

**SACRAMENTO METROPOLITAN AIR
QUALITY MANAGEMENT DISTRICT**

SACRAMENTO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2008**

**PREPARED BY:
FISCAL DIVISION**

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Governing Board	vii
Organizational Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Balance Sheet – Governmental Fund	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Statement of Fund Net Assets – Proprietary Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Notes to the Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund – Budget and Actual	35
SUPPLEMENTARY INFORMATION SECTION	
Schedule of Expenditures of Federal Awards	36

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

TABLE OF CONTENTS

STATISTICAL SECTION

Statistical Section Index	37
Schedule 1 – Net Assets by Component – Last Seven Fiscal Years (accrual basis of accounting)	38
Schedule 2 – Changes in Net Assets – Last Seven Fiscal Years – (accrual basis of accounting)	39
Schedule 3 – Fund Balances of Government Funds – Last Ten Fiscal Years – (modified accrual basis of accounting)	40
Schedule 4 – Changes in Fund Balances of Government Funds – Last Ten Fiscal Years – (modified accrual basis of accounting)	41
Schedule 5 – Schedule of General Government Expenditures by Major Object (Budgetary Basis) – Last Ten Fiscal Years	42
Schedule 6 – Schedule of General Government Expenditures by Functions Last Seventeen Years	43
Schedule 7 – Schedule of General Government Revenues by Source – Last Seventeen Years	44
Schedule 8 – Own Source Government Revenue Base – Last Ten Years	45
Schedule 9 – Demographic Information – Last Seventeen Years	46
Schedule 10 – Vehicle Registrations (Automobiles & Trucks) – Last Fifteen Years	47
Schedule 11 – District Staff Position List – Last Ten Year	48



December 16, 2008

Chairman, Governing Board and Citizens
of the Sacramento Metropolitan Air Quality Management District

State law requires that local governments publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the Sacramento Metropolitan Air Quality Management District (the District), Sacramento, California. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by James Marta & Company, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2008 are free of material misstatements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (clean) opinion that the District financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are included in the Schedule of Expenditures of Federal Awards section.

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

Profile of the Sacramento Metropolitan Air Quality Management District

The District began operation in July of 1996 as a local governmental agency established under Health and Safety Code Sections 40960 et. seq. It is one of 35 local or regional air quality districts in California. It is part of the Sacramento Federal Nonattainment Area (SFNA), which is comprised of all of Sacramento and Yolo Counties, the eastern portion of Solano County, the southern portion of Sutter County and the western slopes of El Dorado and Placer Counties up to the Sierra crest and includes four other local air districts.

The District Governing Board is composed of 14 members, including all five Sacramento County Supervisors, four members of the Sacramento City Council, one member representing each of the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the cities of Galt and Isleton. The Board appoints the agency's Executive Officer and District Counsel.

In spite of a huge increase in population over the last two decades, the Sacramento region's air quality has continued to improve. Although we're still home to some of the worst air quality in the nation, progress has been made even as standards have tightened. The SFNA currently fails to attain the federal standard for ozone as well as the more stringent California standard for ozone and particulate matter (PM10 and PM2.5). The Air District also anticipates that the region will not meet the recently amended federal PM2.5 standards.

A combination of poor atmospheric ventilation, a capping temperature inversion, bordering mountains and sunny days act to enhance smog formation and effectively trap pollutants in the Basin.

The Sacramento region has relatively few "smokestack" industries compared to the Bay Area and Southern California. Even if we were to shut down all of these stationary sources, it's unlikely that we could meet air quality standards, particularly the tougher state standards.

Mobile sources include the cars and trucks we drive, delivery vehicles and big rigs. It also includes "off-road" sources, such as construction and agricultural equipment. These mobile sources contribute about two-thirds of our Volatile Organic Compounds (VOC) and 90% of our Oxides of Nitrogen (NOx) emissions, while stationary (industrial) sources contribute about 14% of our VOC emissions and 8% of our NOx emissions.

State and federal regulations will help to reduce the impact of motor vehicle fuel and engine emissions on our air quality in the future, but as growth in our region brings more vehicles in, mobile sources will continue to be a major factor in our air quality problem.

The District is responsible for monitoring air pollution within the Basin and for developing and administering programs to reduce air pollution levels below the health-based standards established by the state and federal governments.

The annual budget serves as the foundation for the District's financial planning and control. The Governing Board is required to adopt an annual budget by July 1 of each fiscal year. Budgets are adopted on a budgetary basis that includes encumbrances as expenditures. All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered. Amendments to increase the budget must be approved by the Governing Board.

The District maintains budgetary controls through both signature authority and automated budget verification. The objective of these controls is to ensure compliance with the annual appropriated budget approved by the Governing Board. The District maintains an accounting system of purchase requests and contracts at the fund level as a means of accomplishing budgetary control.

Open requests and contracts are reported as a reservation of fund balance at the end of the fiscal year. Purchase requests and contracts are reviewed to ensure that funds are available and that requests are properly authorized prior to being released or executed.

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

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

Factors Affecting Financial Condition

The District does not receive property tax support. Approximately 26% of its funding is derived from fees paid by stationary sources that emit air pollution; 27% from auto registration fees collected by the Department of Motor Vehicles and distributed to air districts throughout the state in support of motor vehicle emission reduction programs; 32% from federal and state grants and subventions, 10% from sales tax; and the remainder from general revenues such as, lease revenue and interest earnings.

To meet its program commitments, despite increased workload complexity, the District has successfully streamlined many of its operations, reducing the cost of its programs.

While the District does not recover its activity costs fully from fees, support in the form of state subvention, federal grants, and other revenues offset much of the shortfall. For fiscal year 2008-09, the employer contribution rates to our pension system will decrease slightly due primarily to a smoothing of losses and gains introduced by CalPers. The stock market downturn may cause District contributions in the CalPers Retirement program to be increased over the next several years.

The current economic downturn has had some affect on the district funding stream. Anticipated sales tax revenues from Measure A may decrease approximately 15% in FY 2008-2009. There is also uncertainty that funding streams from the State of California will continue at the same level pending the outcome of the State budget for the current fiscal year and the upcoming fiscal year.

To counter these potential negative impacts on the district funding stream, management has initiated a five-year financial program that has evaluated the potential internal, external and programmatic changes that can be implemented over the next fiscal year and beyond. The potential changes range from simple internal cost cutting enhancements to changes that will require state and federal legislative changes. All ideas are currently being evaluated and a plan will be recommended as part of the 2009-2010 budget.

Long-term Financial Planning

The District has engaged the accounting firm of KPMG to conduct a fee study. The fee study will determine if stationary source permit and fee revenue is sufficient to support the related program activities. While the final fee study report is pending, preliminary indications are that a stationary source fee increase is overdue and should be presented to the Board with the 2009-2010 budget process. The current state and national economic situation will make near-term increases difficult, but it is important that a program be put in place looking out several years.

Relevant Financial Policies

Cash Management

The County of Sacramento provides treasury management services to the District. Cash resources of the individual District funds are invested as part of Sacramento County's Pooled Investment Portfolio. Investments are consistent with state adopted investment policy, with the majority of the maturities under one year. The 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 District's portfolio at June 30, 2008 is \$25,433,666.

The District Governing Board annually reviews and approves the Sacramento County pooled investment fund policies. Monthly investment reports are reviewed the District Accountant/Controller. The primary objective of the AQMD is to ensure money in the pooled investment fund not required for the immediate needs of AQMD is prudently invested to preserve principal and provide necessary liquidity, while earning a market average rate of return.

Risk Management

The District manages its risks of property and liability losses through commercial insurance. Commercial insurance coverages are obtained thru the Special District Risk Management Association (SDRMA). Policy coverage and limits are detailed in the notes to the financial statements.

Pension Benefits

The District provides its full-time employee's retirement and disability benefits, annual cost of living adjustments and death benefits to members and their beneficiaries through CalPers. The District does not have safety employees. The District does provide postretirement health care benefits. The District has prefunded the OPEB in a CALPERS trust.

Major Initiatives

During the next year, the AQMD will continue to work toward meeting non-attainment goals for ozone. With a new, lower, standard expected this year from the EPA Administrator, reducing ozone pollution will remain an important and core program of the district and region for many years. Moreover, the District is likely to be designated non-attainment for the new federal NAAQS for PM 2.5 later this year. While this is a significant challenge, controlling pollution from wood smoke on key days in the fall appears to be an effective strategy to meet the new standard.

A major effort will continue with our local partners (cities, counties, SACOG) in responding Climate Change as an issue, and specifically to regulatory and legislative changes that come our way. We are also working in partnership with other Air Districts through CAPCOA, with the Air Resources Board, and nationally with the National Association of Clean Air Agencies to ensure that local communities have the ability to shape their local response to climate change within the context of their local economic, structural and political framework. Moreover, it is important that state and federal agencies provide resources to local communities to help with inventories and planning to respond to this critical issue. The District must also ensure that climate change regulatory and incentive efforts are supportive of our long-term criteria pollutant mission and that public health is not adversely impacted by otherwise well meaning global warming initiatives.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of our comprehensive annual financial report was made possible by the dedicated services of the accounting and management staff of the Administration Program. These members have our sincere appreciation for the contribution made in the preparation of this report.

Recognition is also given to the Governing Board for their leadership and support and to all employees of the District who continue to push technology and improve operations to accomplish the District's mission of protecting public health from air pollution with sensitivity to the impacts of its actions on the community and businesses.

