

BOARD MEETING DATE: April 3, 2020

AGENDA NO. 12

REPORT: Audit Reports of AB 2766 Fee Revenue Recipients for Fiscal Years Ending June 30, 2016 and 2017

SYNOPSIS: Health and Safety Code 44244.1 requires any agency that receives fee revenues subvended from the Department of Motor Vehicles to be audited once every two years. This audit of South Coast AQMD's share, MSRC's share, and local governments' share of such subvended funds, performed by independent Certified Public Accountants, has been completed.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:  
Receive and file report.

Wayne Nastri  
Executive Officer

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### **Background**

AB 2766 was chaptered into law as Health and Safety Code Sections 44220-44247 which were enacted to authorize air pollution control districts to impose fees on motor vehicles. These fees are to be expended specifically for the purpose of mobile source air pollution reduction measures pursuant to the California Clean Air Act of 1988 or the South Coast AQMD's AQMP pursuant to Article 5 of Chapter 5.5 of Part 3 of the Health and Safety Code.

The fee revenue is collected by the Department of Motor Vehicles (\$4.00 per vehicle registration) and subvended to the South Coast AQMD for distribution as follows: thirty percent (\$1.20) goes to support South Coast AQMD-approved programs for the reduction of emissions from mobile sources; forty percent (\$1.60) is placed in the Air Quality Improvement Trust Fund for quarterly disbursement to local governments; and

thirty percent (\$1.20) is placed in the Mobile Source Air Pollution Reduction Special Revenue Fund for projects awarded by the Mobile Source Air Pollution Reduction Review Committee (MSRC) under a work program approved by the South Coast AQMD's Board.

### **Audit Summary**

#### *South Coast AQMD's Use of AB 2766 Fee Revenues – Segment 1*

The audit of the South Coast AQMD's use of the motor vehicle registration revenues resulted in no negative findings. The audit report is included in Attachment I. The cost of auditing the South Coast AQMD's use of the AB 2766 revenues was \$4,560, paid from the South Coast AQMD's portion of the fee revenues.

#### *Local Government Use of AB 2766 Fee Revenues – Segment 2*

The audit of local governments' use of AB 2766 funds resulted in 35 negative findings for 22 agencies, out of 162 recipients. All of these findings will be resolved in accordance with AB 2766 program guidelines. A summary of the audit findings is included in Attachment II, along with the audit reports in Attachments III and IV.

The total cost to audit the local government recipients was \$86,190. The cost of the audit is allocated and paid from the local governments' portion of the fee revenues in accordance with AB 2766 program guidelines.

#### *MSRCs Use of AB 2766 Fee Revenues – Segment 3*

The audit of the MSRC fund and of projects from the MSRC Work Program resulted in no negative findings. The audit reports are included in Attachments V and VI. The MSRC reviewed the summary audit reports at its March 19, 2020 meeting. The cost of auditing the MSRC and their use of program revenues was \$7,000 and will be deducted from the fee revenues subvented to the MSRC.

### **Attachments**

- I. South Coast AQMD's Use of AB 2766 Fee Revenues – Segment 1
- II. Summary of AB 2766 Audit Findings for Local Governments and Council of Governments
- III. Local Governments Use of AB 2766 Fee Revenues Summary of Audit Reports - Segment 2.
- IV. Local Governments Use of AB 2766 Fee Revenues Summary of Audit Reports - Segment 2, Subgroup 1
- V. MSRC's Use of AB 2766 Fee Revenues Summary Audit Report - Segment 3
- VI. MSRC Projects Audit – Segment 3, Projects

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***

***AIR QUALITY IMPROVEMENT FUND  
(SEGMENT 1)***

***INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES***

***FOR THE YEARS ENDED JUNE 30, 2017 AND 2016***





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## Independent Accountant's Report on Applying Agreed-Upon Procedures

The Governing Board of  
The South Coast Air Quality Management District

We have performed the procedures enumerated below, which were agreed to by the management of the South Coast Air Quality Management District (South Coast AQMD), solely to assist you in determining whether automobile registration fee revenues (AB 2766 funds) received by the South Coast AQMD during fiscal years 2015-16 and 2016-17 were spent on the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). The South Coast AQMD's management is responsible for the use of AB 2766 funds in accordance with the cited criteria. The South Coast AQMD's management is responsible for use of AB 2766 funds in accordance with the cited criteria. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

Our procedures and results are as follows.

1. We obtained an understanding of how the South Coast AQMD accounts for AB 2766 funds – Segment 1, including whether the AB 2766 funds are maintained in a separate fund or if there is a separate accounting of the AB 2766 funds maintained by another means.

### ***Result***

We noted that the AB 2766 funds - Segment 1 (District Funds) are recorded under the General Fund of the South Coast AQMD.

2. We conducted interviews and tested significant controls to identify significant deficiencies in the design or operation of the South Coast AQMD's internal control procedures over the receipt and use of AB 2766 funds.

***Result***

We noted no exceptions in performing this procedure.

3. We obtained the California Department of Motor Vehicles (DMV) fee distribution record for AB 2766 revenues and agree them to the South Coast AQMD's AB 2766 revenues recorded in the general ledger.

***Result***

We noted no exceptions to recorded revenues.

4. We recalculated the South Coast AQMD's allocation of AB 2766 revenue fees to recipients to verify that the allocation was in accordance with CHSC Section 44243, after deducting administrative costs pursuant to Section 44229, and any audit costs pursuant to Section 44244.1(a).

***Result***

We noted no exceptions on the allocation of AB 2766 revenue fees to the recipients.

5. We conducted interviews in order to obtain an understanding of how the South Coast AQMD allocates interest earned and determined the reasonableness of the interest allocation and that interest was used for the same purposes for which AB 2766 funds were allocated to the South Coast AQMD.

***Result***

We noted no exceptions to interest allocation earned or use of interest earned.

6. We verified that the South Coast AQMD's governing board adopted a resolution to document the intent and use of AB 2766 funds exclusively for the reduction of air pollution from motor vehicles in accordance with the California Clean Air Act of 1988.

***Result***

We noted no exceptions in performing this procedure.

7. We obtained the South Coast AQMD's cost allocation schedule. We conducted interviews and recalculated allocations on a test basis to determine the reasonableness and mathematical accuracy of the cost allocation method.

***Result***

We noted no exceptions on the cost allocation schedule.

8. We tested AB 2766 direct and indirect non-labor project expenditures for each year to determine:
  - a) allowability, reasonableness, adequacy of supporting documentation, proper approval, clearly identified the project, and were incurred during the fiscal year;
  - b) that the funds were spent in accordance with CHSC Section 44220(b), which requires that AB 2766 fund expenditures were incurred solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement and technical studies necessary for implementation of the California Clean Air Act of 1988; and
  - c) in accordance with CHSC Section 44235, the South Coast AQMD did not use AB 2766 fees for establishing or maintaining the district as a direct provider of the carpool, van pool, or other ridesharing or transit services.

***Result***

We noted no exceptions in performing this procedure.

9. We tested AB 2766 direct payroll expenditures, reviewed related payroll registers and employee records to verify hours worked, mathematical accuracy, and salary rates.

***Result***

We noted no exceptions to the AB 2766 direct payroll expenditures.

10. We analyzed AB 2766 administrative expenditures to verify, in accordance with CHSC Section 44233, that the South Coast AQMD did not use more than 5% for FY2016 and 6.25% for FY2017 of the AB 2766 fees distributed for administrative expenditures.

