

# **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

Audit Report

## **STATE-SPONSORED AIR POLLUTION REDUCTION INCENTIVE PROGRAMS**

*July 1, 2008, through June 30, 2017*



**BETTY T. YEE**  
California State Controller

November 2019



**BETTY T. YEE**  
California State Controller

November 26, 2019

Wayne Nastri, Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Dear Mr. Nastri:

The State Controller's Office audited the South Coast Air Quality Management District's (AQMD) implementation of the state-sponsored air pollution reduction incentive programs for the Carl Moyer Memorial Air Quality Standards Attainment Program (CMP), Lower-Emission School Bus Program (LESBP), and Air Quality Improvement Program (AQIP) for the period of July 1, 2008, through June 30, 2017.

The objectives of the audit were to determine whether:

- Program revenues and expenditures are adequately supported and recorded in accordance with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines;
- Administrative expenditures are adequately supported, recorded, and allowable as specified in program guidelines; and
- Interest earned on grant funds is properly credited and expended.

Our audit determined that South Coast AQMD complied with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines associated with the CMP, LESBP, and AQIP. However, our audit identified some weaknesses with South Coast AQMD's subsidiary ledgers, as discussed in the Conclusion.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310.

Sincerely,

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/as

cc: Sujata Jain, Assistant Deputy Executive Officer, Finance  
Administrative Office  
South Coast Air Quality Management District  
Susanna Leung, Controller, Finance  
Administrative Office  
South Coast Air Quality Management District  
Bayron Gilchrist, General Counsel  
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California Air Resources Board

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objectives, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>5</b>
<b>Follow-up on Prior Audit Findings.....</b>	<b>6</b>
<b>Views of Responsible Officials.....</b>	<b>6</b>
<b>Restricted Use .....</b>	<b>7</b>
<b>Appendix A—Summary of Revenues and Expenditures for the Carl Moyer Memorial Air Quality Standards Attainment Program, Lower-Emission School Bus Program, and Air Quality Improvement Program.....</b>	<b>A1</b>
<b>Appendix B—Carl Moyer Memorial Air Quality Standards Attainment Program Revenues and Expenditures .....</b>	<b>B1</b>
<b>Appendix C—Lower-Emission School Bus Program Revenues and Expenditures .....</b>	<b>C1</b>
<b>Appendix D—Air Quality Improvement Program Revenues and Expenditures .....</b>	<b>D1</b>
<b>Appendix E—Assembly Bill 923 Receipts, Expenditures, and Interest Earned .....</b>	<b>E1</b>

# Audit Report

## Summary

The State Controller's Office (SCO) conducted an audit of the South Coast Air Quality Management District's (South Coast AQMD) administration of state-sponsored air pollution reduction incentive programs for the Carl Moyer Memorial Air Quality Standards Attainment Program (CMP), Lower-Emission School Bus Program (LESBP), and Air Quality Improvement Program (AQIP) for the period of July 1, 2008, through June 30, 2017.

The purpose of this audit was to ensure that South Coast AQMD's administration of state-sponsored air pollution reduction incentive programs complies with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines associated with the CMP, LESBP, and AQIP, to ensure continued program accountability and good stewardship of public funds.

We prepared and audited information contained in the following appendices:

- Summary of revenues and expenditures for the CMP, LESBP, and AQIP (Appendix A);
- CMP revenues and expenditures (Appendix B);
- LESBP revenues and expenditures (Appendix C); and
- AQIP revenues and expenditures (Appendix D).

In addition, we included a schedule related to Assembly Bill 923 receipts, expenditures, and interest earned (Appendix E); however, we did not audit these funds.

Our audit determined that South Coast AQMD complied with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines associated with the CMP, LESBP, and AQIP. However, our audit identified some weaknesses with South Coast AQMD's subsidiary ledgers, as discussed in the Conclusion.

## Background

South Coast AQMD is the air-pollution control agency for all of Orange County and portions of Los Angeles, Riverside, and San Bernardino counties. South Coast AQMD is one of 35 districts partnering with California Air Resources Board (CARB) to improve air quality by implementing CARB's emission reduction incentive programs. The districts share responsibility with CARB to ensure state air quality standards are achieved and maintained. CARB awards block grants to the districts and provides guidance and oversight for the CMP, LESBP, and AQIP. The grants provide funding to re-power, replace, or retrofit older engines, school buses, and equipment with low-emission engines, and require districts to abide by CARB's guidelines for administering each program.

