



Placer County Air Pollution Control District

Performance Audit

Report No. 25-3900-028
September 2025

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Final reports are available on our website at <https://oreports.dof.ca.gov/report.html>.

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Transmitted via e-mail

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Final Report—Placer County Air Pollution Control District Fiscal Compliance Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its fiscal compliance audit of the Placer County Air Pollution Control District's implementation of the California Air Resources Board air pollution reduction incentive programs.

Because there were no audit findings requiring a response, we are issuing the report as final. This report will be placed on our website.

If you have any questions regarding this report, please contact David Shockey, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

BACKGROUND

The California Air Resources Board (CARB) administers state-level financial incentive programs with the aim of reducing emissions from on- and off-road vehicles and equipment. Vehicle and equipment owners apply for funds through local air quality management districts or air pollution control districts. While CARB is responsible for program oversight, districts implement the incentive programs.¹

The Placer County Air Pollution Control District is 1 of 35 air districts partnering with CARB to improve air quality by implementing CARB's air pollution reduction incentive programs. The District regulates air pollution sources in Placer County and a portion of three air basins—Sacramento Valley, Mountain, and Lake Tahoe. It is governed by a nine-member board of directors from the County and area cities in the incorporated air basins.²

The District shares responsibility with CARB for ensuring state and federal air quality standards are achieved and maintained. The District receives incentive program funds from CARB through grants. The grants provide the District funding to offset program implementation costs and reimburse applicants for replacing or retrofitting vehicles or equipment with low-emission vehicles or equipment. Districts are required to follow CARB-approved program guidelines for implementing programs.³

The District participates in the three incentive programs detailed in Table 1.

Table 1: Incentive Programs

Carl Moyer Memorial Air Quality Standards Attainment Program (CMP)	CMP contributes to cleaner air by funding the incremental costs of retrofitting older engines with cleaner-than-required engines and equipment. Eligible equipment includes medium and heavy-duty trucks and buses, mobile agricultural and construction equipment, marine vessels, locomotives, and school buses. Public or private entities operating eligible engines or equipment within the District's jurisdiction participate by applying for a grant. CMP requires a 15-percent match of local funds. ⁴
Community Air Protection Incentives (CAP)	CAP focuses on reducing exposure in communities most impacted by air pollution. The District prioritizes projects that reduce emissions in the District's most impacted communities, and disadvantaged and low-income communities as designated by California Climate Investments. Project types include mobile sources and infrastructure projects eligible under the CMP. ⁵
Funding Agricultural Replacement Measures for Emission Reductions (FARMER)	FARMER provides funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations. ⁶

¹ Excerpts obtained from <https://ww2.arb.ca.gov/our-work/topics/incentives>.

² Excerpts obtained from <https://placerair.org/DocumentCenter/View/74787/2023-APCD-strategic-plan-FINAL>.

³ Excerpts obtained from <https://ww2.arb.ca.gov/california-air-districts>.

⁴ Excerpts obtained from <https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program>.

⁵ Excerpts obtained from <https://ww2.arb.ca.gov/capp/fund/capi/community-air-protection-incentives>.

⁶ Excerpts obtained from <https://ww2.arb.ca.gov/our-work/programs/farmer-program>.

SCOPE

At the request of CARB, the California Department of Finance, Office of State Audits and Evaluations, conducted a fiscal grant compliance audit of the District's implementation of CARB's air pollution reduction incentive programs. The audit included the incentive programs and fiscal years detailed in Table 2.

Table 2: Funding Received by Incentive Program and Fiscal Year

Program/Fiscal Year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
CMP		✓	✓	✓	✓	
CAP	✓	✓	✓		✓	✓
FARMER	✓	✓	✓		✓	✓

The audit objective was to determine whether the incentive programs' revenues, expenditures, and resulting balances as of June 30, 2023, for the incentive programs and respective fiscal years identified in Table 2, were in compliance with applicable grant agreements, guidelines, and statutes. The FARMER grant audit objective was limited to expenditure compliance for District Website Development expenditures and Placer County administrative services costs.

The District's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CARB and the District are responsible for the state and local administration of the incentive programs.

METHODOLOGY

To plan the audit, we gained an understanding of the programs and identified relevant criteria by interviewing CARB and District personnel, reviewing the executed agreements and amendments, funding plans, program guidelines, CARB website, and applicable statutes.

