BOARD MEETING DATE: September 4, 2026 AGENDA NO. 21

REPORT: Audit Reports of AB 2766 Fee Revenue Recipients for Fiscal Years Ending June 30, 2022 and 2023

SYNOPSIS: Health and Safety Code 44244.1 requires any agency that receives fee revenues subvened 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 subvened funds, performed by independent Certified Public Accountants, has been completed.

COMMITTEE: Administrative, August 14, 2026, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Executive Officer

SJ:ks

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 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 subvened to South Coast AQMD for distribution as follows: 30 percent ($1.20) goes to support South Coast AQMD-approved programs for the reduction of emissions from mobile sources; 40 percent ($1.60) is placed in the Air Quality Improvement Trust Fund for quarterly disbursement to local governments; and 30 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 South Coast AQMD Board.

Audit Summary

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

The audit of South Coast AQMD's use of the motor vehicle registration revenues resulted in no findings. The audit report is included in Attachment A. The cost of auditing South Coast AQMD's use of the AB 2766 revenues was $3,950, paid from 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 47 findings from 38 agencies, out of 162 recipients. All of findings will be resolved in accordance with AB 2766 program guidelines. A summary of the audit findings is included in Attachment B, along with the audit reports in Attachments C and D.

The total cost to audit the local government recipients was $129,590. 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 findings. The audit reports are included in Attachments E and F. The MSRC reviewed the summary audit reports at its August 20, 2026 meeting. The cost of auditing the MSRC and their use of program revenues was $8,500 and will be deducted from the fee revenues subvened to the MSRC.

Attachments

A. South Coast AQMD's Use of AB 2766 Fee Revenues – Segment 1
B. Summary of AB 2766 Audit Findings for Local Governments and Council of Governments
C. Local Governments Use of AB 2766 Fee Revenues Summary of Audit Reports - Segment 2
D. Local Governments Use of AB 2766 Fee Revenues Summary of Audit Reports - Segment 2, Subgroup 1
E. MSRC's Use of AB 2766 Fee Revenues Summary Audit Report - Segment 3
F. 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, 2023 and 2022

S&S

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 on automobile registration fee revenues (AB 2766 funds) received by the South Coast Air Quality Management District (South Coast AQMD) for the fiscal years ended June 30, 2023 and 2022. The South Coast AQMD is responsible for spending AB 2766 funds on the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast Air Quality Management District's (South Coast AQMD) 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 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose solely to assist in determining whether AB 2766 funds received by the South Coast AQMD for the fiscal years ended June 30, 2023 and 2022 were spent on the reduction of air pollution from motor vehicles pursuant to California Clean Air Act of 1988 or the South Coast AQMD's AQMP. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are as follows.

1. We inquired to obtain an understanding of how the SCAQMD accounts for AB 2766 funds, 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 SCAQMD.

2. We conducted interviews and tested significant controls to identify significant deficiencies in the design or operation of the SCAQMD'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 SCAQMD's AB 2766 revenues recorded in the general ledger.

   Result

   We noted no exceptions to recorded revenues.

4. We recalculated the SCAQMD'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 SCAQMD 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 SCAQMD.

   Result

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

6. We verified that the SCAQMD'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 SCAQMD'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 SCAQMD did not use AB 2766 fees for establishing or maintaining the district as a direct provider of the car pool, 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 SCAQMD did not use more than 6.25% of the AB 2766 fees distributed for administrative expenditures.

Result

We noted no exceptions in performing this procedure.

11. We obtained the SCAQMD expenditures to verify, in accordance with CHSC Section 44244.1(d), that the SCAQMD 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 SCAQMD reports to verify that the SCAQMD submitted a report to the State Board on the use of the fees and results of the programs funded.

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 SCAQMD's compliance with 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). 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 SCAQMD, and is not intended to be and should not be used by anyone other than these specified parties.