Respectfully submitted,



Larry Greene

Executive Officer



Michael Sinkevich CPA

District Accountant/Controller

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

JUNE 30, 2008

SACRAMENTO COUNTY BOARD OF SUPERVISORS

ROGER DICKINSON
CHAIR OF THE AQMD

JIMMIE YEE

SUSAN PETERS

ROBERTA MACGLASHAN

DON NOTTOLI

COUNCIL MEMBERS

STEVE COHN
CITY OF SACRAMENTO

LAUREN HAMMOND
CITY OF SACRAMENTO

KEVIN MCCARTY
CITY OF SACRAMENTO

SANDY SHEEDY
VICE CHAIR OF THE AQMD
CITY OF SACRAMENTO

DR. JAYNA KARPINSKI-COSTA
CITY OF CITRUS HEIGHTS

GARY DAVIS
CITY OF ELK GROVE

JEFF STARSKY
CITY OF FOLSOM

DARRYL CLARE
CITY OF GALT

ROBERT MCGARVEY
CITY OF RANCHO CORDOVA

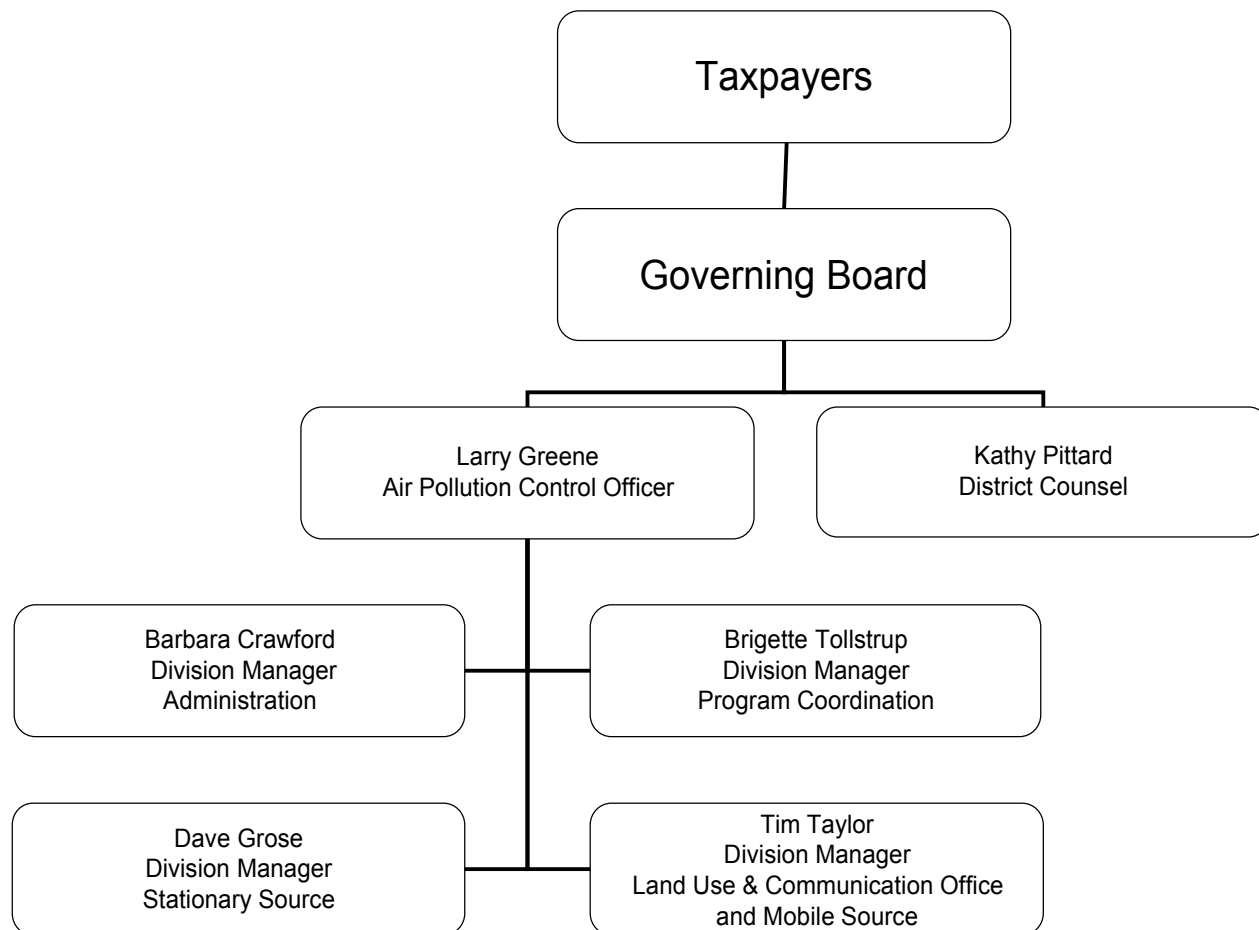
EXECUTIVE DIRECTOR

LARRY GREENE

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

ORGANIZATION CHART

JUNE 30, 2008



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Metropolitan
Air Quality Management District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sacramento Metropolitan Air Quality Management District
Sacramento, California 95814

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund for Sacramento Metropolitan Air Quality Management District (the "District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sacramento Metropolitan Air Quality Management District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, the business-type activities, and each major fund of the Sacramento Metropolitan Air Quality Management District as of June 30, 2008, and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of the District's internal control over financial reporting and our tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund – Budget and Actual are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying "Schedule of Expenditures of Federal Awards," is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Sacramento Metropolitan Air Quality Management District. It has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "James Marta". The signature is written in a cursive, flowing style.

James Marta & Company, CPAs
December 16, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

As management of the Sacramento Metropolitan Air Quality Management District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for fiscal year ended June 30, 2008. Please read it in conjunction with the accompanying transmittal letter, the basic financials statements, and the accompanying notes to those financial statements.

A. Financial Highlights

- The assets of the District exceeded its liabilities by \$22,246,465 (*net assets*). Of this amount \$3,150,700 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets increased \$440,874 due to an overall increase in revenues over expenditures. This is due to increased revenue from the Moyer program.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$22,389,209, an increase of \$535,790 in comparison with the prior year. Approximately 25% of this total amount, \$5,751,365 is *available for spending* at the government's discretion (*unreserved, undesignated fund balance*).
- The District did not increase debt during the current fiscal year.

B. Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes grants and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include air pollution rule development and enforcement, public outreach, incentive programs, and

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

various other air quality management activities. The business-type activities of the District include management and leasing of a building the District owns and occupies.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16.

Proprietary fund

The District maintains a proprietary fund for the operation and maintenance of the headquarters building. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District's Proprietary Fund Financial Statements for the District's building and rental activities can be found on pages 17-19 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20-34 of this report

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's final budget to actual comparison. Required supplementary information can be found on page 35.

C. Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22,246,465 at the close of the most recent fiscal year. The schedule below presents a condensed Statement of Net Assets as of June 30, 2008 compared with the prior fiscal year.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT'S NET ASSETS
(in thousands)

	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Total</u>	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 28,215	\$ 28,928	\$ 2,137	\$ 1,022	\$ 30,352	\$ 29,950
Capital Assets	<u>536</u>	<u>625</u>	<u>3,681</u>	<u>4,707</u>	<u>4,217</u>	<u>5,332</u>
Total Assets	<u>28,751</u>	<u>29,553</u>	<u>5,818</u>	<u>5,729</u>	<u>34,569</u>	<u>35,282</u>
Long-term liabilities outstanding	277	413	5,014	4,847	5,291	5,260
Other liabilities	<u>6,668</u>	<u>6,894</u>	<u>203</u>	<u>223</u>	<u>6,871</u>	<u>7,117</u>
Total Liabilities	<u>6,945</u>	<u>7,307</u>	<u>5,217</u>	<u>5,070</u>	<u>12,162</u>	<u>12,377</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	536	624	313	336	849	960
Restricted	17,847	18,471	-	-	17,847	18,471
Unrestricted	<u>3,423</u>	<u>3,151</u>	<u>288</u>	<u>323</u>	<u>3,711</u>	<u>3,474</u>
Total net assets	<u>\$ 21,806</u>	<u>\$ 22,246</u>	<u>\$ 601</u>	<u>\$ 659</u>	<u>\$ 22,407</u>	<u>\$ 22,905</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

By far the largest portion of the District's net assets (83%) represents resources that are subject to external restrictions on how they may be used. These funds are restricted to expenditures for specific purposes. Approximately 4% of the District's net assets reflect its investment in capital assets used by the District (e.g. land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding.

The remaining portion of the District's net assets (17%) is unrestricted which may be used to meet the District's ongoing operations and obligations to creditors. At the end of the current fiscal year, the District is able to report positive balances for both categories of net assets, the government as a whole, as well as for its separate government and business-type activities. The same situation held true for the prior fiscal year.

There continues to be no restricted net assets in the District's business-type activities and a continuation of no restricted net assets is forecasted for the future.

There was an increase of \$22,356 in the Net Assets Invested in Capital Assets, net of related debt for the business-type activities. This increase is due to continuing the scheduled payments on the bonds used to finance the District's building and minor facilities upgrades.

There was an increase of \$35,691 in the Unrestricted Net Assets for the business-type activities. This increase is due to the continued profitable operation of the District's building and rental of a portion of the space.

The government's net assets increased by \$498,921 during the current fiscal year; the increase is due mainly to an increases in revenues over expenditures.

Governmental Activities.

Governmental activities increased the District's net assets by \$441 thousand, thereby accounting for 88 percent of the total growth in the net assets of the District. Key elements of this increase are presented in the following schedule.

