

EL DORADO IRRIGATION DISTRICT

SUBJECT: Consider receiving and filing the 2024 Single Audit Report.

PREVIOUS BOARD ACTION

August 25, 2025 – Board received and filed the 2024 annual audit and 2024 report on applying agreed-upon procedures related to the appropriations limit.

BOARD POLICIES (BP), ADMINISTRATIVE REGULATIONS (AR), AND BOARD AUTHORITY

BP 3040 Annual Audit

Single Audit Act of 1984 (with amendment in 1996), 2 CFR Part 200.500 et seq.

SUMMARY OF ISSUE

Single Audit, previously known as the Office of Management and Budget (OMB) Circular A-133 audit, is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year. This threshold has increased to \$1,000,000 for fiscal years ending on or after October 1, 2025. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is generally in compliance with program requirements. Non-federal entities typically include states, local governments, Indian tribes, universities, and non-profit organizations.

For fiscal year ended December 31, 2024, the District expended more than \$750,000 in federal funds for two major programs: 1) Disaster Assistance Grants related to the major disaster declaration for the severe winter storms, flooding, landslides, and mudslides in California that occurred between December 27, 2022, and January 31, 2023, and 2) Hazard Mitigation Grant Program funds related to the disaster declaration in November 2018 for California, these projects are largely focused on mitigating risks from wildfire and post-wildfire hazards. For the fiscal year ended December 31, 2024, the District incurred federal expenditures in the amount of \$663,748 for the Disaster Assistance Grants and \$3,716,911 for the Hazard Mitigation Grant Program.

Badawi & Associates performed the audit of the District's two major federal programs. One instance of noncompliance, which is required to be reported, was identified and is described in the attached Single Audit Report within the schedule of findings and questioned costs as item SA2024-001. The auditor's opinion on each major federal program is not modified with respect to these matters.

The auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses for the District's major federal programs. However, as noted in the attached Single Audit Report, they did identify one deficiency in internal control over compliance that they consider to be a significant deficiency.

As stated in Management's Response, the significant deficiency occurred due to the District incorrectly recording duplicate expenditures of \$484,041 to Cal-OES. This duplicate reporting of costs occurred during a time when the District was transitioning grant financial reporting and

experiencing staff turnover, which required temporary workload redistribution. Because multiple employees across different departments were assisting with grant reporting during this period, there was an increased opportunity for error, and expenditures that had already been reported were inadvertently captured again on a later reimbursement request.

Responsibility for financial expenditure reporting has now been formally transitioned to the Finance Department. This change minimizes errors in expenditure reporting due to Finance staff's specialized knowledge of the financial system and their experience in researching variances and verifying financial data. Engineering staff remain the program specialists and continue to provide programmatic narrative, technical context, and compliance reporting. This restructuring also centralizes financial reporting and allows Finance to export data directly from the financial system rather than relying on a reporting tool that summarizes information separately.

Additionally, after Engineering completes its programmatic review, the Finance Manager and the Finance Director provide review and approval of all grant-related financial reporting. This added layer of review and approval ensures that all data is verified by multiple parties and accurately reported.

The attached Single Audit Report for the year ended December 31, 2024, provides the detailed results of the audit and the auditors' opinion, which includes both the 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, and the Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and on the Schedule of Expenditures of Federal Awards. The former of these reports was received and filed by the Board on August 25, 2025.

FUNDING

None

BOARD OPTIONS

Option 1: Receive and file the 2024 Single Audit Report.

Option 2: Take other action as directed by the Board.


Option 3: Take no action.

RECOMMENDATION

Option 1.

ATTACHMENTS

Attachment A: 2024 Single Audit Report



Madison Franklin
Finance Manager



Penny Buchman
Finance Director



Brian Poulsen
General Counsel



Pravani Vandeyar
General Manager

El Dorado Irrigation District

Placerville, California

Single Audit Reports

For the year ended December 31, 2024

El Dorado Irrigation District
Single Audit Reports
For the year ended December 31, 2024

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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

To the Board of Directors
of the El Dorado Irrigation District
Placerville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the El Dorado Irrigation District (District), as of and for the year ended December 31, 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 August 20, 2025.

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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a material weakness.

To the Board of Directors
of the El Dorado Irrigation District
Placerville, California
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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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-002 and 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

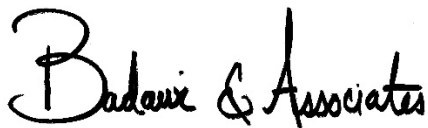
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to findings identified in our engagement 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates, CPAs
Emeryville, California
August 20, 2025

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

Independent Auditor's Report

To the Board of Directors
of the El Dorado Irrigation District
Placerville, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the El Dorado Irrigation District, California (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 December 31, 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 December 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States; 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items SA2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item SA2024-001 to be significant deficiency.