***Result***

We noted no exceptions in performing this procedure.

11. We obtained the South Coast AQMD expenditures to verify, in accordance with CHSC Section 44244.1(d), that the South Coast AQMD expended AB 2766 fees within one year of the program or project completion date.

***Result***

We noted no exceptions in performing this procedure.

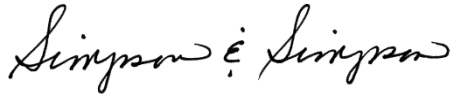
12. We obtained the South Coast AQMD reports to verify that the South Coast AQMD submitted a report to the State Board on the use of the fees and results of the programs funded, and to verify that the South Coast AQMD's control measures were in compliance with Title 42 of the United States Code control measures.

***Result***

We noted no exceptions in performing this procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on the South Coast AQMD's compliance with the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the governing board and management of the South Coast AQMD, and is not intended to be and should not be used by anyone other than these specified parties.

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

Los Angeles, California  
July 19, 2019



## Summary of Fiscal Year 2015-16 and Fiscal Year 2016-17 AB 2766 Audit Findings for Local Governments and Council of Governments

Findings Description	Fiscal Year(s)	City/County/COG	Status
AB 2766 Funds Not Accounted For Separately	FY 2016-17	Culver City	Resolved-The City created a separate fund.
AB 2766 Funds Not Accounted For Separately	FY 2015-16 & FY 2016-17	Western Riverside Council of Governments	Resolved-The WRCOG created a separate fund.
Expenditures without Supporting Documentation	FY 2015-16	Huntington Park	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Expenditures without Supporting Documentation	FY 2015-16 & FY 2016-17	San Bernardino	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Inaccurate Information in the Annual Program Progress Report	FY 2016-17	Murrieta	Resolved-The City included the project in the FY 2017-18 report.
Interest Income on Accumulated AB 2766 Funds	FY 2015-16 & FY 2016-17	Compton	Resolved-The City will be allocating the interest earning to the fund.
Over-allocation of Costs to AB 2766 Fund	FY 2016-17	El Monte	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Research and Development Project in Excess of 10% Cap	FY 2016-17	Murrieta	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Artesia	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Beaumont	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16	Brea	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Compton	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	El Monte	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Hemet	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Huntington Park	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16	La Habra Heights	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Lawndale	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Lomita	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Los Alamitos	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Lynwood	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Maywood	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	Placentia	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Rialto	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16	San Jacinto	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2015-16 & FY 2016-17	South El Monte	Resolved-City was Audited.
Submission of Annual Audited Financial Statements	FY 2016-17	Yucaipa	Resolved-City was Audited.
Unallowable Expenditures	FY 2015-16	Compton	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Unallowable Expenditures	FY 2015-16	Huntington Park	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Unallowable expenditures	FY 2015-16	Huntington Park	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Unallowable Expenditures	FY 2016-17	Lomita	Resolved-The City has replaced the funds.
Unallowable expenditures	FY 2016-17	Lynwood	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Unallowable expenditures	FY 2016-17	Lynwood	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.
Unallowable Expenditures	FY 2016-17	Placentia	Resolved-The City has replaced the funds.
Unallowable Expenditures	FY 2016-17	Rialto	Resolved-The City has replaced the funds.
Unallowable Expenditures	FY 2015-16	San Bernardino	Resolved-The City has requested SCAQMD to withhold funds from future disbursements.

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***  
***SUMMARY REPORT ON***  
***AB 2766 FEE REVENUES***  
***FOR LOCAL GOVERNMENT RECIPIENTS***  
***UNDER HEALTH AND SAFETY CODE SECTION 44243(b)***  
***(Segment 2)***  
***FOR THE YEARS ENDED JUNE 30, 2017 AND 2016***



***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***

***AB 2766 FEE REVENUES FOR LOCAL GOVERNMENT RECIPIENTS  
UNDER HEALTH AND SAFETY CODE SECTION 44243(b)  
(Segment 2)***

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## AB 2766 Air Quality Improvement Fund Summary of Segment 2 Reports

The Governing Board of  
The South Coast Air Quality Management District

This report provides a summary of the findings and questioned costs contained in the audit reports and reports on applying agreed-upon procedures completed for Segment 2 for the Biennial Audit of Fee Revenues under AB 2766 for fiscal years ended June 30, 2017 and 2016. See Attachment B for a list of the reports included in this summary.

For the purpose of determining whether motor vehicle registration fees (AB 2766 funds) subvented to the South Coast Air Quality Management District (SCAQMD) were expended for air pollution measures pursuant to the Clean Air Act Amendments of 1990, the California Clean Air Act of 1988 or the SCAQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC), the SCAQMD requested that we perform audits or agreed-upon procedures reviews for six subgroups of local governments receiving Segment 2 funds. Segment 2 funds are the 40% of motor vehicle fee revenues subvented to the SCAQMD that are distributed to local governments on a quarterly basis. The SCAQMD placed local governments into subgroups based on the amount of Segment 2 funds received and whether the entity had provided Air Quality Improvement Fund audited financial statements and progress reports to the SCAQMD. Local governments in Segment 2 include cities, counties and consortiums of local governments. These consortiums are legal entities created through joint power agreements entered into by cities and counties in a common geographical area. Local governments are permitted to pool their resources for implementing the requirements for the use of AB 2766 funds and to undertake regional projects to reduce air pollution from motor vehicles.

For local governments in Subgroup 1, we reviewed audit reports prepared by other auditors and summarized audit findings included in the reports. The Subgroup 1 summary was provided in a separate report dated December 23, 2019.



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To this report, we have summarized audit findings and questioned costs for local government entities in Subgroups 2, 3, 4, 5 and 6 into 19 categories, as described below.

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**CATEGORY****DESCRIPTION**

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**Noncompliance with the AB 2766 Compliance Requirements:**

- |   |  |
|---|--|
| 1 | Unallowable Expenditures   |
| 2 | Over-allocation of Costs to AB 2766 Fund   |
| 3 | Expenditures without Supporting Documentation                                    |
| 4 | Research and Development Project in Excess of 10% Cap                            |
| 5 | Interest Income on Accumulated AB 2766 Funds                                     |
| 6 | AB 2766 Funds Not Accounted for Separately                                       |
| 7 | Inaccurate Information in the Annual Program Progress Report Submitted to SCAQMD |
| 8 | Submission of Annual Audited Financial Statements                                |

**Material Weaknesses or Significant Deficiencies in Financial Reporting:**

- |    |   |
|----|---|
| 9  | City's Finance Organization                               |
| 10 | Lack of Policies and Procedures                           |
| 11 | Procurement Policies and Procedures                       |
| 12 | Lack of Controls Over Financial Reporting                 |
| 13 | Lack of Controls Over Year-end Closing Procedures         |
| 14 | Lack of Controls Over Capital Assets                      |
| 15 | Lack of Controls Over Receivables and Revenue Recognition |
| 16 | Segregation of Duties Over Check Disbursements            |
| 17 | Conflict of Interest Code                                 |
| 18 | City's Financial Condition                                |

The audit findings are described in the Summary of Findings in Attachment A.

This report is intended solely for the information and use of the governing board and management of the SCAQMD, and is not intended to be and should not be used by anyone other than these specified parties.