Simpson & Simpson

Los Angeles, California
October 22, 2025

Attachment B

Summary of Fiscal Year 2021-22 and Fiscal Year 2022-23 AB 2766 Audit Findings for Local Governments and Council of Governments

Findings Description	Fiscal Year(s)	City/County/COG	Status
Unallowable Expenditures	FY 2022-23	City of Bell Gardens	Resolved-The City has replaced the funds
Unallowable Expenditures	FY 2022-23	City of El Monte	Resolved-The City has replaced the funds
Unallowable Expenditures	FY 2021-22 & FY 2022-23	City of La Quinta	Resolved-The City has replaced the funds
Unallowable Expenditures	FY 2021-22	City of Lynwood	Resolved-The City has requested SCAQMD to withhold funds from future disbursements
Unallowable Expenditures	FY 2021-22	City of San Bernardino	Resolved-The City has replaced the funds
Unallowable Expenditures	FY 2022-23	City of San Juan Capistrano	Resolved-The City has requested SCAQMD to withhold funds from future disbursements
Unallowable Expenditures	FY 2021-22	City of South Gate	Resolved-The City has replaced the funds
Unallowable Expenditures	FY 2021-22	City of West Hollywood	Resolved-The City has requested SCAQMD to withhold funds from future disbursements
Unallowable Expenditures	FY 2021-22 & FY 2022-23	City of Wildomar	Resolved-The City has requested SCAQMD to withhold funds from future disbursements
Administrative Costs in Excess of Administrative Cap	FY 2021-22	City of Redondo Beach	Resolved-The City has replaced the funds
Understatement of AB 2766 Revenue and Expenditures	FY 2021-22	City of Indian Wells	Resolved-The City has begun implementing internal control policies & procedures
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Artesia	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Azusa	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Baldwin Park	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Banning	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Bell Gardens	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Commerce	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Desert Hot Springs	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Fontana	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Glendora	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Hermosa Beach	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Huntington Park	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of La Canada Flintridge	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of La Habra	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of La Quinta	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of La Verne	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Laguna Beach	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Lawndale	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Los Alamitos	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Maywood	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Montebello	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Monterey Park	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of Palos Verdes Estates	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Perris	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Placentia	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Rancho Palos Verdes	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Rialto	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of San Jacinto	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2022-23	City of San Juan Capistrano	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of South Gate	Resolved-The City was Audited
Submission of Annual Audited Financial Statements	FY 2021-22	City of Temple City	Resolved-The City was Audited

Attachment B

Summary of Fiscal Year 2021-22 and Fiscal Year 2022-23 AB 2766 Audit Findings for Local Governments and Council of Governments

Findings Description	Fiscal Year(s)	City/County/COG	Status
Submission of Annual Audited Financial Statements	FY 2021-22 & FY 2022-23	City of Wildomar	Resolved-The City was Audited
Lack of Controls Over Financial Reporting	FY 2021-22 & FY 2022-23	City of Huntington Park	Resolved-The City has corrected the action and all reports are up to date.
Bank Reconciliations Not Performed in a Timely Manner	FY 2021-22 & FY 2022-23	City of Artesia	Resolved-The City notes that the finding was not repeated in subsequent years.
Budget was Not Prepared and Adopted in an Appropriate Manner	FY 2021-22 & FY 2022-23	City of Artesia	Resolved-The City notes that the finding was not repeated in subsequent years.
Investment Policy Not Updated	FY 2021-22 & FY 2022-23	City of Artesia	Resolved-The City notes that the finding was not repeated in subsequent years.
Lack of Detailed Timecards	FY 2021-22 & FY 2022-23	Western Riverside Council of Governments	Resolved-The COG has begun implementing internal control policies & procedures

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, 2023 and 2022

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, 2023 and 2022. 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) subvened 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 subvened 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 A, we reviewed audit reports prepared by other auditors and summarized audit findings included in the reports. The Subgroup A summary was provided in a separate report dated March 14, 2026.

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

CATEGORY	DESCRIPTION

Noncompliance with the AB 2766 Compliance Requirements:

1	Unallowable Expenditures
2	Understatement of AB2766 Revenues and Expenditures
3	Submission of Annual Audited Financial Statements
4	Late Submission of Annual Audited Financial Statements
5	Bank Reconciliations Not Performed in a Timely Manner (Significant Deficiency in Internal Control Over Financial Reporting)
6	Budget was not Prepared and Adopted in an Appropriate Manner (Significant Deficiency in Internal Control Over Financial Reporting)
7	Investment Policy Not Updated (Significant Deficiency in Internal Control Over Financial Reporting)
8	Lack of Controls over Financial Reporting (Material Weakness in Internal Control over Financial Reporting)
9	Lack of Detailed Timecards (Noncompliance; Report on Internal Control Over Compliance – Material Weakness; Report on Internal Control Over Financial Reporting – Material Weakness)

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.