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.

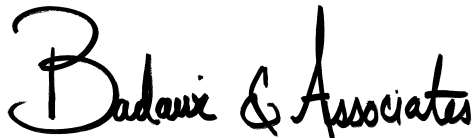
Government Auditing Standards requires the auditor to perform limited procedures on District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

To the Board of Directors
of the El Dorado Irrigation District
Placerville, California
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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated August 20, 2025, 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. 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 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.



Badawi & Associates, CPAs
Emeryville, California

November 19, 2025, except for the schedule of expenditures
of federal awards on pages 7 to 9, which are as of August 20, 2025

El Dorado Irrigation District
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2024

Grantor Agency and Grant Title	Assistance Listing Number	Agency or Pass-through Number	Program Expenditures
Department of Homeland Security			
<i>Passed through the Cal-OES:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CalOES	\$ 663,748
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			663,748
<i>Passed through the Cal-OES:</i>			
Hazard Mitigation Grant			
Hazard Mitigation Grant	97.039	CalOES	3,716,911
Total Hazard Mitigation Grant			3,716,911
<i>Passed through the Cal-OES:</i>			
BRIC: Building Resilient Infrastructure and Communities			
BRIC: Building Resilient Infrastructure and Communities	97.047	CalOES	72,284
Total BRIC: Building Resilient Infrastructure and Communities			72,284
<i>Total Department of Homeland Security</i>			4,452,943
Total Expenditures of Federal Awards			\$ 4,452,943

The accompanying notes are an integral part of this schedule

El Dorado Irrigation District
Notes to Schedule of Expenditures of Federal Awards
For the year ended December 31, 2024

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, El Dorado Irrigation District, California (District), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Accounting

Funds received under the various grant programs have been recorded within the enterprise funds of the District. The District utilizes the full accrual basis of accounting for the enterprise funds. Expenses of federal awards reported on the Schedule of Expenditures of Federal Awards (Schedule) are recognized when incurred.

C. Relationship of Schedule of Expenditures of Federal Awards to Financial Statements

The accompanying Schedule presents the activity of all federal financial assistance programs of the District. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California is included in the Schedule.

The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the District.

D. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the District determined that no identifying number is assigned for the program, or the District was unable to obtain an identifying number from the pass-through entity.

E. Indirect Costs

The District did not elect to use indirect costs.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Types of auditors' report issued on whether financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Any noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a)? Yes

Identification of major programs:

Assistance Listing

Number(s)	Name of Federal Program or Cluster	Expenditures
97.036	Disaster Grants - Public Assistance	\$ 663,748
97.039	Hazard Mitigation Grant	3,716,911
Total Expenditures of All Major Federal Programs		\$ 4,380,659
Total Expenditures of Federal Awards		\$ 4,452,943
Percentage of Total Expenditures of Federal Awards		98%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? No

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II - Current Year Findings

A. Financial Statement Audit

2024-001: Restatements of Previously Issued Financial Statements - Material weakness

Criteria

The District is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. This includes having controls in place to detect and address errors, omissions, and misstatements in a timely manner.

Condition

During fiscal year 2024, the District restated its previously issued financial statements to (1) correct the accounting for pension related amounts, (2) correct the capital assets balances, (3) remove certain liabilities previously recorded in error in the past and (4) to correct restricted cash and investment balances previously allocated incorrectly.

Cause

The misstatement relating to pension amounts, capital assets and restricted cash and investments appears to be oversight due to inadequate closing procedures and procedures to review and issue the financial statements. The misstatement relating removing certain liabilities was the result of misinterpretation of the accounting rules and standards.

Effect

The District's previously issued financial statements were not fairly stated in conformity with accounting principles generally accepted in the United States of America.

Recommendation

We recommend that the District expand its year-end closing to include formalized procedures for identifying, investigating, and correcting errors or misstatements in previously issued financial statements such as review of all accounts in the District's general ledger to ensure that amounts can be supported, are complete and are derived by correctly applying accounting standards.

Management Response

Over the last three years the District's Finance team has experienced significant staff turnover in key positions. This staffing instability has contributed to delays in financial reporting and has also limited our ability to perform comprehensive account reviews during past fiscal year-end close processes.