The CMP funds the incremental expenditures of replacing or repowering older engines with cleaner-than-required engines and equipment. Public and private entities that operate eligible engines or equipment participate by applying for funding through their local air districts.

Within the CMP, districts are required to provide \$1 in match funding for every \$2 of CMP funding awarded by CARB, with a cap on statewide match funds of \$12 million. Match funding sources may include Assembly Bill (AB) 923 (Chapter 707, 2004) funds.

The LESBP provides funding for new buses to replace old, high-emitting public school buses and to equip in-use diesel school buses with retrofit devices that significantly reduce toxic emissions. The primary goal of the LESBP is to reduce school children's exposure to both cancer-causing and smog-producing pollution. The program does not impose any regulatory requirements on school districts, and their participation in the program is voluntary.

The AQIP, established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, is a voluntary incentive program administered by CARB to fund clean vehicle and equipment projects, in addition to workforce training and research on biofuel production and the air quality impacts of alternative fuels.

AB 923 funding is comprised of a \$2 Department of Motor Vehicles (DMV) vehicle registration surcharge fee, which is sent directly by the DMV to applicable districts. AB 923 provides additional funding to districts for the CMP, LESBP, Agricultural Assistance Programs, and light-duty accelerated vehicle retirement or repair programs in order to reduce emissions. Although a schedule of AB 923 receipts, expenditures, and interest earned within the audit period is provided in Appendix E, we did not audit AB 923 funds.

The programs and funding years within the audit scope are:

- CMP: Fiscal year (FY) 2009-10 through FY 2014-15
- LESBP: FY 2008-09 through FY 2009-10
- AQIP: FY 2010-11

We performed the audit of the state-sponsored air pollution reduction incentive programs administered by South Coast AQMD at the request of CARB, pursuant to an Interagency Agreement.

## **Objectives, Scope, and Methodology**

The objectives of the audit were to determine whether:

- Program revenues and expenditures are adequately supported and recorded in accordance with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines;
- Administrative expenditures are adequately supported, recorded, and allowable as specified in program guidelines; and

- Interest earned on grant funds is properly credited and expended.

We conducted an audit of South Coast AQMD's administration of state-sponsored air pollution reduction incentive programs for the CMP, LESBP, and AQIP for the period of July 1, 2008, through June 30, 2017.

To achieve our objectives, we:

- Reviewed prior reviews and audits related to the administration of the state-sponsored air pollution reduction incentive programs performed by external audit organizations and CARB, and reviewed prior findings;
- Reviewed applicable laws, regulations, program guidelines, grant agreements, and South Coast AQMD's policies and procedures applicable to the administration of the CMP, LESBP, and AQIP incentive programs:
  - Health and Safety Code sections 44275 through 44299.2 (CMP)
  - Health and Safety Code sections 44299.90 through 44299.91 (LESBP)
  - Health and Safety Code sections 44274 through 44274.7 (AQIP)
  - The Carl Moyer Program Guidelines, Approved Revision 2008
  - The Carl Moyer Program Guidelines, Approved Revision 2011
  - Lower Emission School Bus Program 2008 Guidelines
  - Title 13, California Code of Regulations, Division 3, Chapter 8.2, sections 2350 through 2359 (Guidelines for the AB 118 Air Quality Improvement Program)
  - CMP Grant Award and Authorization Forms, and related amendments, for FY 2009-10 through FY 2014-15
  - CMP Grant Award and Authorization Forms for multi-district grants for FY 2009-10 through FY 2014-15
  - LESBP Grant Award and Authorization Forms, and related amendments, for FY 2007-08
  - AQIP grant agreements, and related amendments, for FY 2010-11
  - Generally Accepted Accounting Principles
- Interviewed the South Coast AQMD staff who administer the incentive programs to gain an understanding of the applicable processes and internal controls as they relate to the audit objectives, including but not limited to South Coast AQMD's accounting system, accounting records, and record keeping;
- Examined accounting records and contract documentation; tested selections using non-statistical sampling methods. Errors found were not projected to the intended population<sup>1</sup>; and

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<sup>1</sup>As these samples were not statistical, we made no assumption that the errors would also be found in the transactions not sampled.

