilmember Edwin Skytt**

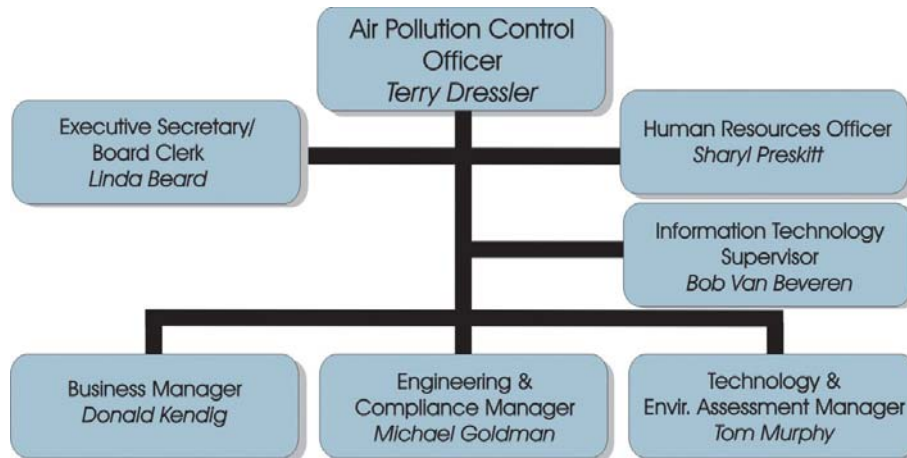
City of Solvang



### *Organization Chart*

The APCD, with 51.25 full-time equivalent employees, has expertise in meteorology, engineering, chemistry, planning, environmental sciences, industrial field inspection, air monitoring, public outreach, data processing, accounting, human resources, and administration.

The following chart lists the Air Pollution Control Officer, the primary divisions and their respective managers or contacts as of June 30, 2009.



### *What We Do*

Our activities are guided by broad priorities, upon which narrower goals are developed, along with specific objectives (activities) to achieve those goals. The APCD priorities, goals, and objectives are as follows:

#### *Priority 1: Protection Of Public Health Through Air Quality Improvement*

Goal: Continue to implement programs which directly reduce emissions.

##### *Objectives:*

- Adopt new rules and regulations which cost-effectively reduce emissions.
- Emphasize alternatives to “command-and-control” regulations such as pollution prevention and incentives.
- Develop partnership initiatives to introduce innovative or other low polluting technology in areas not currently regulated or where technology recipients agree to go beyond regulatory requirements.
- Involve the community in pollution reduction efforts through grant programs, public education, and recognition of outstanding pollution reduction efforts.
- Maintain a fair and rigorous enforcement program.
- Ensure that all emission sources contribute to reducing emissions.
- Ensure that penalties act as a deterrent.

Priority 1: Protection Of Public Health Through Air Quality Improvement – (Continued)

Goal: Maintain a strong, science-based program.

*Objectives:*

- Place a high priority on staff training.
- Base decisions on data which has been documented and subjected to critical and open review.
- Maintain a sound emission inventory and air quality monitoring system.
- Maintain and update the Clean Air Plan using the latest data and control techniques.
- Use the best available data in developing programs, rules and permit analyses.
- Recognize differences between North and South County air quality.

Goal: Ensure that the APCD's mission and actions are aligned and routinely reviewed.

*Objectives:*

- Maintain and periodically update a strategic plan.
- Develop and adopt annual goals and track progress.

Goal: Ensure adequacy of resources.

*Objectives:*

- Continue to streamline and improve efficiency by taking advantage of technological advances and continuously reviewing systems and tasks.
- Broaden the APCD funding base by actively pursuing additional sources of revenue.

Priority 2: Community Involvement

Goal: Involve the community in air quality protection.

*Objectives:*

- Support a broad-based Community Advisory Council to provide input on rules and clean air plans and to foster open communication and a collaborative approach to air pollution control planning.
- Conduct workshops on new rules, plans, and the budget to obtain community input.
- Inform the public on air quality issues through a periodic newsletter, a Web Site, explanatory pamphlets and other educational matter.
- Keep the media informed.
- Participate in community events.

Priority 3: Continuously Improve Service

Goal: Maintain and improve relationships with all constituents.

*Objectives:*

- Keep the Board well informed.
- Provide opportunities for public input to decisions which affect them.
- Train staff in customer service and reward good service.
- Survey constituents regarding the quality of service received.
- Tap employee expertise, reward high performance, and push decisions down to the lowest level at which they can be competently made.

Engineering and Compliance Division staff: issues and enforces permits, and works with businesses to help them comply with permits; inspects businesses; responds to complaints from the public; implements the federal Title V program for large sources of air pollution; and implements the State's air toxics "Hot Spots" program for sources of toxic air pollution.

Technology and Environmental Assessment Division staff: monitors the air in our county; prepares clean air plans to show how we will meet clean-air standards; develops rules; implements clean air technologies and manages the clean air grant programs; reviews environmental documents for compliance with the California Environmental Quality Act

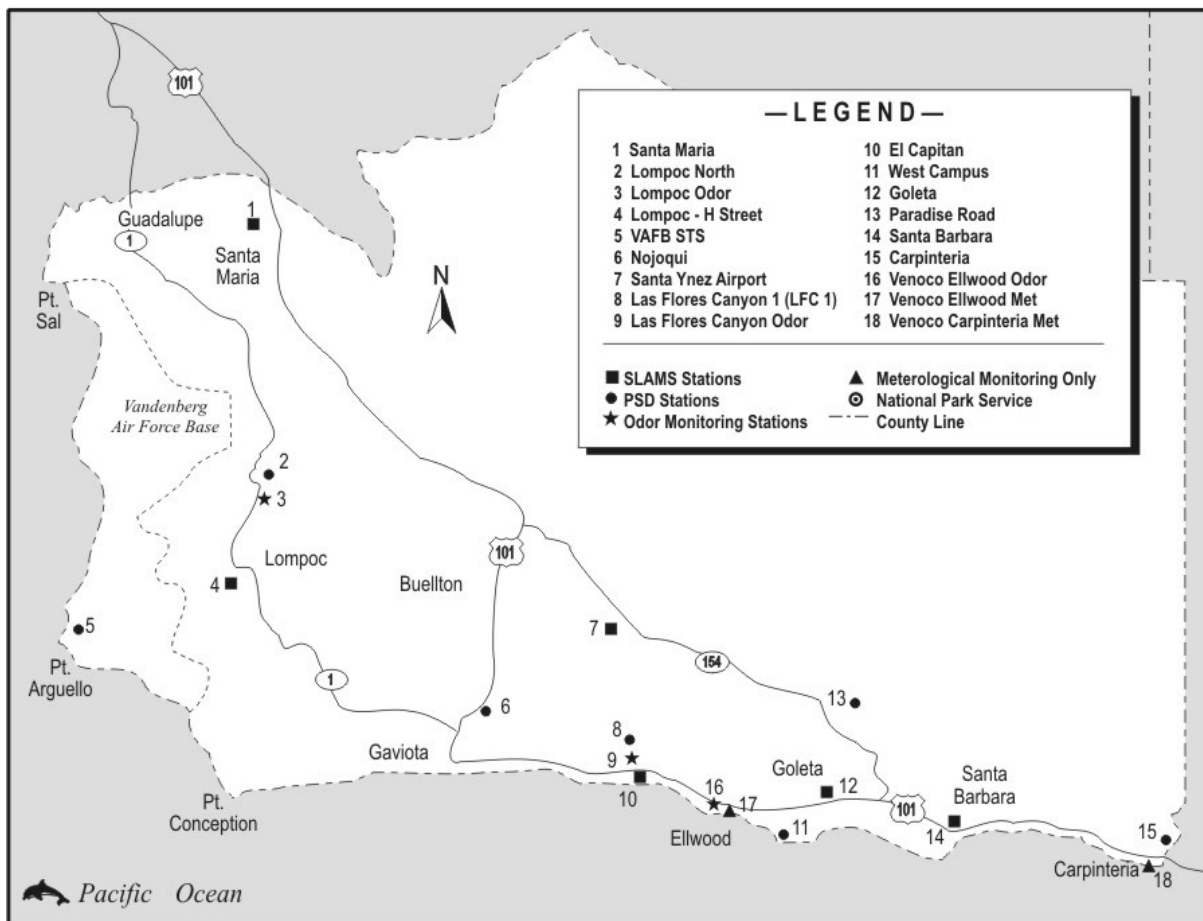
(CEQA); and, educates and assists businesses and the public about our air and how we can keep it clean.

The state and federal governments have established ambient air quality standards for several air pollutants. The standards tell us how much of each pollutant can be in the air without causing harm to human health. The APCD is required to monitor air pollution levels to ensure these standards are met, and if they are not, to develop a strategy to reduce air pollution so they can be met. Figure 1, below, shows the locations of air monitoring stations in Santa Barbara County.

### *Our Air Quality*

Santa Barbara County's air quality has historically violated both the state and federal ozone standards. Ozone concentrations above these standards adversely affect public health, diminish the production and quality of many agricultural crops, reduce visibility, and damage native and ornamental vegetation. In 1970, when the APCD was formed, the air in Santa Barbara did not meet the federal one-hour ozone standard. For over 30 years our efforts focused on attaining that standard. On August 8, 2003, Santa Barbara County was officially designated an attainment area for the federal one-hour ozone standard. Santa Barbara County is currently designated as attainment for the federal eight-hour ozone standard that replaced the previous federal one-hour standard. In addition, we attained the state one-hour ozone standard for the first time during 2004-2006. The California eight-hour ozone standard was implemented in June, 2006. The County violates this new state eight-hour ozone standard and continues to violate the state standard for PM<sub>10</sub> (particulate matter of 10 micrometers or less).

**Santa Barbara County Air Quality Monitoring Stations**



## **Factors Affecting the Financial Condition**

### *Major Initiatives*

The APCO, in the District's adopted budget, outlines major programs (initiatives), accomplishments, and goals aligned with the Strategic Plan as adopted by the APCD Board in October 1997. This budget is available at [www.sbcapcd.org/apcd/budget.htm](http://www.sbcapcd.org/apcd/budget.htm).

Clean Air Planning – During Fiscal Year (FY) 2008-09, staff effort stayed focused on obtaining state and federal approval of our 2007 Clean Air Plan to comply with the new federal eight-hour ozone standard. The U.S. Environmental Protection Agency (EPA) has also revised their particulate matter standards and eight-hour ozone standard, and staff will be working closely with EPA to determine the specific planning requirements for these new health-based standards.

Pollution from Marine Shipping – Large oceangoing ships are one of the last uncontrolled and unregulated major sources of air pollution. The APCD initiated a lawsuit against the EPA over its failure to act on regulating large engines associated with oceangoing ships, but the lawsuit proved unsuccessful. However, the EPA did take action this past summer asking the International Maritime Organization (IMO) to create a 230-mile Emissions Control Area around the US coastline, in which ships would have to meet stricter standards. In addition, this June, the EPA for the first time proposed standards for engines on large ocean-going vessels.

Wildfires Threaten Air Quality – In the past three years, Santa Barbara County's air has been significantly affected by smoke and ash from six wildfires. Day Fire (started September 4, 2006, burned 162,700 acres), Zaca Fire (started July 4, 2007, burned 240,000 acres), Gap Fire (started July 1, 2008, burned 9,443 acres), Tea Fire (started November 13, 2008, burned almost 2,000 acres and 210 homes), Jesusita Fire (started May 5, 2009, burned 8,733 acres and 80 homes) and La Brea Fire (started August 8, 2009, burned more than 89,000 acres).

Working with the County's Public Health Department, the APCD has issued air quality advisories throughout this period, starting September 17, 2006, when smoke from the Day Fire first affected the county's air quality.

Presently, high winds have created periods of poor air quality by stirring up ash and soot particles even after the fires have gone out. Close monitoring will continue and public advisories will be issued any time there is a chance that the public's air quality is threatened.

Retirement Costs – Retirement rates and their associated costs have been increasing steadily since FY 2003-04, well before the most recent economic downturn which was accompanied by uncharacteristic and unforeseen investment losses. The amount of money the APCD must pay each year into the retirement system, formally known as the Santa Barbara County Employees Retirement System (SBCERS), has nearly doubled from roughly \$587,000 to \$959,102 for fiscal year 2008-09, with a forecast of \$1,033,264 for fiscal year 2009-10. The rates have increased from approximately 15% of covered payroll to just over 25% during that period. We have increased fees according to the CPI, as our rules provide for, but have had to eliminate 10.5 positions in order to balance our budget. This has been a hardship to the APCD and staff.

The most recent losses in conjunction with SBCERS' adopted practice of smoothing gains and losses over a 5-year period will result in further increases in APCD contribution rates over the next five years. Should SBCERS achieve its assumptions going forward, the APCD forecasts retirement rates of 31.1%, 31.0%, 32.0%, 35.5%, and 37.2% for future fiscal years starting fiscal year 2010-11, with associated contribution costs of 1,266,726, 1,262,244, 1,305,025, 1,444,369, and 1,517,300. Starting fiscal year 2015-16 modest annual rate decreases, associated with cost decreases of approximately \$30,000, will occur until arriving at a normal rate of 13.3%.

### *Revenue Summary*

The APCD is financed primarily through fees paid by regulated businesses, motor vehicle registration fees, and federal and state grants.

The Strategic Plan forecasted that overall fee revenue would decrease substantially for several years, and indeed, sizable revenue reductions occurred shortly after they were predicted. The fee revenue outlook has stabilized and while it is predicted revenues will grow, it is predicted that they will grow less than the Consumer Price Index (CPI). The lag behind the CPI is due to positive emission reductions from new, cleaner, emission sources replacing the periodic withdrawal of older, less efficient sources, and an ongoing shift from reimbursable fee to fixed fee arrangements.

Even though the revenue picture has stabilized, a detailed analysis of ongoing revenues and expenditures (including the above retirement rate forecast) has revealed the need for additional expenditure reductions or revenue increases within the next 5 to 10 years.

The APCD has not proposed an increase in fees on regulated sources since 1991 other than the annual adjustment for CPI change allowed within its rules, which, for FY year 2008-09 was 3.0%. In fact, a number of years between July 1, 1990 and the end of FY 1999-2000, the APCD did not raise fees by even the CPI, thereby foregoing 14.36% as of FY 2008-09.

Detailed charts of fee and expenditure trends along with other demographic information can be found in the statistical section of this report.

### *Internal Accounting Control Policy*

APCD management is responsible for establishing, maintaining and evaluating the APCD'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 (GAAP); and, to provide reasonable, rather than absolute, assurance 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 APCD's internal control evaluations occur within the above framework which ensures adequate safeguard of the APCD's assets and reasonable assurance of proper recording of financial transactions.

### *Budgetary Policy*

The APCD maintains budgetary controls through both signature authority and automated budget checking. The objective of these controls is to ensure compliance with the annual appropriated budget approved by the Board.

The accounting principles applied in developing budgetary expenditures match GAAP and the amounts reported on the financial statements.