As we begin to stabilize and rebuild the Finance team with qualified staff who bring the appropriate skills and experience, we are better positioned to dedicate time and attention to reviewing and strengthening our financial records. We have implemented new procedures, including the development of a detailed closing checklist, and multi-level review protocols to help ensure that all necessary steps are taken during the year-end close process. These internal tools are designed to improve accuracy, promote consistency, and help prevent omissions or misstatements going forward.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II - Current Year Findings, Continued

A. Financial Statement Audit, Continued

2024-002: Complexity of the Structure of the Accounting Records - Significant Deficiency

Criteria

The District is responsible for a timely presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, we noted that the District 's accounting record structure appears to be overly complex relative to the size and the operation of the District. In many instances, transactions have to be recorded in multiple steps that involves the use of balancing or contra accounts, which significantly increases the risk of errors occurring without necessarily enhancing transparency or understanding of the District's financial activities.

Cause

The District's accounting structure is not properly designed, and the accounting software utilized appears to have some limitations that contribute to that complex structure.

Effect

Several errors were discovered in the previously issued financial statements that were due to missed entries or steps as a result of that complex structure.

Recommendation

We recommend that the District simplify its structure of accounting records to minimize the possibility of errors to occur.

Management Response

Over the last three years the District's Finance team has experienced significant staff turnover, which has brought some of these structural challenges to light. With recent improvements in staffing levels and stability, we are now in a better position to address these issues effectively.

As we build a team with the right skill sets and institutional knowledge, we are taking proactive steps to streamline and strengthen our accounting processes. Specifically, we are developing standardized templates for recurring transaction types, which are used to upload data into our financial system to promote consistency, reduce the number of manual entries, and minimize the risk of errors. Additionally, with more adequate staffing, we now have the capacity to review and refine our internal processes. Improved cross coverage within the finance team is allowing for greater oversight and the benefit of multiple reviews, ensuring transactions are properly and accurately recorded.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II - Current Year Findings, Continued

A. Financial Statement Audit, Continued

2024-002: Complexity of the Structure of the Accounting Records- Significant Deficiency, Continued

We are also in the early stages of researching new, more robust financial systems that will better meet the District's evolving business needs. The current system we are using has been in place since 2007 and lacks the technological capabilities that modern systems now offer. Transitioning to a more up-to-date platform will allow us to take advantage of newer automation tools, enhance reporting functionality, and stronger internal controls, ultimately supporting a more efficient and accurate accounting environment.

2024-003: Control of Data Conversion and Migration - Significant Deficiency

Criteria

The District is responsible for a timely presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial data provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During our fiscal year 2024 audit, we noted that the District did not have procedures in place to verify the completeness of the data being integrated from to the new IPS utility billing system to the District's financial system. Furthermore, it was discovered by management during the audit that some of the data did not integrate correctly from the IPS utility billing system to the District's financial system, which caused the amounts for receivables and revenues to be misstated.

Cause

The District did not have a process in place to verify the completeness of the data being migrated to the new system.

Effect

The amounts for receivables and revenues to be misstated as a result of the missing data.

Recommendation

We recommend that the District develop procedures to ensure the completeness and accuracy of the data prior to migrating it to a new system.

Management's Response

The IT team has implemented a fix to eliminate the root cause of data not properly integrating from the IPS utility billing system to the District's financial system. Additionally, the IT team has established new checks to proactively identify potential integration issues moving forward.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II - Current Year Findings, Continued

A. Financial Statement Audit, Continued

2024-003: Control of Data Conversion and Migration - Significant Deficiency, Continued

In addition to the efforts being made by the IT team, the Finance team will implement a reconciliation process to ensure the accuracy and completeness of utility billing data transferred to the financial system. While we currently record daily cash transactions received from the utility billing system, we recognize the need to expand this process to include a reconciliation of all relevant billing and receivable data.

Moving forward, we will integrate this reconciliation step into our daily workflow to confirm that amounts transferred from the IPS utility billing system are accurate and complete. This will serve as an added layer of control to promptly detect and correct discrepancies, and to help prevent similar issues in the future. We are committed to strengthening our internal controls and ensuring the reliability of financial data coming from all integrated systems.

B. Federal Award Program Audit Findings and Questioned Costs

SA2024-001: Discrepancy in Expenses Reported to Cal-OES- Significant Deficiency

AL number: 97.039

AL Title: Hazard Mitigation Grant

Name of Federal Agency: Department of Homeland Security

Criteria

The District is responsible for a timely and accurate reporting of eligible grant expenses.

Condition

During the performance of the audit, we noted that District's reported expenses to Cal-OES exceeded the actual expenses by \$484,041.

Cause

The District's incorrectly recorded duplicate expenditures entries resulting in overstatement of reported expenditures.