- Made testing selections and reviewed invoices and other supporting documentation for compliance with applicable laws, regulations, program guidelines, grant agreements and/or South Coast AQMD's policies and procedures as follows:

*Revenues and Interest Earned*

- CMP (including multi-district grants)
  - Grant Awards: Selected all 10 grant agreements and tested all associated payments (\$160,677,689 total)
  - Interest Earned: Tested 14 of 92 interest statements (\$204,039 of \$2,506,823)
- LESBP
  - Grant Awards: Tested all payments associated with the sole grant agreement (\$71,179,635 total)
  - Interest Earned: Tested 14 of 92 interest statements (\$139,397 of \$1,244,796)
- AQIP
  - Grant Awards: Selected all three grant agreements and tested all associated payments (\$918,474 total)
  - Interest Earned: Tested 14 of 92 interest statements (\$1,206 of \$15,196<sup>2</sup>)

*Expenditures*

- CMP (including multi-district grants)
  - Program: Selected 149 of 937 project contracts and tested all associated expenditures (\$49,561,676 of \$142,246,820<sup>3</sup>)
  - Administrative: Tested 16 of 28 contracts/transfers (\$7,807,266 of \$9,013,458)
  - Interest: Selected four of 15 project contracts and tested all associated interest expenditures (\$4,467,226 of \$6,086,329)
- LESBP
  - Program: Selected 23 of 70 project contracts and tested all associated expenditures (\$58,859,385 of \$69,847,915)
  - Administrative: Tested four of nine transfers (\$1,139,161 of \$1,331,722)
  - Interest: Selected three of 21 project contracts and tested all associated interest expenditures (\$1,028,565 of \$1,244,587)
- AQIP
  - Program: Selected all four project contracts and tested all associated expenditures (\$843,130 total)

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<sup>2</sup>Although interest could not accrue for AQIP due to it being a reimbursement grant, interest was erroneously being allocated to and recorded in the AQIP subsidiary ledger between August 2012 through August 2018. We tested a portion of the interest that was recorded in the subsidiary ledger.

<sup>3</sup>The CMP expenditure testing population was determined by filtering liquidation reports for liquidated program expenditures.



- Administrative: Tested all transfers (\$75,344 total)
- Interest: No AQIP interest expenditures

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, if any, conclusion, and recommendations, based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusion, based on our audit objectives. We limited our review of internal control to gain an understanding of South Coast AQMD's processes for the CMP, LESBP, and AQIP incentive programs and its compliance with applicable accounting standards, federal and state laws, and other financial requirements in the program guidelines. We did not audit South Coast AQMD's financial statements.

## Conclusion

Our audit did not identify any findings. We noted the following:

- CMP, LESBP, and AQIP program revenues and expenditures were adequately supported and recorded in accordance with applicable accounting standards, federal and state laws, and other financial requirements per program guidelines;
- CMP, LESBP, and AQIP administrative expenditures were adequately supported, recorded, and allowable as specified in program guidelines; and
- Interest earned on grant funds was properly credited and expended for CMP and LESBP.

South Coast AQMD accounted for AQIP revenues and expenditures within its accounting software, PeopleSoft, in Fund 27, but did not use separate account coding to distinguish AQIP grant expenditures from other Fund 27 expenditures. South Coast AQMD's accounting software is able to track expenditures by contract ID; thus, as each of the three AQIP grants consisted of expenditures of four separate contracts, the AQIP expenditures were traceable through South Coast AQMD's accounting software using contract IDs.

Initially, South Coast AQMD provided us with Excel spreadsheets (South Coast AQMD identified these spreadsheets as its subsidiary ledgers) as detailed revenue and expenditure reports for the AQIP grant. The Excel spreadsheets were prepared manually and were not part of South Coast AQMD's accounting software. The Excel spreadsheets were used by South Coast AQMD for day-to-day tracking of AQIP grant revenues and expenditures.