As reflected in the statements and schedules included in the financial section of this report, the APCD continues to meet its responsibility for sound financial management.

### **Long-Term Financial Planning**

The highest hurdle to the APCD's long term financial success is surviving the increases in retirement costs over the next six fiscal years. Management anticipates that the CPI will increase

steadily, possibly funding these increases; however, there is also competing wage pressure in order to remain competitive as an employer, and recruit and retain good talent.

### **Relevant Financial Policies**

#### *Unassigned Fund Balance*

The APCD has unassigned fund balance in the general fund of \$2,575,394, or 31.5% of general fund expenditures. The APCD built a strategic reserve within unassigned fund balance to approximate 15% of revenues (currently \$1,500,000), which is held for unforeseen events. As part of its reevaluation revenue fluctuation smoothing policy, the APCD sets aside sufficient reserve amounts from peak revenue years to cover the trough years in the APCD's 3-year reevaluation cycles (currently \$883,929). The APCD does not have a formal contingency policy, but currently has just over 2% of general fund expenditures (or \$191,465) available for them (see Note II of the basic financial statements).

#### *Cash Management*

The County of Santa Barbara provides treasury management services to the APCD. Cash resources of the APCD are invested as part of Santa Barbara County's Pooled Investment Portfolio. The County investment policy authorizes investments in United States treasury bills, bonds and notes, obligations issued by agencies of the United States Government, bankers acceptances, commercial paper, medium term notes, certificates of deposit, and the State's Local Agency Investment Fund. The fair market value of APCD's portfolio at June 30, 2009 is \$8,434,152 (see Note III of the basic financial statements).

#### *Risk Management*

APCD manages its risks of property and liability losses through commercial insurance. Commercial insurance coverages are obtained with assistance from a brokerage firm, Alliant Insurance Services, Inc. APCD maintains all risk property coverage with replacement cost valuation for pooled insurable values of approximately \$1,000,000,000 with a deductible of \$10,000. A detailed listing of insurance coverages may be found under Note X of the basic financial statements.


Loss control activities are managed by APCD's staff assigned to risk management activities. Staff performs loss prevention inspections and employee safety training to minimize potential human and property losses, and establish compliance with Cal/OSHA regulations.

### **Acknowledgments**

The preparation of this CAFR is the result of a coordinated effort by the entire APCD staff. We would like to acknowledge the special efforts of the Fiscal Section and our independent auditors, Nasif, Hicks, Harris & Co.

Recognition is also given to the Board for its leadership and support and to all employees of the APCD who continue to embrace innovation and improve operations to accomplish the APCD mission of protecting public health.

Respectfully Submitted,



Terry Dressler  
Air Pollution Control Officer



Donald Kendig, CPA  
Business Manager



Comprehensive Annual Financial Report  
Year Ended June 30, 2009

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## FINANCIAL SECTION

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*Independent Auditors' Report*

*Management's Discussion and Analysis (Unaudited)*

*Basic Financial Statements*

Notes to the Basic Financial Statements

*Required Supplementary Information*

# NASIF, HICKS, HARRIS & Co., LLP

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December 4, 2009

## Independent Auditors' Report

To the Board of Directors of the Santa Barbara County  
Air Pollution Control District:

We have audited the accompanying financial statements of the governmental activities and major fund of the Santa Barbara County Air Pollution Control District (APCD) as of and for the year ended June 30, 2009, which collectively comprise APCD's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of APCD's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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

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



Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The introductory section and the statistical tables, where applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements of APCD. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

*Nasf, Hicks, Harris & Co., LLP*  
Nasf, Hicks, Harris & Co., LLP

**Santa Barbara County Air Pollution Control District  
Management's Discussion and Analysis (Unaudited)**

**As of June 30, 2009**

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The information in this section is not covered by the Independent Auditor's report, but is presented as required supplementary information for the benefit of the readers of the comprehensive annual financial report (CAFR).

As management of the Air Pollution Control District of the County of Santa Barbara, California (APCD), we offer readers of the APCD's financial statements this narrative overview and analysis of the financial activities of the APCD for the fiscal year (FY) ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the APCD's basic financial statements, which immediately follow this section.

**Financial Highlights**

*Government-wide Financial Analysis*

The assets of the APCD exceeded its liabilities at the close of the most recent fiscal year by \$8,210,336 (*net assets*):

- \$320,634 represents the APCD's investment in capital assets, less any related outstanding debt used to acquire those assets (*invested in capital assets, net of related debt*).
- \$7,889,702 represents (*unrestricted*) net assets, which may be used to finance the APCD's day-to-day operations without constraints established by legal requirements.

The APCD's total net assets increased by \$823,932 over the prior year:

- A \$61,198 decrease in net assets invested in capital assets, net of related debt, represents capital purchases less depreciation plus the retirement of any related long-term debt. See further discussion of capital assets and long-term debt on page 16.
- An \$885,130 increase in unrestricted net assets is the change in resources available to fund APCD programs and obligations. This change is further discussed on page 17.

*Financial Analysis of the APCD's General Fund*

In February 2009, the Government Accounting Standards Board (GASB) adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changes the way governmental fund balances are reported and discussed in order to improve the usefulness, including the understandability, of governmental fund balance information. The reporting requirements of this statement are effective for financial statements for periods beginning after June 15, 2010; however, the APCD has implemented the statement early as encouraged by the GASB. This change affects the reporting of fund balances in APCD's balance sheet and statement of net assets and Note II of the notes of the basic financial statements.

A summary of fund balances is as follows:

	Fund Balances		Changes	
	June 30, 2009	June 30, 2008	Dollar	Percent
Nonspendable	\$ 81,143	\$ 22,991	\$ 58,152	252.9%
Committed	2,465,327	2,604,072	(138,745)	-5.3%
Assigned	3,141,773	1,153,257	1,988,516	172.4%
Unassigned	2,575,394	3,582,441	(1,007,047)	-28.1%
Total fund balances	<u>\$ 8,263,637</u>	<u>\$ 7,362,761</u>	<u>\$ 900,876</u>	<u>12.2%</u>

As of the close of the fiscal year, the APCD's governmental funds reported combined fund balances of \$8,263,637. This amount represents entirely the amount of the General Fund and an increase of 12.2%, or \$900,876 from the prior year. Of that amount, approximately 99.0% or \$8,182,494 is available for spending, but bound by various levels of constraints that control the purposes for which specific amounts can be spent. The unassigned portion, not constrained as reported in the other classifications, amounts to \$2,575,394 or 31.2% of the total fund balance and 31.5% of operating expenditures.

As an introduction, the new fund balance classifications the APCD uses are defined as follows.

*Nonspendable*

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Committed*

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the APCD's highest level of decision making authority, such as legislation, resolution, ordinance, or contractual obligation.

*Assigned*

The assigned fund balance classification includes amounts that are constrained by the APCD's intent to be used for specific purposes, as expressed by (a) the Board itself or (b) a body (e.g. budget or finance committee) or the APCO to which the Board has delegated the authority to assign the amounts. Constraints imposed in this fashion are more easily modified than those imposed upon committed amounts.

*Unassigned*

The unassigned fund balance is the residual classification for the general fund.

A detailed analysis of the fund balances can be found on page 20 and a detailed schedule of fund balances can be found in Note II of the notes of the basic financial statements.

*Capital Assets and Debt Administration*

The APCD's investment in capital assets (net of accumulated depreciation) decreased \$61,198 (or 16.0%) to \$320,634. During the fiscal year, the APCD purchased two pickup trucks, two NOx analyzers, and one beta attenuation mass monitor. No disposals were made and no long term debt currently exists related to capital assets.

The APCD's debt or better described as liability for employee compensated absences, increased \$15,746 (or 4.4%) from \$358,189 to \$373,935 and is all due within one year.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the APCD's basic financial statements. The APCD's basic financial statements have two components: 1) Combined Government-wide and Fund Financial Statements, with GASB 34 adjustments, and 2) Notes to the Basic Financial Statements. The APCD's report also includes required supplementary information to the basic financial statements.

*Government-wide Financial Statements*

The government-wide financial statements are designed to provide a broad overview of the APCD'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 APCD on a full accrual basis. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the APCD is improving or deteriorating.

The Statement of Activities reports the most recent fiscal year changes to the APCD's net assets, also on a full accrual basis. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The focus of the Statement of Activities is on the cost of various work program activities performed by the APCD. As a single purpose entity the statement begins, and only contains, a single column that identifies the activities of the APCD and can be called general revenues and expenditures. Revenues are provided before the costs that are then netted against them. The difference between the expenses and the revenues represents the draw from, or contribution to net assets.

The APCD's government-wide financial statements are presented on pages 23 and 25, and combined with the fund financial statements.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the APCD rather than the APCD as a whole. As a single purpose single fund entity, the APCD only utilizes governmental funds to account for its activities.

#### *Governmental Funds*

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

In general, these financial statements under the modified accrual basis have a short-term emphasis and for the most part, measure and account for cash and other assets that can easily be converted to cash. Specifically, cash and receivables collectible within a very short period of time are reported on the balance sheet. 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 operating statements for governmental funds report only those revenues and expenditures that were collected in cash or paid with cash during the current period or very shortly after the end of the year.

The focus of the fund financial statements is narrower than that of the government-wide financial statements. To understand the long-term impact of the APCD's near-term financing decisions, compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. The reconciliation between the total fund balances can be found on page 24 and the reconciliation of the total change in fund balances for all governmental funds to the change in net assets can be found on page 26.

*Notes to the Basic Financial Statements*

The notes to the basic financial statements, starting on page 27, provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

*Required Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the General Fund's budgetary comparison schedule and budgetary reconciliation.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the APCD's financial position. At the close of the most recent fiscal year, the APCD's total assets exceeded *current and other liabilities* of \$1,068,423 by \$8,210,336.

A summary of net assets is as follows:

Summary of Net Assets

	Governmental Activities		Changes	
	June 30, 2009	June 30, 2008	Dollar	Percent
Current and other assets	\$ 8,958,125	\$ 8,001,990	\$956,135	11.9%
Capital assets	320,634	381,832	(61,198)	-16.0%
<b>Total assets</b>	<b>9,278,759</b>	<b>8,383,822</b>	<b>894,937</b>	<b>10.7%</b>
Current and other liabilities	1,068,423	997,418	71,005	7.1%
<b>Total liabilities</b>	<b>1,068,423</b>	<b>997,418</b>	<b>71,005</b>	<b>7.1%</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	320,634	381,832	(61,198)	-16.0%
Unrestricted	7,889,702	7,004,572	885,130	12.6%
<b>Total net assets</b>	<b>\$ 8,210,336</b>	<b>\$ 7,386,404</b>	<b>\$ 823,932</b>	<b>11.2%</b>

*Analysis of Net Assets*

The APCD's total net assets increased by \$823,932, or 11.2%, during the fiscal year with one component increasing and the other decreasing.

The components of total net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

Invested in capital assets (e.g. furniture, vehicles, machinery, and equipment), less outstanding debt used to acquire those assets, is a small portion (3.9%) of the APCD's net assets. (No debt is outstanding.) The APCD uses these capital assets in carrying out its mission of protecting public health. Consequently, these assets are not available for future spending. Although the APCD's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources since the capital assets themselves cannot be used to liquidate such liabilities.

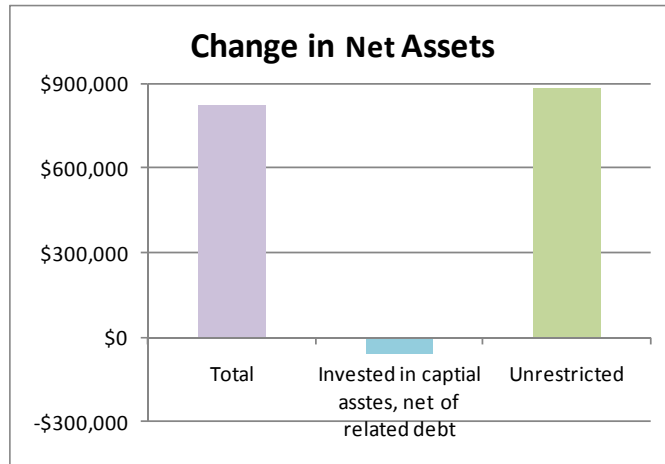
Invested in capital assets, net of related debt was \$320,634 at fiscal year end, and equaled the APCD's investment in capital assets (net of accumulated depreciation). The decrease in net assets that are invested in capital assets, net of related debt, of \$61,198 represents capital acquisitions, less current year depreciation and dispositions (of which, there were none.)

Unrestricted Net Assets

The largest portion of the APCD's net assets (96.1%) is unrestricted. Some of those revenue sources, such as DMV fees, restrict expenditures for specific purposes, but do not require that they be returned if unspent in the current year. They may be used to meet the APCD's ongoing programs associated with them. Other revenues are discretionary and may be used for any ongoing obligations in carrying out day-to-day operations.

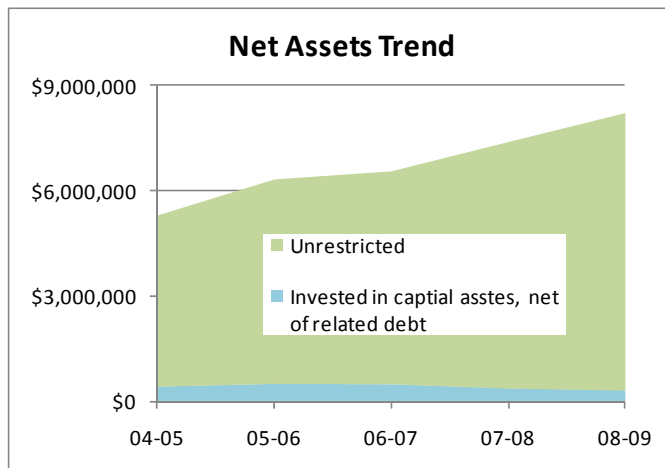
Unrestricted net assets increased \$885,130, or 12.6% over the previous year from \$7,004,572 to \$7,889,702. Approximately 41% of it is for ITG, Carl Moyer, DMV 2\$, DMV 4\$, monitoring, and data acquisition system programs, with the remainder available for more general APCD purposes.

The following chart provides the change in Net Assets from the prior year:



Net Assets Trend

The following charts provide the APCD Net Assets trend:



Unrestricted net assets have increased over the last 5 years from \$4,863,137 to \$7,889,702, or 62.2% primarily due to unanticipated notices of violation penalty revenue and salary savings from unanticipated employee turnover. Invested in capital assets, net of related debt decreased overall from \$434,729 to \$320,634, or 26.2%. Large furniture purchases, as a percentage of the APCD's total capital, for the two offices, are continuing to depreciate and eclipse the activity of smaller assets with shorter useful lives.

*Analysis of Governmental Activities*

The Statement of Activities for APCD presents its governmental activities, its sole purpose. Governmental functions of the APCD are predominantly supported by fees, grants, state subvention, late payment penalties, and penalty settlements. The primary governmental activities of the APCD include the following: advance clean air technology, ensure compliance with clean air rules, customer service, develop programs to achieve clean air, develop rules to achieve clean air, monitoring air quality, permit issuance review, policy support and special programs, whose funding have specific mandates.