The following schedule shows revenues by major source, expenses by function and changes in net assets for the fiscal years ended June 30, 2007 and June 30, 2008.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

**Sacramento Metropolitan Air Quality Management District's Changes in Net Assets
(in thousands)**

	<u>Governmental Activities</u>		<u>Business –Type Activities</u>		<u>TOTAL</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,052	\$ 4,660	\$ 975	\$ 837	\$ 7,027	\$ 5,497
Operating Grants and Contributions	16,444	11,031	-	-	16,444	11,031
General Revenue	8,173	8,626	28	32	8,201	8,658
Total Revenues	<u>30,669</u>	<u>24,317</u>	<u>1003</u>	<u>869</u>	<u>31,672</u>	<u>25,186</u>
Expenses:						
Stationary Source activities	5,092	5,193	-	-	5,092	5,193
Mobile Source activities	11,451	11,310	-	-	11,451	11,310
Program Coordination activities	3,884	3,519	-	-	3,884	3,519
Strategic Planning activities	3,593	3,715	-	-	3,593	3,715
Building operations and obligations	-	-	740	811	740	811
Depreciation	113	138	-	-	113	138
Total Expenses	<u>24,133</u>	<u>23,875</u>	<u>740</u>	<u>811</u>	<u>24,873</u>	<u>24,686</u>
Transfers In	-	-	-	-	-	-
(Out)	-	-	-	-	-	-
Increase (decrease) in Net Assets,	6,536	442	263	58	6,799	500
Net Assets, Beginning	15,269	21,805	338	601	15,607	22,406
Net Assets, Ending	<u>\$ 21,805</u>	<u>\$ 22,247</u>	<u>\$ 601</u>	<u>\$ 659</u>	<u>\$ 22,406</u>	<u>\$ 22,906</u>

- Carl Moyer revenues decreased approximately \$6.2 million. These monies are used to provide funds on an incentive basis for the incremental cost of cleaner-than-required engines and equipment. These funds are recognized as they are contracted to projects. In FY 2007 more funds were available to contract to projects.
- There was an decrease of approximately \$700 thousand dollars in EPA 105 funding. EPA funds are used to support the District's air monitoring efforts. Recently the EPA has decreased funding to the District.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

- Land Use Mitigation fees decreased approximately \$800 thousand. These revenues are received from construction projects to help mitigate the effect the project will have on air quality. In FY 2008 there was a significant reduction in construction in the Sacramento area.

Business-type activities

Business-type activities increased the District's net assets by \$58,047, accounting for 12 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Operating income from the building was \$279,172. This was a \$215,654 decrease from the prior year. Rents decreased \$137,338 due to lease renegotiations. Expenses increased \$78,316, the increase was attributable to fees related to the lease negotiations.
- Building debt decreased \$155,000.

D. Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$22,389,209 an increase of \$535,790 in comparison with the prior year. Approximately 26% of this total amount \$5,751,365 constitutes *unreserved, undesignated fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) for a variety of other restricted purposes.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary fund at the end of the year were \$323,454. The total growth in net assets was \$58,047. Other factors concerning the finances of the proprietary fund have already been addressed in the discussion of the District's business-type activities.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

E. General Fund Budgetary Highlights

Over the course of the fiscal year, the District's budget was not amended.

For FY 2008, actual revenues were \$876,877 less than budgeted revenues. The District has various revenues that are reimbursed as expended. If these revenues are not expended in the current period they are carried forward. Measure A which is included in taxes was under expended in FY 2008.

Expenditures were \$11,158,243 less than budgeted. This variance was due to contract savings and Moyer type incentive contracts. These contracts can take up to 24 months to complete and any unexpended contract amounts are reflected as savings in the current budget year. These savings are carried over into the next budget cycle.

F. Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities and business-type activities as of June 30, 2008 amounts to \$5,331,172 (net of accumulated depreciation). This investment in capital assets includes land, building, office equipment, laboratory equipment, and air monitoring stations. The total investment in capital assets for the current fiscal year was \$286,514.

The increase in the capital assets primarily reflects the set up of an offsite datafile backup and disaster recovery IT system.

Additional information on capital assets can be found in the Notes to the Financial Statements on page 28.

Long-term Debt

At the end of the current fiscal year, the District had outstanding bonds secured by the District's office building. Total debt outstanding as of June 30, 2008 was \$4,955,000

Additional information on the District's long-term debt can be found in Note 7 to the Basic Financial Statements on pages 29-30 of this report.

G. Economic Factors and Next Year's Budgets and Rates

The FY 2008-09 revenue and expenditure budgets shows an increase of 51 percent compared to the FY 2007-08 budget. Emission technology funds increased over 97 percent. There were several new emission technology programs created that added to this increase. Most of these funds are provided thru the state of California and are for incentive programs.

For the year ended June 30, 2008 there are no foreseeable economic or political conditions that would have a material effect on the financial position of the District.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Requests for Information

This financial report is designed to provide a general overview of the District's finances for readers of the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to J. Michael Sinkevich, District Accountant/Controller, Sacramento Metropolitan Air Quality Management District, 777-12th Street 3rd Floor, Sacramento, CA 95814.

BASIC FINANCIAL STATEMENTS

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 25,463,589	\$ 110,567	\$ 25,574,156
Receivables	3,738,650	7,904	3,746,554
Internal balances	(273,630)	273,630	-
Prepaid expenses	-	270	270
Total current assets:	<u>28,928,609</u>	<u>392,371</u>	<u>29,320,980</u>
Noncurrent assets:			
Deposits with others - certificates of participation reserves	-	431,988	431,988
Capital assets, net	624,503	4,706,669	5,331,172
Underwriting costs, net	-	197,309	197,309
Total noncurrent assets:	<u>624,503</u>	<u>5,335,966</u>	<u>5,960,469</u>
Total assets:	<u>29,553,112</u>	<u>5,728,337</u>	<u>35,281,449</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	5,044,131	56,477	5,100,608
Accrued wages and benefits payable	178,082	-	178,082
Deferred revenue	1,317,187	1,076	1,318,263
Compensated absences - due within one year	354,118	-	354,118
Certificates of participation - due within one year	-	165,000	165,000
Total current liabilities:	<u>6,893,518</u>	<u>222,553</u>	<u>7,116,071</u>
Noncurrent liabilities:			
Deposits from others	-	11,364	11,364
Compensated absences - due in more than one year	413,129	-	413,129
Premium on certificates of participation, net	-	45,285	45,285
Certificates of participation - due in more than one year	-	4,790,000	4,790,000
Total noncurrent liabilities:	<u>413,129</u>	<u>4,846,649</u>	<u>5,259,778</u>
Total liabilities:	<u>7,306,647</u>	<u>5,069,202</u>	<u>12,375,849</u>
<u>Net assets</u>			
Investment in capital assets, net of related debt	624,503	335,681	960,184
Restricted for:			
Mobile Source related operations	8,361,732	-	8,361,732
Mobile Source incentive programs	7,179,908	-	7,179,908
Mitigation programs	2,929,622	-	2,929,622
Unrestricted	3,150,700	323,454	3,474,154
Total net assets:	<u>\$ 22,246,465</u>	<u>\$ 659,135</u>	<u>\$ 22,905,600</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government:						
Governmental activities:						
Stationary source activities	\$ 5,192,799	\$ 4,617,658	\$ 298,000	\$ (277,141)	\$ -	\$ (277,141)
Mobile source activities	11,310,141	-	7,796,251	(3,513,890)	-	(3,513,890)
Program coordination activities	3,519,465	41,879	2,382,599	(1,094,987)	-	(1,094,987)
Strategic planning activities	3,715,156	-	554,018	(3,161,138)	-	(3,161,138)
Depreciation expense - unallocated	138,142	-	-	(138,142)	-	(138,142)
Total governmental activities	23,875,703	4,659,537	11,030,868	(8,185,298)	-	(8,185,298)
Business-type activities:						
Building operations and obligations	811,392	837,381	-	-	25,989	25,989
Total primary government	\$ 24,687,095	\$ 5,496,918	\$ 11,030,868	\$ (8,185,298)	\$ 25,989	\$ (8,159,309)
General revenues:						
Grants and subventions - not restricted to specific programs				\$ 6,884,648	\$ -	\$ 6,884,648
Interest				1,086,702	32,058	1,118,760
Penalties/settlements				654,822	-	654,822
Total general revenue				8,626,172	32,058	8,658,230
Change in net assets				440,874	58,047	498,921
Net assets - beginning balance				21,805,591	601,088	22,406,679
Net assets - ending balance				\$ 22,246,465	\$ 659,135	\$ 22,905,600

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2008

	<u>Governmental General Fund</u>
ASSETS	
Assets	
Cash and equivalents	\$ 25,463,589
Accounts receivable	3,738,650
Prepaid expenses	<u>-</u>
Total Assets	<u>29,202,239</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	5,044,131
Internal balance	273,630
Accrued wages and benefits payable	178,082
Deferred revenue	<u>1,317,187</u>
Total Liabilities	6,813,030
Fund Balance	
Reserved for encumbrances	3,660,565
Reserved for legal restrictions	12,977,279
Unreserved	<u>5,751,365</u>
Total Fund Balance	<u>22,389,209</u>
Total Liabilities and Fund Balance	<u>\$ 29,202,239</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2008

Fund balances - total governmental fund \$ 22,389,209

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 in the Statement of Net Assets as capital assets of the District as a whole.