We identified the following issues:

- The AQIP Excel spreadsheets did not record program expenditures, totaling \$444,883, for two of the four contracts. However, the \$444,833 was recorded in South Coast AQMD's accounting software under the correct contract ID;

- The AQIP Excel spreadsheet showed \$25,913 in grant reimbursements. However, South Coast AQMD accounted for the expenditures within the wrong program in South Coast AQMD's accounting software. Journal entries were posted in South Coast AQMD's accounting software to correct the accounting error during our fieldwork;
- \$49,431 in grant reimbursements was recorded in the Rule 2202 Excel spreadsheet instead of the AQIP Excel spreadsheet; and
- Because of the inaccuracies noted above, incorrect interest amounts were recorded in the AQIP Excel spreadsheet.

Although we identified inaccuracies in the AQIP Excel spreadsheets, we did not identify any unallowable or questioned costs. Additionally, all AQIP expenditures were accounted for and traceable to correct contract IDs within South Coast AQMD's accounting software. For these reasons, the inaccuracies did not result in audit findings; however, we recommend that South Coast AQMD update its business processes to fully utilize its accounting software. South Coast AQMD's accounting software is capable of grant/project cost accounting and can produce grant/project cost reports to replace South Coast AQMD's manual Excel spreadsheets. Eliminating the need to produce secondary Excel spreadsheets would save staff time and reduce accounting errors and inconsistencies with tracking and reconciling those entries to South Coast AQMD's accounting software.

### **Follow-up on Prior Audit Findings**

We reviewed 10 prior South Coast AQMD Single Audit Reports from FY 2007-08 through FY 2016-17, and 10 prior South Coast AQMD Comprehensive Annual Financial Reports (CAFRs) from FY 2007-08 through FY 2016-17. As we did not identify issues in any Single Audit or CAFR, follow-up was not applicable.

We also reviewed four incentive program review and audit reports performed by the Department of Finance (issued in 2006, 2007, and 2012), and one CMP audit report by the California State Auditor (issued in 2007). Due to the engagement periods covered, the age of review and audit reports, and turnover of staff involved with the incentive programs since these engagements, we did not consider follow-up of the status of corrective actions to be necessary. Our objectives and methodologies included reviewing several areas noted in the prior reviews and audits; however, our audit did not find similar issues.

### **Views of Responsible Officials**

We provided South Coast AQMD with a preliminary final report on November 13, 2019. Sujata Jain, Chief Financial Officer of South Coast AQMD, responded by telephone on November 14, 2019, agreeing with the audit results.

**Restricted Use**

This audit report is solely for the information and use of the South Coast AQMD, CARB, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record, and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

November 26, 2019

**Appendix A—  
Summary of Revenues and Expenditures for the Carl Moyer  
Memorial Air Quality Standards Attainment Program,  
Lower-Emission School Bus Program, and  
Air Quality Improvement Program  
Period Ended June 30, 2017<sup>1</sup>**

	Carl Moyer Program (CMP) <sup>2</sup>	Lower-Emission School Bus Program (LESBP) <sup>2</sup>	Air Quality Improvement Program (AQIP)
<b>Revenues</b>			
Program award	\$ 152,643,804	\$ 68,866,297	\$ 843,130
Administrative award	8,033,885	2,313,338	75,344
Total award	160,677,689	71,179,635	918,474
Interest earned <sup>3</sup>	2,506,822	1,244,796	
Total revenues	<u>163,184,511</u>	<u>72,424,431</u>	<u>918,474</u>
<b>Expenditures</b>			
Program (District projects)	147,786,874	69,847,913	843,130
Administrative	9,013,457	1,331,722	75,344
Total award expenditures	156,800,331	71,179,635	918,474
Interest	6,086,329	1,244,587	-
Total expenditures	<u>\$ 162,886,660</u>	<u>\$ 72,424,222</u>	<u>\$ 918,474</u>

<sup>1</sup> The program revenue, expenditure, interest, and match requirement amounts have been rounded to the nearest dollar within all applicable appendices.

<sup>2</sup> Includes Carl Moyer multi-district grants.

<sup>3</sup> Although AQIP could not accrue interest because it was a reimbursement grant, interest in the amount of \$15,196 was erroneously allocated to and recorded in the AQIP subsidiary ledger between August 2012 and August 2018. See the Conclusion for more details.