Los Angeles, California  
February 6, 2020

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AIR QUALITY IMPROVEMENT FUND***

SUMMARY OF FINDINGS  
For the Years Ended June 30, 2017 and 2016  
(Continued)

**1. Unallowable Expenditures**

California Health and Safety Code Section 44243 require that AB 2766 funds be used for programs to reduce air pollution from mobile sources. We noted the following cities charged unallowable expenditures to AB 2766 funds.

<u>Fiscal Year 2017</u>	<u>Description</u>	<u>Amount</u>
<u>Los Angeles County</u>		
City of Lynwood	LED lights installed were not close to the EV charging stations	\$ 6,800.00
City of Lynwood	Purchase of EVs and charging stations were based on budget instead of vendor invoices	2,020.00
City of Lomita	EV charging station repair costs	581.28
<u>Orange County</u>		
City of Placentia	Lightbars installation on EVs	14,318.24
<u>San Bernardino County</u>		
City of Rialto	Rideshare incentives paid were either missing supporting documents or did not meet the minimum number of rideshare days	3,647.00

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AIR QUALITY IMPROVEMENT FUND***

SUMMARY OF FINDINGS  
For the Years Ended June 30, 2017 and 2016  
(Continued)

**1. Unallowable Expenditures (Continued)**

<u>Fiscal Year 2016</u>	<u>Description</u>	<u>Amount</u>
<u>Los Angeles County</u>		
City of Compton	Audit fees charged to the AB 2766 Fund, but the audits have not been completed	\$ 13,500.00
Huntington Park	Southern California Association of Governments annual membership renewal fees	5,626.00
Huntington Park	The invoices provided by the City to support a payment did not clearly identify the project. Also, according to the fund numbers and account codes indicated on the invoices, the expenditures should be charged to the Gas Tax Fund and Planning Fund.	33,092.50
<u>San Bernardino County</u>		
City of San Bernardino	CalPERS settlements charged due to deferral payment of employer portion of retirement contributions	6,572.00

## **2. Over-allocation of Costs to AB 2766 Fund**

According to Chapter 17 of the SCAQMD Resource Guide, “Expenditures on equipment, materials, and subcontractor services must be supported by a warrant and other source document clearly showing that the payment was for an expenditure charged against the fund and included in the annual program report to the AQMD. It is also important that the source document (invoice, requisition, equipment rental charge, and other pertinent data) clearly identify the project to establish a readily discernible audit trail.” Also, according to Chapter 17 of the SCAQMD Resource Guide, “Direct labor must be documented on timesheets. If timesheets do not permit the level of detail required to document direct labor hours to be charged to AB 2766 projects specifically, then a detailed log of time spent on projects, the activities performed and the outcome or product generated must be maintained. Direct labor costs must identify the project to establish a clear audit trail. Allocating a fixed or budgeted amount of staff time and associated salary expense each pay period will not meet the requirements for the audit”.

### Los Angeles County

#### City of El Monte

During review of the cash disbursements for fiscal year 2016, we noted that one invoice for street sweeping expense was over-allocated to the AB 2766 fund. The total invoice amount was \$23,842.03 and only \$8,333.03 should be allocated to AB 2766 fund. However, the City of El Monte inadvertently charged \$15,509.00 to the AB2766 fund. As a result, the City of El Monte over-allocated \$7,175.97 to the AB 2766 fund.

## **3. Expenditures without Supporting Documentation**

According to Chapter 17 of the SCAQMD Resource Guide, “Direct labor must be documented on timesheets. If timesheets do not permit the level of detail required to document direct labor hours to be charged to AB 2766 projects specifically, then a detailed log of time spent on projects, the activities performed and the outcome or product generated must be maintained. Direct labor costs must identify the project to establish a clear audit trail. Allocating a fixed or budgeted amount of staff time and associated salary expense each pay period will not meet the requirements for the audit.”

### Los Angeles County

#### City of Huntington Park

For fiscal year 2016, the City of Huntington Park was unable to provide the vendor invoices for four out of 32 samples selected for disbursement testing and one out of three samples selected for accounts payable testing. In addition, a vendor invoice



### **3. Expenditures without Supporting Documentation (Continued)**

provided was missing certain pages. In addition, a vendor invoice provided was missing certain pages. Total questioned costs amounted to \$16,414.56.

#### San Bernardino County

##### City of San Bernardino

We noted that during the first half of fiscal year 2016, the City of San Bernardino maintained a method of allocation of labor charges to the Fund that did not permit the level of detail required to document the hours spent on projects, the activities performed and the outcome or product generated. The City updated the system in January 2016 to provide timesheets that reflected actual hours worked for the Fund. However, we noted that the payroll system was still allocating indirect or adjusted hours of staff time to the Fund based on a budgeted percentage that was not supported by a time study. Total questioned costs amounted to \$1,445.00 and \$23,989.00 for fiscal years 2017 and 2016, respectively.

### **4. Research and Development Projects in Excess of 10% Cap**

According to Chapter 3 of the SCAQMD Resource Guide, "Funding of all research and development projects and related environmental impact reports shall not exceed 10% of the jurisdiction's total subvention funds received during the fiscal year reporting cycle."

#### Riverside County

##### City of Murrieta

For fiscal year 2017, we noted that the City of Murrieta charged \$18,627.00 to the Air Quality Improvement Fund for a transportation study. The amount charged exceeded the 10% research and development cap ( $\$145,315.65 \times 10\% = \$14,531.57$ ) by \$4,095.44.

## **5. Interest Income on Accumulated AB 2766 Funds**

According to Chapter 15 of the SCAQMD Resource Guide, “Often local governments accumulate funds over an extended period for costly projects. Depending on the amount of annual AB 2766 receipts and the timeliness of project expenditures, cities/ counties may have large cash balances in the AB 2766 Special Revenue Fund. Interest earned on these cash balances could amount to a significant sum of money. If AB 2766 fees are invested with cash balances from other general fund revenues, an equitable, proration of interest earned on the total funds invested must be made to the AB 2766 Special Revenue Funds”.

### Los Angeles County

#### City of Compton

For fiscal years 2017 and 2016, we noted that interest of City of Compton was not credited to the Air Quality Improvement Fund. The estimate of interest earned based on LAIF PMIA for fiscal years 2017 and 2016 were \$2,703.72 and \$1,561.50, respectively.

## **6. AB 2766 Funds Not Accounted for Separately**

California Health and Safety Code Section 44243 (b)(1)(C) requires local governments to account for and separately track AB 2766 funds within their accounting records.

### Los Angeles County

#### City of Culver

The City of Culver City did not maintain a separate fund to track assets, liabilities, and fund balance of the AB 2766 funds. The City records revenues, expenditures, and balance sheet accounts of the AB 2766 funds along with other non-major operating grants in a special revenue fund (Fund 414). The City’s accounting system did not separately identify and track balance sheet accounts of the AB 2766 funds within this fund.

## **6. AB 2766 Funds Not Accounted for Separately (Continued)**

### Consortium

#### Western Riverside Council of Governments (WRCOG)

The WRCOG used AB 2766 funds to partly finance the expenditures of its Clean Cities Program (an outreach program to promote clean air quality). As such, disbursements of AB 2766 funds are included in the expenditures report of the Clean Cities program. For the fiscal year ended June 30, 2017 & 2016, WRCOG maintained AB 2766 funds in the Special Revenue Fund that was used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for specific purposes. The WRCOG's accounting system did not separately identify and track AB 2766 funds within this fund.

## **7. Inaccurate Information in the Annual Program Progress Report Submitted to SCAQMD**

According to the SCAQMD Resource Guide, "Cities and counties under SCAQMD's jurisdiction provide annual program and financial information to the SCAQMD. This information is compiled by the SCAQMD and forwarded as an annual report to California Air Resources Board (CARB)".