624,503

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

(767,247)

Net assets of governmental activities:

\$ 22,246,465

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND**

FOR THE YEAR ENDED JUNE 30, 2008

<u>Revenues:</u>	<u>General fund</u>
DMV surcharge	\$ 6,560,006
Sales/use tax	2,509,280
Permits and fees	6,405,970
Local government aid	50,994
State subvention	5,023,916
Federal grants	2,679,709
Interest	1,086,702
Total revenues	<u>24,316,577</u>
<u>Expenditures:</u>	
Salaries and employee benefits	9,993,878
Insurance	97,389
Equipment rent and lease	55,969
Supplies and services purchased	1,928,221
Contract and special services	11,478,664
Capital outlay	226,666
Total expenditures	<u>23,780,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>535,790</u>
Net change in fund balance	535,790
Fund balance, June 30, 2007	<u>21,853,419</u>
Fund balance, June 30, 2008	<u>\$ 22,389,209</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$ 535,790
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded in the current period.	226,666
Depreciation expense on capital assets is reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(138,142)
Long-term compensated absences are reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds.	(183,440)
Changes in net assets of governmental activities:	<u>\$ 440,874</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF FUND NET ASSETS – PROPRIETARY FUND

JUNE 30, 2008

ASSETS

Current assets:	
Cash and cash equivalents	\$ 110,567
Receivables	7,904
Internal balance	273,630
Prepaid expenses	270
Total current assets:	<u>392,371</u>
Noncurrent assets:	
Restricted Investments	431,988
Capital assets:	
Land and other non-depreciated assets	1,086,652
Other capital assets - net of depreciation	3,620,017
Underwriting costs, net	197,309
Total noncurrent assets:	<u>5,335,966</u>
Total assets:	<u>5,728,337</u>

LIABILITIES

Current liabilities:	
Accounts payable	56,477
Deferred Revenue	1,076
Certificates of participation - due within one year	165,000
Total current liabilities:	<u>222,553</u>
Noncurrent liabilities:	
Deposits from others	11,364
Premium on certificates of participation, net	45,285
Certificate of participation, due in more than one year	4,790,000
Total noncurrent liabilities:	<u>4,846,649</u>
Total liabilities:	<u>5,069,202</u>

NET ASSETS

Invested in capital assets, net of related debt	335,681
Unrestricted	323,454
Total net assets:	<u>\$ 659,135</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN NET ASSETS – PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating revenues:

Rental income	\$	739,541
Parking income		97,840
Total operating revenues		<u>837,381</u>

Operating expenses:

Repairs and maintenance costs		103,883
Utilities, security and communications		108,454
Management fees		120,182
Parking lot operations		83,111
Depreciation expense		120,632
Amortization expense		10,665
Other expense		11,282
Total operating expenses		<u>558,209</u>

Operating income		<u>279,172</u>
------------------	--	----------------

Nonoperating revenues and expenses:

Interest income		32,058
Interest expense		(252,748)
Investment services of trustee		(435)
Net nonoperating revenues (expenses)		<u>(221,125)</u>

Changes in net assets		58,047
-----------------------	--	--------

Total net assets, June 30, 2007		<u>601,088</u>
---------------------------------	--	----------------

Total net assets, June 30, 2008	\$	<u>659,135</u>
---------------------------------	----	----------------

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

JUNE 30, 2008

<u>Cash flows from operating activities:</u>	
Cash received from rental activities	\$ 815,347
Cash paid for goods and services	(412,809)
Net Cash provided by operating activities	<u>402,538</u>
<u>Cash flows from capital and related financing activities:</u>	
Principal paid on capital debt	(155,000)
Interest paid on long-term debt	(252,748)
Purchases of capital assets	(59,849)
Net cash used for capital financing activities	<u>(467,597)</u>
<u>Cash flows from investing activities:</u>	
Use of investments	63,644
Interest and dividends received	29,610
Investment fees	(435)
Net cash used for investing activities	<u>92,819</u>
Net decrease in cash and cash equivalents	27,760
Beginning cash and cash equivalents as of June 30, 2007	<u>82,807</u>
Ending cash and cash equivalents as of June 30, 2008	<u>\$ 110,567</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	\$ 279,172
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	120,632
Amortization expense	10,665
Effects of changes in :	
Accounts receivable	(17,492)
Accounts payable	14,373
Deferred revenue	(4,542)
Prepays	(270)
Net cash provided by operating activities	<u>\$ 402,538</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

The Sacramento Metropolitan Air Quality Management District (District) accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). For its proprietary operations, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 and all GASB pronouncements.

B. REPORTING ENTITY

The District was created under Health and Safety Code Sections 40960 et. seq. in July of 1996 to monitor, promote and improve air quality in the County of Sacramento. The District functions under the oversight of its elected fourteen-member Board of Directors. The District has no component units.

C. BASIS OF PRESENTATION

Government-wide financial statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, represented by activity type (e.g. governmental, business).

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, reconciliations, containing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds, are included.

The government-wide statement of net assets records all of the District's assets and liabilities including capital assets and long-term liabilities.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

The government-wide statement of activities presents a comparison between total expenses and program revenues for each function or program of the District's governmental activities. Total expenses are those that are associated with or allocated to a service, program, or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District.

Fund financial statements

The focus of governmental fund financial statements is on major funds rather than reporting funds by activity type. The District has two major funds for reporting purposes, called the general fund and the proprietary fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the balance sheet, which includes current assets and current liabilities, and the statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The purchase of capital assets and long-term debt proceeds and payments are reflected as revenues and expenditures on these statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenditures, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Revenues – exchange and nonexchange transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end. District exchange transactions are Proprietary Fund building rents and parking revenues, interest revenue, Rule Book sales and Planet Polluto CD sales.

Imposed nonexchange transaction revenues result from assessments imposed on nongovernmental entities, including individuals (other than assessments imposed on exchange transactions) and the revenues are recognized in the period when use of the resources is required or first permitted. Deferred revenues are recognized when resources are received or recognized as receivable before the time requirements are met. District imposed non-exchange transactions are the DMV surcharge, planning service charges, Stationary Source Permit fees and renewals, Land Use Mitigation Permits, SEED program fees, Title V Permits, Agricultural Burning Fees, Asbestos Plan Check Fees, State Toxic Emission Fees, Variances, and Settlements.

Government-mandated nonexchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary nonexchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of nonexchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. Deferred revenues are recognized when the recipient is required to use the resources in the following year thus resources provided before that period should be recognized as deferred. District transactions of both types include the NOx program, the Moyer program, State Subvention and Enforcement Grants, the Emulsified Fuel Program, Measure A Sales Tax ½%, Environmental Protection Agency Section 103 and 105 grants, Congestion Mitigation in Air Quality (CMAQ) grants, State Implementation Plan (SIP) grants, and various agreements with Yolo/Solano Counties, El Dorado County and Placer County.

Expenses/expenditures

The government-wide financial statements are presented using the accrual basis of accounting, where expenses are recognized at the time they are incurred. The focus of governmental fund accounting is short-term. Therefore, expenditures are recorded when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first. Then, unrestricted resources are used as needed.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two funds:

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Proprietary Fund** reports the ownership and operational revenues and expenses of the District's building along with the long-term debt obligations.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets, as required by state statutes, are adopted on a basis of accounting consistent with generally accepted accounting principles for the general fund.

On or before the last day in February of each year, all divisions of the District submit budget packages to the administrative services manager so that a budget may be prepared. At the May Board of Directors' meeting, the proposed budget is presented to the Board for review. As required by air pollution control laws, noticing is done 30 days prior to the public hearing. The Board holds public hearings and a final budget must be prepared and adopted no later than the June meeting.

The appropriated budget is prepared by fund, function and division. The District's division managers may make transfers of appropriations within an object (e.g. salaries and benefits, services and supplies, capital outlay and interfund charges). Transfers of appropriations between objects require the approval of the Board. The legal level of budgetary control is the object level.

G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

H. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and a useful life of greater than one year. They are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Machinery and Equipment	5-20
Buildings	39

I. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits and compensated time-off for certain employees in lieu of overtime compensation and/or working on holidays per bargaining agreements are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are liquidated by the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, a portion of sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

J. FUND BALANCE RESERVES

In the governmental fund financial statements, reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserves for legally restricted programs reflect the portions of fund balance that are not available for appropriation and expenditure at the balance sheet date.

K. LONG-TERM LIABILITIES

The District reports long-term liabilities of governmental funds at face value in the government-wide financial statements, and long-term liabilities payable from proprietary funds are reported in the proprietary fund financial statements and government-wide financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges in other assets.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

L. REVENUE FROM BUILDING LEASES

Lease revenues reported in the proprietary fund are recorded on a straight-line basis where the sums of all the rents payable over the life of a tenant lease are reported pro-ratably over the life of the lease.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

M. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

N. USE OF ESTIMATES

Management is called upon to use estimates and assumptions. These estimates and assumptions may 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 may differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

Cash and investments consisted of the following as of June 30, 2008:

Deposits:	2008	2007
Balance Per Bank	\$ 33,975	\$ 50,056
Less: Outstanding Checks	4,052	-
Balance Per Books	<u>29,923</u>	<u>50,056</u>
Pooled Funds:		
Cash in County Treasury	25,433,666	22,325,087
Cash with fiscal agent	<u>110,567</u>	<u>82,807</u>
Total Cash and Equivalents	<u>\$ 25,574,156</u>	<u>\$ 22,457,950</u>

Cash in Bank

The carrying amount of the District’s cash is covered by federal depository insurance up to \$100,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities.