**Appendix B—  
Carl Moyer Memorial Air Quality Standards Attainment  
Program Revenues and Expenditures  
Period of July 1, 2008, through June 30, 2017**

	Recorded Amount	Audited Amount	Unaudited Amount
<b>Revenue:</b>			
Grant G09-M028	\$ 26,485,801	\$ 26,485,801	\$ -
Grant G09-M037 (Multi-district)	1,471,433	1,471,433	-
Grant G10-M029	24,703,413	24,703,413	-
Grant G10-M038 (Multi-district)	2,744,824	2,744,824	-
Grant G11-M028	26,307,542	26,307,542	-
Grant G11-M039 (Multi-district)	2,923,060	2,923,060	-
Grant G12-M028	23,229,938	23,229,938	-
Grant G13-M028	24,296,352	24,296,352	-
Grant G13-M035 (Multi-district)	3,000,000	3,000,000	-
Grant G14-M029	25,515,326	25,515,326	-
Interest earned	2,506,823	204,039	2,302,784
Total revenue	<u>163,184,512</u>	<u>160,881,728</u>	<u>2,302,784</u>
<b>Expenditures:<sup>1</sup></b>			
Program	147,786,874	49,561,676	98,225,198
Administrative	9,013,458	7,807,266	1,206,192
Interest	6,086,329	4,467,226	1,619,103
Total expenditures	<u>\$ 162,886,661</u>	<u>\$ 61,836,168</u>	<u>\$ 101,050,493</u>

<sup>1</sup>CMP reported program expenditure and interest amounts were determined by filtering liquidation report funding sources.

## Appendix B (continued)

### Schedule 1: Revenue

Funding Year	Fiscal Year	Program Amount Awarded (Including Multi-district)	Administrative Amount Awarded (Including Multi-district)	Total Awarded Funds
12	2009-10	\$ 26,559,372	\$ 1,397,862	\$ 27,957,234
13	2010-11	26,075,825	1,372,412	27,448,237
14	2011-12	27,769,072	1,461,530	29,230,602
15	2012-13	22,068,441	1,161,497	23,229,938
16	2013-14	25,931,534	1,364,818	27,296,352
17	2014-15	24,239,560	1,275,766	25,515,326
<b>Total</b>		<b>\$ 152,643,804</b>	<b>\$ 8,033,885</b>	<b>\$ 160,677,689</b>

### Schedule 2: Expenditures

Funding Year	Fiscal Year <sup>2</sup>	Program Expenditures (Including Multi-district)	Administrative Expenditures (Including Multi-district)	Total Expenditures
12	2009-10	\$ 26,561,335	\$ -	\$ 26,561,335
13	2010-11	26,075,825	2,031	26,077,856
14	2011-12	27,769,071	1,699,469	29,468,540
15	2012-13	22,073,441	619,368	22,692,809
16	2013-14	25,931,533	2,610,344	28,541,877
17	2014-15	19,375,669	1,276,105	20,651,774
18	2015-16	-	21,534	21,534
19	2016-17	-	2,784,606	2,784,606
<b>Total</b>		<b>\$ 147,786,874</b>	<b>\$ 9,013,457</b>	<b>\$ 156,800,331</b>

### Schedule 3: Match Requirements

Funding Year	Fiscal Year	Required District Match	Match Expenditures
12	2009-10	\$ 3,972,870	\$ 3,972,870
13	2010-11	3,705,512	3,705,512
14	2011-12	3,946,131	3,946,131
15	2012-13	3,484,491	3,484,491
16	2013-14	3,644,453	3,644,453
17	2014-15	3,827,299	3,827,299
<b>Total</b>		<b>\$ 22,580,756</b>	<b>\$ 22,580,756</b>

### Schedule 4 : Interest Earned and Expended

Fiscal Year	Interest Earned (Including Multi-district)	Interest Expended (Including Multi-district) <sup>3</sup>
2010-11	\$ 626,784	\$ 5,261,841
2011-12	476,902	-
2012-13	261,461	241,947
2013-14	203,560	103,089
2014-15	268,568	479,452
2015-16	317,906	-
2016-17	351,641	-
<b>Total</b>	<b>\$ 2,506,822</b>	<b>\$ 6,086,329</b>

<sup>2</sup> The program revenue awarded for funding year 17, totaling \$24,239,560, has not been fully liquidated; the liquidation deadline is June 30, 2019.