According to Chapter 12 of the SCAQMD Resource Guide, "The Audit Guidelines describes the financial and program reporting requirements for local governments. The AB 2766 program legislation requires that each agency receiving motor vehicle registration fee revenues must submit:

- An annual program progress report
- An annual audited financial statement of AB 2766 funds

### Riverside County

#### City of Murrieta

For fiscal years 2017 and 2016, the City of Murrieta omitted the Traffic Signal Optimization project in the annual program progress report submitted to the SCAQMD.

## 8. Submission of Annual Audited Financial Statements

The Audit Guidelines prepared by the SCAQMD describe the financial and program reporting requirements for local governments. The AB 2766 program legislation requires that each agency receiving motor vehicle registration fee revenues must submit an annual program progress report and annual audited financial statements of AB 2766 funds by the first Friday in February of each year. For fiscal years 2017 and 2016, the following cities did not submit its annual audited financial statements to the SCAQMD in a timely manner.

<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
<u>Los Angeles County</u> City of Artesia City of Compton City of El Monte City of Huntington Park City of Lawndale City of Lomita City of Lynwood City of Maywood City of South El Monte	<u>Los Angeles County</u> City of Artesia City of Compton City of El Monte City of Huntington Park City of La Habra Heights City of Lomita City of South El Monte
<u>Orange County</u> City of Los Alamitos City of Placentia	<u>Orange County</u> City of Brea City of Placentia
<u>Riverside County</u> City of Beaumont City of Hemet	<u>Riverside County</u> City of Beaumont City of Hemet City of San Jacinto
<u>San Bernardino County</u> City of Rialto City of Yucaipa	

## **9. City's Finance Organization**

### Los Angeles County

#### City of Lynwood

On July 11, 2018, City of Lynwood's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported material weaknesses in the City's finance organization. According to the City's independent auditor, the Finance Department had significant turnover especially in the management positions. The City was not able to recruit permanent employees with sufficient governmental accounting experience during the year ended June 30, 2017. Although consultants were brought in to assist the City, the City was significant behind on the day to day activities and was not able to catch up on the work.

## **10. Lack of Policies and Procedures**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

### Riverside County

#### City of Beaumont

On June 15, 2018, the City of Beaumont's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported that the City lacked having formal policies, procedures and guidelines in place for certain areas, including the following:

- Accounting Policies and Procedures
- Debt Management Policy

## **10. Lack of Policies and Procedures (Continued)**

### **City of Hemet**

During the City of Hemet's independent auditors' review of control environment, the City's independent auditors noted that the City lacked formal policies and procedures. Although the City has informal policies, the City should establish formal and comprehensive policies approved by the City Council to provide detailed guidance to employees and management of the City.

Also, we noted that the City recognized \$249,841 received from the State of California as revenue in the Air Quality Improvement Fund during fiscal year 2016 which was unrelated to air pollution reduction measures.

## **11. Procurement Policies and Procedures**

### **Los Angeles County**

#### **City of Maywood**

According to the City of Maywood Accounting Policy and Procedures dated June 27, 2006, before a cash disbursement can be generated, a purchase order must be obtained. Purchase orders are required for most purchases. Purchases that do not require a purchase order are annual dues and memberships, monthly utilities, and invoices supported by a contract.

During our audit, we noted that the City did not obtain a purchase order when acquiring electric vehicles and charging station for the electric vehicles.

## **12. Lack of Controls Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

### Los Angeles County

#### City of Compton

On March 15, 2019, the City's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor identified the following as material weaknesses:

- 1) Bank reconciliations were not prepared and reviewed in a timely manner. The last bank reconciliation prepared was for August 2014.
- 2) The City did not have written policies and procedures related to security controls for logical access for the City IT infrastructure and systems.
- 3) The City did not have written policies and procedures related to controls over the physical security of the City's IT infrastructure and its systems.

We also noted that during fiscal year 2017 the City did not record the second quarter AB 2766 distribution in the Air Quality Improvement Fund, which was inadvertently deposited and recorded in another City's Fund.

#### City of Huntington Park

On June 27, 2018, the independent auditor of the City issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported a significant deficiency in the City's accounting and financial reporting system. According to the City's independent auditor, there has been delay in closing of the books and the preparation of the financial statements and more than twenty journal entries were provided to correct the trial balance provided by the City to the independent auditor and thirteen audit journal entries were proposed based on the audit performed.

## **12. Lack of Controls Over Financial Reporting (Continued)**

### **City of Lynwood**

On July 11, 2018, the independent auditor of the City of Lynwood issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported material weaknesses in the City's accounting and financial reporting system, which include the following:

- 1) There was significant delay in performing bank reconciliations.
- 2) The City provided two version of the trial balances to the City's independent auditor. After the second version of the trial balance was provided, more than fifty client journal entries and nine audit journal entries were posted to correct the trial balance.
- 3) There was no indication of review or approval of payroll register and supporting documents; and timesheets were not approved by direct supervisors for 10 out of 25 samples selected by the City's independent auditor.
- 4) There was lack of segregation of duties between Payroll and Human Resources. The payroll personnel had access and authority to make changes on the personnel files in the system; however, there is no further review after the changes were made.
- 5) The City did not remit the CalPERS pension related payments in the amount of \$348,850 timely. In addition, there was a variance of \$100,146 in contribution that the City did not reconcile from the general ledger to the CalPERS contribution report.
- 6) Purchase orders were issued after the purchases were made. (This finding is also applicable to a sample selected for the AB 2766 biennial audit.)
- 7) Vendor invoices were regularly held at the department levels until the payments were due. This resulted in the need of rush payments through the prepaid checks instead of regular check runs.



## **12. Lack of Controls Over Financial Reporting (Continued)**

### **City of South El Monte**

On January 22, 2018, the independent auditor of the City of South El Monte issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2016. The independent auditor reported material weaknesses in the City's accounting and administrative control system. The material weaknesses include the following:

- 1) Unclear as to what competitive bidding procedures should be followed when procuring and contracting for professional services, including various purchasing thresholds that would require informal quotes, formal bidding procedures, etc.
- 2) The City regularly enters into contracts for projects, services, etc., that have set not-to-exceed cost maximums; however, the City's accounting system does not have a system to track the purchases or expenditures charged to specific contracts that have not-to-exceed cost maximums.
- 3) Detailed receipts were missing from the supporting documentation for credit card transactions.
- 4) Contracts that exceeded \$25,000 were not approved by the City Council. In addition, there were no indication that these contracts were subjected to any competitive bidding procedures.

### **City of South Gate**

On January 31, 2018, the independent auditor of the City of South Gate issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The independent auditor reported significant deficiencies in the City's internal controls over financial reporting. The significant deficiencies included the following:

- 1) Bank Reconciliation  
The City did not complete the monthly bank reconciliation process in a timely manner. The City's independent auditors tested five bank reconciliations and noted that four of them had not yet been completed. The bank reconciliations were not completed until November 2017, which was twelve months afterward.
- 2) Expenditures, Payables, and Deferred Inflows  
During the City's independent auditors' testing of the purchasing and cash disbursement process, the City's independent auditors noted that three out of the forty payments to vendors were missing purchase orders.

