

**SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

**INDEPENDENT AUDITORS' LETTER
TO THE BOARD OF DIRECTORS**

JUNE 30, 2008

NASIF, HICKS, HARRIS & Co., LLP

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March 25, 2009

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

We have audited the financial statements of the Santa Barbara County Air Pollution Control District (APCD) for the year ended June 30, 2008, and have issued our report thereon dated March 25, 2009. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS

As stated in our engagement letter dated February 3, 2009, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our financial statement audit, we considered the internal control of APCD. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement contract, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the APCD are described in Note 1 of the financial statements. No new accounting policies were adopted during fiscal year 2008.

We noted no other transactions entered into by the APCD during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most significant estimate affecting the financial statements relates to the accrual of compensated absences. Management's estimates of these accruals are based on historical information about actual utilization of compensated absences. We evaluated the key factors and assumptions used to develop this accrual in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDIT ADJUSTMENTS

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the APCD that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. During our audit we proposed a material adjustment that, in our judgment, would not have been detected except through our auditing procedures.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

ISSUES DISCUSSED PRIOR TO RETENTION OF INDEPENDENT AUDITORS

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as APCD's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

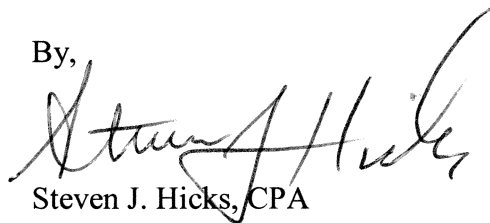
We encountered no significant difficulties in dealing with management in performing our audit.

This letter report is intended solely for the management of the APCD and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

Nasif, Hicks, Harris & Co., LLP

By,

A handwritten signature in black ink, appearing to read "Steven J. Hicks", is written over the printed name. The signature is fluid and cursive.

Steven J. Hicks, CPA