

Beaumont-Cherry Valley Water District

Single Audit Report on Federal Awards

Year Ended December 31, 2024

Beaumont-Cherry Valley 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

Board of Directors
Beaumont-Cherry Valley Water District
Beaumont, 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 Beaumont-Cherry Vallet Water District (the entity) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated June 6, 2025.

Report Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity'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 Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity'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*.

We noted certain matters that we have reported to management of the entity in a separate letter dated June 6, 2025.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
June 6, 2025

**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**

Independent Auditor's Report

Board of Directors
Beaumont-Cherry Valley Water District
Beaumont, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Beaumont-Cherry Valley 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 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 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* 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. 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 the District's response to the noncompliance findings identified in our compliance audit 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 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a 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 the 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. The 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

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 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 June 6, 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

July 29, 2025 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is June 6, 2025)

Beaumont-Cherry Valley Water District

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 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 Treasury				
<i>Passed Through County of Riverside</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,170,983	\$ -
Total Assistance Listing 21.027			<u>1,170,983</u>	<u>-</u>
Total U.S. Department of Treasury			<u>1,170,983</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,170,983</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Beaumont-Cherry Valley Water District

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) *Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Beaumont-Cherry Valley Water District (the District) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

(b) *Summary of Significant Accounting Policies*

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

(c) *De Minimis Indirect Cost Rate*

The District did not elect to use the 10-percent indirect cost rate allowed under the Uniform Guidance.

Beaumont-Cherry Valley Water District

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

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?	_____ X _____	Yes	_____	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)	_____ X _____	Yes	_____	No
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Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?	_____	Yes	_____ X _____	No
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Beaumont-Cherry Valley Water District

Schedule of Findings and Questioned Costs Year Ended December 31, 2024

SECTION II. FINANCIAL STATEMENT FINDINGS

No matters to be reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2024-001: Untimely Submission of Required Quarterly Reports Noncompliance ARPA, AL 21.027

Condition

During our audit of the District's compliance with federal program requirements, we noted that the District does not have established internal controls over the reporting process. Specifically, there are no formal procedures in place to ensure the accuracy, completeness, and timeliness of required federal reports.

Criteria

In accordance with 2 CFR §200.328(b)(1) and the specific terms and conditions of the federal award agreement, recipients are required to submit performance and/or financial reports quarterly, no later than the 21st day of the following month after the end of each calendar quarter. Timely submission of these reports is essential for the federal awarding agency to monitor progress and compliance with program objectives.

Cause

This is the first year the District has been subject to a single audit, exceeding the \$750,000 expenditure threshold, and did not have adequate internal controls in place to ensure that reporting deadlines were tracked and met consistently. Oversight of the reporting calendar and assignment of responsibilities were not clearly documented.

Effect

Failure to submit required reports on time constitutes noncompliance with federal grant requirements. Late submissions may impede the federal agency's ability to monitor the project's progress and may affect future funding decisions or lead to additional oversight.

Recommendation

We recommend that the District strengthen its internal control system by implementing a formal tracking mechanism for federal reporting deadlines, assigning responsibility for report preparation and submission, and establishing a review process to ensure timely compliance with all grant reporting requirements.

Views of Responsible Officials

See the attached Corrective Action Plan.

Beaumont-Cherry Valley Water District

Schedule of Findings and Questioned Costs Year Ended December 31, 2024

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2024-002: Lack of Formal Review Process for Quarterly Report Submissions Significant Deficiency ARPA, AL 21.027

Condition

During our review of the District's reporting procedures, we noted that the District does not have a documented or formalized internal review process for the preparation and submission of required quarterly reports. Reports are typically prepared and submitted by a single individual without supervisory review or approval.

Criteria

In accordance with 2 CFR §200.328(b)(1), non-Federal entities are required to submit performance and/or financial reports on a regular basis as specified in the terms and conditions of the award. Effective internal controls, as outlined in 2 CFR §200.303, require that entities establish and maintain processes to ensure reliable reporting and compliance with federal requirements.

Cause

This is the first year the District has been subject to a single audit, exceeding the \$750,000 expenditure threshold, and has not yet developed formal policies or procedures for reviewing and approving required financial and programmatic reports.

Effect

The absence of a formal review process increases the risk of reporting errors, late submissions, or omissions that could lead to noncompliance with federal reporting requirements. It also reduces the ability to detect and correct potential reporting deficiencies before submission to the federal awarding agency.

Recommendation

We recommend that the District develop and implement formal policies and procedures to ensure that federal reports are reviewed for accuracy, completeness, and timeliness prior to submission. Management should assign responsibility for report preparation and review, implement checklists or reconciliation processes, and provide training to staff involved in federal reporting.

Views of Responsible Officials

See the attached Corrective Action Plan.

Beaumont-Cherry Valley Water District

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024**

CURRENT STATUS OF PRIOR YEAR FINDINGS

None reported.

Beaumont-Cherry Valley Water District External Audit Corrective Action Plan

Year Ended December 31, 2024

The corrective action plan listed below is in response to the Beaumont-Cherry Valley Water District's single audit report for the fiscal year ending December 31, 2024, prepared by Rogers, Anderson, Malody and Scott, CPA's:

2024-001 - *Untimely Submission of Required Quarterly Reports*
Noncompliance
ARPA, AL 21.027

Recommendation:

We recommend that the District strengthen its internal control system by implementing a formal tracking mechanism for federal reporting deadlines, assigning responsibility for report preparation and submission, and establishing a review process to ensure timely compliance with all grant reporting requirements

Corrective Action:

1. Designate a primary report preparer and assign a secondary reviewer to verify report accuracy, completeness, and timeliness prior to submission.
2. Implement a report review checklist to be completed and signed by both preparer and the reviewer, filed with each submission.

Person Responsible for Corrective Action:

William Clayton, Finance Manager

Anticipated Completion Date for Corrective Action:

Corrective Action is immediately implemented in response to the auditors' recommendation.

2024-002 - Lack of Formal Review Process for Quarterly Report Submissions
Significant Deficiency
ARPA, AL 21.027

Recommendation:

We recommend that the District develop and implement formal policies and procedures to ensure that federal reports are reviewed for accuracy, completeness, and timeliness prior to submission. Management should assign responsibility for report preparation and review, implement checklists or reconciliation processes, and provide training to staff involved in federal reporting.

Corrective Action:

1. Assign separate personnel for report drafting and supervisory review to ensure segregation of duties.
2. Create and require use of a Quarterly Report Review Checklist to confirm accuracy, completeness, and timeliness before submission.

Person Responsible for Corrective Action:

William Clayton, Finance Manager

Anticipated Completion Date for Corrective Action:

Corrective Action is immediately implemented in response to the auditors' recommendation.