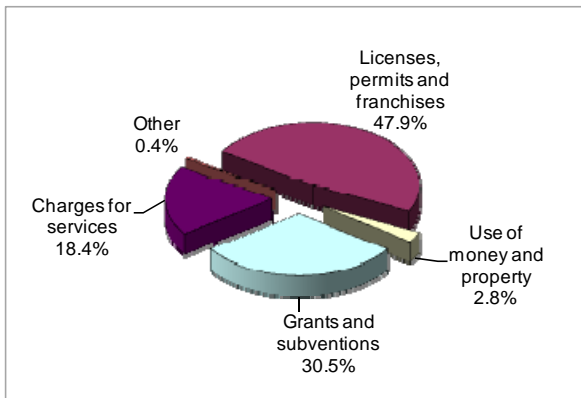
The following table shows the revenue, expenses, and changes in net assets:

Changes in Net Assets

	Governmental Activities		Changes	
	June 30, 2009	June 30, 2008	Dollar	Percent
<b>Revenues:</b>				
Licenses, permits, and franchises	\$ 4,349,163	\$ 3,328,064	\$ 1,021,099	30.7%
Use of money and property	249,722	279,247	(29,525)	-10.6%
Grants and subventions	2,768,491	2,838,854	(70,363)	-2.5%
Charges for services	1,674,763	1,935,857	(261,094)	-13.5%
Other	36,620	42,677	(6,057)	-14.2%
<b>Total Revenues</b>	<b>9,078,759</b>	<b>8,424,699</b>	<b>654,060</b>	<b>7.8%</b>
<b>Expenses:</b>				
Air pollution control services:				
Salaries and benefits	5,430,162	4,945,130	485,032	9.8%
Services and supplies	2,511,145	2,301,481	209,664	9.1%
Other Expenses	156,336	158,307	(1,971)	-1.2%
Depreciation	157,184	186,661	(29,477)	-15.8%
<b>Total Expenses</b>	<b>8,254,827</b>	<b>7,591,579</b>	<b>663,248</b>	<b>8.7%</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>823,932</b>	<b>833,120</b>	<b>(9,188)</b>	<b>-1.1%</b>
<b>Net Assets:</b>				
Beginning of year	7,386,404	6,553,284	833,120	12.7%
End of year	\$ 8,210,336	\$ 7,386,404	\$ 823,932	11.2%

Revenues

All of the revenues of the APCD were for air pollution control services and total \$9,078,759 for the year ending June 30, 2009 and \$8,424,699 for the year ending June 30, 2008. The chart and table below provide APCD revenues by object level.



Revenues by Object Level	FY 08-09
Licenses, permits and franchises	\$4,349,163
Use of money and property	249,722
Grants and subventions	2,768,491
Charges for services	1,674,763
Other	36,620
<b>Total Fee Revenues</b>	<b>\$9,078,759</b>

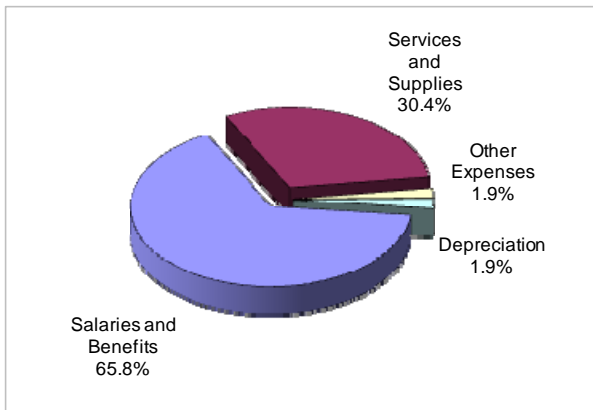
For the year ending June 30, 2009, 81.9% or \$7,438,194 of APCD revenues are fee based, and a chart and table on page 49 of the Statistical Section provide a breakdown of those fees. It is important to note that DMV automobile registration fees of \$2,025,336 are included in the grants and subventions object level, and all of the other fees are included in either, the licenses, permits, and franchises; or, charges for services object level of the Statement of Activities. The remaining revenue of \$1,640,565, which is not fee based, includes penalty settlements, State subvention, Federal EPA grants, use of money and property (interest), and revenue from other governmental agencies.

Licenses, permits, and franchises increased \$1,021,099 (30.7%) over the previous year, primarily due to a \$347,541 increase in evaluation fees for new rules, a \$522,439 increase (totaling \$900,894) over prior year's trough in reevaluation fees of \$378,455 in a 3 year cycle, and a \$194,059 increase (totaling \$597,447) over prior year's high of \$403,388 of notices of violation penalties.

Charges for services decreased \$261,094 (13.5%) primarily due to the timing of Carl Moyer funding.

Expenses

All of the expenses of the APCD were for air pollution control services and total \$8,254,827 for the year ending June 30, 2009 and \$7,591,579 for the year ending June 30, 2008. The chart and table below provide APCD expenses by object level.



<b>Expenses by Object Level</b>	<b>FY 08-09</b>
Salaries and Benefits	\$5,430,162
Services and Supplies	2,511,145
Other Expenses	156,336
Depreciation	157,184
<b>Total Expenses</b>	<b>\$8,254,827</b>

Salaries and benefits comprise the largest portion of the APCD's expenses at 65.8% or \$5,430,162. Salaries and benefits increased \$485,032 (9.8%) over the prior year primarily due to a 3% cost of living adjustment, retirement rate increases, and the APCD's initial deposit of \$200,000 into the retirees' health insurance 401(h) trust.

Services and supplies comprise the second largest portion of the APCD's expenses at 30.4% or \$2,511,145. Services and supplies increased \$209,664 (9.1%) over the prior year primarily attributed to approximately \$250,000 in additional grants issued by the APCD and approximately \$60,000 in additional equipment purchased by the APCD, offset by a \$50,000 savings in legal expenses and a reduction in County overhead costs (see Note VII) of approximately \$110,000.

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

The APCD uses fund accounting to demonstrate compliance with finance related legal requirements.



*Governmental Funds*

The focus of the APCD's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance is a useful measure of a government's resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the APCD's governmental funds reported an ending fund balance of \$8,263,637, an increase of \$900,876 (or 12.2%) in comparison with the prior year.

*General Fund*

The General Fund is the operating fund of the APCD, and as a single purpose entity, is the only fund type reported. One measure of the General Fund's liquidity is the comparison of spendable fund balance to total fund balance, which is 99.0%. One measure of the General Fund's financial health is the comparison of spendable fund balance to operating expenditures, which is 100.1%. Spendable General Fund balance may also serve as a useful measure of the APCD's net resources available for spending at the end of the fiscal year.

The components of total fund balance are as follows:

*Nonspendable*

Of the \$81,143, \$550 is in the form of imprest, or petty, cash and is kept on hand, as opposed to in the bank, and while listed on the financial statements cash balance, it can only be spent once, so a corresponding nonspendable fund balance is reported. Another \$14,486, acquired through employee medical spending forfeitures, is in the form of long term employee loans not to exceed \$2,500 under the APCD's employee computer automation program, assisting employees in acquiring and sharpening computer literacy skills by providing interest free loans to acquire personal computer equipment and software similar to what employees may be asked to use for APCD business. Lastly, \$66,107 is in the form of unrealized gains in the market value of the securities the County Treasurer holds on behalf of the APCD (see Note III of the basic financial statements). GASB Statement No. 31 requires that the APCD report unrealized market gains as an asset that cannot be spent.

*Committed*

Of the \$2,465,327, \$817,909 is committed to the DMV 2\$ program and \$297,595 is committed to the DMV 4\$ program as part of legislation. The remaining \$1,349,823 is committed to ITG projects and the Carl Moyer program as part of mitigation agreements and legislation, respectively.

*Assigned*

Of the \$3,141,773, \$151,197 is assigned to monitoring activities, \$639,961 to data acquisition system activities, \$1,169,715 to replace furniture, equipment, and vehicles, and \$1,180,900 to fund the APCD's retiree health subsidy. The retiree health subsidy will be gradually transferred over to the Santa Barbara County Employees' Retirement System (SBCERS) at a rate not to exceed 25% of retirement contributions, with the intent of fully funding the promised benefit in four to five years.

*Unassigned*

While the APCD has a minimum fund balance policy of 15% of revenues, and a reevaluation cycle revenue stabilization policy, in an effort to provide for emergencies, contingencies, fiscal stability, and apply fiscal prudence in managing the budgetary condition of the APCD, these funds are not assigned or committed to a specific purpose or set of parameters in which the funds may be spent. It is due to this lack of specificity that they are classified this way.

A detailed schedule of fund balances can be found in Note II of the notes of the basic financial statements.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The APCD's investment in capital assets was \$320,634 (net of accumulated depreciation of \$1,594,681) as of June 30, 2009 representing a decrease of \$61,198 (or 16.0%) over the prior year. This investment in capital assets includes furniture, laboratory equipment, air monitoring stations, computer and office equipment, and APCD vehicles, which are mostly hybrid vehicles.

The additions to capital assets reflect the purchase of two pickup trucks, two NOx analyzers, and one beta attenuation mass monitor.

There were no deletions of capital assets, and whenever possible, the District donates old equipment to other districts, and old computers to schools.

Additional information on the capital assets can be found in Note V of the notes to the basic financial statements.

#### *Debt*

The APCD's debt outstanding was \$373,935 as of June 30, 2009, representing an increase of \$15,746 (or 4.4%) all of which is considered current, due within one year, and represents employee compensated absences (see Note VIII).

### **General Fund Budgetary Highlights**

The fiscal year 2008-09 amended budget compared to the adopted budget reflects an increase in the total budgeted revenues of \$58,152 and no change in total budgeted expenditures.

#### *Changes from Original to Final Budgeted Amounts*

The Auditor-Controller increased budgeted use of money and property by \$58,152 for the fair value of assets held in the County Treasury, which also increased the total budgeted revenues by \$58,152. The APCO moved \$174,729 of services and supplies appropriation to salaries and benefits in the amount of \$162,729 for a pay period 14 accrual, which was not recorded last fiscal year (and subsequently not reversed this fiscal year), and to capital outlay in the amount of \$12,000 for replacing two inspector pickup trucks.

A use of prior year fund balance of originally \$755,550 was budgeted for fiscal year 2008-09 and amended to a use of \$697,398, and by the end of the fiscal year, was actually a savings of \$900,876. This resulted in a positive variance of \$1,598,274 between the final adopted budget and actual amount, and a positive variance of \$1,656,426 between originally adopted budget and actual amount. The following factors contributed to this variance.

#### *Variances with Final Budgeted Amounts*

There were no variances out of budgetary or legal compliance.

#### Revenues

Licenses, Permits, and Franchises – unanticipated evaluation fees of \$292,378, asbestos fees of \$47,736, re-evaluation fees of \$26,494, filing fees of \$57,613, emission fees of \$41,051, and penalty settlements of \$422,447 above budget contributed to the excess of \$861,669.

Use of Money and Property – with the collapse of the economy and financial markets, interest was less than budgeted by \$68,430.

Grants and Subvention – an \$89,338 deferral of EPA expenditures, and related claim to the EPA, as well as DMV 2\$ and 4\$ receipts \$74,664 less than budgeted, offset by the State's

portable equipment registration (PERP) program, which brought in \$67,986 in unanticipated revenue, contributed to the \$89,729 total deficiency.

Charges for Services – the timing of the receipt of Moyer funds accounted for the majority of the \$279,400 deficiency.

Expenditures

Salaries and Benefits – were \$165,369 lower than budgeted primarily due to a budgetary adjustment needed to accommodate an accrual for a pay period, which was not recorded during the previous fiscal year in the APCD's financial system. While the basic financial statements were adjusted for this accrual, and subsequent reversal, the APCD's financial system was not, since it was closed prior to discovering the omission.

Services and Supplies – were \$963,535 lower than originally budgeted primarily due to less grant activity, as well as travel and training approximately \$40,000 less than budgeted.

Other Expenses – was \$26,903 lower than budgeted most notably due to anticipated liability insurance increases that never materialized.

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

The following known factors were considered in preparing the APCD's budget for FY 2009-10.

- The FY 2009-10 budget contains no increase in fee revenues pursuant to APCD Rule 210. The APCD has not proposed any increase in the Rule 210 fee schedule for regulated sources other than the annual adjustment for the Consumer Price Index.
- FY 2009-10 will be the second of two peak years in the APCD's three-year re-evaluation fee cycle, however less than the previous. Compared to adopted FY 2008-09 fees of \$874,400, FY 2009-10 is adopted at \$717,800. (FY 2008-09 was \$378,455.)
- Federal and State funding is stable, as well as are anticipated vehicle registrations.
- The APCD reduced staffing by one Full time Equivalent (FTE) to 50.25 FTEs.
- The budget includes a 7.9% increase in salaries and benefits, which is for increases to retirement rates and prefunding the retirees' health insurance 401(h) trust.
- Services and supplies are stable, with fluctuations primarily attributed to changes in budgeted granting activities.
- Capital outlay increased 161% to \$136,950 due to the replacement of three inspector pickup trucks with hybrid sedans.

As in past years, the APCD will continue its efforts to make progress toward attaining and maintaining the Federal and State clean air mandates in the most cost-effective manner possible.

**Requests for Information**

This financial report is designed to provide a general overview of the APCD's finances. Questions concerning any of the information provided in this report should be addressed to the Business Manager, 260 N. San Antonio Road, Suite A, Santa Barbara, CA 93110. This report may be downloaded from the web at [www.sbapcd.org/apcd/cafr.htm](http://www.sbapcd.org/apcd/cafr.htm).

**Santa Barbara County Air Pollution Control District  
Balance Sheet and Statement of Net Assets**

**As of June 30, 2009**

	General Fund	Adjustments(1)	Statement of Net Assets
<b>Assets</b>			
Cash (note III)	\$ 7,941,334	\$ --	\$ 7,941,334
Receivables:			
Accounts, net	480,863	--	480,863
Interest	29,499	--	29,499
Employee	13,611	--	13,611
Current assets	8,465,307	--	8,465,307
Restricted cash and investments (note IV)	492,818	--	492,818
Capital assets, net of accumulated depreciation (note V)	--	320,634	320,634
<b>Total assets</b>	<b>\$ 8,958,125</b>	<b>\$ 320,634</b>	<b>\$ 9,278,759</b>
<b>Liabilities</b>			
Accounts payable	\$ 19,647	\$ --	\$ 19,647
Salaries and benefits payable	182,023	--	182,023
Employee compensated absences (note VIII)	--	373,935	373,935
Current liabilities	201,670	373,935	575,605
Permit holders payable (note IV)	492,818	--	492,818
<b>Total liabilities</b>	<b>694,488</b>	<b>373,935</b>	<b>1,068,423</b>
<b>Fund balances/Net assets:</b>			
Fund balances (note II):			
Nonspendable	81,143	(81,143)	
Committed	2,465,327	(2,465,327)	--
Assigned	3,141,773	(3,141,773)	--
Unassigned	2,575,394	(2,575,394)	--
Total fund balances	8,263,637	(8,263,637)	--
<b>Total liabilities and fund balances</b>	<b>\$ 8,958,125</b>		
Net assets:			
Invested in capital assets, net of related debt		320,634	320,634
Unrestricted		7,889,702	7,889,702
<b>Total net assets</b>		<b>\$ 8,210,336</b>	<b>\$ 8,210,336</b>

- 1.) Please see the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets schedule on the following page.