Simpson & Simpson

Los Angeles, California
June 30, 2026

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

1. Unallowable Expenditures

California Health and Safety Code Section 44220(b), requires that AB 2766 fund revenues shall be used 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.

An effective internal control requires that financial transactions should be properly reviewed before being entered/recorded into the financial management system to ensure that the information and reports generated from the system are accurate. The reviewer should be knowledgeable of the program and regulatory requirements.

Fiscal Year 2023	Description	Amount
Los Angeles County		
City of Bell Gardens	Gateway Cities Council of Governments annual membership dues	$ 21,000.00
City of Bell Gardens	Excess of 10% research and development cap	$ 5,334.00
City of El Monte	Charged two invoices for catch basin cleaning services	$ 37,733.00
Orange County		
City of San Juan Capistrano	Charged two invoices for installation of condensing unit and copper water line ripped out and repair	$ 9,929.00
Riverside County		
City of La Quinta	Charged the full cost of electricity beyond three years after initial charging stations operation	$ 15,344.00
City of Wildomar	Charged administrative costs based on a percentage of budgeted AB 2766 revenue	$ 1,899.00

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

1. Unallowable Expenditures (Continued)

Fiscal Year 2022	Description		Amount
Los Angeles County			
City of Lynwood	Gateway Cities Council of Governments annual membership dues	$	4,000.00
City of Redondo Beach	Administrative Costs in Excess of Administrative Cap	$	3,725.00
City of South Gate	Charged the cost of the Police Department Fuel Station Construction Project	$	180,000.00
City of West Hollywood	Excess of 10% research and development cap	$	18,477.00
Riverside County			
City of La Quinta	Charged the full cost of electricity beyond three years after initial charging stations operation	$	7,705.00
City of Wildomar	Charged administrative costs based on a percentage of budgeted AB 2766 revenue	$	1,614.00
San Bernardino County			
City of San Bernardino	Charged the cost of a stump cutter	$	68,357.00

The City of San Bernardino has already reimbursed the Air Quality Improvement Fund during fiscal year 2023.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

2. Understatement of AB2766 Revenues and Expenditures

An effective internal control requires that financial transactions should be properly reviewed before these are entered/recorded into the financial management system to ensure that the information and reports generated from the system are accurate.

Riverside County

City of Indian Well

During fiscal year 2022, the City of Indian Well incorrectly reduced AB 2766 revenue for the amount payable to Coachella Valley Association of Governments of $1,107. This amount should have been recorded as expenditure. As such, AB 2766 revenues and expenditures were understated by $1,107.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

3. 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 2023 and 2022, the following cities did not submit its annual audited financial statements to the SCAQMD.

Fiscal Year 2023	Fiscal Year 2022
Los Angeles County	Los Angeles County
City of Artesia	City of Artesia
City of Commerce	City of Baldwin Park
City of Huntington Park	City of Huntington Park
City of South Gate	City of South Gate
City of Palos Verdes Estates	City of Rancho Palos Verdes
City of Lawndale	
	Orange County
	City of Los Alamitos
Riverside County	Riverside County
City of La Quinta	City of La Quinta
City of Desert Hot Springs	City of Perris
	City of Wildomar
San Bernardino County	San Bernardino County
City of Rialto	City of Fontana
	City of Rialto

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

4. Late 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 2023 and 2022, the following cities did not submit its annual audited financial statements to the SCAQMD in a timely manner.