We conducted a risk assessment, evaluating whether the District's key internal controls significant to our audit objective were properly designed, implemented, and operating effectively. Key internal controls evaluated focused on the review and approval process for expenditures, interest revenue calculation and allocation, reimbursement request preparation, and fund liquidation. Our assessment included conducting interviews with District personnel and testing transactions related to expenditures, interest revenue, and resulting balances.

Additionally, we assessed the reliability of the expenditure and revenue ledgers and payroll statements generated from the District's accounting system, Workday, and its payroll service provider, Placer County's Payroll System. To assess the reliability of revenue and expenditure detail ledgers and payroll statements, we interviewed District staff, reviewed information process flows and administrative operating and finance office procedure manuals, examined existing reports and documents, and traced and agreed detail expenditure, revenue, and payroll transactions to source documents. This included vendor invoices, timesheets, pay statements, disbursement records, indirect cost allocation worksheets, interest income allocation worksheets, bank statements, grant agreements, service contracts, and approved purchase orders. We determined that the detailed expenditure and revenue ledgers, and payroll cost listings were sufficiently reliable to address the audit objective.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objective. Our methods are detailed in the Table of Methodologies.

Table of Methodologies

Audit Objective: To determine whether the incentive programs' revenues, expenditures, and resulting balances were in compliance with applicable grant agreements, guidelines, and statutes.
Methods
<ul style="list-style-type: none"> • Randomly selected 13 of 78 project expenditures from all incentive programs across all funding fiscal years, and 3 expenditures identified as high-risk. Determined that the grant and interest income funded expenditures were allowable, grant-related, authorized, supported, and incurred within the grant allowable period by reviewing project contracts, District accounting records, vendor invoices, and checks, and comparing to relevant criteria. • Randomly selected 16 program administrative expenditures assessed as low-risk and 1 administrative expenditure assessed as high-risk from 643 District direct labor costs and third-party vendor transactions across all incentive programs and all funding fiscal years. <ul style="list-style-type: none"> ○ Determined if selected expenditures were supported, coded to an eligible funding program fiscal year, and incurred within the grant allowable period by reviewing invoices, timesheets, and approved year-end journal entries, and comparing to relevant criteria. ○ Determined if allocated indirect costs were supported by the District's indirect cost plan. Additionally, we reviewed indirect cost categories to ensure the costs were not prohibited by the grant agreement or program guidelines, or also included as a direct cost category. • Selected the one expired grant requiring match contributions and determined if match funding requirements were met by scheduling program revenues and expenditures, including match expenditures, and comparing to match requirements in relevant criteria. • Selected 100 percent of all 19 grant revenues for project and administration funds and traced and agreed allocations from District revenue ledgers to the grant agreements. • Randomly selected 11 of 284 interest revenue allocations across applicable programs and fiscal years and determined if interest revenue was earned and allocated to the programs by reviewing County interest apportionment reports and District accounting records. • Selected 100 percent of the three expired grants and determined whether the District was required to remit any expired, unused grant funds by reviewing grant agreements and accounting records and comparing them to relevant criteria.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objective.

RESULTS

Based on the procedures performed and evidence gathered, we obtained reasonable assurance that the incentive programs' revenues, expenditures, and resulting balances were in compliance with applicable grant agreements, guidelines, and statutes. CMP's and CAP's revenues, expenditures, and resulting balances, and FARMER's expenditures for Website Development and Placer County administrative services costs are detailed by program and fiscal year in Appendix A.

Schedule 1: CMP Summary

Moyer Year	Fiscal Year	Total Revenue	Total Expenditures (Excluding Match)	Resulting Balance ^{7,8,9}
21	2018-19	\$ 577,734	\$ 567,681	\$ 10,053
21 State Reserve ¹⁰	2018-19	120,891	115,984	4,907
22	2019-20	650,484	660,105	(9,621)
23	2020-21	641,949	553,971	87,978
23 State Reserve	2020-21	90,203	78,750	11,453
24	2021-22	1,467,616	677,213	790,403

Schedule 2: CMP Revenue

Moyer Year	Fiscal Year	Project Funds	Administrative Funds	Interest Revenue ¹¹	Total Revenue
21	2018-19	\$ 489,443	\$ 69,920	\$ 18,371	\$ 577,734
21 State Reserve	2018-19	103,451	14,779	2,661	120,891
22	2019-20	569,173	81,311	0	650,484
23	2020-21	558,270	79,753	3,926	641,949
23 State Reserve	2020-21	78,750	11,250	203	90,203
24	2021-22	1,266,797	180,971	19,848	1,467,616