See accompanying notes to the basic financial statements.

**Santa Barbara County Air Pollution Control District  
Reconciliation of the Governmental Funds Balance Sheet to the  
Government-wide Statement of Net Assets**

**As of June 30, 2009**

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Fund Balances - Total Governmental Funds (General Fund) \$ 8,263,637

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

Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental funds activity. These capital assets are reported as an adjustment to arrive at the Statement of Net Assets as capital assets of APCD as a whole.

Capital assets	\$ 1,915,315	
Accumulated depreciation	(1,594,681)	
	<u>\$ 320,634</u>	320,634

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.

Compensated absences	<u>(373,935)</u>	
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Net Assets of Governmental Activities	<u>\$ 8,210,336</u>
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See accompanying notes to the basic financial statements.

**Santa Barbara County Air Pollution Control District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
and Statement of Activities**

**For the Fiscal Year Ended June 30, 2009**

	General Fund	Adjustments (1)	Statement of Activities
<b>Revenues:</b>			
Licenses, permits, and franchises	\$ 4,349,163	\$ --	\$ 4,349,163
Use of money and property	249,722	--	249,722
Grants and subventions	2,768,491	--	2,768,491
Charges for services	1,674,763	--	1,674,763
Other	36,620	--	36,620
<b>Total revenues</b>	<b>9,078,759</b>	<b>--</b>	<b>9,078,759</b>
<b>Expenditures/expenses:</b>			
Air pollution control services:			
Salaries and benefits	5,414,416	15,746	5,430,162
Services and supplies	2,511,145	--	2,511,145
Other Expenses	156,336	--	156,336
Depreciation	--	157,184	157,184
Capital outlay	95,986	(95,986)	--
<b>Total expenditures/expenses</b>	<b>8,177,883</b>	<b>76,944</b>	<b>8,254,827</b>
Excess (deficiency) of revenues over expenditures/expenses	900,876	(76,944)	823,932
<b>Fund balances/net assets:</b>			
Beginning of year	7,362,761	23,643	7,386,404
<b>End of year</b>	<b>\$ 8,263,637</b>	<b>\$ (53,301)</b>	<b>\$ 8,210,336</b>

- 1.) Please see the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities schedule on the following page.

See accompanying notes to the basic financial statements.



**Santa Barbara County Air Pollution Control District  
Notes to the Basic Financial Statements**

**As of June 30, 2009**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The Air Pollution Control District (APCD) of the County of Santa Barbara was formed by Santa Barbara County Board of Supervisor Resolution 70-581 in 1970. The APCD Board of Directors (Board) includes the five members of the County Board of Supervisors and one representative from each of the County's eight cities. The Board is the governing body of the APCD and is responsible for its legislative and executive control. The APCD was established pursuant to Section 40000 et seq. of the State of California Health and Safety Code. The APCD acts as a legal entity, separate and distinct from the County of Santa Barbara. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the APCD for which the APCD is considered to be financially accountable.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental funds 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 APCD in general considers revenues available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the APCD considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, licenses, permits, franchises, interest (use of money and property), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Expenditure-driven grant revenue is recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Grant revenue is recorded at the time of receipt or earlier, if the susceptible-to-accrual criteria are met.

The accounts of the APCD are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

The minimum number of funds is maintained consistent with legal and managerial requirements. The APCD is a special-purpose government engaged in a single governmental program, and is presented accordingly in the basic financial statements.

The APCD reports the following major governmental funds:

The **General Fund** is the APCD's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the APCD except those required to be accounted for in other specialized funds.

The basic financial statements of the APCD are composed of the following.

- Combined Government-wide and Governmental Fund financial statements.
- Reconciliations between the Government-wide and Governmental Fund financial statements.
- Notes to the basic financial statements.

**C. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The APCD's cash and cash equivalents are considered to be cash on hand, demand deposits and investments held by the County Treasurer in a cash management investment pool (pool).

The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

State statutes and the County's investment policy authorize the County Treasurer to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute (see Note III).

**2. Restricted Cash and Investments**

Restricted cash and investments reflect cash received from APCD permit holders. These deposits are held until completion of permit holders' projects (see Note IV).

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Assets, Liabilities, and Net Assets or Equity - Continued**

**3. Receivables and Payables**

The APCD only accrues revenues quarterly and at fiscal year-end. Included are revenues from permits, of which a portion may not be collectible; as such the APCD has an allowance of \$20,367 for uncollectible accounts and accounts receivable is reported at net. All accounts receivable are expected to be collected within one year. Interest receivable represents the last quarter of interest that has been earned, but not distributed as of the close of the fiscal year. Employee receivables represent loans to assist employees in acquiring personal computer equipment and software similar to what employees may be asked to use for APCD business. Funding for these loans is provided from employee medical spending account forfeitures.

The APCD only accrues expenditures at fiscal year-end. Accrued expenses and salaries and benefits payable are for goods and services received during the fiscal year, but will not be paid until after June 30, 2009. In addition the district has a payable for deposits by permit holders (see Note IV).

**4. Capital Assets and Depreciation**

Equipment and furniture are valued at cost unless obtained by donation in which case the assets are recorded at the appraised value at the date of receipt. The capitalization thresholds are \$5,000 for equipment and \$25,000 for buildings and improvements (see Note V).

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 respective balance sheet. Property, plant, and equipment of the APCD are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Equipment:	
Automobiles and light trucks	5 to 10
General machinery and office equipment	3 to 7
Furniture	7 to 10

**5. Long-Term Obligations**

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

**6. Employee Compensated Absences**

Regular full-time employees accumulate vacation time, sick leave, compensatory time, and other leave time. Certain restrictions apply with respect to the accumulation of leave time and its payment at termination. All vacation, sick leave, compensatory time, and other leave time are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of an employee retirement.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Assets, Liabilities, and Net Assets or Equity - Continued**

**7. Fund Equity (Fund Balances)**

Portions of fund balances are nonspendable and are therefore, not available for appropriation. Spendable fund balances in the General Fund are classified based on the relative strength of the constraints that control the purposes for which the amounts can be spent.

**8. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**II. FUND BALANCES**

As of June 30, 2009, fund balances of the governmental funds are classified as follows:

*Nonspendable:* amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Committed:* amounts that can be used only for specific purposes determined by a formal action of the APCD Board. The APCD Board is the highest level of decision-making authority for the APCD. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the APCD Board.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes, as expressed by (a) the Board itself or (b) a body (e.g. budget or finance committee) or the APCO to which the Board has delegated the authority to assign the amounts.

*Unassigned:* all other spendable amounts.

As of June 30, 2009, fund balances are composed of the following:

<b>Nonspendable:</b>	
Imprest cash	\$ 550
Employee loans - computer automation program	14,486
Unrealized gains (GASB 31 FMV adjustment)	66,107
<b>Committed to:</b>	
ITG projects & Carl Moyer program	1,349,823
DMV 2\$ program	817,909
DMV 4\$ program	297,595
<b>Assigned to:</b>	
Monitoring	151,197
Data Acquisition System	639,961
Capital Replacement	1,169,715
Retiree Health Subsidy	1,180,900
<b>Unassigned:</b>	<u>2,575,394</u>
Total fund balances	<u><u>\$ 8,263,637</u></u>

## **II. FUND BALANCES - Continued**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the APCD considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the APCD considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the APCD Board has provided otherwise in its commitment or assignment actions.

The unassigned total of \$2,575,394 includes a minimum fund balance policy amount of 15% of revenues, which is held in strategic reserve for unforeseen events and a reevaluation cycle revenue fluctuation smoothing policy amount totaling the amount needed to cover the trough years in the APCD's reevaluation cycles.

## **III. CASH AND INVESTMENTS**

Cash and investments include the cash balances of the APCD's General Fund and Trust Fund, which are consolidated and invested by the County Treasurer (Treasurer) in a cash management investment pool (pool), for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is apportioned quarterly to APCD's participating funds based upon each fund's average daily deposit balance. The APCD has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2009 to support the value of shares in the pool.

Additional information and separately issued financial statements of the County of Santa Barbara can be obtained from the Santa Barbara County Auditor-Controller, PO Box 39, Santa Barbara, CA 93102-0039.

### **A. Custodial Credit Risk Related to Deposits**

The custodial credit risk for deposits is the risk that the APCD will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the APCD's bank deposits, as a portion of the total deposits, are insured by Federal depository insurance (FDIC).

Effective November 2008, and as a result of the FDIC sponsored Temporary Liquidity Guarantee Program (TLGP), all funds in non-interest bearing transaction deposit accounts held in domestic offices of FDIC insured financial institutions will be fully guaranteed provided the financial institution holding the deposits did not opt out of the TLGP. The Treasurer's depository did not opt out of the TLGP, and as a result, the APCD's deposits are fully collateralized under the TLGP and collateralization under Government Code Section 53652 is waived. When the TLGP program ends December 31, 2009, the Treasurer's depository will revert to collateralizing the balance under Government Code Section 53652, affecting the APCD's risk accordingly as part of the Treasurer's pool.

At June 30, 2009, the carrying amount of the APCD's deposits was \$413,922.

### **B. Investments**

Pursuant to Section 53646 of the State of California Government Code the Treasurer prepares an *Investment Policy Statement* annually, presents it to the Treasury Oversight Committee for review and to the Board of Supervisors for approval. After approval, the policy is forwarded to the California Debt and Investment Advisory Commission.

### III. CASH AND INVESTMENTS – Continued

#### B. Investments - Continued

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code and, in general, the Treasurer’s policy is more restrictive than State law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; State and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate bonds and notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and the Investment Trust of California (CalTRUST).

#### 1. Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment. For securities issued and fully guaranteed as to payment by an agency, or government sponsored enterprise of the U.S. Government the issuer shall be rated AAA by at least two of the three major rating services of Fitch, Moody’s and S&P. Commercial paper obligations and negotiable certificates of deposit shall be rated by at least two of the three major rating services a minimum of F1 by Fitch, P-1 by Moody’s and A-1 by S&P. Corporate bonds and notes shall be rated AA by at least two of the three major rating services of Fitch, Moody’s and S&P if maturity is greater than three years and AA- if maturity is three years or less.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2009:

	<u>Credit Ratings</u>	<u>% of Portfolio</u>
Treasurer's pooled investments:		
Local agency investment fund (LAIF)	Unrated	4.27%
Treasury bills	AAA, Aaa	0.75
Commercial paper	A-1, P-1, F1	9.63
Corporate notes: temporary liquidity guarantee program (TLGP)	AAA, Aaa	1.28
Corporate notes	AAA, AA+, AA, Aaa, Aa1, Aa	13.73
Negotiable certificates of deposit (CDs)	A-1, P-1, F1	9.95
Government agency bonds	AAA, Aaa	60.39
Total Treasurer's pooled investments		<u>100.00%</u>

### III. CASH AND INVESTMENTS – Continued

#### B. Investments - Continued

##### 1. Credit Risk and Concentration of Credit Risk - Continued

At the time of purchase, the Treasurer’s investment policy dictates that no more than 5% of the total portfolio be invested in the securities of any single issuer, other than the U.S. Government, its agencies, and sponsored enterprises.

As of the fiscal year ended June 30, 2009, more than 5% of the Treasurer’s, ergo the APCD’s, pooled investments were invested in the following issuers:

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
US Bank	Corporation	\$ 348,499	6.14%
Federal Home Loan Bank	Government Sponsored	\$ 1,811,171	31.91%
Federal Home Loan Mortgage Corporation	Government Sponsored	\$ 595,967	10.50%
Federal National Mortgage Association	Government Sponsored	\$ 732,188	12.90%

##### 2. Custodial Credit Risk

Custodial credit risk for investments is the risk that the APCD will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Treasurer, on the APCD’s behalf, are deposited in trust for safekeeping with a custodial bank different from the Treasurer’s primary bank. Securities are not held in broker accounts.

##### 3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County Treasurer mitigates this risk by making longer-term investments only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The maturity of investments purchased is governed by a demand for funds analysis of prior periods’ revenues and expenditures, and is also determined by current cash flow demands assessed on an ongoing basis. The Treasurer’s Investment Policy also dictates that the final maturity date of any individual security shall not exceed five (5) years and that non-short term investments, in the aggregate, shall not exceed 75% of the portfolio.

The fair value of investments generally changes with the fluctuations of interest rates. In a rising interest rate market, the fair value of investments could decline below original cost; conversely, when interest rates decline, the fair value of investments increases. The Treasurer believes liquidity in the portfolio is sufficient to meet cash flow needs and to preclude the Treasurer from having to sell investments below original cost.

At June 30, 2009 the Treasurer held floating rate notes that comprised of 2.48% of the Treasurer’s Pooled Investments. The notes are tied to the London Interbank Offered Rate (LIBOR) with quarterly coupon resets. The fair value of variable-rate securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis.

**III. CASH AND INVESTMENTS – Continued**

**B. Investments - Continued**

**3. Interest Rate Risk - Continued**

Interest earned on pooled investments is apportioned quarterly to APCD’s participating funds based upon each fund’s average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participating funds based upon the fund’s ending cash balance. Interest and net investment income consisted of the following for the fiscal year ended June 30, 2009:

	<u>Pool</u>
Interest income	\$ 256,980
Realized gain	15,189
Administration and audit fees	(22,447)
Securities Lending	49
Miscellaneous Adjustments	(49)
Total net investment income	<u>\$ 249,722</u>

The Treasurer may purchase securities at a discount from face value to earn higher than nominal rates of return. Under GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, such discount, when realized, is considered gain rather than interest. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s).