<sup>3</sup> The interest expenditures were determined by filtering liquidation report funding sources from the "Moyer Interest" expenditures within the South Coast AQMD liquidation reports, for funding years 12 through 17.

**Appendix C—  
Lower-Emission School Bus Program  
Revenues and Expenditures  
Period of July 1, 2008, through June 30, 2017**

	Recorded Amount	Audited Amount	Unaudited Amount
<b>Revenue:</b>			
Grant G07-SB031 <sup>1</sup>	\$ 71,179,635	\$ 71,179,635	\$ -
Interest earned	1,244,796	139,397	1,105,399
Total revenue	<u>72,424,431</u>	<u>71,319,032</u>	<u>1,105,399</u>
<b>Expenditures:</b>			
Program	69,847,913	58,859,385	10,988,528
Administrative	1,331,722	1,139,161	192,561
Interest	1,244,587	1,028,565	216,022
Total expenditures	<u>\$ 72,424,222</u>	<u>\$ 61,027,111</u>	<u>\$ 11,397,111</u>

<sup>1</sup>The grant award G07-SB031 (funding year 2007-08) covered multiple years under audit. Per the interagency agreement between CARB and the SCO, the LESBP fiscal years under audit are FY 2008-09 and FY 2009-10.

## Appendix C (continued)

### Schedule 1: Revenue

Funding Year	Fiscal Year	Program Award Amount	Administrative Award Amount	Total Awarded Funds
2007-08	2009-10	\$ 66,382,254	\$ 25,200	\$ 66,407,454
2007-08	2010-11	2,484,043	2,288,138	4,772,181
<b>Total</b>		<b>\$ 68,866,297</b>	<b>\$ 2,313,338</b>	<b>\$ 71,179,635</b>

### Schedule 2: Expenditures<sup>2</sup>

Funding Year	Fiscal Year	Program Expenditures	Administrative Expenditures	Total Expenditures
2007-08	2009-10	\$ 271,925	\$ -	\$ 271,925
2007-08	2010-11	36,131,781	743,078	36,874,859
2007-08	2011-12	32,937,044	13,416	32,950,460
2007-08	2012-13	-	512,037	512,037
2007-08	2013-14	507,163	63,191	570,354
<b>Total</b>		<b>\$ 69,847,913</b>	<b>\$ 1,331,722</b>	<b>\$ 71,179,635</b>

### Schedule 3 : Interest Earned and Expended

Funding Year	Interest Earned	Interest Expended	Balance <sup>3</sup>
2009-10	\$ 152,025	\$ -	\$ 152,025
2010-11	869,315	-	869,315
2011-12	209,689	1,229,219	(1,019,530)
2012-13	9,586	-	9,586
2013-14	3,137	13,592	(10,455)
2014-15	1,003	1,776	(773)
2015-16	38	-	38
2016-17	3	-	3
<b>Total</b>	<b>\$ 1,244,796</b>	<b>\$ 1,244,587</b>	<b>\$ 209</b>

<sup>2</sup>South Coast AQMD does not have a match requirement for the LESBP.

<sup>3</sup>The remaining unexpended interest balance of \$209 accrued after the liquidation deadline of June 30, 2014; however, the amount is not significant.



**Appendix D—  
Air Quality Improvement Program  
Revenues and Expenditures  
Period of July 1, 2008, through June 30, 2017**

	Recorded Amount	Audited Amount	Unaudited Amounts
Revenue: <sup>1</sup>			
Grant G10-AQIP-09	\$ 494,314	\$ 494,314	\$ -
Grant G10 AQIP-10	372,493	372,493	-
Grant G10-AQIP-15	51,667	51,667	-
Interest earned <sup>2</sup>	-	-	-
Total revenue	<u>918,474</u>	<u>918,474</u>	<u>-</u>
Expenditures:			
Program	843,130	843,130	-
Administrative	75,344	75,344	-
Interest	-	-	-
Total expenditures	<u>\$ 918,474</u>	<u>\$ 918,474</u>	<u>\$ -</u>

<sup>1</sup> Per the interagency agreement between CARB and the SCO, the AQIP funding year under audit is FY 2010-11.