Cash in County Treasury

In accordance with Board of Directors resolution AQM-96-0040, the District maintains substantially all of its cash in the Sacramento County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund’s daily balance to the total of pooled cash and investments.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants. The fiscal year net earnings rate for this fund was approximately 4.3%. The pool is currently not rated by a nationally recognized statistical rating organization. The monies held in pooled investment funds are not subject to categorization by credit risk category.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53601 et seq., section 53635 et seq., and the Sacramento County annual investment policy of the pooled investment fund. The funds maintained by the Treasury are authorized investments established by the California Government Code sections 53601 et seq. and 53635 et seq.

Interest Rate Risk. SMAQMD's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to five years or less. At the end of June 30, 2008, Treasury's investments are in accordance with SMAQMD's investment policy.

Credit Risk. Except for municipal obligations and Community reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's and A2 by Moody's, and, if available, A by Fitch. Municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIGI by Moody's, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Individual bank rating of B or better.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Notes & Agency Obligations	5 years	100%	None
Bonds issued by local agencies	5 years	80%	None
Registered State Warrants and Municipal Notes	5 years	80%	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	40%	None
Negotiable Certificates of Deposit	180 days	30%	None
CRA Bank Deposit/Certificates of Deposit	1 year	30%	None
Repurchase Agreements	1 year	30%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	180 days	30%	None

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Share of Money Market Mutual Fund	90 days	20%	None
Collateralized Mortgage Obligations	5 years	20%	None

3. INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

Investments of debt proceeds held by bond trustee, Certificate Of Participation (COP) Reserve in the amount of \$431,988 are included in Business-type Activities as deposits with others. These moneys are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

Moneys in the COP Reserve will at all time be in the amount of the Reserve Requirement. The Reserve Requirement is defined as, the lesser of (i) 10% of the original principal amount, (ii) an amount equal to the maximum annual Lease Payment payable in a Certificate Year by the District, or (iii) 125% of the average annual lease payment.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2008:

General Fund:	
Measure A – Sales Taxes	\$ 1,019,253
DMV Surcharge	1,164,559
EPA and CMAQ Grants	1,038,290
Settlement	2,690
ARB Walnut Grove Tower	44,625
Miscellaneous	469,233
Total receivables	<u>\$ 3,738,650</u>
Proprietary Fund:	
Lease Payments	\$ 7,904
Total receivables	<u>\$ 7,904</u>

5. INTERFUND TRANSACTIONS

The composition of internal balances as of June 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Proprietary Fund	General Fund	\$ 273,630

Due to/from other funds balance is the remainder of funds moved from general fund to proprietary fund for building rent during FY 2007/08.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Government Activities				
Capital assets, being depreciated:				
Equipment	\$ 1,479,819	\$ 226,665	\$ -	\$ 1,706,484
Less: accumulated depreciation	<u>(943,840)</u>	<u>(138,141)</u>	<u>-</u>	<u>(1,081,981)</u>
Total capital assets, being depreciated, net	<u>\$ 535,979</u>	<u>\$ 88,524</u>	<u>\$ -</u>	<u>\$ 624,503</u>
 Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ <u>1,086,652</u>	\$ -	\$ -	\$ <u>1,086,652</u>
Total capital assets not being depreciated:	<u>1,086,652</u>	<u>-</u>	<u>-</u>	<u>1,086,652</u>
Capital assets, being depreciated:				
Building	4,240,454	59,887	-	4,300,341
Less: accumulated depreciation	<u>(559,654)</u>	<u>(120,670)</u>	<u>-</u>	<u>(680,324)</u>
Total capital assets, being depreciated:	<u>3,680,800</u>	<u>(60,783)</u>	<u>-</u>	<u>3,620,017</u>
Business-type Activities capital assets, net	<u>\$ 4,767,452</u>	<u>\$ (60,783)</u>	<u>\$ -</u>	<u>\$ 4,706,669</u>

7. OPERATING LEASES

The District leases automobiles and other equipment under operating leases. Total costs for such leases were \$145,569 for the year ended June 30, 2008. The future minimum lease payments for these leases are as follows:

<u>Year ending, June 30</u>	<u>Amount</u>
2008	\$ 137,152
2009	145,921
2010	120,996
2011	61,331
	<u>\$ 465,400</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

8. LONG-TERM LIABILITIES

Certificates Of Participation

In February 2002, the District issued certificates of participation in the amount of \$5,835,000, with interest rates ranging from 1.50% to 3.95%. As of June 30, 2008, the principal balance outstanding was \$4,955,000. Proceeds included a bond premium of \$60,938, which will be amortized over the life of the COPs.

The certificates mature as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 165,000	\$ 247,142	\$ 412,142
2010	170,000	240,943	410,943
2011	175,000	234,256	409,256
2012	185,000	226,175	411,175
2013	195,000	216,675	411,675
2014-2018	1,130,000	922,056	2,052,056
2019-2023	1,455,000	587,869	2,042,869
2024-2027	1,480,000	160,650	1,640,650
Sub-totals	4,955,000	2,835,766	7,790,766
Plus: Unamortized Premium	45,285	-	45,285
Totals	<u>\$ 5,000,285</u>	<u>\$ 2,835,766</u>	<u>\$ 7,836,051</u>

Total interest paid for the COPs in the fiscal year ended June 30, 2008 was \$252,748. Total principal payments for the COPs in the fiscal year ended June 30, 2008 was \$155,000.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Certificates of Participation	<u>\$ 5,110,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ 4,955,000</u>	<u>\$ 165,000</u>
Governmental Activities:					
Compensated Absences	<u>\$ 583,807</u>	<u>\$ 752,347</u>	<u>\$ 568,907</u>	<u>\$ 767,247</u>	<u>\$ 354,118</u>

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

9. RISK MANAGEMENT/CLAIMS LIABILITIES

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District is covered by commercial insurance purchased from independent third parties. There have been no significant changes in insurance coverage and no settlements or claims have been made in the last four years.

During the fiscal year ended June 30, 2008, the District insured with the Special District Risk Management Authority (SDRMA) for general liability, errors and omissions, workers' compensation, and a variety of comprehensive coverage (See Note 8). The District also provides a selection of health insurance coverage and elective options for additional health related insurance coverage.

10. JOINT VENTURES (Joint Powers Agreement)

The District is a member of the Special District Risk Management Authority (SDRMA) a JPA. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SDRMA arranges for and provides property, liability, error and omissions, auto liability, crime and fidelity, workers' comp. and boiler and machinery insurance to its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SDRMA.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Nature of Participation

Program	Deductible per Occurrence	Annual Coverage Limit
General Liability and Property Damage	\$500	\$10,000,000 per occurrence
Employee Dishonesty	\$0	\$400,000 per occurrence
Person Liability for Board Members/Directors	\$500	\$500,000 per board member per occurrence and aggregate
Property Coverage (including fire, theft, property damage, and flood)	\$2,000	\$1,000,000,000 (Scheduled Property Only)
Boiler and Machinery	\$1,000	\$100,000,000 (Scheduled Property Only)
Auto Liability and Property Damage	\$1,000	\$10,000,000 per occurrence
Uninsured/Underinsured Motorists	\$0	\$750,000 each accident
Employee Benefits Liability	\$0	\$10,000,000 per occurrence and aggregate
Employee Practices Liability	\$0	\$10,000,000 per occurrence and aggregate
Public Officials and Employees Errors & Omissions	\$0	\$10,000,000 per occurrence and aggregate
Statutory Workers' Comp	\$0	\$300,000,000 per occurrence
Employers' Liability WC	\$0	\$5,000,000 per occurrence

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

Condensed audited financial information of SDRMA for the year ended June 30, 2008 is as follows:

Total Assets	\$ 71,125,296
Total Liabilities	<u>48,802,348</u>
Net Assets	<u>22,322,948</u>
Total Liabilities and Net Assets	\$ <u>71,125,296</u>
Total Revenues	\$ 34,919,500
Total Expenses	<u>30,076,451</u>
Net Increase in Net Assets	\$ <u>4,843,049</u>

Complete audited financial statements for the JPA can be obtained by contacting SDRMA, 1112 I Street Suite 300, Sacramento, CA 95814.

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

12. EMPLOYEE RETIREMENT SYSTEMS

SCERS:

On June 30, 1996, the District ceased participation in the Sacramento County Employees' Retirement System (SCERS). Vested participants were given the option of withdrawing their account balances or leaving their balances within SCERS. The District retained liability for its share of the County's bonded pension liability. The most recent actuarial valuation dated, December 5, 2005, of the District's bonded liability, at June 30, 2004, amounted to \$5,787,777, there was no unfunded liability as of June 30, 2004. The District was not required to pay any share of the pension bond debt service for fiscal year 2003-2004. The District's share of the bonded liability will change based upon employee turnover and the periodic actuarial evaluation.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

CalPERS:

Effective July 1, 1996, all employees began participating in the California Public Employee Retirement System (CalPERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating agencies within the State of California.

The benefits for public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. All permanent part-time and full-time employees of the District are required to participate in CalPERS. A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The benefit factor for this group of employees comes from the 2% at 55-benefit factor table. Until December 31, 2000, this factor was 2% @ 60. The years of service is the amount credited by CalPERS to a member while he or she is employed in this group. The final compensation is the monthly average of the member's last 36 consecutive months' full-time equivalent monthly pay.

CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 65814.