Questioned Costs:

We question all costs noted above in the total amount of \$484,041.

Effect

Because of overstatement of expenses, District received federal funds for which it was not entitled in addition to non-compliance of grant terms and uniform guidance reporting compliance requirements.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II - Current Year Findings, Continued

B. Federal Award Program Audit Findings and Questioned Costs, Continued

SA2024-001: Discrepancy in Expenses Reported to Cal-OES - Significant Deficiency, Continued

Recommendation

We recommend that the District simplify its structure of accounting records and properly review reports before submission.

Management Response

The duplicate reporting of costs occurred during a time when the District was transitioning grant financial reporting from the engineering department to the finance department. At the same time as this transition, the role assigned to grant financial reporting experienced turnover which required temporary workload redistribution. Because multiple employees across different departments were assisting with grant reporting during this period, there was an increased opportunity for error, and expenditures that had already been reported were inadvertently captured again on a later reimbursement request.

Responsibility for financial expenditure reporting has now been formally transitioned to the Finance Department. This change minimizes errors in expenditure reporting due to Finance staff's specialized knowledge of the financial system, and their experience in researching variances and verifying financial data. Engineering staff remain the program specialists and continue to provide programmatic narrative, technical context, and compliance reporting. This restructuring also centralizes financial reporting, and allows Finance to export data directly from the financial system rather than relying on a reporting tool that summarizes information separately.

Additionally, after Engineering completes its programmatic review, the Finance Manager and the Finance Director provides review and approval of all grant-related financial reporting. This added layer of review and approval, ensures that all data is verified by multiple parties and accurately reported.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section III – Prior Year Findings

A. Financial Statement Audit

2023-001: Timely and Accurate Year-End Close

Criteria:

The year-end financial closing and preparation of the general ledger data should be completed timely and accurately. In addition, well-managed organizations should develop a plan to ensure that adequate resources will remain available in the event of employee departures. Part of that is ensuring there are resources available to be utilized on short notice to fill gaps in key positions, especially in the Finance Department. These resources need to be in place throughout the fiscal year to ensure accounting processes and procedures continue and allow time for analysis of account balances and activities.

Condition:

There were a significant number of post-closing entries after the audit had commenced. During the audit, both our audit staff and District staff proposed numerous material post-closing journal entries.

Cause:

Due to the significant staff transitions and turnover within the Finance Department during the year, particularly in higher level positions, there was a significant strain on the District accounting staff's ability to ensure all account balances were fully analyzed, and closing entries were complete prior to providing the general ledger for the audit.

Effect:

The lack of sufficient resources in accounting caused significant delays in the audit. There were a significant number of post-closing entries, and accounting staff did not have sufficient capacity to review the financial statements timely. This is a repeat finding from prior year (finding 2022-001).

Recommendation:

The District should analyze staff resources to determine what plans can or should be made to ensure that the financial data is processed properly and timely during staffing transitions. In addition, the District should develop procedures to ensure that accounts are analyzed throughout the fiscal year and after the year end close to ensure that additional closing entries are not required prior to providing the general ledger for audit, which may require reconsidering the timeline for the audit work to be performed.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section III – Prior Year Findings, Continued

A. Financial Statement Audit, Continued

2023-001: Timely and Accurate Year-End Close, Continued

Management’s Response:

The department has filled vacated positions and cross-trained other staff. The new hires have brought about a change in the department's structure, creating an open and collaborative environment that encourages communication, knowledge sharing, and mutual support through informal and formal cross training of responsibilities. In the event of staff transitions, the current backup support would enable continuous operations until positions are filled. The staff has implemented monthly and quarterly processes that replicate year-end closing processes. These processes facilitate early identification and resolution of discrepancies, provide current financial information, streamline information compilation at year-end, and organize financial data for easier identification and isolation during audits.

Status of PY Finding:

Partially resolved

2023-002: California Code 53646 Compliance

Criteria:

Per the California Government Code 53646, the following Conditions need to be met:

- A. Treasurer’s Report should be presented within 30 days of the end date of the quarter
- B. Treasurer’s Report must have the wording of compliance with investment policy.
- C. Treasurer’s Report must have the wording of compliance with six months of expenditures
- D. Local agency may annually render to the board supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting

Condition:

During our interim work, we noted that the September 2023 Treasurer’s Report had the following issues:

1. Timely submission/reporting of the Treasurer’s Report to the Board, Treasurer’s Report should be presented within 30 days of the end date of the quarter. The September 2023 Treasurer’s Report took 70 days to be presented to the board.
2. Wording of compliance with investment policy: the California Government Code 53646 states the Treasurer’s Report must have the following: “compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance”. Such verbiage was not found in the September 2023 Treasurer’s Report that was tested.