**C. Cash Held by the Treasurer**

The following is a summary of investments held by the Treasurer, on behalf of the APCD, as of June 30, 2009:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u> <u>Range</u>	<u>Maturity</u> <u>Date/Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u>
Treasurer's pooled investments:					
LAIF	\$ 343,292	\$ 340,462	1.51%	n/a	n/a
Treasury bills	60,450	60,071	0.44%	08/09	44 days
Commercial paper	772,820	767,852	0.24-1.93%	7/09/8/09	22 days
Corporate notes: TLGP	100,928	102,289	1.61-2.90%	1/12/2011	1.98 years
Corporate notes	1,094,211	1,094,655	2.82-7.16%	4/09-9/12	1.15 years
Negotiable CDs	797,648	792,975	0.58-3.18%	7/09-2/10	101 days
Government agency bonds and notes	4,846,892	4,861,376	Discount;	7/09-6/14	362 days
Total investments	<u>\$ 8,016,241</u>	<u>8,019,680</u>	0.56-4.52%		
Cash in banks:					
Non-interest bearing deposits		413,922			
Cash on Hand		550			
Total cash and investments		<u>\$ 8,434,152</u>			
Total unrestricted cash and investments		\$ 7,941,334			
Restricted cash and investments (note IV)		492,818			
Total cash and investments		<u>\$ 8,434,152</u>			

**III. CASH AND INVESTMENTS – Continued**

**D. Condensed Statement of Net Assets and Changes in Net Assets held by the Treasurer’s Investment Pool for the APCD**

The following represents a condensed statement of net assets and changes in net assets for the APCD’s portion of the Treasurer's investment pool as of June 30, 2009:

Statement of Net Assets	
Net assets held for the APCD	\$ 8,019,680
Equity	\$ 8,019,680
Total equity	<u>\$ 8,019,680</u>
Statement of Changes in Net Assets	
Net assets held for the APCD, July 1, 2008	\$ 7,195,748
Net change in investments by the APCD	823,932
Net assets held for the APCD, June 30, 2009	<u>\$ 8,019,680</u>

**E. Investment Pending Settlement**

The Treasurer entered into an agreement to purchase a government agency bond during the year. This investment transaction was pending settlement at June 30, 2009. Per GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are to be accounted for based on trade date rather than settlement date. The trade date is the date on which the transaction occurred and is the date the APCD and pool participants are exposed to (or released from) the rights and obligations of the ownership of the instrument. At June 30, 2009, the investment and resulting liability amounted to \$5,000,000 of which, \$50,484 is the APCD’s portion.

**F. Securities Lending**

As authorized under state statute and the Treasurer’s Investment Policy, the County of Santa Barbara’s investment pool participated in securities lending transactions during the fiscal year. The Treasurer suspended the securities lending program on October 30, 2008.

For all securities lending transactions that occurred during the fiscal year ended June 30, 2009, Union Bank (Bank) was contracted to lend securities only to eligible borrowers, as defined by the Treasurer. The term for each lending transaction was limited to a maximum of seven days. The Bank and its affiliates were not eligible borrowers. Cash collateral equaling 102% of the total value of the loaned securities was required. The Bank invested cash collateral on behalf of the Treasurer’s investment pool in permitted investments. Collateral was marked to market as is reasonable, and the Bank had the right to demand additional collateral as necessary. Such collateral received by the Bank was held separate and apart from the Bank’s own funds and securities. Securities lending transactions were restricted to 20% of the base value of the portfolio.

The APCD’s proportionate share of securities lent remained in the APCD’s Statement of Assets as the pool participants retained the risks and rewards of changes in the value of the underlying securities during the term of the loan, had a contractual right to the income distributions, and retained the right to sell the securities. The term to maturity of securities loans was matched with the maturity date of the term loan.



**III. CASH AND INVESTMENTS – Continued**

**F. Securities Lending - Continued**

The collateral received by the Treasurer exceeded the amount on loan. Collateral was held in trust with a custodial bank different from the County Treasurer’s primary bank. Collateral was not held in broker accounts. Accordingly, the Treasurer, ergo the APCD, was not exposed to custodial credit risk.

There were no provisions for agent indemnification of the securities lending transactions. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses and no recoveries of prior-period losses.

**IV. RESTRICTED CASH AND INVESTMENTS AND PERMIT HOLDERS PAYABLE**

Cash and investments at June 30, 2009 that are restricted by legal or contractual requirements are listed in the following table. An offsetting permit holders payable has also been recorded at an equivalent amount.

General Fund

Permit holder deposits	\$ 465,225
Air Resources Board (ARB) fees	<u>27,593</u>
Total restricted cash and investments	<u>\$ 492,818</u>

**V. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2009 is as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Furniture	\$ 399,028	\$ -	\$ -	\$ 399,028
Equipment	<u>1,420,301</u>	<u>95,986</u>	<u>-</u>	<u>1,516,287</u>
Total capital assets, being depreciated	<u>1,819,329</u>	<u>95,986</u>	<u>-</u>	<u>1,915,315</u>
Less accumulated depreciation for:				
Furniture	(286,820)	(57,004)	-	(343,824)
Equipment	<u>(1,150,677)</u>	<u>(100,180)</u>	<u>-</u>	<u>(1,250,857)</u>
Total accumulated depreciation	<u>(1,437,497)</u>	<u>(157,184)</u>	<u>-</u>	<u>(1,594,681)</u>
Total capital assets, net	<u>\$ 381,832</u>	<u>\$ (61,198)</u>	<u>\$ -</u>	<u>\$ 320,634</u>

**VI. LEASE OBLIGATIONS**

**Operating Leases**

The following is a schedule by years of future minimum rental payments required under operating leases entered into by the APCD that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2009. A significant portion of the lease obligation is with the County of Santa Barbara (see Note VII).

Year Ending June 30,	Casa Nueva	Aegis	Cook St.	Total
2010	236,636	13,688	54,000	304,324
2011	236,636	13,688	49,500	299,824
2012	236,636	13,688	-	250,324
2013	236,636	13,688	-	250,324
2014	236,636	13,688	-	250,324
2015-2033	4,456,644	75,282	-	4,531,926
Total Minimum Payments Required	<u>\$ 5,639,824</u>	<u>\$ 143,722</u>	<u>\$ 103,500</u>	<u>\$ 5,887,046</u>

Total rental expenditure/expense for the year ended June 30, 2009 was \$304,324.

**VII. RELATED PARTY TRANSACTIONS**

The APCD utilizes the Financial Information Network of the County of Santa Barbara for the maintenance of its books and records. Financial transactions are initiated and approved by the APCD, and the County Auditor-Controller performs data entry, report generation, warrant issuance, and other related functions for the APCD.

The APCD is not a component unit of the County of Santa Barbara; however, the cash assets of the APCD are included in the basic financial statements of the County of Santa Barbara in an investment trust fund.

The APCD typically reimburses the County of Santa Barbara for a share of County overhead and other services costs. For the year ended June 30, 2009, the County of Santa Barbara was paid \$26,212 for allocated overhead costs.

The APCD has two leases with the County of Santa Barbara. One is for the Casa Nueva building, with a 30-year term, and the other is for the Aegis building, with a 20-year term, with total minimum remaining payments of \$5,639,824 and \$143,722 respectively (see Note VI).

The APCD subleases a portion of its Santa Maria office to the Santa Barbara County Association of Governments (SBCAG) for \$2,385 annually, plus a share of common area cost.

The APCD shares tenancy of Casa Nueva with SBCAG and the County and allocates costs to the co-tenants for various utilities and common area services.

**VIII. EMPLOYEE COMPENSATED ABSENCES**

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
<b>Governmental activities:</b>					
Employee compensated absences	\$ 358,189	\$ 390,369	\$ 374,623	\$ 373,935	\$ 373,935
Total employee compensated absences	<u>\$ 358,189</u>	<u>\$ 390,369</u>	<u>\$ 374,623</u>	<u>\$ 373,935</u>	<u>\$ 373,935</u>

Compensated absences are liquidated through the General Fund.

**IX. COMMITMENTS AND CONTINGENCIES**

The management of the APCD is not aware of any outstanding claims or litigation liabilities. The APCD recognizes as revenue, grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Although the APCD's grant programs have been audited through June 30, 2009, the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The APCD has entered into various Board approved contracts which have outstanding balances totaling \$350,620 as of June 30, 2009. These contracts involve future commitments to purchase goods and services during the period July 1, 2009 through May 16, 2012.

**X. RISK FINANCING**

The Air Pollution Control District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties. There have been no reductions in insurance coverage as compared to the previous year, only changes in how the types of coverage and deductibles are described. For the past three fiscal years, no settlement amounts have exceeded insurance coverage.

**X. RISK FINANCING – Continued**

The APCD carries:

Description	Limit	Deductible
Special District Risk Management Authority (SDRMA)		
Worker's Compensation	\$ 300,000,000	\$ -
Employer's Liability	5,000,000	-
Alliant Crime Insurance Program (ACIP)		
Government Crime Policy on Discovery including the following:	3,000,000	2,500
Employee Theft including Faithful Performance of Duty;		
Forgery or Alteration; Inside the Premises - Theft of Money and		
Securities and Robbery or Safe Burglary; Outside the Premises -		
Money, Securities and Other Property; Computer Fraud; Funds		
Transfer Fraud; and, Money Orders & Counterfeit Paper Currency		
Public Entity Property Insurance Program (PEPIP)		
All Perils, Coverages and Insured/Members combined, subject to the		
following per occurrence and/or aggregates sub-limits as noted	1,000,000,000	10,000
Per Member/Entity per Occurrence subject to \$200,000,000 Annual Ag.	100,000,000	10,000
Combined Business Interruption and Rental Income	100,000,000	10,000
Extra Expense and Expediting Expenses	50,000,000	10,000
Errors and Omissions	40,000,000	10,000
Miscellaneous Unnamed Locations for existing Members, Course	25,000,000	10,000
of Construction, Additions, and Increase Cost of Construction,		
Transit, and Off Premises Services Interruption		
Scheduled Landscaping (Subject to \$25,000/25 gal limit per item)	5,000,000	10,000
Unscheduled Landscaping (Subject to \$25,000/25 gal limit per item) and	1,000,000	10,000
Unscheduled Animals (Subject to \$50,000 per Animal)		
Per Occurrence and Annual Aggregate for Earthquake Shock and Flood	5,000,000	10,000
on Licensed Vehicles		
Money, Securities, Unscheduled Fine Arts, Contingent Business	2,500,000	10,000
Interruption, Watercraft up to 27 feet		
Jewelry, Furs, Precious Metals and Precious Stones, Claims Preparation	500,000	10,000
Expenses, and Personal Property Outside of the USA		
Accidental Contamination per Occurrence and Annual Aggregate	250,000	10,000
Boiler and Machinery, Breakdown, Combined Property Damages and	100,000,000	5,000
Business Interruption/Extra Expense		
Special Liability Insurance Program (SLIP)		
Maximum Per Occurrence Limit for all Coverages Combined	5,000,000	n/a
Personal Injury (Including Bodily Injury and Property Damage)	5,000,000	2,500
Owned Automobile Liability	5,000,000	2,500
Non-Owned and Hired Automobile	5,000,000	2,500
Public Officials Errors and Omissions	5,000,000	2,500
Uninsured Motorist	1,000,000	2,500
Employment Practices Liability	2,000,000	10,000
Annual Aggregate Limits		
Products / Completed Operations	5,000,000	n/a
Public Officials Errors and Omissions	5,000,000	n/a
Employment Practices Liability	2,000,000	n/a
Sublimits		
Fire Damage Liability (Sublimit of Personal Injury/Property	1,000,000	2,500
Damage Coverage Limit)		

Limits and Deductibles are per occurrence, unless otherwise stated in the description.

**XI. RETIREMENT PLANS (Santa Barbara County Employees' Retirement System)**

**Plan Description**

The Santa Barbara County Employees' Retirement System (SBCERS) was organized under the provisions of the 1937 County Employees Retirement Act, effective on January 1, 1944. The Retirement System operates a cost sharing multiple-employer defined benefit plan.

Members include all permanent employees working full time or at least 50% part time for the APCD, as well as the County of Santa Barbara (County), Carpinteria-Summerland Fire Protection District, Santa Barbara Coastal Vector Control District, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Association of Governments (SBCAG), and the Santa Barbara County Superior Court.

The Retirement System has one APCD retirement plan with two tiers, of which, one tier is currently available to new employees. All plans provide benefits as defined by law upon retirement, death, or disability of members based on age, years of service, final average salary (generally 12 highest consecutive months), and the benefit options selected.

**Fiduciary Responsibility**

The Retirement System is controlled by the Board of Retirement (SBCERS Board) that is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The SBCERS publishes its own Comprehensive Annual Financial Report and receives its own independent audit. The SBCERS is also a legally separate entity from the APCD and not a component unit.

Additional detailed information and separately issued financial statements of the Retirement System can be obtained at 3916 State St. Suite 210, Santa Barbara, CA 93105.

**Funding Policy**

Contributions are made by members and employers at rates recommended by an independent actuary, approved by the SBCERS Board, and adopted by the County Board of Supervisors. For certain budgetary units, a portion of the members' contribution is paid by the APCD. Employee contributions are based upon each individual member's age of entry into the system. Employee contributions cannot be withdrawn until separation from employment.

**Employer contribution**

Employer and employee contribution rates are as follows:

<u>Open for New Enrollment</u>	<u>Description</u>	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>
APCD Plan (Tier 2)	All APCD employees hired on or after July 3, 1995	23.64%	5.68 – 10.81%
<u>Closed to new Enrollment</u>	<u>Description</u>		
APCD Plan (Tier 1)	Employees hired before July 2, 1995 may continue the plan	24.83%	2.84 – 5.41%

**XI. RETIREMENT PLANS – Continued**

**Annual Pension Cost**

The annual required contribution for the current year was determined as part of an actuarial valuation performed as of June 30, 2007. The actuarial method used was the entry age normal cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 8.16%; (2) inflation element in wage increases of 4.0%; and (3) salary merit and longevity percentages based on length of service. Investment gains and losses are smoothed over a 5-year period and the unfunded liabilities resulting from the smoothed gains and losses are amortized over 15 years using a level percentage of the projected payroll. Actuarial gains and losses resulting from changes in assumptions are not smoothed, but are also amortized over a 15 year period.

**Three-Year Trend Information**

The APCD’s actual contributions, annual pension cost, and the percentage of annual pension cost contributed, for the current year and each of the three preceding years, are as follows:

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Contributions</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contribution</u>
6/30/2007	6/30/2005	\$ 736,631	\$ 736,631	100%
6/30/2008	6/30/2006	784,358	784,358	100%
6/30/2009	6/30/2007	959,102	959,102	100%

**XII. DEFERRED COMPENSATION PLANS**

**Employee Contribution Deferred Compensation Plan**

The APCD offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years up to a maximum of \$16,500 (during calendar year 2009), so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

This plan is administered through a third-party administrator. The APCD does not perform the investing function, and has no fiduciary accountability for the plan. Thus, the plan assets and any related liability to plan participants have been excluded from these financial statements.

**Social Security Compliance Deferred Compensation Plan**

The APCD’s Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the APCD in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular retirement system are not eligible for this plan. Based upon the employee’s gross compensation, the employee’s deferral, on a before-tax basis, equals 6.0% and the APCD’s contribution equals 1.5% for a combined total of 7.5%.

**XII. DEFERRED COMPENSATION – Continued**

**Social Security Compliance Deferred Compensation Plan – Continued**

This plan is administered through a third-party administrator. The APCD does not perform the investing function, and has no fiduciary accountability for the plan. Thus, the plan assets and any related liability to plan participants have been excluded from these financial statements.

The APCD’s actual contributions for the current year and each of the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Contributions</u>
6/30/2007	\$ 229
6/30/2008	529
6/30/2009	784

**XIII. APCD OWNED EMISSION REDUCTION CREDITS (ERCs)**

On April 14, 2009, the United States Air Force (USAF) transferred ERC Certificate No. 0091-1108 to the APCD containing 3.00 tons per quarter (tpq) of oxides of nitrogen (NOx). This was done as part of the Environmental Investment (ENVVEST) Program and the requirements of APCD Regulation XIII.