Fiscal Year 2023

Los Angeles County
City of Azusa
City of Bell Gardens
City of Glendora
City of La Habra
City of Maywood
City of Montebello

Orange County
City of Placentia
City of Los Alamitos
City of San Juan Capistrano

Riverside County
City of Banning
City of San Jacinto
City of Wildomar

Fiscal Year 2022

Los Angeles County
City of Azusa
City of Hermosa Beach
City of La Canada Flintridge
City of La Verne
City of Maywood
City of Monterey Park
City of Temple City

Orange County
City of Placentia
City of Laguna Beach

Riverside County
City of Desert Hot Springs

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

5. Bank Reconciliations Not Performed in a Timely Manner (Significant Deficiency in Internal Control Over Financial Reporting)

Los Angeles County

City of Artesia

According to the City of Artesia's independent auditor, bank reconciliations are not being completed in a timely manner and there is a lack of documentation of approval on the bank reconciliations.

6. Budget was not Prepared and Adopted in an Appropriate Manner (Significant Deficiency in Internal Control Over Financial Reporting)

Los Angeles County

City of Artesia

According to the City of Artesia's independent auditor, the annual budget was not prepared with accurate fund balance amounts from the accounting records. In addition, the budget does not disclose actual operating results from the prior fiscal year.

7. Investment Policy Not Updated (Significant Deficiency in Internal Control Over Financial Reporting)

Los Angeles County

City of Artesia

According to the City of Artesia's independent auditor, the City's investment policy has not been updated in a timely manner. The investment policy was updated in 2010 and was required by the City Resolutions to be updated by 2014.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

8. Lack of Controls over Financial Reporting (Material Weakness in Internal Control over Financial Reporting)

Los Angeles County

City of Huntington Park

Management is responsible for the preparation and fair presentation as well as the accuracy of its financial statements including disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. As part of satisfying that responsibility, staff should possess that skills, knowledge, and experience necessary to complete year-end close and diligently employ that knowledge, skill, and experience to produce reliable and accurate financial information.

There were significant delays in closing of the City of Huntington Park's books and issuing the City of Huntington Park's audited financial statements. The fiscal years 2022 and 2023 audited financial statements were completed on March 28, 2024 and July 1, 2024, respectively.

Also, for the fiscal year 2023, the City of Huntington Park did not adopt budget due to large, unexpected changes in personnel on both the staff and director level within the Finance Department. Instead, a spending plan was put in place mid-way through the year once an interim finance director was appointed.

City of Artesia

The City of Artesia did not submit the audited financial statements to the SCAQMD for fiscal years 2022 and 2023. This has been a repeat finding since fiscal year 2017.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

SUMMARY OF FINDINGS
For the Years Ended June 30, 2023 and 2022

9. Lack of Detailed Timecards (Noncompliance; Report on Internal Control Over Compliance – Material Weakness; Report on Internal Control Over Financial Reporting – Material Weakness)

Riverside County

Western Riverside Council of Governments

Western Riverside Council of Governments (WRCOG) did not track actual employee hours by program or activity in its timecards during fiscal years 2022 and 2023. Instead, payroll costs were allocated using predetermined percentages, while the payroll system captured only exception time and did not track regular hours at the project level. For fiscal year 2022, fringe benefit cost was calculated using the fringe benefit rate applied to the allocated payroll base. No year-end reconciliation was performed to align recorded fringe benefit cost with actual fringe benefit expenses incurred.

Since WRCOG has subsequently provided the Employee Time and Effort Certifications signed by the WRCOG's Program Manager and Program Analyst and Certification of Activities Performed and Programs Outcome signed by the Program Director, the payroll and related costs charged to AB 2766 Fund are not considered questioned costs. However, lack of detailed timecards is considered a noncompliance, a material weakness in internal control over compliance, and a material weakness in internal control over financial reporting.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

LIST OF LOCAL GOVERNMENT RECIPIENTS AUDITED
For the Years Ended June 30, 2023 and 2022