## **12. Lack of Controls Over Financial Reporting (Continued)**

### **3) Revenue, Receivables, and Deferred Inflows of Resources**

During the City's independent auditors' testing of the cash receipt process, the City's independent auditors noted that thirty one out of the forty daily cash receipt reports were not reviewed or signed-off until the following month. In addition, there were two missing signatures on the courier deposit log.

#### Riverside County

##### **City of Beaumont**

On June 15, 2018, the independent auditor of the City of Beaumont issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported that internal controls were either lacking, were not designed properly, and mitigating controls were not sufficient to effectively identify misstatements due from error.

In addition, the City's independent auditor reported that the City did not have in place a systematic method for ensuring that timely and complete year-end closing procedures were in operation before presenting the trial balance to the City's independent auditors, resulting a number of journal entries necessary to correct or to reclassify balances in financial statements that should normally be captured through the closing process.

##### **City of Murrieta**

On April 4, 2018, the City's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor identified a material weakness related to the accuracy and timeliness of Accounting Records and Financial Reporting. The City's independent auditor noted the following:

There were certain accounts that had not yet been thoroughly analyzed and reconciled to the supporting records. This included receivables, revenues, unavailable revenues, accounts payable, claims liabilities, capital assets and payroll related accruals. In addition, while performing audit procedures, the City's independent auditor identified and proposed several material adjusting journal entries to the City's accounting records. Adjusting journal entries were being made as late as March 2018, approximately 9 months after the end of the fiscal year. The City's independent auditor recognized that the City had significant staff turnover in the Finance department, which might have been a contributing factor.

### **13. Lack of Controls over Year-end Closing Procedures**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported.

#### San Bernardino County

##### City of Rialto

We noted that the City of Rialto did not accrue the rideshare incentives expenditures for the month of June 2017.

### **14. Lack of Controls Over Capital Assets**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

#### Los Angeles County

##### City of Lynwood

On July 11, 2018, the City's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported material weaknesses in the City's controls over capital assets. According to the City's independent auditor, the City does not have a capital assets list at the department level and does not perform capital asset count or tag the equipment. Moreover, the City did not have proper procedures in place to review capital outlay expenditures by each project which resulted in \$3,452,277 prior period adjustments in the construction in process. In addition, it was noted by the City's independent auditor that projects completed and placed in service without proper approval from the City Council or issuance of notice of completion.

## **15. Lack of Controls Over Receivables and Revenue Recognition**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported.

### Los Angeles County

#### City of Lynwood

We noted that the City did not accrue the AB 2766 fourth quarter funds distributed by the SCAQMD and collected within 60 days of the end of fiscal year 2017.

## **16. Segregation of Duties Over Check Disbursements**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

### Los Angeles County

#### City of South El Monte

On June 8, 2018, the independent auditor of the City of South El Monte issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The independent auditor found that the accounts payable clerk enters the information for the checks to be paid, prints and checks, maintains the vendor master file, and files the invoices that are paid. And there was no independent review of the checks along with supporting documentation, including the approved invoices.

## **17. Conflict of Interest Code**

Los Angeles County

City of Lynwood

On July 11, 2018, City of Lynwood's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported a significant deficiency in the City's Conflict of Interest Code.

According to the City's independent auditor, the City did not properly re-adopt required conflict of interest code for the year ended June 30, 2017. In addition, former City attorney form 700 filed was not available to provide to the City's independent auditor.

## **18. City's Financial Condition**

Los Angeles County

City of Lynwood

On July 11, 2018, City of Lynwood's independent auditor issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2017. The City's independent auditor reported material weaknesses in the City's financial condition.

According to the City's independent auditor, on July 19, 2016, the Mayor and Common Council enacted Resolution No. 2016-161 declaring available a fiscal emergency due to the ongoing structural deficit. The City has used its available General Fund balance to bridge the structural budget deficit, meaning it would use nearly all General Fund reserves before the end of fiscal year 2017 and would not have enough revenue to cover proposed expenditures, maintain current service levels, and meet the City's reserve policy. By cutting City staff and services to the bare minimum necessary to preserve the public health, safety and welfare, and drawing down the General Fund balance, it prevented the City from running out of money in the General Fund. However, it was evident that future General Fund revenue is no longer sufficient to maintain minimum staff and service levels. Accordingly, the City Council of the City unanimously declared the existence of a fiscal emergency within the City.

## **18. City's Financial Condition**

As of June 30, 2017, the City's governmental activities had an unrestricted net deficit of \$35,212,722. The General Fund had net decrease \$1,068,755 before transfers from other funds. Without administrative support charged to the Water and Sewer Enterprise Funds, the net decrease before transfers would be \$2,187,001. In addition, the City transferred \$800,000 from the Refuse Special Revenue Fund to cover citywide expenditures and \$1,828,837 from the Retirement Special Revenue Fund to cover CalPERS retirement costs. The General Fund was not able to sustain itself.

The City's independent auditor also noted that the City does not have an updated cost allocation plan while General Fund was charging Water and Sewer Enterprise Funds administrative costs in the amount of \$1,118,246.

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AIR QUALITY IMPROVEMENT FUND***

**LIST OF LOCAL GOVERNMENT RECIPIENTS AUDITED  
For the Years Ended June 30, 2017 and 2016**

	<u>City</u>	<u>Type of Audit</u>	<u>Fiscal Year (s)</u>
	<b>Los Angeles County</b>		
1.	City of Alhambra	Financial & Compliance	2017 & 2016
2.	City of Artesia	Financial & Compliance	2017 & 2016
3.	City of Bellflower	Agreed Upon Procedures	2017
4.	City of Cerritos	Agreed Upon Procedures	2016
5.	City of Compton	Financial & Compliance	2017 & 2016
6.	City of Culver City	Agreed Upon Procedures	2017
7.	City of El Monte	Financial & Compliance	2017 & 2016
8.	City of Glendale	Financial & Compliance	2017 & 2016
9.	City of Hawthorne	Financial & Compliance	2017 & 2016
10.	City of Huntington Park	Financial & Compliance	2017 & 2016
11.	City of La Habra Heights	Financial & Compliance	2016
12.	City of La Puente	Agreed Upon Procedures	2016
13.	City of Lakewood	Financial & Compliance	2017 & 2016
14.	City of Lawndale	Financial & Compliance	2017
15.	City of Lomita	Financial & Compliance	2017 & 2016
16.	City of Long Beach	Financial & Compliance	2017 & 2016
17.	City of Los Alamitos	Financial & Compliance	2017
18.	City of Lynwood	Financial & Compliance	2017
19.	City of Maywood	Financial & Compliance	2017
20.	City of Monrovia	Agreed Upon Procedures	2016
21.	City of Montebello	Agreed Upon Procedures	2017
22.	City of Monterey Park	Agreed Upon Procedures	2016
23.	City of Redondo Beach	Agreed Upon Procedures	2017
24.	City of San Fernando	Agreed Upon Procedures	2016
25.	City of Signal Hill	Agreed Upon Procedures	2017
26.	City of South El Monte	Financial & Compliance	2017 & 2016
27.	City of South Gate	Financial & Compliance	2017 & 2016
28.	City of West Hollywood	Agreed Upon Procedures	2017
29.	City of Westlake Village	Agreed Upon Procedures	2016
30.	County of Los Angeles	Financial & Compliance	2017 & 2016

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AIR QUALITY IMPROVEMENT FUND***