The Santa Barbara County market for ERCs would indicate a potential fair value of \$600,000 for these credits. Given that it is impossible to predict when and if the credits might be sold, and at what price, management believes it would be misleading to record them in the financial statements at any value at this time.

Management, however, would like financial statement readers to be aware that the APCD is in possession of these credits and that they may be sold at some point in the future.

**Santa Barbara County Air Pollution Control District  
General Fund – Budgetary Comparison Schedule  
(Budgetary Basis)**

**For the Fiscal Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, permits, and franchises	\$ 3,487,494	\$ 3,487,494	\$ 4,349,163	\$ 861,669
Use of money and property	260,000	318,152	249,722	(68,430)
Grants and subventions	2,858,220	2,858,220	2,768,491	(89,729)
Charges for services	1,954,163	1,954,163	1,674,763	(279,400)
Other	19,277	19,277	36,620	17,343
<b>Total revenues</b>	<b>8,579,154</b>	<b>8,637,306</b>	<b>9,078,759</b>	<b>441,453</b>
<b>Expenditures:</b>				
Air pollution control services:				
Salaries and benefits	5,417,056	5,579,785	5,414,416	165,369
Services and supplies	3,649,409	3,474,680	2,511,145	963,535
Other Expenses	183,239	183,239	156,336	26,903
Capital outlay	85,000	97,000	95,986	1,014
<b>Total expenditures</b>	<b>9,334,704</b>	<b>9,334,704</b>	<b>8,177,883</b>	<b>1,156,821</b>
Excess (deficiency) of revenues over expenditures/expenses	(755,550)	(697,398)	900,876	1,598,274
<b>Fund balances:</b>				
Beginning of year	7,362,761	7,362,761	7,362,761	--
<b>End of year</b>	<b>\$ 6,607,211</b>	<b>\$ 6,665,363</b>	<b>\$ 8,263,637</b>	<b>\$ 1,598,274</b>

See accompanying notes to the General Fund – Budgetary Comparison Schedule.



**Santa Barbara County Air Pollution Control District  
Notes to the General Fund – Budgetary Comparison Schedule  
(Budgetary Basis)**

**As of June 30, 2009**

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**I. BASIS OF PRESENTATION**

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

**II. BUDGETARY AND LEGAL COMPLIANCE**

In accordance with the California Health and Safety Code Section 40130-40131 and other statutory provisions, on or before July 1 for each fiscal year, the District must prepare and submit a budget to the County Auditor-Controller. Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

Annually, the Board of Directors conducts two public hearings for the discussion of a proposed budget. At the conclusion of the hearings, the Board adopts the final budget. All appropriations lapse at fiscal year end and are subject to reappropriation as part of the following year's budget. The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the object level. The Air Pollution Control Officer (APCO) is delegated authority to make changes to the annual budget, provided it is within and between the salaries and benefits, services and supplies, and other expenses, and capital outlay object levels. Subsequent to budget adoption, increases or decreases to reserves and designations must be adopted by a 4/5 vote of the Board. Lastly, the County Auditor-Controller is authorized to make administrative budget adjustments for the fair market value of assets held in the County Treasury.

**Changes from Original to Final Budgeted Amounts**

One supplemental revenue change to increase budgeted use of money and property by \$58,152 was made by the Auditor-Controller during the year for the fair market value of assets held in the County Treasury, which also increased the total budgeted revenues by \$58,152.

The APCO moved \$174,729 of services and supplies appropriation to salaries and benefits in the amount of \$162,729 for a pay period 14 accrual, which was not recorded last fiscal year (and subsequently not reversed this fiscal year), and to capital outlay in the amount of \$12,000 for replacing two inspector pickup trucks.

As a result of the above changes, the original use of prior year fund balance decreased from \$755,550 to a final \$697,398.

**Variances with Final Budgeted Amounts**

There were no variances out of budgetary or legal compliance.

Please see the General Fund Budgetary Highlights section of the MD&A, beginning on page 21, for more details on the object level variances found in the budgetary comparison schedule.



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Comprehensive Annual Financial Report  
Year Ended June 30, 2009

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## STATISTICAL SECTION (UNAUDITED)

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*General Fund Expenditures by Major Object (Combined Budgetary and GAAP Basis) – Last Ten Fiscal Years*

*General Fund Revenues by Major Object (Combined Budgetary and GAAP Basis) – Last Ten Fiscal Years*

*General Fund Fee Revenues by Fee Source – Fiscal Year 2008-09*

*General Fund Fee Revenues by Fee Source – Last Ten Fiscal Years*

*Emission Fee Revenues – Last Ten Fiscal Years*

*Key Air Quality and Demographic Information Regarding the Region Included in the Santa Barbara County Air Pollution Control District*

**Santa Barbara County Air Quality Trend – Last Ten Calendar Years**

**Santa Barbara County Population by City – Last Ten Calendar Years**

**Santa Barbara County Civilian Employment – Last Ten Calendar Years**

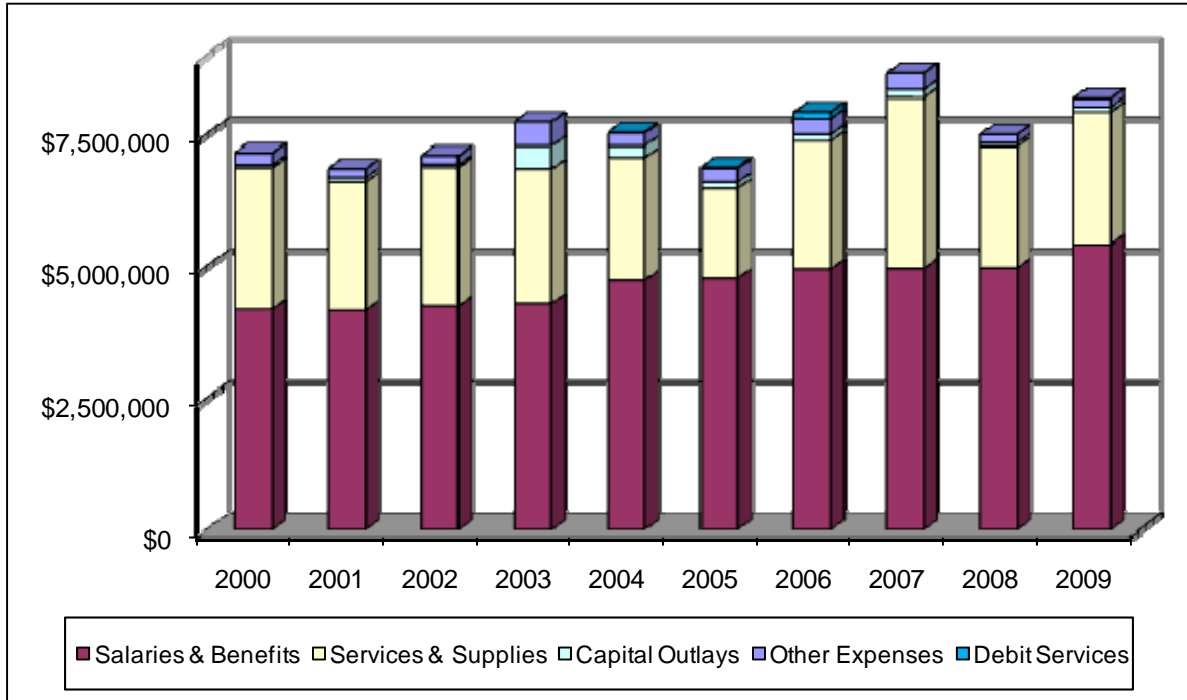
**Fee-Paid Vehicle Registrations and Fees Collected (Automobiles and Trucks) for Santa Barbara County – Last Ten Calendar Years**

**Demographic and Miscellaneous Statistics**

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The information in the statistical section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report.

**General Fund Expenditures by Major Object  
(Combined Budgetary and GAAP Basis) –  
Last Ten Fiscal Years**

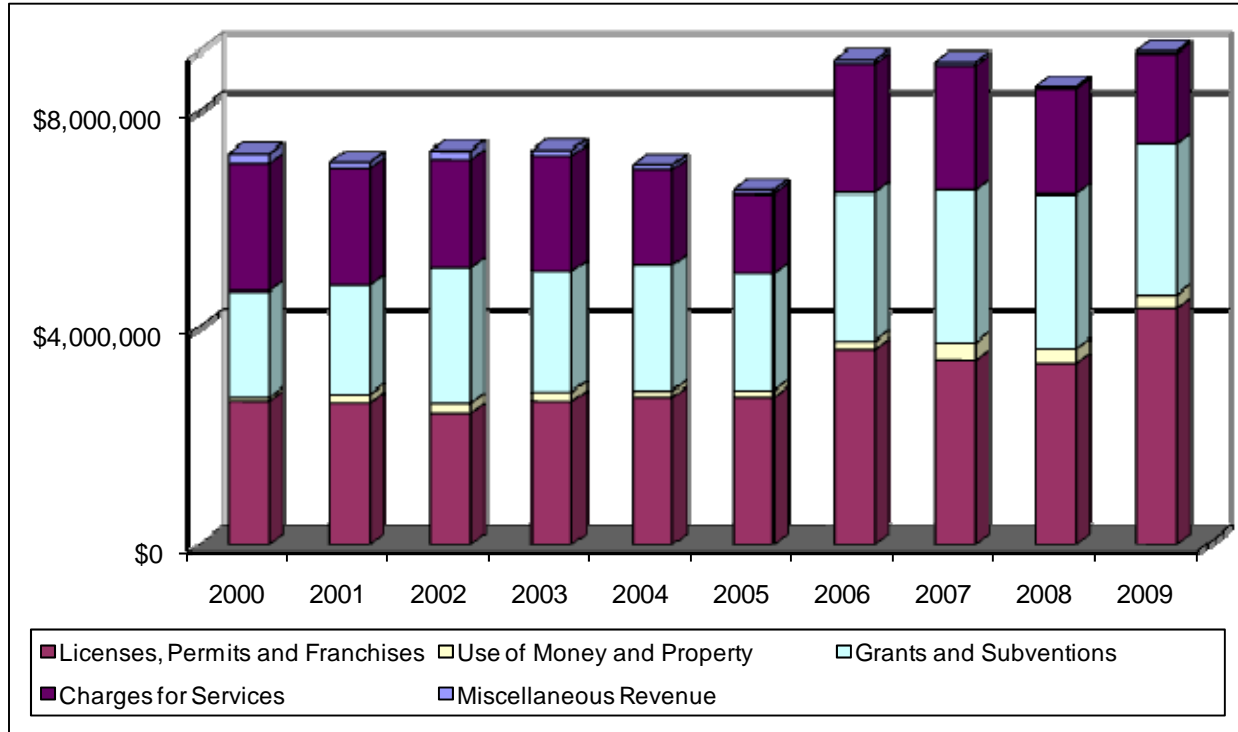


Year	Salaries & Benefits	Services & Supplies	Capital Outlays	Other Expenses	Debt Service	Total Expenditures
2000	\$ 4,194,863	2,667,598	58,328	225,173	-	\$ 7,145,962
2001	\$ 4,175,933	2,413,114	84,750	169,715	-	\$ 6,843,512
2002	\$ 4,257,007	2,618,399	52,393	168,575	-	\$ 7,096,374
2003	\$ 4,306,736	2,537,410	434,760	459,495	-	\$ 7,738,401
2004	\$ 4,730,443	2,329,006	222,384	241,323	11,434	\$ 7,534,590
2005	\$ 4,765,849	1,699,441	123,324	262,062	23,079	\$ 6,873,755
2006	\$ 4,944,060	2,425,606	124,339	301,565	130,342	\$ 7,925,912
2007	\$ 4,956,097	3,236,442	153,753	320,440	-	\$ 8,666,732
2008	\$ 4,968,527	2,301,481	66,867	158,307	-	\$ 7,495,182
2009	\$ 5,414,416	2,511,145	95,986	156,336	-	\$ 8,177,883

Source:

Santa Barbara County Air Pollution Control District Audited Financial Statements

**General Fund Revenues by Major Object  
(Combined Budgetary and GAAP Basis) –  
Last Ten Fiscal Years**

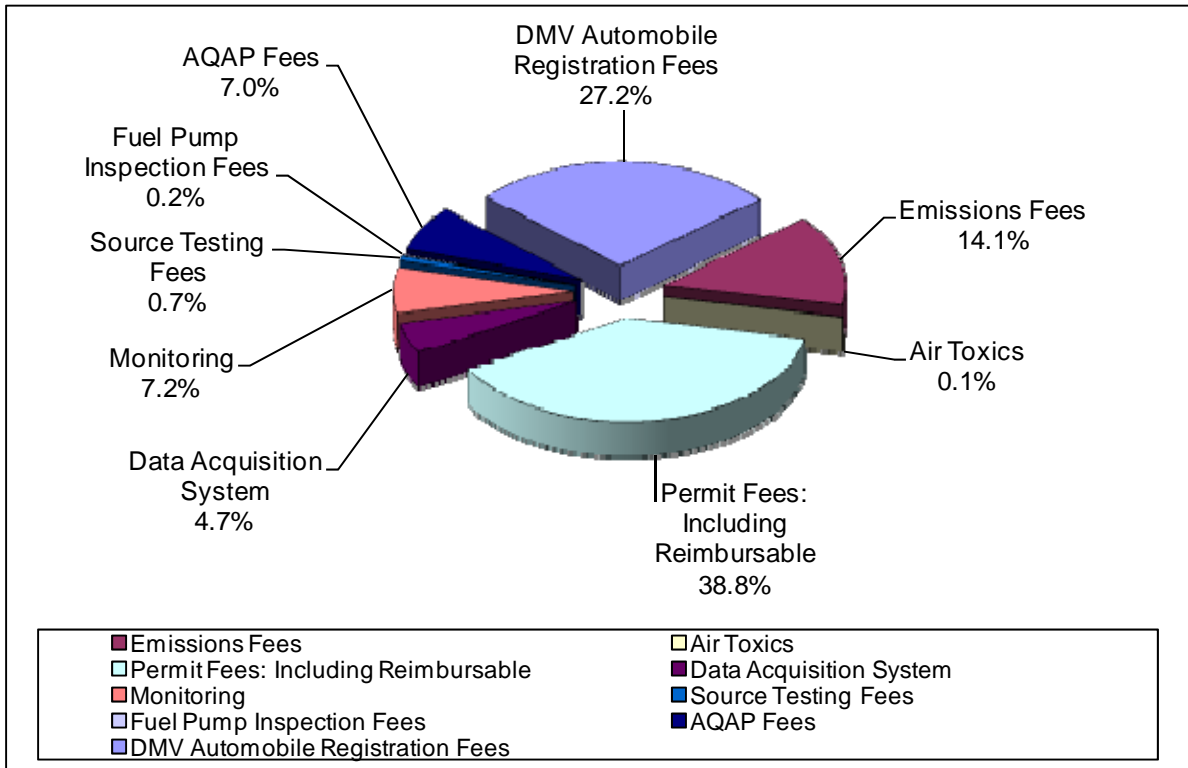


Year	Licenses, Permits and Franchises	Use of Money and Property	Grants and Subventions	Charges for Services	Miscellaneous Revenue	Total Revenues
2000	\$ 2,640,100	68,011	1,952,666	2,357,285	179,873	\$ 7,197,935
2001	\$ 2,604,068	156,476	2,003,861	2,158,629	120,121	\$ 7,043,155
2002	\$ 2,406,317	195,497	2,491,108	1,994,938	163,010	\$ 7,250,870
2003	\$ 2,633,220	173,262	2,219,085	2,134,344	102,332	\$ 7,262,243
2004	\$ 2,712,627	117,836	2,320,330	1,755,033	88,367	\$ 6,994,193
2005	\$ 2,713,349	120,519	2,153,526	1,463,014	71,375	\$ 6,521,783
2006	\$ 3,591,224	154,294	2,730,758	2,380,341	69,961	\$ 8,926,578
2007	\$ 3,388,275	329,306	2,800,513	2,305,517	63,868	\$ 8,887,479
2008	\$ 3,328,064	279,247	2,838,854	1,935,857	42,677	\$ 8,424,699
2009	\$ 4,349,163	249,722	2,768,491	1,674,763	36,620	\$ 9,078,759