	City	Type of Audit	Fiscal Year (s)
	Los Angeles County		
1.	City of Alhambra	Financial & Compliance	2022
2.	City of Artesia	Financial & Compliance	2023 & 2022
3.	City of Azusa	Financial & Compliance	2023 & 2022
4.	City of Baldwin Park	Financial & Compliance	2022
5.	City of Bell Gardens	Financial & Compliance	2023
6.	City of Bellflower	Financial & Compliance	2023
7.	City of Beverly Hills	Agreed Upon Procedures	2023
8.	City of Commerce	Financial & Compliance	2023
9.	City of Compton	Financial & Compliance	2023 & 2022
10.	City of Cudahy	Agreed Upon Procedures	2023
11.	City of Culver City	Agreed Upon Procedures	2023
12.	City of El Monte	Financial & Compliance	2023 & 2022
13.	City of Glendale	Financial & Compliance	2023 & 2022
14.	City of Glendora	Financial & Compliance	2023
15.	City of Hermosa Beach	Financial & Compliance	2022
16.	City of Huntington Park	Financial & Compliance	2023 & 2022
17.	City of La Canada Flintridge	Financial & Compliance	2022
18.	City of La Habra	Financial & Compliance	2023
19.	City of La Habra Heights	Agreed Upon Procedures	2022
20.	City of La Puente	Agreed Upon Procedures	2023
21.	City of La Verne	Financial & Compliance	2022
22.	City of Lakewood	Financial & Compliance	2023 & 2022
23.	City of Lawndale	Financial & Compliance	2023
24.	City of Lomita	Agreed Upon Procedures	2023
25.	City of Long Beach	Financial & Compliance	2023 & 2022
26.	City of Lynwood	Agreed Upon Procedures	2022
27.	City of Maywood	Financial & Compliance	2023 & 2022
28.	City of Monrovia	Agreed Upon Procedures	2022
29.	City of Montebello	Financial & Compliance	2023
30.	City of Monterey Park	Financial & Compliance	2022
31.	City of Palos Verdes Estates	Financial & Compliance	2023
32.	City of Rancho Palos Verdes	Financial & Compliance	2022
33.	City of Redondo Beach	Agreed Upon Procedures	2022
34.	City of Rolling Hills Estates	Agreed Upon Procedures	2022
35.	City of San Fernando	Agreed Upon Procedures	2023
36.	City of San Gabriel	Agreed Upon Procedures	2022
37.	City of Signal Hill	Agreed Upon Procedures	2022
38.	City of South Gate	Financial & Compliance	2023 & 2022

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

LIST OF LOCAL GOVERNMENT RECIPIENTS AUDITED
For the Years Ended June 30, 2023 and 2022
(Continued)

	City	Type of Audit	Fiscal Year (s)
	Los Angeles County		
39.	City of South El Monte	Agreed Upon Procedures	2023
40.	City of Temple City	Financial & Compliance	2022
41.	City of West Hollywood	Agreed Upon Procedures	2022
42.	City of Westlake Village	Agreed Upon Procedures	2023
43.	County of Los Angeles	Financial & Compliance	2023 & 2022
	Orange County		
44.	City of Anaheim	Financial & Compliance	2023 & 2022
45.	City of Brea	Agreed Upon Procedures	2022
46.	City of Buena Park	Financial & Compliance	2023 & 2022
47.	City of Laguna Beach	Financial & Compliance	2022
48.	City of Laguna Woods	Agreed Upon Procedures	2023
49.	City of Los Alamitos	Financial & Compliance	2023 & 2022
50.	City of Placentia	Financial & Compliance	2023 & 2022
51.	City of Newport Beach	Financial & Compliance	2023 & 2022
52.	City of San Juan Capistrano	Financial & Compliance	2023
53.	City of San Clemente	Agreed Upon Procedures	2023
54.	City of Stanton	Agreed Upon Procedures	2023
55.	City of Villa Park	Agreed Upon Procedures	2022
56.	County of Orange	Financial & Compliance	2023 & 2022
	Riverside County		
57.	City of Banning	Financial & Compliance	2023
58.	City of Beaumont	Agreed Upon Procedures	2022
59.	City of Coachella	Agreed Upon Procedures	2022
60.	City of Desert Hot Springs	Financial & Compliance	2023 & 2022
61.	City of Hemet	Financial & Compliance	2023 & 2022
62.	City of Indian Wells	Agreed Upon Procedures	2022
63.	City of La Quinta	Financial & Compliance	2023 & 2022
64.	City of Menifee	Financial & Compliance	2023 & 2022
65.	City of Moreno Valley	Financial & Compliance	2023 & 2022
66.	City of Murrieta	Financial & Compliance	2023 & 2022
67.	City of Perris	Financial & Compliance	2023 & 2022
68.	City of San Jacinto	Financial & Compliance	2023
69.	City of Temecula	Financial & Compliance	2023 & 2022
70.	City of Wildomar	Financial & Compliance	2023 & 2022