**LIST OF LOCAL GOVERNMENT RECIPIENTS AUDITED  
For the Years Ended June 30, 2017 and 2016  
(Continued)**

	<u>City</u>	<u>Type of Audit</u>	<u>Fiscal Year (s)</u>
	<b>Orange County</b>		
31.	City of Anaheim	Financial & Compliance	2017 & 2016
32.	City of Buena Park	Financial & Compliance	2017 & 2016
33.	City of Brea	Financial & Compliance	2016
34.	City of Laguna Woods	Agreed Upon Procedures	2017
35.	City of Newport Beach	Financial & Compliance	2017 & 2016
36.	City of Placentia	Financial & Compliance	2017 & 2016
37.	City of Stanton	Agreed Upon Procedures	2016
38.	City of Tustin	Agreed Upon Procedures	2017
39.	County of Orange	Financial & Compliance	2017 & 2016
	<b>Riverside County</b>		
40.	City of Banning	Agreed Upon Procedures	2016
41.	City of Beaumont	Financial & Compliance	2017 & 2016
42.	City of Coachella	Agreed Upon Procedures	2016
43.	City of Hemet	Financial & Compliance	2017 & 2016
44.	City of Jurupa Valley	Financial & Compliance	2016
45.	City of Menifee	Financial & Compliance	2017 & 2016
46.	City of Moreno Valley	Financial & Compliance	2017 & 2016
47.	City of Murrieta	Financial & Compliance	2017 & 2016
48.	City of Perris	Agreed Upon Procedures	2017
49.	City of San Jacinto	Financial & Compliance	2016
50.	City of Temecula	Financial & Compliance	2017 & 2016
	<b>San Bernardino County</b>		
51.	City of Chino	Financial & Compliance	2016
52.	City of Chino Hills	Agreed Upon Procedures	2017
53.	City of Redlands	Agreed Upon Procedures	2016
54.	City of Rialto	Financial & Compliance	2017
55.	City of San Bernardino	Financial & Compliance	2017 & 2016
56.	City of Upland	Agreed Upon Procedures	2016
57.	City of Yucaipa	Financial & Compliance	2017
58.	County of San Bernardino County	Financial & Compliance	2017 & 2016



	<u>City</u>	<u>Type of Audit</u>	<u>Fiscal Year (s)</u>
	<b>Consortium</b>		
59.	Coachella Valley Association of Governments	Financial & Compliance	2017 & 2016
60.	Gateway Cities Council of Governments	Financial & Compliance	2017 & 2016
61.	Western Riverside Council of Governments	Financial & Compliance	2017 & 2016

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***

***AIR QUALITY IMPROVEMENT FUND  
(SEGMENT 2 – SUBGROUP 1)***

***INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES***

***FOR THE YEARS ENDED JUNE 30, 2017 and 2016***





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

## Independent Accountant's Report on Applying Agreed-Upon Procedures

The Governing Board of  
The South Coast Air Quality Management District

We have performed the procedures enumerated below, which were agreed to by the management of the South Coast Air Quality Management District (South Coast AQMD), solely to assist you in summarizing instances of noncompliance and internal control deficiencies and material weaknesses reported in financial statement audit reports and internal control and compliance reports submitted to the South Coast AQMD by cities and counties that received automobile registration fee revenues (AB 2766 funds) from the South Coast AQMD in fiscal years 2015-16 and 2016-17. This report includes instances of noncompliance with respect to whether AB 2766 funds were spent on activities that reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). This report also includes internal control deficiencies and material weaknesses identified in the reports on internal control.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested, nor any other purpose.

Our procedures and results are as follows:

We performed a summary review of the audited financial statements and the independent auditors' report on compliance and on internal control over compliance required by AB 2766, submitted to South Coast AQMD by the cities and counties that received more than \$100,000 of AB 2766 funds per year (Large Recipients) for fiscal years 2015-16 and 2016-17 (See Attachment A for list of municipalities). We identified any modifications of the independent auditors' opinions on the Large Recipients' annual financial statements; instances of noncompliance with the AB 2766 compliance requirements; and deficiencies, significant deficiencies, and material weaknesses in internal controls over financial reporting and compliance required by AB 2766, and summarized these instances below.



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## **MODIFIED OPINIONS ON THE AUDITED FINANCIAL STATEMENTS**

No matters noted.

## **NONCOMPLIANCE WITH THE AB 2766 COMPLIANCE REQUIREMENTS**

No matters noted.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING AND COMPLIANCE REQUIRED BY AB 2766**

### **1. Revenue Recognition (Material Weakness)**

#### Orange County

##### City of Irvine

Governmental funds are accounted for on the modified accrual basis. As such, revenues are recognized only when they are measurable and available. For the City of Irvine, availability is defined as being collected within the current period or within 60 days after year-end. Those accrued revenues that are not available are recorded on the balance sheet as a deferred inflow of resources.

For fiscal year 2017, the independent auditors of the City of Irvine noted that the revenue related to a certain material receivable balance in the City's Capital Project Improvement Fund was recorded as both unearned revenue and a deferred inflow of resources on the balance sheet which resulted in an understatement of fund balance. The cause for this duplication was an incorrect prior period adjustment made in fiscal year 2015-16. The City's independent auditors recommended that a more thorough review of capital project related reimbursements occur during the year-end closing process to ensure the accuracy of the revenue recognition related to specific capital projects.

### **2. Information Technology Equipment Records (Significant Deficiency)**

#### Orange County

##### City of Irvine

For fiscal year 2016, the independent auditors of the City of Irvine noted that there is a lack of controls related to the maintenance of capital asset records related to information technology equipment that resulted in the write-off of a significant amount of fully depreciated capital assets by management during the year. According to the

understanding of the City's independent auditors, the City contracts with a third-party vendor to provide information technology services and has been experiencing difficulties in obtaining proper supporting documentation related to technology equipment replacements and retirements from the former third-party vendor. Inaccurate capital asset records related to technology equipment can result in the misstatement of the machinery and equipment asset classification reported in the financial statements and, potentially, the misappropriation of City assets. The City's independent auditors recommended that the City work with its current third-party vendor to establish procedures and controls to ensure that an inventory of the City's technology equipment is maintained and that adequate supporting records of purchases, dispositions, and retirements of technology equipment are received in order to accurately report such equipment for financial reporting purposes.

### **3. Construction in Progress (Significant Deficiency)**

#### Orange County

##### City of Irvine

For fiscal year 2017, the independent auditors of the City of Irvine identified certain capital improvement projects, where construction was completed and the projects were placed in service as of the end of the fiscal year; however, the asset values had not been transferred from the capital asset classification, "Construction in Progress" (CIP), to the appropriate capital asset category (e.g. infrastructure, improvements, etc.). As a result, the commencement of depreciation of the capital assets was delayed and the asset category balances in the capital asset note disclosures as of the end of the fiscal year were misstated. According to the City's independent auditors, the City does perform an annual process in November each year to identify completed capital projects and has the City Council formally accept the projects as being complete. It is at this time that City adjusts the related CIP balances. Unfortunately, this practice can cause timing issues with generally accepted accounting principles. An important part of financial reporting is ensuring the accuracy of capital asset classifications and appropriately estimating the use of those capital assets in the form of depreciation expense. As these projects are completed and placed in service, the assets should be transferred to the appropriate capital asset category and depreciation of the capital assets should commence pursuant to the City's depreciation policy. The City's independent auditors recommended that the City consider moving the timing of their annual analysis process for formally accepting the completion of capital projects to July or August so that it can coincide with the year-end financial closing process to ensure that accounting for the completed capital projects is done in accordance with generally accepted accounting principles.