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section III - Prior Year Findings, Continued

A. Financial Statement Audit, Continued

2023-002: California Code 53646 Compliance, Continued

3. Wording of compliance with six months of expenditures: the California Government Code 53646 states "The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months or provide an explanation as to why sufficient money shall, or may, not be available". Such verbiage was not found in the September 2023 Treasurer's Report that was tested.
4. Investment Policy not reviewed by the Oversight Board during the 2023 fiscal year: a local agency may annually render to the board supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. We noted in all the minutes from 1/1/23 - 12/31/23, we could not see the investment policy being presented to the Board. In addition, last time a change to the investment policy was done in 2006.

During our final work, we noted that the December 2023 Treasurer's Report had not submitted the report to the Board until May 2024. Treasurer's Report should be presented within 30 days of the end date of the quarter.

Cause:

Due to the significant staff transitions and turnover within the Finance Department during the year, particularly in higher level positions, there was a significant strain on the District accounting staff's ability to comply with these requirements.

Effect:

The District is not in compliance with the California Government Code 53646.

Recommendation:

We recommend that the District ensure that they are submitting the investment policy to the board for review annually, add wording of compliance with investment Policy and compliance with six months of expenditures in the report, and render to the board for review annually, to comply with the California Government Code 53646.

Management's Response:

We have added language to the investment reports to ensure compliance with the California Government Code. Moving forward, investment reports will be presented to the Board within 30 days of the end date of the quarter. Additionally, staff will annually present the investment policy to the Board for review as part of the regular budget approval process.

Status of PY Finding:

Resolved

El Dorado Irrigation District
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section III – Prior Year Findings, Continued

A. Financial Statement Audit, Continued

2023-003 Timely Preparation of Bank Reconciliations

Criteria:

Bank reconciliations are one of the most important internal controls a District must have, and the bank reconciliation cannot be considered complete until it has been reviewed and approved. To be an effective control, bank reconciliations and the associated review should be completed in their entirety as soon as reasonably possible after each month-end, usually within thirty to forty-five days of bank statement month end.

Condition:

We reviewed the District’s December 2023 bank reconciliations and noted there were no sign offs for preparer or reviewer. Furthermore, these reconciliations were no performed within 30-45 days of the month end.

Cause:

We understand the delays in preparing and reviewing the bank reconciliations were due to the high volume of staffing changes that occurred in the Finance Department during the fiscal year.

Effect:

By not completing and reviewing the bank reconciliations timely, accounting errors, misstatements and/or unauthorized activities may not be identified or corrected in a timely manner.

Recommendation:

The District must implement procedures to ensure the timely preparation and review of bank reconciliations throughout the fiscal year, and the completion should be documented/dated in some formal manner. In addition, as unreconciled differences appear, they should be fully researched to identify the cause and ensure they are resolved timely.

Management’s Response:

We have established specific procedures and task checklists to guarantee that bank reconciliations are prepared and reviewed in a timely manner throughout the fiscal year. Any discrepancies that arise will be promptly addressed and we will ensure that the completion of the reconciliation is formally documented.

Status of PY Finding:

Resolved.

B. Federal Award Program Audit

No prior year federal award program audit findings.



2024 Single Audit Report

December 8, 2025

Previous Board Action

- August 25, 2025 – Board received and filed the 2024 annual audit and 2024 report on applying agreed-upon procedures related to the appropriations limit.



Summary of Issue

- Single File Audit Act of 1984, amended in 1996, establishes the requirements for auditing non-federal entities that spend federal award funds
- Uniform Guidance requirements for these audits are detailed in 2 Code of Federal Regulations (CFR) Part 200.500 et seq., which covers both Single Audits and program-specific audits
- Audit requirement
 - Entities must undergo a Single Audit if they expend more than \$750,000 in federal awards during a fiscal year
 - For fiscal years beginning on or after October 1, 2024, the expenditure threshold increases to \$1,000,000





