

CITY OF INGLEWOOD, CALIFORNIA
AB2766 (AQMD) FUND

AUDIT REPORT

YEAR ENDED SEPTEMBER 30, 2017

CITY OF INGLEWOOD
AB2766 (AQMD) FUND

AUDIT REPORT

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report.....	1
Financial Statements	
Balance Sheet	3
Statements of Revenues, Expenditures and Changes in Fund Balances	4
Notes to Financial Statements	5
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 Financial Statements

We have audited the accompanying financial statements of the AB2766 (AQMD) Fund of the City of Inglewood as of and for the year ended September 30, 2017, and the notes to the financial statements, which collectively comprise the Air Quality Improvement Trust Fund of the City of Inglewood's financial statements as listed in the table of contents.

Management's Responsibility 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; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Air Quality Improvement Trust Fund of the City of Inglewood at September 30, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.





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

Emphasis of a Matter

As described in Note 2 to the City of Inglewood AB2766 (AQMD) fund financial statements are shown to present the revenues received, project expenditures, the financial report is prepared in accordance with SCAQMD and does not purport to, and does not, present fairly the financial position of the AQMD as of September 30, 2017, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

As discussed in Note 1, the financial statements present only the Air Quality Improvement Trust Fund and are not intended to present fairly the financial position and results of operations of the City of Inglewood in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2018, on our consideration of the Air Quality Improvement Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Brea, California
March 28, 2018

CITY OF INGLEWOOD
AB2766 (AQMD) FUND

BALANCE SHEET
SEPTEMBER 30, 2017

	Governmental Fund
Assets:	
Cash and Investments	\$ 356,609
Receivables:	
Accrued Interest	839
Due from Other Governments	34,936
Total Assets	<u>\$ 392,384</u>
Liabilities:	
Accounts Payable	\$ 159,609
Total Liabilities	<u>159,609</u>
Deferred Inflows of Resources:	
Unavailable Revenue	34,936
Total Deferred Inflows of Resources	<u>34,936</u>
Fund Balance	
Restricted	
AQMD Activities	197,839
Total Fund Balance	<u>197,839</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 392,384</u>

CITY OF INGLEWOOD
 AB2766 (AQMD) FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Governmental Fund
Revenues:	
Intergovernmental	\$ 148,959
Use of Money and Property	3,049
Total Revenues	<u>152,008</u>
Expenditures:	
Transportation	6,000
Capital Outlay	153,609
Total Expenditures	<u>159,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,601)
Fund Balance:	
Beginning of Fiscal Year	<u>205,440</u>
End of Fiscal Year	<u>\$ 197,839</u>

**CITY OF INGLEWOOD
AB2766 (AQMD) FUND**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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, CA 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 subvented 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.

**CITY OF INGLEWOOD
AIR QUALITY IMPROVEMENT TRUST FUND**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Note 1: Organization and Summary of Significant Accounting Policies (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 WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance of the Air Quality Improvement Trust Fund

We have audited the compliance of the AB2766 (AQMD) Fund of the City of Inglewood, California (the "City") with the types of compliance requirements described in Assembly Bill 2766, Chapter 1705 (44220 through 44247) for the year ended September 30, 2017.

Management's Responsibility for the Financial Statements

Management is responsible for compliance with the requirements of Assembly Bill 2766, Chapter 1705 (44220 through 44247).

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements of Assembly Bill 2766, Chapter 1705 (44220 through 44247). We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, and Assembly Bill 2766, Chapter 1705 (44220 through 44247). Those standards and Assembly Bill 2766, Chapter 1705 (44220 through 44247) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the Air Quality Improvement Trust Fund occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Air Quality Improvement Trust Fund

In our opinion, the City complied, in all material respects, with the types of compliance that could have a direct and material effect on requirements referred to above applicable to the Air Quality Improvement Trust Fund for the year ended September 30, 2017.



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

Report on Internal Control Over Compliance of the Air Quality Improvement Trust Fund

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the AB2766 (AQMD) Fund to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control 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 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 a material noncompliance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Assembly Bill 2766, Chapter 1705 (44220 through 44247). Accordingly, this communication is not suitable for any other purpose.

Brea, California
March 28, 2018