#### **4. Contributed Capital Assets (Significant Deficiency)**

##### Orange County

##### City of Irvine

For fiscal year 2017, the independent auditors of the City of Irvine noted that two current year additions to the capital asset classification, Land, should have been recorded in prior years. These two additions represented the second and third installments relate to a long-term existing agreement whereby the third party was obligated to contribute land to the City for affordable housing. The Fiscal Services Division only identified the existence of this unrecorded land as a result of monitoring the minutes of recent council meetings in which discussions occurred about transferring this contributed land to the Irvine Community Land Trust. The City's independent auditors recommended that the City departments responsible for monitoring activity related to multi-year agreements affecting City assets and obligations such as the one identified above, improve their communications with the Fiscal Services Division to ensure the timely and accurate recording of events involving the multi-year agreements.

#### **5. Classification of AQMD Expenditures (Significant Deficiency)**

##### Riverside County

##### City of Jurupa Valley

For fiscal year 2017, the independent auditors of the City of Jurupa Valley noted that the City classified \$9,829 of expenditures within the AQMD fund, however these were not allowable AQMD expenditures. As a result, an adjustment was posted during the audit to reclassify these expenditures to other funds. This represented approximately 7.5% of total AQMD fund expenditures prior to the adjustment. The City's independent auditors recommended that the City develop procedures to review the AQMD expenditures for proper eligibility as part of the recording of the transactions, as well as review during reporting and closing process, to ensure only eligible costs are reported within the fund.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on the South Coast AQMD's compliance with the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the information and use of the governing board and management of the South Coast AQMD, and is not intended to be and should not be used by anyone other than these specified parties.

*Simpson & Simpson*

Los Angeles, California  
February 6, 2020



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AIR QUALITY IMPROVEMENT FUND

List of Local Government Large Recipients  
For the Years Ended June 30, 2017 and 2016

<u>Local Government</u>	<u>Fiscal Year(s)</u>
<b>Los Angeles County</b>	
1. Burbank	2017 and 2016
2. Carson	2017 and 2016
3. Downey	2017 and 2016
4. Inglewood	2017 and 2016
5. Los Angeles	2017 and 2016
6. Norwalk	2017 and 2016
7. Pasadena	2017 and 2016
8. Pomona	2017 and 2016
9. Santa Clarita	2017 and 2016
10. Santa Monica	2017 and 2016
11. Torrance	2017 and 2016
12. West Covina	2017 and 2016
13. Whittier	2017 and 2016
<b>Orange County</b>	
14. Costa Mesa	2017 and 2016
15. Fullerton	2017 and 2016
16. Garden Grove	2017 and 2016
17. Huntington Beach	2017 and 2016
18. Irvine	2017 and 2016
19. Lake Forest	2017 and 2016
20. Mission Viejo	2017 and 2016
21. Orange	2017 and 2016
22. Santa Ana	2017 and 2016
23. Tustin	2017 and 2016
24. Westminster	2017 and 2016
<b>Riverside County</b>	
25. Corona	2017 and 2016
26. County of Riverside	2017 and 2016
27. Indio	2017 and 2016
28. Jurupa Valley	2017
29. Riverside	2017 and 2016
<b>San Bernardino County</b>	
30. Chino	2017
31. Fontana	2017 and 2016
32. Ontario	2017 and 2016
33. Rancho Cucamonga	2017 and 2016



***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***

***MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
(SEGMENT 3)***

***INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES***

***FOR THE YEARS ENDED JUNE 30, 2017 and 2016***





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Accountant's Report On Applying Agreed-Upon Procedures

The Governing Board of  
The South Coast Air Quality Management District

We have performed the procedures enumerated below to the financials and other records of the South Coast Air Quality Management District (South Coast AQMD), which were agreed to by the management of the South Coast AQMD, solely to assist you in determining whether automobile registration fee revenues (AB 2766 funds) distributed to the Mobile Source Air Pollution Reduction Review Committee (MSRC) during fiscal years 2015-16 and 2016-17 were spent on the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). The South Coast AQMD's management is responsible for use of AB 2766 funds in accordance with the cited criteria. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

Our procedures and results are as follows.

1. We reviewed the list of the MSRC members to verify that, in accordance with CHSC 44244(a), the Committee consists of a representative from each of the specified agencies.

### ***Result***

We noted no exceptions in performing this procedure.



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2. In accordance with CHSC Section 44244(b), we verified that the MSRC developed and adopted work programs for FY 2015-16 and 2016-17 that were approved by the South Coast AQMD Governing Board.

***Result***

We noted no exceptions in performing this procedure.

3. We reviewed the list of the Technical Advisory Committee (TAC) members to verify that membership of TAC is in accordance with the specifications of CHSC Section 44244(c). As required by CHSC Section 44244(c), the TAC advisory committee shall also include one or more person who is a mechanical engineer specializing in vehicle engines.

***Result***

We noted that for the period reviewed (July 1, 2015 through June 30, 2017), the TAC position for a mechanical engineer specializing in vehicle engines was vacant. In addition, we noted that the TAC positions for a representative of the Southern California Association of Governments, Cities of Los Angeles County, Regional Rideshare Agency, and Air Pollution Control Expert reflected vacant positions. We noted no other exceptions in performing this procedure.

4. We obtained an understanding of how AB 2766 funds are accounted for, including whether AB 2766 funds are maintained in a separate fund or if there is a separate accounting for the funds maintained by other means.

***Result***

We noted that the MSRC has a separate fund called the Mobile Source Air Pollution Reduction Review Committee Fund.

5. We obtained an understanding of established internal control procedures related to the receipt and use of AB 2766 funds.

***Result***

We noted no exceptions in performing this procedure.

6. We agreed AB 2766 revenues recorded in the Mobile Source Air Pollution Reduction Fund General Ledger to the South Coast AQMD's record of disbursements.

***Result***

We noted no exceptions in performing this procedure.

7. We conducted interviews in order to obtain an understanding of how the South Coast AQMD allocates interest earned and determined the reasonableness of the interest allocation and that interest was used for the same purposes for which AB 2766 funds were allocated to the South Coast AQMD.

***Result***

We noted no exceptions on the cost allocation schedule.

8. We tested AB 2766 expenditures of the Mobile Source Air Pollution Reduction Fund for each year to determine:
  - a) allowability, reasonableness, adequacy of supporting documentation, proper approval, clearly identified the project, and were incurred during the fiscal year;
  - b) that the funds were spent in accordance with CHSC Section 44220(b), which requires that AB 2766 fund expenditures were incurred solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement and technical studies necessary for implementation of the California Clean Air Act of 1988; and
  - c) in accordance with CHSC Section 44235, the South Coast AQMD did not use AB 2766 fees for the purpose of establishing or maintaining the district as a direct provider of the carpool, van pool, or other ridesharing or transit services.

***Result***

We noted no exceptions in performing this procedure.

9. We analyzed AB 2766 administrative expenditures to verify, in accordance with CHSC Section 44233, that the MSRC did not use more than 5% for FY2016 and 6.25% for FY2017 of the AB 2766 fees for administrative expenditures.

***Result***

We noted no exceptions in performing this procedure.

10. We obtained the South Coast AQMD expenditures to verify, in accordance with CHSC Section 44244.1(d), that the MSRC expended AB 2766 fees within one year of the program or project completion date.

***Result***

We noted no exceptions in performing this procedure.

11. We reviewed the South Coast AQMD's financial statements to verify that the Mobile Source Air Pollution Reduction Review Committee Fund was audited as part of the South Coast AQMD's annual audit conducted by an Independent CPA firm.