Funding Policy

All permanent part-time and full-time employees of the District are required to contribute 7 percent of their annual salary to CalPERS. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2008 was 10.397%. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2008 the District's annual pension cost was \$787,883 and the District actually contributed \$787,883. The required contribution for the year ended June 30, 2008 was determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% depending on age, Service, and type of employment, and (c) 3.0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

gains and losses each year. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over 30 year amortization period. The District's contribution to CalPERS made on behalf of its employees for the years ended June 30, 2008, 2007 and 2006 were \$549,590, \$524,188 and \$465,381, respectively.

Three-Year Trend Information for The District

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 628,078	100%	\$ 0
6/30/07	697,945	100%	0
6/30/08	787,883	100%	0

13. DEFERRED COMPENSATION PLAN

The District offers its employees an elective deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits a portion of the employees' salary to be deferred into future years. These funds are not available to employees until termination, retirement, death or unforeseen emergency.

The deferred compensation plan contributions are invested in various investment funds selected by the participating employees. The available investment options include a fixed return fund, stock fund, bond fund and a money market fund. All amounts of compensation deferred under the plan and all income attributed to those amounts are held in trust for the exclusive benefit and use of plan participants and their beneficiaries per federal legislation dated January 1, 1999.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,585,501	\$ 11,585,501	\$ 9,069,286	\$ (2,516,215)
Intergovernmental	7,988,648	7,988,648	7,754,619	(234,029)
Licenses and permits	4,814,305	4,814,305	5,995,576	1,181,271
Interest	275,000	275,000	1,086,702	811,702
Civil settlements	450,000	450,000	410,394	(39,606)
Miscellaneous	80,000	80,000	-	(80,000)
Total revenues	<u>25,193,454</u>	<u>25,193,454</u>	<u>24,316,577</u>	<u>(876,877)</u>
Expenditures:				
Salaries and benefits	10,959,562	10,959,562	9,993,878	965,684
Services and supplies	22,329,068	22,329,068	13,200,152	9,128,916
Equipment	360,400	360,400	226,666	133,734
Interfund charges	840,000	840,000	360,091	479,909
Contingency appropriation	450,000	450,000	-	450,000
Total expenditures	<u>34,939,030</u>	<u>34,939,030</u>	<u>23,780,787</u>	<u>11,158,243</u>
Net Change in Fund Balance	<u>\$ (9,745,576)</u>	<u>\$ (9,745,576)</u>	<u>\$ 535,790</u>	<u>\$ 10,281,366</u>

Note: Basis of budgeting is the same as GAAP.

SUPPLEMENTARY INFORMATION SECTION

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Grant #</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
<u>U.S Environmental Protection Agency</u>			
Air Pollution Control Program Support	* A 00903107	66.001	\$ 1,756,086
Surveys, Studies, Investigations, etc.	PM 97981101	66.034	<u>152,185</u>
			1,908,271
<u>U.S. Highway Planning and Construction</u>			
Passed through the California Department of Transportation Highway Planning and Construction	CML -6236	20.205	<u>771,438</u>
Total Revenues & Expenditures related to grants			<u>\$ 2,679,709</u>

* tested as a major program

Note: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sacramento Metropolitan Air Quality Management District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

<p>This Part of the Sacramento Metropolitan Air Quality Management District’s (District) comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.</p>	
Contents	Page
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</p>	38
<p>Revenue Capacity</p> <p>These schedules present information to help the reader assess the District’s own source revenue, permits and fees.</p>	45
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</p>	46
<p>Operating Information</p> <p>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.</p>	48

Sacramento Metropolitan Air Quality Management District
Schedule 1
Net Assets By Component
Last Seven Fiscal Years
(accrual basis of accounting)
(unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities							
Investment in capital assets, net of related debt	\$ 498,407	\$ 438,058	\$ 442,652	\$ 540,968	\$ 522,329	\$ 535,979	\$ 624,503
Restricted	7,007,300	6,052,316	7,230,914	8,739,934	10,118,952	17,846,829	18,471,262
Unrestricted	1,868,941	1,584,646	1,345,006	4,246,705	4,627,737	3,422,783	3,150,700
Total governmental activities net assets	<u>\$ 9,374,648</u>	<u>\$ 8,075,020</u>	<u>\$ 9,018,572</u>	<u>\$ 13,527,607</u>	<u>\$ 15,269,018</u>	<u>\$ 21,805,591</u>	<u>\$ 22,246,465</u>
Business-type Activities							
Investment in capital assets, net of related debt	\$ -	\$ 48,391	\$ 87,828	\$ 173,753	\$ 230,782	\$ 313,326	\$ 335,681
Restricted	-	-	-	-	-	-	-
Unrestricted	24,960	(14,005)	2,344	(4,485)	107,212	287,763	323,454
Total business-type activities net assets	<u>\$ 24,960</u>	<u>\$ 34,386</u>	<u>\$ 90,172</u>	<u>\$ 169,268</u>	<u>\$ 337,994</u>	<u>\$ 601,089</u>	<u>\$ 659,135</u>
Primary government							
Investment in capital assets, net of related debt	\$ 498,407	\$ 486,449	\$ 530,480	\$ 714,721	\$ 753,111	\$ 849,305	\$ 960,184
Restricted	7,007,300	6,052,316	7,230,914	8,739,934	10,118,952	17,846,829	18,471,262
Unrestricted	1,893,901	1,570,641	1,347,350	4,242,220	4,734,949	3,710,546	3,474,154
Total primary government net assets	<u>\$ 9,399,608</u>	<u>\$ 8,109,406</u>	<u>\$ 9,108,744</u>	<u>\$ 13,696,875</u>	<u>\$ 15,607,012</u>	<u>\$ 22,406,680</u>	<u>\$ 22,905,600</u>

Sacramento Metropolitan air Quality Management District
Schedule 2
Changes in Net assets - Last Seven Fiscal Years
(accrual basis of accounting)
(unaudited)

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities							
Stationary source activities	\$ 3,069,339	\$ 3,556,848	\$ 3,799,477	\$ 3,231,647	\$ 4,703,166	\$ 5,091,593	\$ 5,192,799
Mobile source activities	6,190,306	7,156,116	4,635,708	3,017,870	6,902,841	11,450,669	11,310,141
Program coordination activities	2,066,422	2,315,572	3,022,409	2,600,064	2,943,252	3,883,940	3,519,465
Strategic planning activities	1,498,100	2,203,235	1,953,334	2,042,282	2,594,043	3,593,197	3,715,156
Depreciation expense-unallocated	71,380	72,670	69,606	80,979	103,278	112,904	138,142
Total governmental activities	<u>12,895,547</u>	<u>15,304,441</u>	<u>13,480,534</u>	<u>10,972,842</u>	<u>17,246,580</u>	<u>24,132,303</u>	<u>23,875,703</u>
Business-type activities							
Building operations and obligations	182,301	634,486	670,663	692,099	699,799	740,111	811,392
Total primary government expenses	<u>\$ 13,077,848</u>	<u>\$ 15,938,927</u>	<u>\$ 14,151,197</u>	<u>\$ 11,664,941</u>	<u>\$ 17,946,379</u>	<u>\$ 24,872,414</u>	<u>\$ 24,687,095</u>
Program Revenues							
Governmental Activities							
Charges for services							
Stationary source activities	\$ 3,179,781	\$ 3,791,056	\$ 3,474,961	\$ 4,976,879	\$ 4,072,422	\$ 6,163,810	\$ 4,617,658
Mobile source activities	292	93,075	2,021	-	5,046,606	-	-
Program coordination activities	99,401	34,621	108,951	204,833	612,827	(111,894)	41,879
Operating grants and contributions							
Stationary source activities	1,354,452	1,134,974	2,227,170	1,926,643	735,527	1,365,145	298,000
Mobile source activities	3,754,638	525,458	1,084,535	938,192	510,366	13,831,821	7,796,251
Program coordination activities	902,968	714,608	1,355,669	1,172,739	467,643	867,950	2,382,599
Strategic planning activities	331,088	277,451	511,281	442,290	204,377	379,326	554,018
Total governmental activities	<u>9,622,620</u>	<u>6,571,243</u>	<u>8,764,588</u>	<u>9,661,576</u>	<u>11,649,768</u>	<u>22,496,158</u>	<u>15,690,405</u>
Business-type activities							
Building operations and obligations	150,186	452,746	476,329	481,608	840,666	974,720	837,381
Total primary government program revenues	<u>\$ 9,772,806</u>	<u>\$ 7,023,989</u>	<u>\$ 9,240,917</u>	<u>\$ 10,143,184</u>	<u>\$ 12,490,434</u>	<u>\$ 23,470,878</u>	<u>\$ 16,527,786</u>
Net (Expense) Revenue							
Government activities	\$ (3,272,927)	\$ (8,733,198)	\$ (4,715,946)	\$ (1,311,266)	\$ (5,596,812)	\$ (1,636,145)	\$ (8,185,298)
Business-type activities	<u>(32,115)</u>	<u>(181,740)</u>	<u>(194,334)</u>	<u>(210,491)</u>	<u>140,867</u>	<u>234,609</u>	<u>25,989</u>
Total primary government net (expenses) revenue	<u>\$ (3,305,042)</u>	<u>\$ (8,914,938)</u>	<u>\$ (4,910,280)</u>	<u>\$ (1,521,757)</u>	<u>\$ (5,455,945)</u>	<u>\$ (1,401,536)</u>	<u>\$ (8,159,309)</u>
General revenues							
Governmental activities							
Grants and subventions	\$ 4,430,832	\$ 6,948,200	\$ 5,408,517	\$ 5,386,522	\$ 5,902,833	\$ 6,090,320	\$ 6,884,648
Interest	293,122	117,229	65,123	183,162	524,224	991,786	1,086,702
Penalties/Settlements	603,558	519,065	410,394	516,945	911,166	1,090,612	654,822
Other revenue	870	19,069	-	-	-	-	-
Merchandise sales	1,310	-	-	-	-	-	-
Transfers	(50,389)	(169,993)	(224,536)	(266,328)	-	-	-
Total governmental activities	<u>5,279,303</u>	<u>7,433,570</u>	<u>5,659,498</u>	<u>5,820,301</u>	<u>7,338,223</u>	<u>8,172,718</u>	<u>8,626,172</u>
Business-type activities							
Interest	6,686	21,173	25,584	23,259	27,859	28,486	32,058
Transfers	50,389	169,993	224,536	266,328	-	-	-
Total business-type activities	<u>57,075</u>	<u>191,166</u>	<u>250,120</u>	<u>289,587</u>	<u>27,859</u>	<u>28,486</u>	<u>32,058</u>
Total Primary government revenue	<u>\$ 5,336,378</u>	<u>\$ 7,624,736</u>	<u>\$ 5,909,618</u>	<u>\$ 6,109,888</u>	<u>\$ 7,366,082</u>	<u>\$ 8,201,204</u>	<u>\$ 8,658,230</u>
Change in net assets							
Government activities	\$ 2,006,376	\$ (1,299,628)	\$ 943,552	\$ 4,509,035	\$ 1,741,411	\$ 6,536,573	\$ 440,874
Business-type activities	24,960	9,426	55,786	79,096	168,726	263,095	58,047
Total Primary government	<u>\$ 2,031,336</u>	<u>\$ (1,290,202)</u>	<u>\$ 999,338</u>	<u>\$ 4,588,131</u>	<u>\$ 1,910,137</u>	<u>\$ 6,799,668</u>	<u>\$ 498,921</u>