<sup>2</sup> Although AQIP could not accrue interest because it was a reimbursement grant, interest in the amount of \$15,196 was erroneously allocated to and recorded in the AQIP subsidiary ledger between August 2012 and August 2018. See the Conclusion for more details.

## Appendix D (continued)

### Schedule 1: Revenue

Funding Year	Fiscal Year	Program Award Amount	Administrative Award Amount	Total Awarded Funds	Identified Issues
2010-11	2010-11	\$ -	\$ 49,431	\$ 49,431	\$ 49,431
2010-11	2011-12	-	6,820	6,820	-
2010-11	2012-13	644,883	7,754	652,637	-
2010-11	2013-14	198,247	11,339	209,586	-
<b>Total</b>		<b>\$ 843,130</b>	<b>\$ 75,344</b>	<b>\$ 918,474</b>	<b>\$ 49,431</b>

### Schedule 2: Expenditures

Funding Year	Fiscal Year <sup>3</sup>	Program Expenditures	Administrative Expenditures	Total Expenditures	Identified Issues
2010-11	2012-13	\$ 246,501	\$ -	\$ 246,501	-
2010-11	2013-14	151,746	-	151,746	-
2010-11	2018-19	444,883	75,344	520,227	520,227
<b>Total</b>		<b>\$ 843,130</b>	<b>\$ 75,344</b>	<b>\$ 918,474</b>	<b>\$ 520,227</b>

### Schedule 3: Match Requirements

Funding Year	Grant Agreement <sup>4</sup>	Required District Match	Match Expenditures
2010-11	G10-AQIP-09	\$ 444,883	\$ 444,883
2010-11	G10-AQIP-10	439,114	439,114
2010-11	G10-AQIP-15	52,872	52,872
<b>Total</b>		<b>\$ 936,869</b>	<b>\$ 936,869</b>

### Schedule 4: AQIP Interest

Fiscal Year	Interest Recorded	Interest Expended	Balance	Identified Issues <sup>5</sup>
2011-12	\$ 7	\$ -	\$ 7	\$ 7
2012-13	1,622	-	1,622	1,622
2013-14	2,346	-	2,346	2,346
2014-15	3,176	-	3,176	3,176
2015-16	3,610	-	3,610	3,610
2016-17	3,859	-	3,859	3,859
2017-18	6,154	-	6,154	6,154
2018-19	1,753	-	1,753	1,753
<b>Total</b>	<b>\$ 22,527</b>	<b>\$ -</b>	<b>\$ 22,527</b>	<b>\$ 22,527</b>

<sup>3</sup>The FY 2018-19 expenditures of \$444,883 and \$75,344 were incurred within the grant period; however, they were not recorded in the AQIP subsidiary ledger until August/September 2018. See the Conclusion for details.

<sup>4</sup>The time frame since project completion surpassed the record retention requirements of Grant Agreements Nos. G10-AQIP-10 and G10-AQIP-15 and of South Coast AQMD's retention policy; applicable match requirement records were not analyzed.

<sup>5</sup>South Coast AQMD improperly allocated \$22,527 in interest in the AQIP subsidiary ledger due to inaccurate recording of revenues and expenditures; see the Conclusion for details.

**Appendix E—  
Assembly Bill 923 Receipts, Expenditures,  
and Interest Earned<sup>1</sup>**

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Interest Earned</b>	<b>Balance</b>
2008-09	\$ 30,227,435	\$ 17,723,409	\$ 3,794,380	\$ 16,298,406
2009-10	40,465,875	20,577,777	647,778	20,535,876
2010-11	9,260,078	11,364,373	935,314	(1,168,981)
2011-12	40,660,950	21,638,359	885,986	19,908,577
2012-13	28,586,446	6,004,737	518,182	23,099,891
2013-14	29,973,493	52,981,847	525,874	(22,482,480)
2014-15	26,522,290	28,186,998	677,944	(986,764)
2015-16	26,270,860	(16,221,065)	768,234	43,260,159
2016-17	28,051,302	23,955,315	1,167,555	5,263,542
<b>Total</b>	<b>\$260,018,729</b>	<b>\$166,211,750</b>	<b>\$ 9,921,247</b>	<b>\$ 103,728,226</b>

<sup>1</sup> AB 923 funds are private funds obtained from a \$2 DMV surcharge, and were not subject to audit.

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