BADAWI & ASSOCIATES
Certified Public Accountants

El Dorado Irrigation District

Presentation to the Board of Directors

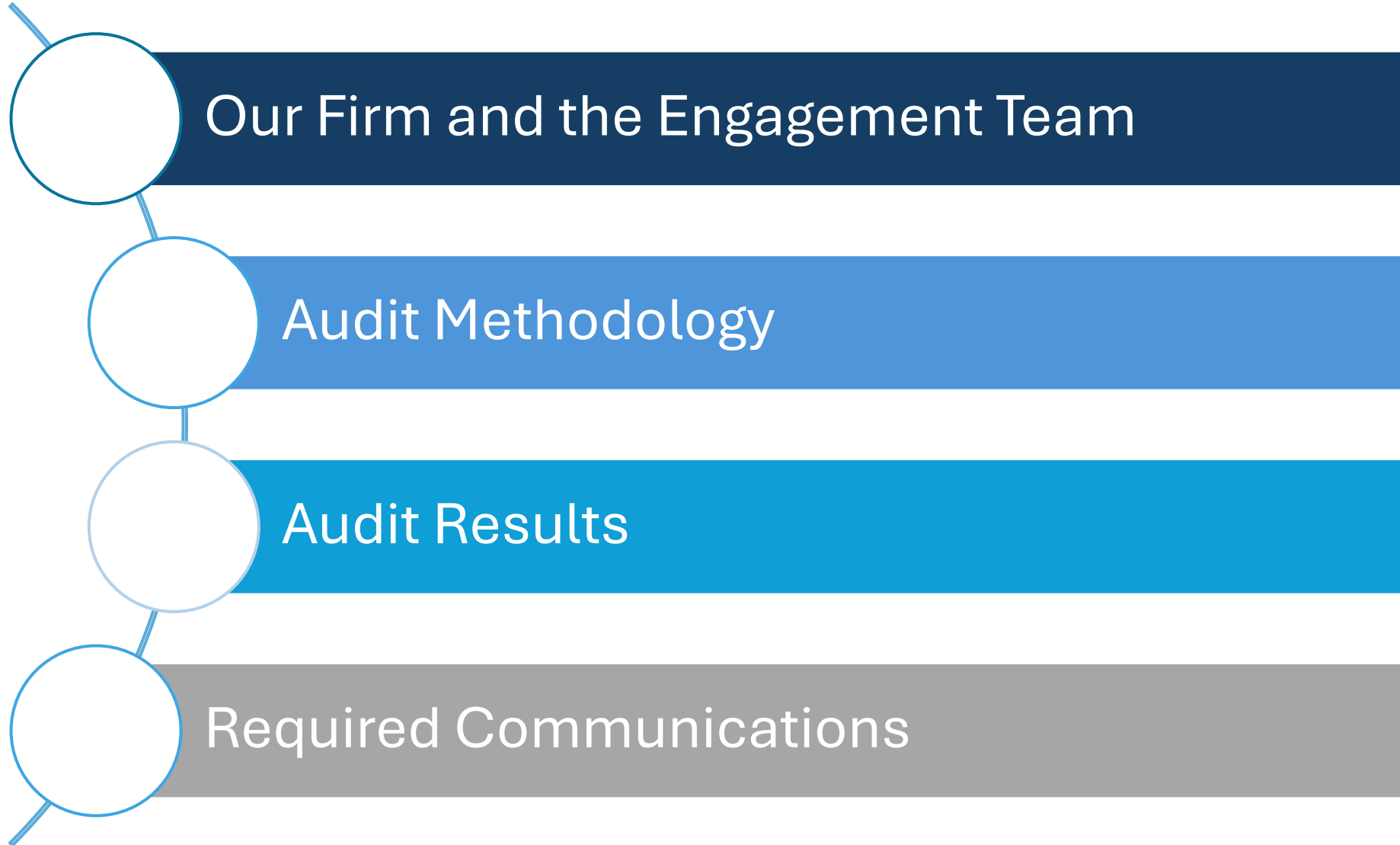
December 8, 2025



**2024 Single Audit of
El Dorado
Irrigation District**



Agenda

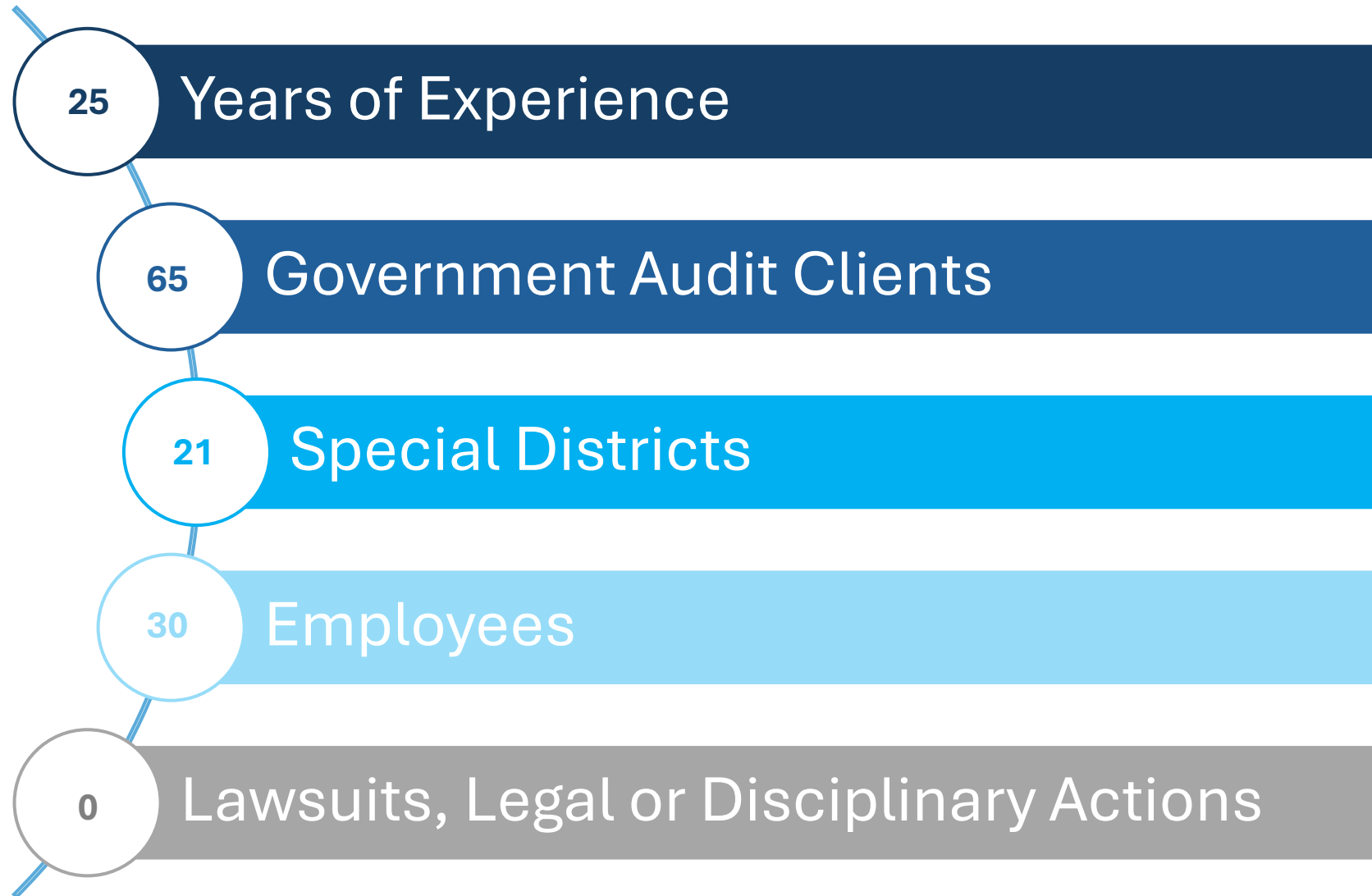




Our Firm and the Engagement Team



Our Firm – By the Numbers

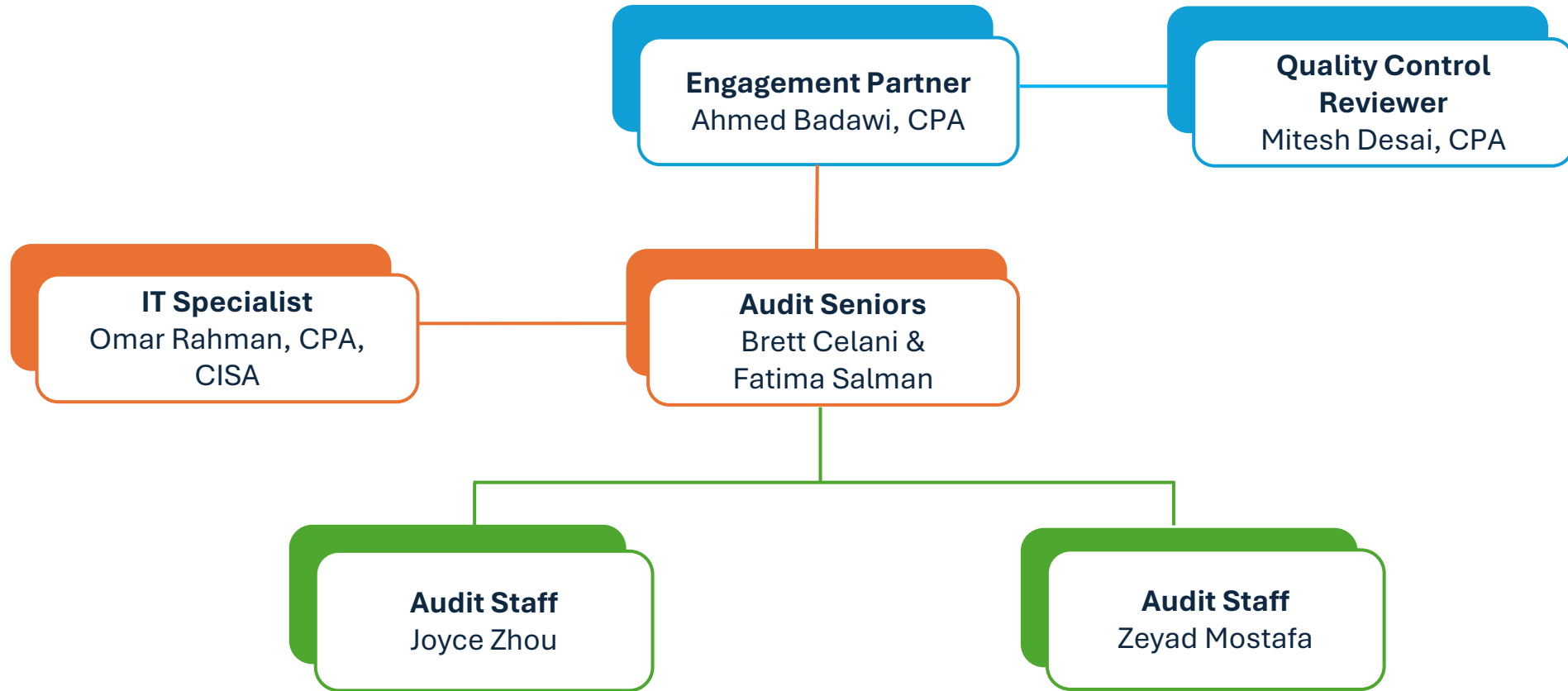




Engagement Team



Engagement Team





Audit Methodology



Audit Methodology



SEFA

Receive and review the Schedule of Expenditures of Federal Awards (SEFA).

Risk Assessment

Assess auditee risk, programs risk and select major programs to be tested.

Compliance

Assess risk of noncompliance, test internal controls and compliance.

Reporting

Report on the SEFA and major programs compliance and findings



Audit Results



Audit Results

Auditor's Report	Unmodified
Auditee Risk	The District did not qualify as a low-risk auditee
Major Programs Tested	97.036 Disaster Grants – Public Assistance 97.039 Hazard Mitigation Grant
Total Federal Awards	\$4,452,943
% of Federal Awards Covered	98%