Sacramento Metropolitan Air Quality Management District
 Schedule 3
 Fund Balances of Government Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (unaudited)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$ 1,862,149	\$ 2,051,136	\$ 3,003,732	\$ 7,007,300	\$ 6,052,316	\$ 7,230,914	\$ 9,179,982	\$ 10,118,952	\$ 13,558,198	\$ 16,637,844
Unreserved	897,000	544,000	4,229,604	2,188,820	1,981,459	1,756,185	4,246,705	5,144,677	8,295,221	5,751,365
Total General Fund	<u>\$ 2,759,149</u>	<u>\$ 2,595,136</u>	<u>\$ 7,233,336</u>	<u>\$ 9,196,120</u>	<u>\$ 8,033,775</u>	<u>\$ 8,987,099</u>	<u>\$ 13,426,687</u>	<u>\$ 15,263,629</u>	<u>\$ 21,853,419</u>	<u>\$ 22,389,209</u>

Sacramento Metropolitan Air Quality Management District
Schedule 4
Changes in Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Licenses, permits and fees	\$ 2,290,646	\$ 2,423,656	2,148,462	\$ 3,302,226	\$ 4,384,515	\$ 3,998,973	\$ 5,364,569	\$ 5,903,839	\$ 6,786,546	\$ 6,405,970
DMV Surcharge	-	-	-	3,977,340	4,102,077	4,252,331	4,626,697	6,412,378	6,559,583	6,560,006
Measure A (half-cent sales tax)	-	-	-	425,512	2,846,123	1,153,541	759,621	1,592,717	1,713,010	2,509,280
Taxes(DMV, half-cent sales tax)	4,271,511	4,447,434	4,370,895	-	-	-	-	-	-	-
Local government aid	-	-	-	85,710	284,073	455,686	36,338	310,360	182,221	50,994
State subvention/programs	-	-	-	5,163,077	813,430	2,235,914	3,384,774	2,636,919	11,058,290	5,023,916
Federal grants	-	-	-	1,094,361	1,554,988	2,487,055	1,393,044	1,607,552	3,377,440	2,679,709
Intergovernmental (includes EPA 105 grant funding)	1,171,552	3,476,100	7,199,096	-	-	-	-	-	-	-
Penalties/civil settlements	-	-	-	603,558	-	-	-	-	-	-
Interest	109,323	130,235	191,886	293,121	117,229	65,123	183,162	524,224	991,786	1,086,702
Increase in Fair Value of Investments	10,012	-	-	-	-	-	-	-	-	-
Miscellaneous	1,013,186	754,420	1,133,772	7,408	72,369	-	-	-	-	-
Total revenue	\$ 8,866,230	\$ 11,231,845	\$ 15,044,111	\$ 14,952,313	\$ 14,174,804	\$ 14,648,623	\$ 15,748,205	\$ 18,987,989	\$ 30,668,876	\$ 24,316,577
Expenditures:										
Salaries and employee benefits	\$ 4,597,484	\$ 4,778,274	\$ 4,590,651	\$ 5,411,654	\$ 5,927,855	\$ 6,210,330	\$ 6,637,130	\$ 8,150,698	\$ 8,933,557	\$ 9,993,878
Insurance	-	-	-	51,110	73,525	71,872	70,553	87,799	75,810	97,389
Building rent	-	-	-	229,943	-	-	-	-	-	-
Equipment rent and lease	-	-	-	-	164,707	121,561	180,065	39,138	50,223	55,969
Supplies and services purchased	3,361,040	6,607,835	5,529,880	952,911	603,107	1,202,517	1,291,269	2,261,860	2,009,539	1,928,221
Contract and special services	-	-	-	6,079,269	8,385,644	5,790,283	2,683,977	6,526,913	12,883,403	11,478,664
Transportation	-	-	-	96,130	-	-	-	-	-	-
Interfund Charges	590,438	587,216	277,580	410	-	-	-	-	-	-
Capital outlay	166,583	36,540	10,800	117,713	12,319	74,200	179,295	84,639	126,554	226,666
Total expenditures	\$ 8,715,545	\$ 12,009,865	\$ 10,408,911	\$ 12,939,140	\$ 15,167,157	\$ 13,470,763	\$ 11,042,289	\$ 17,151,047	\$ 24,079,086	\$ 23,780,787
Excess (deficiency) of revenues over (under) expenditures	\$ 150,685	\$ (778,020)	\$ 4,635,200	\$ 2,013,173	\$ (992,353)	\$ 1,177,860	\$ 4,705,916	\$ 1,836,942	\$ 6,589,790	\$ 535,790
Other financing uses:										
Interfund transfers out	-	-	-	-	169,993	224,536	266,328	-	-	-
Net increase(decrease) in fund balance	\$ 150,685	\$ (778,020)	\$ 4,635,200	\$ 2,013,173	\$ (1,162,346)	\$ 953,324	\$ 4,439,588	\$ 1,836,942	\$ 6,589,790	\$ 535,790

Sacramento Metropolitan Air Quality Management District
Schedule 5
Schedule of General Government Expenditures by Major Object (Budgetary Basis)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Salaries & Benefits	Services & Supplies	Equipment/Fixed Assests	Interfund Charges	Increase Reserves	Building Lease	Contingency	Total
98-99	5,033,977	4,638,056	196,905	604,369	-	-	-	10,473,307
99-00	5,182,140	7,962,688	75,500	605,644	-	-	-	13,825,972
00-01	5,341,532	8,306,394	113,800	598,413	-	-	-	14,360,139
01-02	5,805,580	6,597,919	197,401	658,817	-	-	-	13,259,717
02-03	6,178,752	13,725,264	64,997	1,046,403	-	410,763	-	21,426,179
03-04	6,886,307	11,617,722	121,001	432,824	-	493,273	106,895	19,658,022
04-05	7,340,221	8,740,742	224,100	435,672	-	757,100	300,000	17,797,835
05-06	8,929,314	17,878,385	281,100	436,000	-	777,502	300,000	28,602,301
06-07	9,500,743	26,180,780	227,500	414,682	-	881,996	450,000	37,655,701
07-08	10,959,562	22,329,068	360,400	840,000	-	910,000	450,000	35,849,030

The budgeted expenditures represent the adopted budget adjusted for Board approved modifications based on new or modified expenditures.

Sacramento Metropolitan Air Quality Management District
Schedule 6
Schedule of General Government Expenditures by Function
Last Seventeen Years (Unaudited)

Fiscal Year	Salaries & Benefits	Services & Supplies	Payments to Gov'ts	Interfund Charges	Capital Outlay	Total
91-92	\$ 6,334,071	\$ -	\$ -	\$ -	\$ 176,102	\$ 6,510,173
92-93	8,580,695	-	-	-	232,213	8,812,908
93-94	8,328,717	-	-	-	190,349	8,519,066
94-95	3,674,488	2,906,606	214,959	1,058,344	40,362	7,894,759
95-96	4,026,607	3,135,077	185,405	768,608	59,799	8,175,496
96-97	4,229,087	3,408,243	-	557,191	365,634	8,560,155
97-98	4,554,910	3,625,489	-	599,184	87,775	8,867,357
98-99	4,597,484	3,361,040	-	590,438	166,583	8,715,545
99-00	4,778,274	6,607,835	-	587,216	36,540	12,009,865
00-01	4,590,651	5,529,880	-	277,580	10,800	10,408,911
01-02	5,411,654	7,409,773	-	50,389	117,713	12,989,529
02-03	5,927,855	9,226,983	-	169,993	12,319	15,337,150
03-04	6,210,330	7,186,233	-	224,536	74,200	13,695,299
04-05	6,637,130	4,225,864	-	266,328	179,295	11,308,617
05-06	8,150,698	8,915,710	-	-	84,639	17,151,047
06-07	8,933,557	15,018,975	-	-	126,554	24,079,086
07-08	9,993,878	13,560,243	-	-	226,666	23,780,787

Note: Expenditures were previously reported in financial statements under the categories of Health & Sanitation (which included Salaries & Benefits, Services & Supplies, Payments to Gov'ts, Interfund Charges) and Capital Outlay. Prior to FY 94-95, this information is not available broken out by category.