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

LIST OF LOCAL GOVERNMENT RECIPIENTS AUDITED
For the Years Ended June 30, 2023 and 2022
(Continued)

	City	Type of Audit	Fiscal Year (s)
	San Bernardino County		
71.	City of Fontana	Financial & Compliance	2022
72.	City of Grand Terrace	Agreed Upon Procedures	2023
73.	City of Redlands	Agreed Upon Procedures	2023
74.	City of Rialto	Financial & Compliance	2023 & 2022
75.	City of San Bernardino	Financial & Compliance	2022
76.	City of Upland	Financial & Compliance	2023 & 2022
77.	City of Yucaipa	Agreed Upon Procedures	2023
78.	County of San Bernardino County	Financial & Compliance	2023 & 2022
	Consortium		
79.	Coachella Valley Association of Governments	Financial & Compliance	2023 & 2022
80.	Gateway Cities Council of Governments	Financial & Compliance	2023 & 2022
81.	Western Riverside Council of Governments	Financial & Compliance	2023 & 2022

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

AIR QUALITY IMPROVEMENT FUND
(SEGMENT 2 – SUBGROUP A)

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

FOR THE YEARS ENDED June 30, 2023 and 2022

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 on solely to assist you in summarizing instances of noncompliance and internal control deficiencies and material weaknesses reported in financial statements audit reports and internal control and compliance reports submitted to the South Coast Air Quality Management District (South Coast AQMD) by cities and counties that received automobile registration fee revenues (AB 2766 funds) from the South Coast AQMD for the fiscal years ended June 30, 2023 and 2022. This report also includes internal control deficiencies and material weaknesses identified in the reports on internal controls. The cities and counties are responsible for spending AB 2766 funds 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).

The South Coast AQMD has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of solely to assist in determining whether AB 2766 funds distributed to the cities and counties for the fiscal years ended June 30, 2023 and 2022 were spent on the reduction of air pollution from motor vehicles pursuant to California Clean Air Act of 1988 or the South Coast AQMD's AQMP. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 controls over compliance submitted to the South Coast AQMD by the cities and counties that received more than $100,000 of AB 2766 funds per year (Large Recipients) for the fiscal years ended June 30, 2023 and 2022 (See Attachment A for the list of recipient). We identified any modifications of the independent auditors' opinions on the Large Recipients' annual financial statements; instances of noncompliance with 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.

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

No matters noted.

We were engaged by the South Coast AQMD to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether AB 2766 funds distributed to the cities and counties for the fiscal years ended June 30, 2023 and 2022 were spent on the reduction of air pollution from motor vehicles pursuant to California Clean Air Act of 1988 or the South Coast AQMD's AQMP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the South Coast AQMD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Simpson & Simpson

Los Angeles, California
March 14, 2026

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

List of Local Government Large Recipients
For the Years Ended June 30, 2023 and 2022

	Local Government	Fiscal Year(s)
	Los Angeles County	
1	Alhambra	2023
2	Burbank	2023 and 2022
3	Carson	2023 and 2022
4	Downey	2023 and 2022
5	Hawthorne	2023 and 2022
6	Inglewood	2023 and 2022
7	Los Angeles	2023 and 2022
8	Norwalk	2023 and 2022
9	Pasadena	2023 and 2022
10	Pomona	2023 and 2022
11	Santa Clarita	2023 and 2022
12	Santa Monica	2023 and 2022
13	Torrance	2023 and 2022
14	West Covina	2023 and 2022
15	Whittier	2023 and 2022
	Orange County	
16	Costa Mesa	2023 and 2022
17	Fullerton	2023 and 2022
18	Garden Grove	2023 and 2022
19	Huntington Beach	2023 and 2022
20	Irvine	2023 and 2022
21	Lake Forest	2023 and 2022
22	Mission Viejo	2023 and 2022
23	Orange	2023 and 2022
24	Santa Ana	2023 and 2022
25	Tustin	2023 and 2022
26	Westminster	2023 and 2022
	Riverside County	
27	Corona	2023 and 2022
28	Indio	2023 and 2022
29	Jurupa Valley	2023 and 2022
30	County of Riverside	2023 and 2022
31	Riverside	2023 and 2022

