

Elsinore Valley Municipal Water District

Single Audit Report on Federal Awards

Year Ended June 30, 2024



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**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**

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Independent Auditor's Report

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate remaining fund information of the Elsinore Valley Municipal Water District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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
October 28, 2024



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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 REQUIRED BY THE UNIFORM GUIDANCE

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Independent Auditor's Report

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's (the District's) compliance with the types of compliance requirements described 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, 2024. 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 types of 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, 2024.

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 (GAGAS); 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.

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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 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, 2024, and have issued our report thereon dated October 28, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 21, 2025 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is October 28, 2024).

Elsinore Valley Municipal Water District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number	Program Identification Number	Federal Expenditures	Amount Provided to Sub-recipients
U.S. Department of Homeland Security				
<i>Direct Award</i>				
Local Hazard Mitigation Program / BRIC	97.047	2020-0006	\$ 10,994	\$ -
Total Assistance Listing 97.047			<u>10,994</u>	<u>-</u>
<i>Direct Award</i>				
Disaster Grants - Public Assistance	97.036	DR-CA-4431	170,304	-
Total Assistance Listing 97.036			<u>170,304</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>181,298</u>	<u>-</u>
U.S. Department of the Interior				
<i>Passed through from State Water Resources Control Board</i>				
Water Recycling and Desalination Construction Programs	15.504	R21AP10275	137,547	-
Water Recycling and Desalination Construction Programs	15.504	D20-01048	40,718,543	-
Total Assistance Listing 15.504			<u>40,856,090</u>	<u>-</u>
Total U.S. Department of the Interior			<u>40,856,090</u>	<u>-</u>
U.S. Environmental Protection Agency				
<i>Passed through from State Water Resources Control Board</i>				
Clean Water State Revolving Fund	66.458	D2201002	144,655	-
Total Assistance Listing 66.458			<u>144,655</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>144,655</u>	<u>-</u>
U.S. Department of Treasury				
<i>Passed through from County of Riverside</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	CA8000027	307,463	-
Coronavirus State and Local Fiscal Recovery Funds - Arrearage Program	21.027	356000C25	260,649	-
Total Assistance Listing 21.027			<u>568,112</u>	<u>-</u>
Total U.S. Department of Treasury			<u>568,112</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 41,750,155</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditures of federal awards.

Elsinore Valley Municipal Water District
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the Elsinore Valley Municipal Water District (the District) under federal programs of federal government for the year ended June 30, 2024. The information in this SEFA is presented in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. De Minimis Indirect Cost Rate

The District did not elect to use the 10-percent indirect cost rate allowed under the Uniform Guidance as the entity has a negotiated rate with the U.S. Environmental Protection Agency.

**Elsinore Valley Municipal Water District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

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	_____ X _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	Yes	_____ X _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	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 2 CFR 200.516(a)	_____	Yes	_____ X _____	No
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Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.504	Water Recycling and Desalination Construction
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes _____ X _____ No

**Elsinore Valley Municipal Water District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Awards Findings and Questioned Costs

No findings to be reported.

**Elsinore Valley Municipal Water District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

No prior year findings were reported.