***Result***

We noted that the Mobile Source Air Pollution Reduction Review Committee Fund was audited as part of the South Coast AQMD's annual audit conducted by an Independent CPA firm.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on the MSRC's compliance with the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the information and use of the governing board and management of the South Coast AQMD, members of the Mobile Source Air Pollution Reduction Review Committee and members of the Technical Advisory Committee of the MSRC and is not intended to be, and should not be used anyone other than those specified parties.

A handwritten signature in black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
July 19, 2019

***SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT***

***MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
(SEGMENT 3 - PROJECTS)***

***INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES***

***FOR THE YEARS ENDED JUNE 30, 2017 and 2016***





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Accountant's Report On Applying Agreed-Upon Procedures

The Governing Board of  
The South Coast Air Quality Management District

We have performed the procedures enumerated below to the financials and other records of the South Coast Air Quality Management District (South Coast AQMD), which were agreed to by the management of the South Coast AQMD, solely to assist you in determining whether automobile registration fee revenues (AB 2766 funds) distributed to the Mobile Source Air Pollution Reduction Review Committee (MSRC) during fiscal years 2015-16 and 2016-17 were spent on the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). These AB 2766 funds were allocated within the MSRC's fiscal years 2015-16 and 2016-17 AB 2766 Discretionary Fund Work Programs. The South Coast AQMD's management is responsible for use of AB 2766 funds in accordance with the cited criteria. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

Our procedures and results are as follows.

1. We examined and tested ten (10) projects, as presented in Attachment A, approved for funding during FY 2015-16 and 2016-17 by the MSRC to determine if these projects were aligned with the work programs for FY 2015-16 and 2016-17 and if these were properly approved by the South Coast AQMD's Governing Board

### ***Result***

We noted no exceptions in performing this procedure.



2. For the ten projects selected in fiscal years 2015-16 and 2016-17, as presented in Attachment A, we verified that the project was proposed under the FY 2015-16 and 2016-17 work programs that was developed and adopted by the MSRC and approved by the South Coast AQMD Board in accordance with CHSC Section 44244(b).

***Result***

We noted no exceptions in performing this procedure.

3. Obtain an understanding of how AB 2766 funds are accounted for, including whether AB 2766 funds are maintained in a separate fund or if there is a separate accounting for the funds maintained by other means.

***Result***

We noted that the MSRC has a separate fund called the Mobile Source Air Pollution Reduction Review Committee Fund.

4. We obtained an understanding of established internal control procedures related to the receipt and use of AB 2766 funds.

***Result***

We noted no exceptions in performing this procedure.

5. We agreed AB 2766 revenues recorded in the Mobile Source Air Pollution Reduction Fund General Ledger to the South Coast AQMD's record of disbursements.

***Result***

We noted no exceptions in performing this procedure.

6. We obtained a detailed listing of expenditures for the ten projects approved during fiscal years 2015-16 and 2016-17 and selected a sample of expenditures for testing. We tested AB 2766 expenditures of the Mobile Source Air Pollution Reduction Fund for each year to determine:
  - a) allowability, reasonableness, adequacy of supporting documentation, proper approval, clearly identified the project, and were incurred during the fiscal year;
  - b) that the funds were spent in accordance with CHSC Section 44220(b), which requires that AB 2766 fund expenditures were incurred solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement



and technical studies necessary for implementation of the California Clean Air Act of 1988; and

- c) in accordance with CHSC Section 44235, the South Coast AQMD did not use AB 2766 fees for the purpose of establishing or maintaining the district as a direct provider of the carpool, van pool, or other ridesharing or transit services.

***Result***

We noted no exceptions in performing this procedure.

- 7. We obtained a listing of the South Coast AQMD expenditures to verify, in accordance with CHSC Section 44244.1(d), that the MSRC expended AB 2766 fees within one year of the program or project completion date and that no more than 5% (FY 2015-16) or 6.25% (FY 2016-17) of the AB 2766 funds are used for administrative costs.

***Result***

We noted no exceptions in performing this procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion on the MSRC's compliance with the California Clean Air Act of 1988 or the South Coast AQMD's Air Quality Management Plan (AQMP) prepared pursuant to Article 5 of Chapter 5.5 of Part 3 of the California Health and Safety Code (CHSC). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the governing board and management of the South Coast AQMD, members of the Mobile Source Air Pollution Reduction Review Committee and members of the Technical Advisory Committee of the MSRC and is not intended to be, and should not be used anyone other than those specified parties.

A handwritten signature in black ink, reading 'Simpson &amp; Simpson'.

Los Angeles, California  
December 20, 2019

**ATTACHMENT A**  
**REVIEW RESULTS OF TEN (10) MSRC PROJECTS**

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS

**Contract No.:** ML16017

**Contractor:** City of Long Beach

**Project Title:** Purchase 48 Medium-Duty and up to 16 Heavy-Duty Natural Gas Vehicles (CNG) and Install CNG Stations

**Project Status\*:** Install CNG Stations – Completed  
Purchase CNG Vehicles – In Progress

<b>AB 2766 Funding Adopted</b>	<b>Amount Paid to Date*</b>	<b>Contract Balance*</b>	<b>Questioned Costs</b>	<b>Costs Accepted</b>
\$945,400 (CNG Vehicles)	\$631,400	\$314,000	\$ -	\$631,400
\$500,000 (Install CNG Station)	\$500,000	\$500,000	\$ -	\$500,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** ML16020

**Contractor:** City of Pomona

**Project Title:** Install Bicycle Detection Systems

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 440,000	\$ 440,000	\$ -	\$ -	\$ 440,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** ML16026

**Contractor:** City of Downey

**Project Title:** Install EV Charging Stations

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 40,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** ML16028

**Contractor:** City of Azusa

**Project Title:** Enhance Existing Class I Bikeway

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** ML16070

**Contractor:** City of Beverly Hills

**Project Title:** Purchase 3 Heavy-Duty Natural Gas Vehicles

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 90,000	\$ -	\$ 90,000	\$ -	\$ 90,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.



SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** ML16099

**Contractor:** Foothill Transit

**Project Title:** Provide Special Bus Services to the Los Angeles County Fair

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** MS16103

**Contractor:** Arrow Services, Inc.

**Project Title:** Construct a Limited-Access CNG Station

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** MS16105

**Contractor:** Huntington Beach Union High School District

**Project Title:** Expansion of Existing CNG Infrastructure

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 175,000	\$ 175,000	\$ -	\$ -	\$ 175,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** MS16114

**Contractor:** City of Norwalk

**Project Title:** Repower of Up To 3 Transit Buses

**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 45,000	\$ 32,170	\$ -	\$ -	\$ 32,170

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE AIR POLLUTION REDUCTION  
REVIEW COMMITTEE FUND  
REVIEW RESULTS OF TEN (10) MSRC PROJECTS  
(CONTINUED)

**Contract No.:** MS16118  
**Contractor:** OmniTrans  
**Project Title:** CNG Fuel Infrastructure  
**Project Status\*:** Complete

<b><u>AB 2766 Funding Adopted</u></b>	<b><u>Amount Paid to Date*</u></b>	<b><u>Contract Balance*</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Costs Accepted</u></b>
\$ 175,000	\$ 166,250	\$ 8,750	\$ -	\$ 175,000

**Audit Results:** No findings

\* Project status, amount paid to date, and contract balance are as of June 30, 2019.