Source:

Santa Barbara County Air Pollution Control District Audited Financial Statements

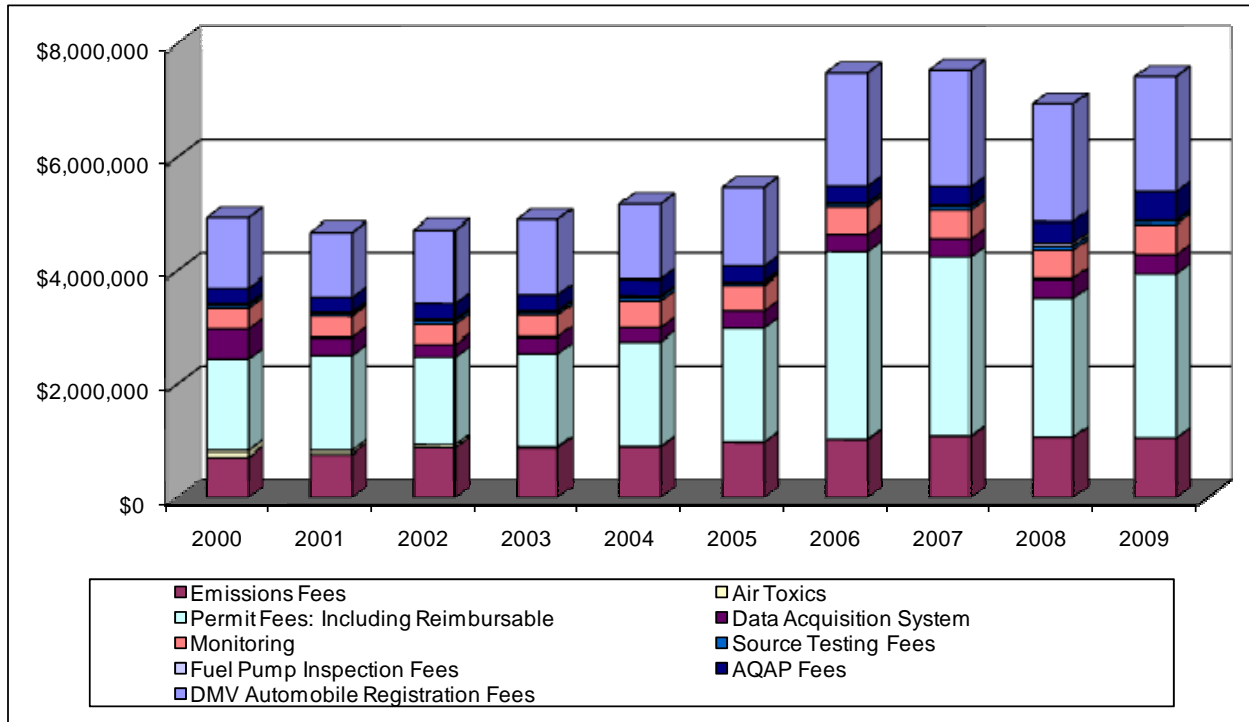
**General Fund Fee Revenues by Fee Source –  
Fiscal Year 2008-09**



Fee Source	FY 08-09
Emissions Fees	\$ 1,051,272
Air Toxics	6,221
Permit Fees: Including Reimbursable	2,885,594
Data Acquisition System	348,562
Monitoring	534,244
Source Testing Fees	53,722
Fuel Pump Inspection Fees	14,096
AQAP Fees	519,147
DMV Automobile Registration Fees	2,025,336
<b>Total Fee Revenues</b>	<b>\$ 7,438,194</b>

Source:  
Santa Barbara County Air Pollution District Audited Fee Revenues

**General Fund Fee Revenues by Fee Source –  
Last Ten Fiscal Years**

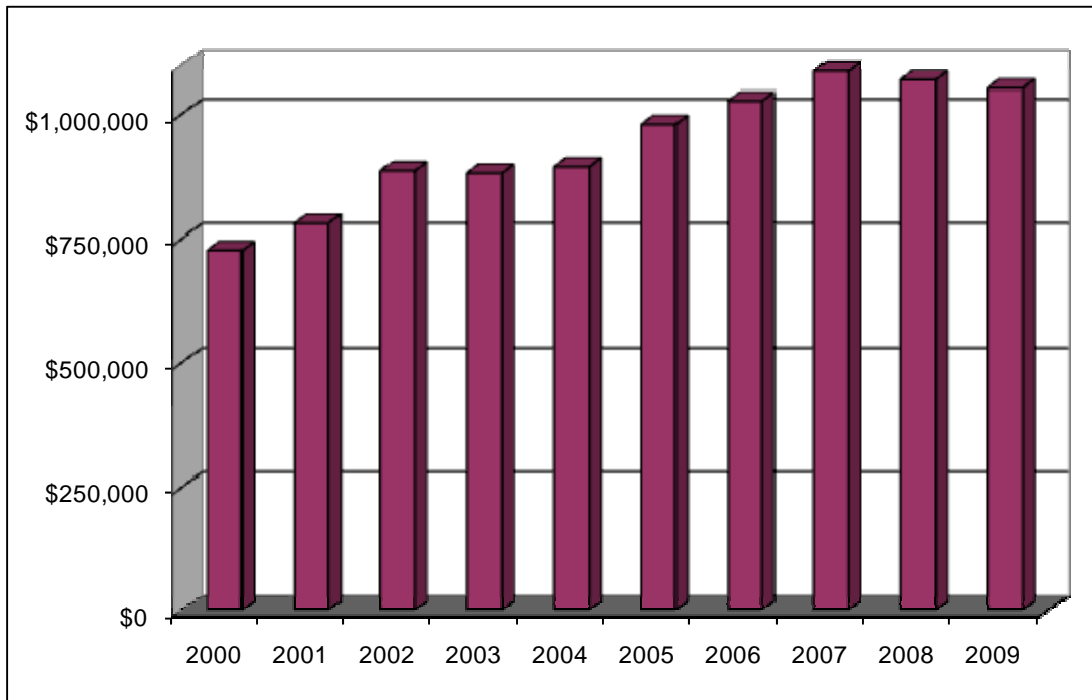


Year	Emissions Fees	Air Toxics	Permit Fees: Including Reimbursable	Data Acquisition System	Monitoring	Source Testing Fees	Fuel Pump Inspection Fees	AQAP Fees	DMV Automobile Registration Fees	Total Fee Revenues
2000	\$ 725,301	112,347	1,620,085	520,684	371,953	49,658	37,176	272,524	1,228,183	\$ 4,937,911
2001	\$ 779,320	58,453	1,683,853	310,233	381,158	42,629	29,072	260,801	1,145,024	\$ 4,690,543
2002	\$ 884,482	55,857	1,551,883	225,380	349,660	58,683	30,776	283,422	1,294,148	\$ 4,734,291
2003	\$ 880,060	15,267	1,655,930	290,887	389,934	48,043	27,732	286,096	1,313,739	\$ 4,907,688
2004	\$ 892,979	10,652	1,859,879	239,875	478,190	67,174	27,384	285,577	1,327,591	\$ 5,189,301
2005	\$ 977,489	5,100	2,011,987	309,529	454,368	41,546	21,732	267,687	1,397,340	\$ 5,486,778
2006	\$ 1,025,676	9,086	3,315,396	310,314	472,089	55,300	16,641	305,550	1,995,966	\$ 7,506,018
2007	\$ 1,085,778	11,577	3,158,404	324,026	492,751	63,780	27,468	338,280	2,051,539	\$ 7,553,603
2008	\$ 1,068,178	3,908	2,457,229	336,726	508,847	66,903	62,410	369,709	2,067,453	\$ 6,941,363
2009	\$ 1,051,272	6,221	2,885,594	348,562	534,244	53,722	14,096	519,147	2,025,336	\$ 7,438,194

Source:  
Santa Barbara County Air Pollution District Audited Fee Revenues

***Emission Fee Revenues – Last Ten Fiscal Years***

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Year	Emission Fees
2000	725,301
2001	779,320
2002	884,482
2003	880,060
2004	892,979
2005	977,489
2006	1,025,676
2007	1,085,778
2008	1,068,178
2009	1,051,272

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Source:  
Santa Barbara County Air Pollution District Audited Fee Revenues



***Key Air Quality and Demographic Information Regarding  
the Region Included in the Santa Barbara County  
Air Pollution Control District***

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The Santa Barbara County Air Pollution Control District includes all of Santa Barbara County.

*Geography*

Santa Barbara County, located approximately 100 miles northwest of Los Angeles and 300 miles south of San Francisco, was established by an act of the State Legislature on February 18, 1850. The County occupies 2,774 square miles, one-third of which is located in the Los Padres National Forest. Bordered on the West and South by the Pacific Ocean, the County has 110 miles of beaches, a little over half being south facing beaches. Agriculture figures prominently in the valleys with just over 700,000 acres devoted to crops and pasture. Strawberries, broccoli, grapes (wine), and avocados are the four most notable crops of the County.

*The County has 4 main urban areas:*

Santa Barbara Coast

Santa Barbara Coast is located in the southern portion of the County. The area is bordered in the south by the Pacific Ocean, and in the north by the Santa Ynez Mountain range, one of the few mountain systems in North America that run east-west rather than north-south. Because of the unique south-facing aspect, and its year round mild Mediterranean climate, it is fitting that Santa Barbara has been described by many as the “California Riviera”.

Santa Ynez Valley

Santa Ynez Valley is located in the central portion of the County, nestled between the Santa Ynez and San Rafael mountain ranges. Santa Ynez Valley includes the communities of Buellton, Solvang, and Santa Ynez, as well as the Chumash Reservation. Lake Cachuma is also nestled between the mountain ranges, offering recreational activities and a water supply to the County. The Valley’s climate has recently attracted many wine makers to the area, adding vast vineyards to the rolling hills that lead to the Los Padres National Forest.

Santa Maria Valley

Santa Maria Valley is located in the northern portion of the County, bordered by San Luis Obispo County on the north. Much of the new development within the County has been happening in the Santa Maria Valley area. The area has experienced a lot of change in the past decade.

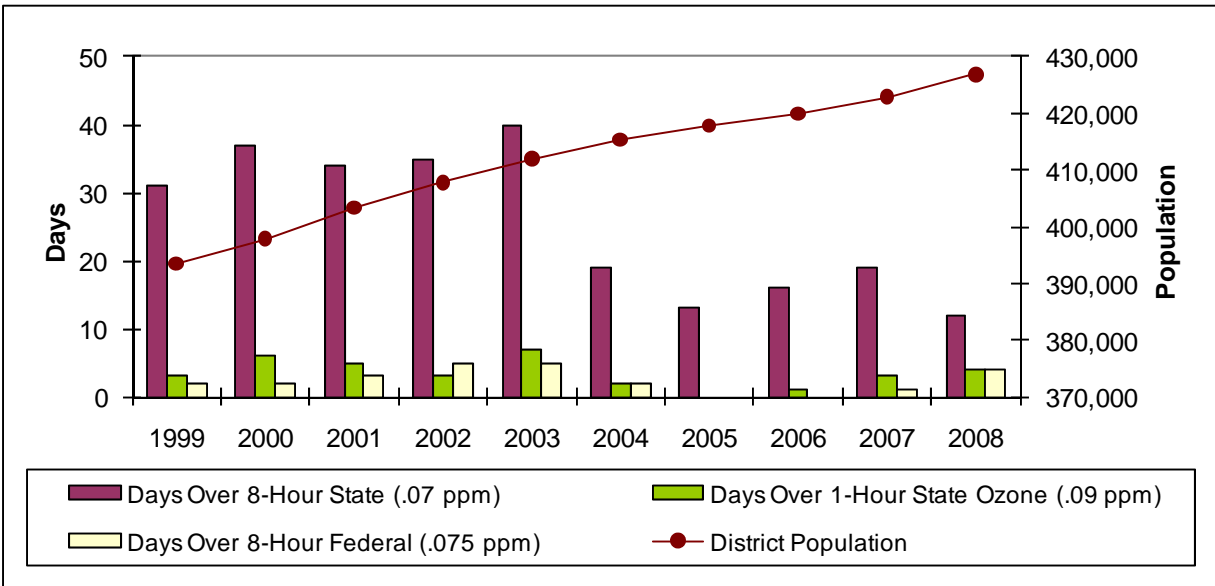
Lompoc Valley

Lompoc Valley is located in the western portion of the County. Vandenberg Air Force Base is located in the Valley contributing many local employment opportunities to County residents.

Overall, the County is a popular tourist and recreational area, famous for its mild climate (at 64 degrees F and with 300 days of sunshine on average), picturesque coastline, scenic mountains, 114 parks, 18 beaches, and 17 golf courses. The County is rich in heritage and cultural diversity; Spanish-Mediterranean architecture on the South Coast, western style towns inland, missions, Danish village of Solvang, and numerous cultural festivals and parades, all reflect its diverse legacy. World-class music, opera, dance, theatre and visual arts, coupled with beautiful urban and rural communities, make the County a haven to those who live here, as well as a delight to those who visit from all over the world.

The following charts illustrate air quality, demographic, employment and motor vehicle information about the Santa Barbara County Air Pollution Control District region.

**Santa Barbara County Air Quality Trend – Last Ten Calendar Years**



Year	Days Over 8-Hour State (.07 ppm)	Days Over 1-Hour State Ozone (.09 ppm)	Days Over 8-Hour Federal (.075 ppm)	District Population
1999	31	3	2	393,498
2000	37	6	2	397,877
2001	34	5	3	403,400
2002	35	3	5	407,774
2003	40	7	5	411,887
2004	19	2	2	415,339
2005	13	0	0	417,870
2006	16	1	0	419,942
2007	19	3	1	422,835
2008	12	4	4	426,915

Note:

Population figures are at January 1 of the years listed.