Sacramento Metropolitan Air Quality Management District
Schedule 7
Schedule of General Government Revenues by Source
Last Seventeen Years (Unaudited)

Fiscal Year	Taxes	Intergovernmental	Licenses/ Permits	Use of Money & Property	Increase in Fair Value of Investments	Miscellaneous	Total
91-92	\$ 3,594,956	\$ 1,127,509	\$ 1,650,640	\$ 63,632	\$ -	\$ 503,487	\$ 6,940,224
92-93	3,259,872	1,421,355	2,039,320	83,816	-	324,721	7,129,084
93-94	4,074,433	1,249,979	1,622,493	46,077	-	825,982	7,818,964
94-95	3,860,464	1,793,511	1,384,835	46,837	-	460,715	7,546,362
95-96	3,822,954	1,636,288	1,978,135	54,990	-	810,871	8,303,238
96-97	4,186,164	1,708,472	2,146,634	56,307	-	642,773	8,740,350
97-98	3,896,484	1,594,112	2,211,854	79,639	7,970	1,314,569	9,104,628
98-99	4,271,511	1,171,552	2,290,646	109,323	10,012	1,013,186	8,866,230
99-00	4,447,434	3,476,100	2,423,656	130,235	-	754,420	11,231,845
00-01	4,370,895	7,199,096	2,148,462	191,886	-	1,133,772	15,044,111
01-02	4,402,852	6,343,148	3,302,226	293,121	-	610,966	14,952,313
02-03	6,948,200	2,652,492	3,904,695	117,229	-	552,188	14,174,804
03-04	5,405,872	5,178,655	3,998,973	65,123	-	-	14,648,623
04-05	5,386,318	4,814,156	5,364,569	183,162	-	-	15,748,205
05-06	8,005,095	4,554,831	5,903,839	524,224	-	-	18,987,989
06-07	8,272,593	14,617,951	6,786,546	991,786	-	-	30,668,876
07-08	9,069,286	7,754,619	6,405,970	1,086,702	-	-	24,316,577

Note-Increase in Fair Value of Investments is recorded as a result of GASB Statment No. 31.

Sacramento Metropolitan Air Quality Management District
Schedule 8
Own Source Government Revenue Base
Last Ten Years (Unaudited)

Year	Active Permits	Actual Revenue
1999	2,639	(1)
2000	2,842	(1)
2001	3,129	(1)
2002	3,232	\$1,933,231
2003	3,373	\$2,161,977
2004	3,508	\$2,362,409
2005	3,763	\$2,464,720
2006	3,819	\$2,529,261
2007	4,006	\$2,757,297
2008	4,060	\$2,974,293

Source: Sacramento Metropolitan Air Quality Management District
Stationary Source Data Base
Jorge DeGustman, Program Supervisor

(1) Not available

Sacramento Metropolitan Air Quality Management District
Schedule 9
Demographic Information
Last Seventeen Years (Unaudited)

Year	County Population (January 1)	County Total Personal Income	County Per Capita Income	County Unemployment Rate
1992	1,099,058	(1)	(1)	8.3%
1993	1,121,239	(1)	(1)	8.4%
1994	1,130,363	(1)	(1)	7.2%
1995	1,149,187	(1)	(1)	6.8%
1996	1,123,400	\$26,560,408	\$22,983	6.2%
1997	1,140,591	\$28,050,979	\$23,978	5.6%
1998	1,159,800	\$30,179,191	\$25,433	5.0%
1999	1,177,800	\$32,018,953	\$26,535	4.3%
2000	1,223,499	\$35,016,668	\$28,460	4.3%
2001	1,252,443	\$37,225,183	\$29,386	4.5%
2002	1,287,077	\$38,649,539	\$29,686	5.7%
2003	1,317,579	\$40,789,349	\$30,686	5.9%
2004	1,345,208	\$43,462,957	\$32,192	5.6%
2005	1,368,192	\$45,653,787	\$33,521	5.0%
2006	1,387,771	\$48,313,850	\$35,197	4.8%
2007	1,406,804	(2)	(2)	5.5%
2008	(2)	(2)	(2)	(2)

Source: California State Department of Finance
Demographic Research Unit
City/County Population Estimates

(1) No longer available

(2) Not yet available

Sacramento Metropolitan Air Quality Management District
 Schedule 10
 Vehicle Registrations (Automobiles & Trucks)
 Last Fifteen Calendar Years
 (unaudited)

Year	Vehicles Registered (As of December 31)
1994	904,094
1995	868,669
1996	897,848
1997	860,795
1998	919,373
1999	948,829
2000	991,020
2001	1,044,101
2002	1,098,045
2003	1,110,073
2004	1,187,166
2005	1,181,625
2006	1,174,309
2007	(2)
2008	(2)

Source: Department of Motor Vehicles
 Estimated Fee-Paid Registrations by County

- (1) No longer available
- (2) Not yet available

Sacramento Metropolitan Air Quality Management District
Schedule 11
District Staff Position List
Last Ten Years (Unaudited)

FUNCTION:	Full-Time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Accountant I/II	-	-	-	-	-	-	1	1	1	1
Administrative Assistant III	1	1	1	1	1	1	1	2	2	2
Administrative/Legal Analyst	-	-	-	-	-	-	-	-	-	1
Air Pollution Control Officer/Executive Director	1	1	1	1	1	1	1	1	1	1
Air Quality Instrument Specialist I/II	3	3	3	3	3	3	3	3	3	3
Associate Air Quality Engineer	4	-	-	-	-	-	-	-	-	-
Associate Air Quality Planner Analyst	7	-	-	-	-	-	-	-	-	-
Associate Air Quality Specialist	12	-	-	-	-	-	-	-	-	-
Associate Communications & Marketing Specialist	2.6	-	-	-	-	-	-	-	-	-
Associate Personnel Analyst	1	-	-	-	-	-	-	-	-	-
Assistant Air Quality Engineer	7	-	-	-	-	-	-	-	-	-
Assistant Air Quality Planner Analyst	3	-	-	-	-	-	-	-	-	-
Assistant Air Quality Specialist	2	-	-	-	-	-	-	-	-	-
Asst/Assoc Air Quality Planner/Analyst (reclass 2006 to Air Quality Planner/Analyst)	-	10	10	10	10	10	10	10.5	10.5	10.5
Engineer	-	11	12	13	13	14	15	18	21.5	21.5
Specialist	-	14	15	16	16	17	17	19	19	22.5
Asst/Assoc Communications/Marketing Specialist	-	1.6	1.6	1.6	1.6	1.6	1.85	1.85	1.85	2.85
Human Resources Officer	-	1	1	1	1	1	1	1	1	1
Clerical Services Supervisor	1	1	1	1	1	1	1	1	1	1
Deputy District Counsel	1	-	-	-	-	-	-	-	-	-
District Accountant/Controller	1	1	1	1	1	1	1	1	1	1
District Counsel	1	1	1	1	1	1	1	1	1	1
District Counsel Legal Assistant	1	1	1	1	1	1	1	1	1	1
Division Manager	5	5	5	5	5	5	5	5	5	4
Executive Assistant/Clerk to the Board	1	1	1	1	1	1	1	1	1	1
Fiscal Assistant III	1	1	1	1	1	1	1	1	1	1
Information Systems Analyst/ Information Systems Administrator	1	1	1	1	1	1	1	1	1	1
Assistant Information Systems Analyst/Information Systems Analyst	-	1	1	1	1	1	1	1	1	2
Office Assistant I/II	3	3	3	3	3	3	3	2	3	3
Personnel Assistant I/II/Human Resource Assistant II	1	1	1	1	1	1	1	2	2	2
Program Coordinator	10	10	10	10	10	10	12	13	13	13
Program Supervisor	3	3	3	3	3	3	3	4	4	5
Secretary	1	1	1	1	1	1	-	-	-	-
Senior Accountant	-	-	-	-	-	-	1	1	1	1
Senior Communications & Marketing Specialist	1	1	1	1	1	1	1	-	-	-
Statistician	1	1	1	1	1	1	1	1	1	1
Total Funded Positions	76.6	75.6	77.6	79.6	79.6	81.6	85.85	93.35	97.85	104.35
Note: Funded Positions may vary from budget due to changes in staffing during the fiscal year										
Positions Unfunded										
Asst/Assoc. Communications/Marketing Specialist	-	1	-	1	1	1	-	-	-	-
Deputy District Counsel	-	1	-	1	1	-	-	-	-	-
Asst/Assoc. Air Quality Engineer	-	-	-	1	1	-	-	-	-	-
Air Quality Engineer (LT)	-	-	-	-	-	-	-	1	1	-
Air Quality Specialist (LT)	-	-	-	-	-	-	-	1	1	-
Total Positions Unfunded	-	2	-	3	3	1	-	2	2	-

The FTEs were collected from the SMAQMD Budget