Schedule 3: CMP Expenditures

Moyer Year	Fiscal Year	Project Expenditures	Administrative Expenditures	Total Expenditures (Excluding Match)	Match Expenditures	Total Expenditures
21	2018-19	\$ 497,761	\$ 69,920	\$ 567,681	\$ 70,968	\$ 638,649
21 State Reserve	2018-19	101,205	14,779	115,984	0	115,984
22	2019-20	578,794	81,311	660,105	97,573	757,678
23	2020-21	478,295	75,676	553,971	0	553,971
23 State Reserve	2020-21	78,750	0	78,750	0	78,750
24	2021-22	677,213	0	677,213	0	677,213

⁷ Per Health and Safety Code section 44287, subdivision (j), funds not liquidated by the District by June 30 of the fourth calendar year following the date of the reservation shall be returned to CARB. Resulting balances were not yet required to be expended as of the end of the audit period, June 30, 2023, for Moyer Years 22, 23, and 24.

⁸ Grant balances for Moyer Year 21 are attributed to interest income carry-over from subsequent grant fund advances that were commingled and reported in the current period. Additionally, the District disbursed a subrecipient grant retention subsequent to the audit period that contributed to the above balance. Accordingly, the resulting balance is not required to be remitted.

⁹ The negative balance for Moyer Year 22 is due to interest revenue earned and reported in prior periods and expended in the current period.

¹⁰ State Reserve funds are a portion of the CMP funds set aside to provide monetary grants focusing on a specific project type(s).

¹¹ CMP interest earned is reported as a lump sum figure for all grants including State Reserve funds.

Schedule 4: CAP Summary

Grant Number	Fiscal Year	Total Revenue	Total Expenditures	Resulting Balance ^{12,13}
G17-MCAP-06	2017-18	\$ 206,428	\$ 194,000	\$ 12,428
G18-MCAP-10	2018-19	1,120,159	1,123,423	(3,264)
G19-MCAP-10	2019-20	882,060	848,784	33,276
G21-MCAP-16	2021-22	1,110,941	97,313	1,013,628
G22-MCAP-16	2022-23	1,015,528	0	1,015,528

Schedule 5: CAP Revenue

Grant Number	Fiscal Year	Project Funds	Administrative Funds	Interest Revenue ¹⁴	Total Revenue
G17-MCAP-06	2017-18	\$ 181,875	\$ 12,125	\$ 12,428	\$ 206,428
G18-MCAP-10	2018-19	980,139	140,020	0	1,120,159
G19-MCAP-10	2019-20	771,803	110,257	0	882,060
G21-MCAP-16	2021-22	959,995	137,142	13,804	1,110,941
G22-MCAP-16	2022-23	886,149	126,593	2,786	1,015,528

Schedule 6: CAP Expenditures

Grant Number	Fiscal Year	Project Expenditures	Administrative Expenditures	Total Expenditures
G17-MCAP-06	2017-18	\$ 181,875	\$ 12,125	\$ 194,000
G18-MCAP-10	2018-19	983,403	140,020	1,123,423
G19-MCAP-10	2019-20	738,527	110,257	848,784
G21-MCAP-16	2021-22	0	97,313	97,313
G22-MCAP-16	2022-23	0	0	0

Schedule 7: FARMER Expenditures

Grant Number	Fiscal Year	Website Development & Maintenance	Placer County Administrative Funds
G17-AGIP-18	2017-18	\$ 0	\$ 55,721
G18-AGIP-02	2018-19	500,000	53,814
G19-AGIP-15	2019-20	100,000	23,620
G21-AGIP-19	2021-22	350,000	98,410
G22-AGIP-11	2022-23	0	63,608

¹² Resulting balance for 2017-18 and 2018-19 are due to earned interest reported and expended by fiscal year.

¹³ The District has until June 30, 2024, 2025, 2026, and 2027 to expend or remit resulting balances to CARB for 2018-19, 2019-20, 2021-22, and 2022-23, respectively.

¹⁴ CAP interest earned is reported as a lump sum figure for all grants by fiscal year.