Deficiencies in Internal Control	Yes – Significant Deficiency for discrepancy in expenses reported to Cal-OES. (Office of Emergency Services)
Non-Compliance	Yes - Discrepancy in expenses reported to Cal-OES.





Required Communications



Required Communications

Auditor's Responsibilities

Provide an opinion on whether the District complied with the major programs' compliance requirements

Provide an opinion on the SEFA in-relation to the financial statements

Evaluate and test internal control over compliance

Evaluate compliance with major programs' requirements.

Communicate with the governing body

Management's Responsibilities

Take responsibility for the SEFA

Establish and maintain internal control over compliance

Make all records available to us

Establish internal control to prevent and detect fraud

Inform us of all known and suspected fraud

Comply with major programs' compliance requirements

Take corrective action on audit findings



**Thank You for Allowing
us to Provide Audit
Services to
El Dorado Irrigation District.**



Significant Deficiency

- SA2024-001: Discrepancy in Expenses Reported to Cal-OES
 - In Q4 2024, the District submitted incorrect expenditure calculations to Cal-OES, leading to duplicated reimbursement requests
 - Error occurred amid high turnover in the grant analyst role, with multiple departments assisting and increasing error risk
 - District discovered the issue in Q1 2025 and notified Cal-OES in the Q1 report
 - Cal-OES recorded subsequent reports as non-payments until new expenditures exceeded the overstated amount
 - Error resulted in a significant deficiency and one instance of noncompliance



Corrective Action

- Grant financial reporting is being centralized within the Finance Department, where staff have specialized system knowledge and experience reviewing financial data
- Staff are being cross-trained on the District's grant programs to reduce error risk in the event of staff turnover
- All grant-related financial reports are now reviewed and approved by the Finance Manager and Finance Director



Board Options

- **Option 1**
Receive and file 2024 Single Audit Report
- **Option 2**
Take other action as directed
- **Option 3**
Take no action



Recommendation

- Option 1



Questions and Comments

