CITY OF INGLEWOOD, CALIFORNIA
AB2766 (AQMD) FUND

AUDIT REPORT

YEAR ENDED SEPTEMBER 30, 2022
CITY OF INGLEWOOD
AB2766 (AQMD) FUND

AUDIT REPORT

YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report ................................................................. 1</td>
</tr>
</tbody>
</table>

Financial Statements

<table>
<thead>
<tr>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet ................................................................. 3</td>
</tr>
<tr>
<td>Statements of Revenues, Expenditures and Changes in Fund Balance ............................................... 4</td>
</tr>
<tr>
<td>Notes to Financial Statements ................................................................. 5</td>
</tr>
</tbody>
</table>

Independent Auditors’ Report on Compliance with Applicable Requirements and on Internal Control over Compliance ......................................................... 7
INDEPENDENT AUDITORS’ REPORT

To the Honorable Mayor and Members of the City Council
City of Inglewood, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the AB2766 (AQMD) Fund (the Fund) a special revenue fund of the City of Inglewood, California (the “City”) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the AB2766 (AQMD) Fund as of September 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Fund Financial Statements

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position, and the changes in financial position of the Fund. They do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.
To the Honorable Mayor and Members of the City Council  
City of Inglewood, California

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2023, on our consideration of the City’s internal control over the Fund’s financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.
To the Honorable Mayor and Members of the City Council  
City of Inglewood, California

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over the Fund’s financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City’s internal control over the Fund’s financial reporting and compliance.

Brea, California  
April 19, 2023
### CITY OF INGLEWOOD
### AB2766 (AQMD) FUND
### BALANCE SHEET
### SEPTEMBER 30, 2022

<table>
<thead>
<tr>
<th>Governmental Fund</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$ 543,505</td>
<td></td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>873</td>
<td></td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>35,500</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 579,878</td>
<td></td>
</tr>
</tbody>
</table>

| **Deferred Inflows of Resources:** |            |            |
| Unavailable Revenues | $ 35,500  |            |
| **Total Deferred Inflows of Resources** |            | $ 35,500  |

| Fund Balance |            |            |
| Restricted:  |            |            |
| AQMD Activities | 544,378  |            |
| **Total Fund Balance** |            | 544,378  |

| **Total Deferred Inflows** |            | $ 579,878  |
| of Resources and Fund Balance |            |            |

*See Notes to Financial Statements.*
CITY OF INGLEWOOD  
AB2766 (AQMD) FUND  

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  

<table>
<thead>
<tr>
<th>Governmental Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td><strong>Expenditures:</strong></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ 142,363</td>
</tr>
<tr>
<td>Use of Money and Property</td>
<td>2,363</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>Total Expenditures</strong></td>
</tr>
<tr>
<td></td>
<td>$ 144,726</td>
</tr>
<tr>
<td></td>
<td>6,125</td>
</tr>
<tr>
<td></td>
<td><strong>Excess (Deficiency) of Revenue Over (Under) Expenditures</strong></td>
</tr>
<tr>
<td></td>
<td>138,601</td>
</tr>
<tr>
<td><strong>Fund Balance:</strong></td>
<td></td>
</tr>
<tr>
<td>Beginning of Fiscal Year</td>
<td>405,777</td>
</tr>
<tr>
<td><strong>End of Fiscal Year</strong></td>
<td><strong>$ 544,378</strong></td>
</tr>
</tbody>
</table>

See Notes to Financial Statements.
Note 1: Organization and Summary of Significant Accounting Policies

The accompanying financial statements present only the AB2766 (AQMD) Fund of the City of Inglewood, California, ("the City") and do not include any other funds of the City. The City's basic financial statements are available from the City of Inglewood’s Finance Department at One Manchester Blvd., Inglewood, California 90301.

a. Basis of Accounting

The accompanying financial statements for the AB2766 (AQMD) Fund of the City have been prepared on the modified accrual basis of accounting. Generally, revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Revenues susceptible to accrual include motor vehicle fees and interest earnings on investments received within 60 days of year end. Expenditures are recognized when the fund liability is incurred, if measurable.

b. Measurement Focus

The AB2766 (AQMD) Fund is accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance for the AB2766 (AQMD) Fund generally presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

c. Air Quality Improvement Trust Fund

California Assembly Bill 2766 (SHER) authorizes air pollution control districts to levy fees on motor vehicles. Fees are to be used to reduce air pollution. Under this program, the Department of Motor Vehicles collects the fees and subvenes the amounts to the South Coast Air Quality Management District for vehicles registered in the South Coast District. Forty cents of every dollar subvened to SCAQMD is allocated to the cities and counties in the South Coast Air District proportionately based upon population. The amounts attributable to the City of Inglewood are maintained in a special revenue fund administered by the City of Inglewood.

d. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

e. Fund Balance

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the AB2766 (AQMD) Fund is bound to honor constraints on the specific purposes for which amounts can be spent.

Non-spendable Fund Balance - This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
Note 1: Organization and Summary of Significant Accounting Policies (Continued)

e. Fund Balance (Continued)

Restricted Fund Balance - This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - This includes amounts that can be used only for the specific purposes determined by a formal action of the city council.

Assigned Fund Balance - This includes amounts that are designated by the city council for specific purposes.

Unassigned Fund Balance - This is the residual classification that includes all spendable amounts not contained in the other classifications.

f. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: Basis of Presentation

The AB2766 (AQMD) Fund authorizes the use of monies received by the state for certain purposes to reduce emissions. Reimbursement requests are submitted to the State to release funds directly to the City. The amounts distributed to the City are maintained in the AB2766 (AQMD) Fund. This report is presented in accordance with the SCAQMD requirements and is not in conformity with accounting principles generally accepted in the United States of America.

Note 3: Cash and Investments

The City follows the practice of pooling cash and investments of all funds to maximize returns for all funds, except for funds required to be held by trustees or fiscal agents. Interest income earned on pooled cash and investments is allocated to the various funds based on their monthly average cash balances.
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Inglewood, California

Report on Compliance

Opinion

We have audited the AB2766 (AQMD) Fund (the “Fund”) of the City of Inglewood, California (the “City”)’s compliance with the types of compliance requirements identified as subject to audit in Assembly Bill 2766, Chapter 1705 (44220 through 44247) (“AB 2766”) for the year ended September 30, 2022.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Fund for the year ended September 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of AB 2766. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Fund and City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Fund’s programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the Fund’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and AB 2766 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Fund’s compliance with the requirements of the government program as a whole.
To the Honorable Mayor and Members of the City Council
City of Inglewood, California

In performing an audit in accordance with GAAS, Government Auditing Standards, and AB 2766, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Fund’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City’s internal control over the Fund’s compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with AB 2766, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over the Fund’s compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of AB 2766. Accordingly, this report is not suitable for any other purpose.

Brea, California
April 19, 2023