

**Single Audit Report**  
**Elsinore Valley Municipal Water District**  
***For the Year Ended June 30, 2022***  
***With Report of Independent Auditors***

**Elsinore Valley Municipal Water District**

**Single Audit Report on Federal Awards  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

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#### MEMBERS

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To the Board of Directors  
Elsinore Valley Municipal Water District  
Lake Elsinore, California

We have audited, 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, the financial statements of the Elsinore Valley Municipal Water District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2022.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
December 1, 2022



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

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To the Board of Directors  
Elsinore Valley Municipal Water District  
Lake Elsinore, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Elsinore Valley Municipal Water District (the District's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District'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 or grant agreements applicable to the District's federal 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 occurred, whether due to fraud or error, and express an opinion on the District'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 the Uniform Guidance 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 District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 District'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 District's internal control over 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over 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 with a type of compliance requirement of a federal program 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 that might be material weaknesses or significant 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 material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon, dated December 1, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California

February 20, 2024 (except for your report on the Schedule of Expenditures of Federal Awards, for which the date is December 1, 2023)

# Elsinore Valley Municipal Water District

## Schedule of Expenditures of Federal Awards Year Ended June 30 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<b><u>U.S. Department of Interior</u></b>				
Direct assistance:				
Water Recycling and Desalination Construction Programs	15.504	R21AP10275	\$ -	\$ 726,143
Reclamation States Emergency Drought Relief	15.514	R18AP00083	-	29,300
Total U.S. Department of Agriculture			<u>-</u>	<u>755,443</u>
<b><u>U.S. Department of the Treasury</u></b>				
Direct assistance:				
Coronavirus State and Local Fiscal Recover Funds - Arrearage Program	21.027	3560000C25	-	1,620,652
Total U.S. Department of the Treasury			<u>-</u>	<u>1,620,652</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Direct assistance:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4431-DR-CA Projects 110827 & 145419	-	57,432
Building Resilient Infrastructure Communities	97.047	Grant #2020-0006; Project #PL0131; FIPS #065-91065	-	273,654
Total U.S. Department of Homeland Security			<u>-</u>	<u>331,086</u>
Total Schedule of Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,707,181</u>



## **Elsinore Valley Municipal Water District**

### **Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022**

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#### **Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

##### *Scope of Presentation*

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Elsinore Valley Municipal Water District (the District). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the District from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

##### *Basis of Accounting*

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized in the period incurred. In addition, such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported include any property or equipment acquisitions incurred under the federal programs.

#### **Note 2: De Minimis Indirect Cost Rate**

The District has elected not to use 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Elsinore Valley Municipal Water District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30 2022**

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**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	<u>  X  </u>	No
Significant deficiencies identified?	<u>  X  </u>	Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u>  X  </u>	No

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	Yes	<u>  X  </u>	No
Significant deficiencies identified?	_____	Yes	<u>  X  </u>	None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	Yes	<u>  X  </u>	No
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Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Programs or Cluster</u>
21.027	American Rescue Plan Act - ARPA

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	_____	Yes	<u>  X  </u>	No
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**Elsinore Valley Municipal Water District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30 2022**

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**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Finding 2022-001 – Preparation of the Schedule of Expenditures of Federal Awards  
*Significant Deficiency***

*Criteria*

In order to have a proper basis for the single audit, the entity must have procedures in place in order to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA).

*Condition*

Subsequent to the financial statement audit issuance, it was identified that the original SEFA was missing expenditures from prior years that should have been included in fiscal year 2022. The program funding agreement was executed after the financial statement issuance date and allowed such pre-award costs. The addition of these expenditures triggered a single audit under Uniform Guidance.

*Cause*

The original SEFA was properly reported, however, upon subsequent approval of a particular funding agreement, prior year costs were allowed to be reimbursed and captured in fiscal year 2022.

*Identification as a Repeat Finding, if Applicable*

Not a repeat finding.

*Effect*

Issuance of the single audit report.

*Recommendation*

We recommend that the District include all pre-award costs incurred in prior fiscal years where funding agreements allow such pre-award costs.

*Management's Response*

See Corrective Action Plan.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No findings to be reported.

**Elsinore Valley Municipal Water District**

**Status of Prior Year Findings  
Year Ended June 30 2022**

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**No prior year findings reported.**

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

CORRECTIVE ACTION PLAN

Name of contact person responsible:

Scott B. Thompson, CPA

Corrective action plan:

The District has implemented procedures to maintain a listing of all components of federal programs to ensure the SEFA is complete in future years. Specifically, if pre-award expenditures are incurred in years prior to a grant being awarded, and those pre-award expenditures are deemed reimbursable by the granting agency, the District will include those pre-award expenditures on the SEFA in the year the grant is awarded.

Anticipated completion date:

June 30, 2023