Sources:

2001-2008 Data:

State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001–2009, with 2000 Benchmark. Sacramento, California, May 2009.

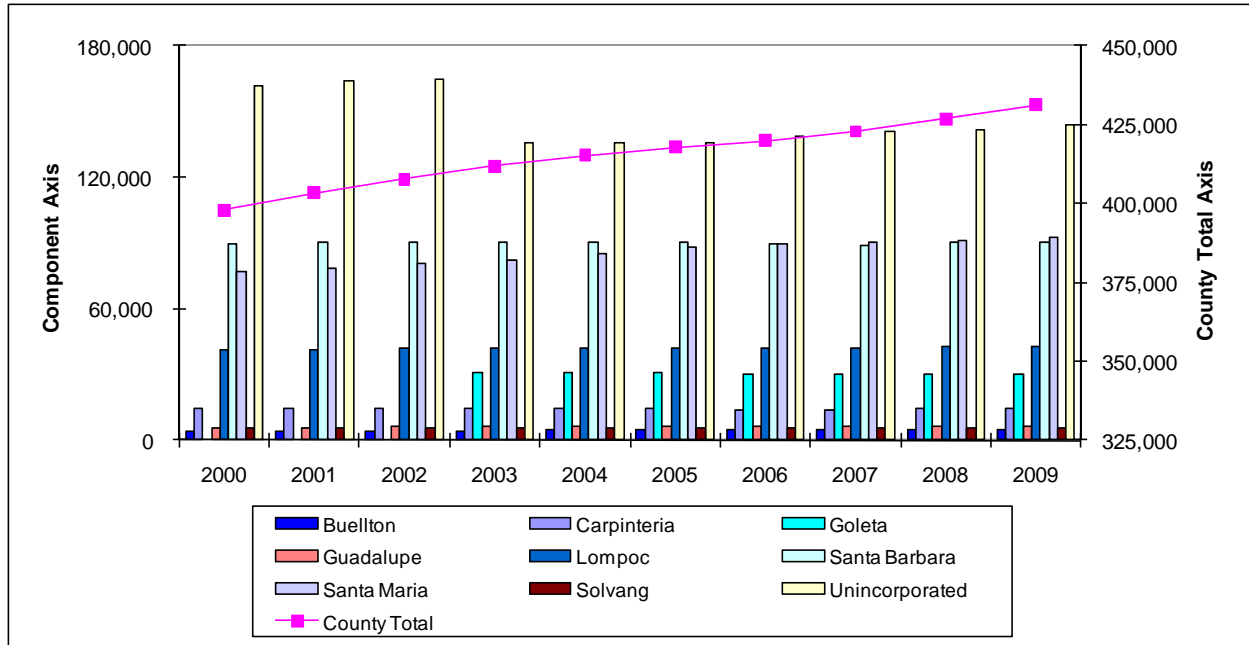
1999-2000 Data:

State of California, Department of Finance, "E-4 Historical Population Estimates for City, County and the State, 1991-2000, with 1990 and 2000 Census Counts." Sacramento, California, August 2007.

Smog Data:

Santa Barbara County Air Pollution Control District Monitoring Data.

**Santa Barbara County Population by City – Last Ten Calendar Years**



Santa Barbara County (January 1,)										
City	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Buellton	3,818	3,917	3,984	4,218	4,463	4,535	4,533	4,652	4,687	4,740
Carpinteria	14,147	14,357	14,429	14,405	14,382	14,285	14,127	14,091	14,235	14,409
Goleta	0	0	0	30,808	30,753	30,533	30,168	30,090	30,319	30,476
Guadalupe	5,584	5,887	6,090	6,280	6,319	6,272	6,403	6,382	6,524	6,534
Lompoc	41,145	41,499	41,658	41,898	42,302	42,169	41,791	41,927	42,857	42,892
Santa Barbara	89,375	90,104	90,670	90,550	90,597	90,177	89,268	89,256	90,074	90,308
Santa Maria	76,913	78,581	80,483	82,217	85,438	88,456	89,917	90,130	90,873	92,542
Solvang	5,312	5,388	5,441	5,442	5,441	5,408	5,351	5,340	5,398	5,446
Unincorporated	161,583	163,667	165,019	136,069	135,644	136,035	138,384	140,967	141,948	143,965
<b>County Total</b>	<b>397,877</b>	<b>403,400</b>	<b>407,774</b>	<b>411,887</b>	<b>415,339</b>	<b>417,870</b>	<b>419,942</b>	<b>422,835</b>	<b>426,915</b>	<b>431,312</b>

\* Goleta incorporated in 2003.

Note:

Population figures are at January 1 of the years listed.

Sources:

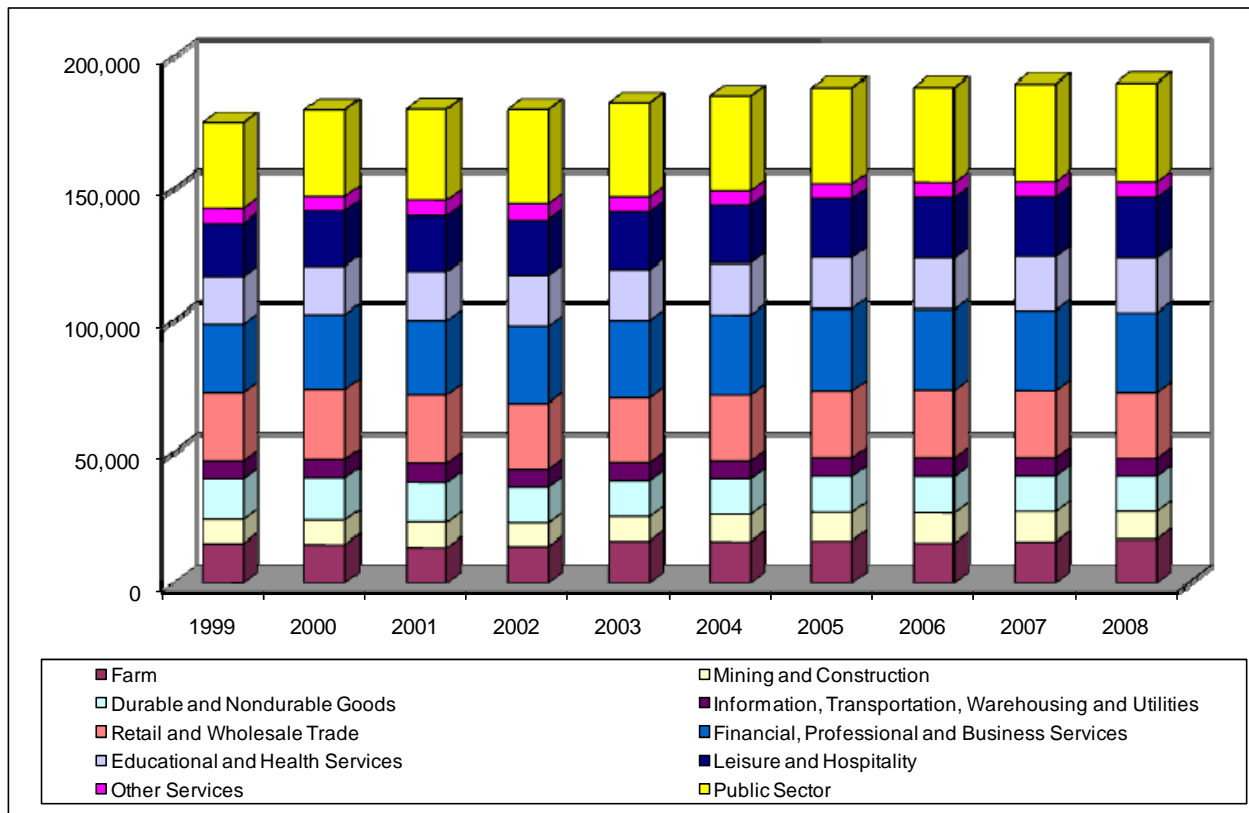
2001-2009 Data:

State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001–2009, with 2000 Benchmark. Sacramento, California, May 2009.

2000 Data:

State of California, Department of Finance, "E-4 Historical Population Estimates for City, County and the State, 1991-2000, with 1990 and 2000 Census Counts." Sacramento, California, August 2007.

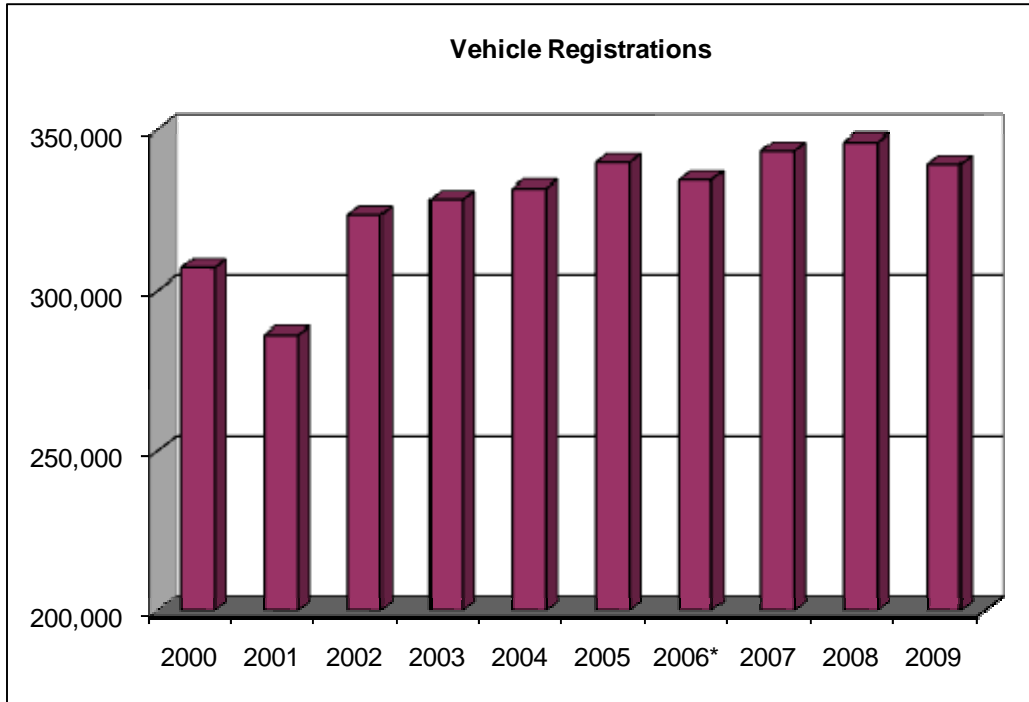
**Santa Barbara County Civilian Employment –  
Last Ten Calendar Years**



Year	Farm	Mining and Construction	Durable and Nondurable Goods	Information, Transportation, Warehousing and Utilities	Retail and Wholesale Trade	Financial, Professional and Business Services	Educational and Health Services	Leisure and Hospitality	Other Services	Public Sector	Total Wage and Salary
1999	15,300	9,200	15,200	7,000	25,600	26,200	18,000	20,200	5,500	32,400	174,600
2000	14,900	9,300	15,900	7,200	26,200	28,600	18,400	20,800	5,600	32,800	179,700
2001	13,800	9,600	15,000	7,500	25,600	28,400	18,600	21,000	6,000	34,500	180,000
2002	14,200	8,900	13,400	6,900	25,100	29,200	19,300	21,000	6,000	35,800	179,800
2003	16,200	9,400	13,400	7,000	24,400	29,500	19,300	21,700	5,800	35,600	182,300
2004	16,000	10,500	13,300	6,900	24,700	30,600	19,600	21,900	5,600	35,900	185,000
2005	16,300	11,000	13,500	7,100	25,000	31,400	19,400	22,400	5,700	36,400	188,200
2006	15,500	11,600	13,600	7,200	25,300	30,900	19,400	23,000	5,800	36,000	188,300
2007	15,900	11,700	13,300	7,000	25,100	30,700	20,300	22,700	5,900	37,000	189,600
2008	16,900	10,800	13,100	6,900	24,600	30,500	20,700	23,000	6,000	37,400	189,900

Source:  
California Employment Development Department (EDD)

**Fee-Paid Vehicle Registrations and Fees Collected  
(Automobiles and Light Trucks) for Santa Barbara County –  
Last Ten Fiscal Years**



Fiscal Year	Vehicle Registrations	Registration Fees
2000	307,046	1,228,183
2001	286,256	1,145,024
2002	323,537	1,294,148
2003	328,435	1,313,739
2004	331,898	1,327,591
2005	339,983	1,397,340
2006*	334,324	1,995,966
2007	343,633	2,051,539
2008	346,298	2,067,453
2009	339,244	2,025,336

\* Adopted additional \$2 DMV registration fee.

Source:  
Santa Barbara County Air Pollution District Audited Fee Revenues

**Demographic and Miscellaneous Statistics**

<i>District Established:</i>	September 14, 1970 with Santa Barbara County Board of Supervisors resolution 70-581
<i>Area Covered:</i>	2,774 square miles
<i>County &amp; Cities Included:</i>	Santa Barbara County and the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang
<i>Population:</i>	431,312 (as of January 1, 2009)
<i>Transportation:</i>	Railroads: the Union Pacific and passenger services by Amtrak's Pacific Surfliner  Two commercial Airports: Santa Barbara Airport and Santa Maria, with connecting services to many international airports.  Freeways: U.S. 101 and six State highway routes 1, 135, 154, 166, 217, and 246
<i>Visitor Destinations:</i>	Santa Barbara Mission, Santa Barbara Harbor, Historic Downtown Santa Barbara, La Purisma Mission, Murals in Lompoc, Chumash Casino, Wine Country, Lake Cachuma, Beaches, State Parks, and National Forests
<i>Registered Vehicles:</i>	339,244 (in Fiscal Year 2008-09)
<i>Average Total Daily Miles Traveled:</i>	10.1 million (from a 2005 study)
<i>Average Daily Vehicle Miles Traveled:</i>	31.9 (from a 2000 study)
<i>Average Trip Length:</i>	9.2 (from a 2000 study)
<i>Stationary Sources of Air Pollution Regulated:</i>	Oil and Gas Production Facilities, Offshore Oil and Gas Production Facilities, Manufacturing Facilities, Mining Operations, Sand & Gravel Production, Government Military Installations, Dry Cleaning, Gas Stations, Paint Spray Booths, and Agricultural Water Pump Engines
<i>Permitted or Registered Stationary Facilities:</i>	1,023 Small, Medium, and Large
<i>Number of Air Monitoring Stations:</i>	18
<i>Full-time Positions for 2008-09:</i>	55.25 are authorized and 51.25 are funded.
<i>Full-time Positions for 2009-10:</i>	55.25 are authorized and 50.25 are funded.
<i>Adopted 2009-10 Budget:</i>	\$10,027,571
<i>Key Federal, State, and Local Air Agencies:</i>	EPA Region IX (Environmental Protection Agency), CARB (California Air Resources Board) and 35 local air pollution control districts in California.