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
AIR QUALITY IMPROVEMENT FUND

List of Local Government Large Recipients
For the Years Ended June 30, 2023 and 2022
(Continued)

	Local Government	Fiscal Year(s)
	San Bernardino County	
32	Fontana	2023
33	Chino	2023 and 2022
34	Chino Hills	2023 and 2022
35	Ontario	2023 and 2022
36	Rancho Cucamonga	2023 and 2022
37	San Bernardino	2023

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, 2023 and 2022

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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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 (SCAQMD), which were agreed to by the management of the SCAQMD, 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 2021-22 and 2022-23 were spent on the reduction of air pollution from motor vehicles pursuant to 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's management is responsible for use of AB 2766 funds in accordance with the citied 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.

2. In accordance with CHSC Section 44244(b), we verified that the MSRC developed and adopted work programs for fiscal years 2021-22 and 2022-23 that were approved by the SCAQMD 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, 2021 through June 30, 2023), the TAC position for a mechanical engineer specializing in vehicle engines was vacant. In addition, we noted that the TAC position for a representative of the Cities of Los Angeles County, reflected vacant position. 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 SCAQMD'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 SCAQMD 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 SCAQMD.

   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 SCAQMD did not use AB 2766 fees for the purpose of establishing or maintaining the district as a direct provider of the car pool, 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 6.25% of the AB 2766 fees for administrative expenditures.

   Result

   We noted no exceptions in performing this procedure.

10. We obtained the SCAQMD 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 SCAQMD's financial statements to verify that the Mobile Source Air Pollution Reduction Review Committee Fund was audited as part of the SCAQMD'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 SCAQMD'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 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). 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 SCAQMD, 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.

Simpson & Simpson

Los Angeles, California
October 22, 2025

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, 2023 and 2022

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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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 on automobile registration fee revenues (AB 2766 funds) distributed to the Mobile Source Air Pollution Reduction Review Committee (MSRC) for the fiscal years ended June 30, 2023 and 2022. The MSRC is responsible for spending AB 2766 funds on the reduction of air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 or the South Coast Air Quality Management District's (South Coast AQMD) 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 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of solely to assist in determining whether AB 2766 funds distributed to the MSRC for the fiscal years ended June 30, 2023 and 2022 were spent on the reduction of air pollution from motor vehicles pursuant to California Clean Air Act of 1988 or the South Coast AQMD's AQMP. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are as follows.

1. We examined and tested ten (10) projects, as presented in Attachment A, approved for funding for the fiscal years ended June 30, 2023 and 2022 by the MSRC to determine if these projects aligned with the work programs for the fiscal years ended June 30, 2023 and 2022, 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 for fiscal years ended June 30, 2023 and 2022, as presented in Attachment A, we verified that the project was proposed (or amended) under the fiscal years ended June 30, 2023 and 2022 work programs that was developed and adopted by the MSRC and approved by the SCAQMD 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 (Fund 23).

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 SCAQMD'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 ended June 30, 2023 and 2022 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) that the expenditures are in accordance with CHSC Section 44235, which prevents 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 SCAQMD 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 6.25% of the AB 2766 funds are used for administrative costs.

Result

We noted no exceptions in performing this procedure.

We were engaged by the South Coast AQMD to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether AB 2766 funds distributed to the MSRC for the fiscal years ended June 30, 2023 and 2022 were spent on the reduction of air pollution from motor vehicles pursuant to California Clean Air Act of 1988 or the South Coast AQMD's AQMP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the South Coast AQMD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Simpson & Simpson

Los Angeles, California
June 15, 2026

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.: MS21002

Contractor: Better World Group Advisors, Inc.

Contract Term: January 1, 2022 to December 31, 2024

Project Description: Provide the MSRC with outreach and marketing services. The goal is to continue and enhance the public awareness of the MSRC by highlighting its mission, its achievements, and the opportunities the MSRC has available under its Clean Transportation Funding Program.

Project Status: Ongoing as of June 30, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$448,154	$83,996	$-	$83,996

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21004

Contractor: Los Angeles County Metropolitan Transportation Authority

Contract Term: January 7, 2021 to May 31, 2023

Project Description: Operate a Clean Fuel Transit Service to Dodger Stadium with traffic control to enhance bus priority.

Project Status: Completed as of June 30, 2023 and submitted reimbursement request on June 1, 2023.

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$2,188,899	$326,899	$-	$326,899

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21006

Contractor: Geographics

Contract Term: June 21, 2021 to June 30, 2025

Project Description: Host and maintain the MSRC website under the www.CleanTransportationFunding.org domain name, including future minor modifications to the website.

Project Status: Ongoing as of June 30, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$20,152	$9,258	$-	$9,258

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21007

Contractor: Penske Truck Leasing Co., L.P.

Contract Term: April 1, 2022 to March 31, 2028

Project Description: Procure five zero emission vehicles (Orange EV eTriever 4X2 Terminal Tractor or comparable) and lease these vehicles to host fleet Costco Wholesale Corporation for deployment at their facility located at 11600 Riverside Drive, Mira Loma, California.

Project Status: Completed as of June 30, 2023 and submitted reimbursement request on June 26, 2023.

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$1,000,000	$957,812	$-	$957,812

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21009

Contractor: ITS Technologies & Logistics, LLC

Contract Term: July 15, 2022 to July 14, 2029

Project Description: Procure and place 12 zero emission vehicles (BYD 8Y Generation 2 or comparable terminal tractor) into regular service at the Burlington Northern Santa Fe (BNSF) Railway Facility located at 1535 W. 4th Street, San Bernardino, California.

Project Status: Ongoing as of June 30, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$1,686,900	$-	$-	$-

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21014

Contractor: Green Fleet Systems, LLC

Contract Term: August 31, 2021 to August 30, 2028

Project Description: Procure three Mack Anthem near-zero emission trucks to be equipped with devices enabling Contractor to track the trucks' movements.

Project Status: Completed as of June 30, 2023 and submitted final reimbursement request on November 23, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$300,000	$300,000	$-	$300,000

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21015

Contractor: Premium Transportation Services, Inc.

Contract Term: September 22, 2021 to May 21, 2027

Project Description: Procure 15 Freightliner near-zero emission natural gas Class 8 semi-tractors equipped with devices enabling Contractor to track the trucks' movements.

Project Status: Completed as of June 30, 2023 and submitted reimbursement request on May 22, 2023.

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$1,500,000	$1,483,065	$-	$1,483,065

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21019

Contractor: Volvo Financial Services

Contract Term: March 31, 2022 to March 20, 2030

Project Description: Procure 14 Volvo VNR Electric Class 8 zero emission vehicles, and lease these vehicles to host fleet Quality Custom Distribution. Vehicles are to be equipped with on-board hardware that enables tracking the movement of the vehicles.

Project Status: Ongoing as of June 30, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$3,930,270	$1,391,197	$-	$1,391,197

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21024

Contractor: Raymond J. Gorski

Contract Term: January 1, 2022 to December 31, 2023

Project Description: Perform certain tasks in support of the AB 2766 Discretionary Fund Program, while providing the AB 2766 Program Liaison or his designee with a weekly e-mail advising of his calendar for said week.

Project Status: Ongoing as of June 30, 2023

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$385,700	$289,275	$-	$289,275

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings

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

Contract No.: MS21025

Contractor: Costco Wholesale Corporation

Contract Term: December 9, 2022 to December 8, 2028

Project Description: Install five TransPower charging units or equivalent at their facility located at 11600 Riverside Drive, Mira Loma, California. This charging equipment is intended for the use of Costco's current service provider subcontractor Penske Truck Leasing Co., L.P. (Penske) to support at least five years of operation of zero emission terminal tractors being procured with partial funding support under Contract No. MS21007.

Project Status: Completed as of June 30, 2023 and submitted reimbursement request on October 5, 2023.

AB 2766 Funding Adopted/Amended*	Cost Incurred *	Questioned Costs*	Costs Accepted*
$160,000	$160,000	$-	$160,000

* AB 2766 funding adopted/amended, costs incurred, questioned costs, and costs accepted are for the period of July 1, 2021 through June 30, 2023.

Audit Results: No findings