

SINGLE AUDIT REPORTS

Del Puerto Water District

Schedule of Expenditures of Federal Awards

February 28, 2022

Federal Grantor/ Pass-Through Grantor Program and/or Cluster Title	Federal CFDA Number	Pass-Through Identification Number	Total Federal Expenditure
U.S. Department of the Interior, Bureau of Reclamation:			
<i>Direct Programs</i>			
Water Storage Enhancement	15.574*	N/A	\$ 1,600,000
Title XVI Water Reclamation and Reuse Program	15.504	N/A	<u>92,096</u>
Total Direct Programs			<u><u>1,692,096</u></u>
Total Federal Financial Assistance			<u><u>\$ 1,692,096</u></u>

* denotes major program

See Notes to Schedule of Expenditures of Federal Awards

Del Puerto Water District

Notes to Schedule of Expenditures of Federal Awards

February 28, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Del Puerto Water District (the District) under programs of the federal government for the year ended February 28, 2022. The information in this Schedule is presented in accordance with the requirements of 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 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 for the District.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the District, agencies, and departments of the federal government. The awards are classified into major program categories in accordance with the provisions of the Uniform Grant Guidance.

NOTE B - BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 course of business to amounts reported as expenditures in prior years.

NOTE C - PASS-THROUGH AWARDS

<u>Cluster/Program</u>	<u>Sub Recipient</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
Water Storage Enhancement	San Joaquin River Exchange Contractors Water Authority	15.574	\$800,000

NOTE D - RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

Consistent with management's policy, federal awards and other grants are recorded in respective revenue categories. As result, the amount of total federal awards expended on the Schedule does not agree to total grant revenue on the Statement of Operations and Changes in Net Assets as presented in the District's report on the audited financial statements.

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Independent Auditor's 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

To the Board of Directors
Del Puerto Water District
Patterson, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Del Puerto Water District (the District) which comprise the statements of net position as of February 28, 2022 and 2021, and the related statements of revenues and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an 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 to 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 may exist that have not been identified.

Compliance and Other Matters

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

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.

JW7 & Associates, LLP

Fresno, California
September 26, 2022

JWT & Associates, LLP

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Del Puerto Water District
Patterson, California

Report on Compliance for Each Major Federal Program

We have audited Del Puerto Water District's (the District) 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 February 28, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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 February 28, 2022.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of 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.

JW7 & Associates, LLP

Fresno, California
September 26, 2022

Del Puerto Water District

Schedule of Findings and Questioned Costs

February 28, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unmodified	
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None Reported
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 2 CFR section 200.516(a)?	<u> </u>	Yes	<u> X </u> No

Major Programs

U.S. DOI: Water Storage Enhancement		CFDA Number 15.574	
Dollar threshold used to distinguish between type A and type B programs		\$750,000	
Auditee qualified as low-risk auditee?	<u> X </u>	Yes	<u> </u> No

Del Puerto Water District

Schedule of Findings and Questioned Costs

February 28, 2022

Section II - Current Year Findings and Questioned Costs

Financial Statements Findings - Audit

There were no findings and questioned costs.

Major Federal Programs Audit

There were no findings and questioned costs.

Section III - Prior Year Findings and Questioned Costs

Financial Statements Findings - Audit

There were no findings and questioned costs.

Major Federal Programs Audit

There were no findings and questioned costs.

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November Meeting Agenda

10:00 a.m. November 18, 2022
 279-666-3100 / ID 218 624 66#

The meeting begins at 10:00 a.m. via MS Teams or the provided call-in number.

1. **Opening Business**
2. **Report on EC Meeting**
3. **2022 FAC Issues Matrix**

2022 FAC Issues Matrix – Updated 5/20/2022	
Priority Issues	Update
1. Future Costs and Potential Rate Impacts	Robert
2. Remediation of CVP Costs	
a. PL 111-11 XM Rate	Sabir
b. Remediation of 2014-2019 costs	(On hold)
c. Recharacterization of Reimbursability of Costs (BGT 02-02)	(On hold)
3. CVPIA	
a. True-up and Accounting BPG	Heather
b. Finance Plan	Brooke
c. Progress Activity Report (CPAR)	(On hold)
4. CBG's CVP Reserved Works Application	Duane
5. CVP Final Cost Allocation (FCA) true-up	Sabir
6. Folsom SOD Cost Recovery - Dike 1-6	Sabir
7. Contractor Contact list	Lisa
Tracking Issues	
1. PL 116-260 Aging Infrastructure Account	Reclamation
2. WIIN Act Section 4007 Storage Projects	Vincent
3. Reclamation Manual Updates	Kevin
4. BORWORKS Enhancements	Sabir
5. Warren Act Rates for 2023	Sabir
6. Ability-to-Pay Studies	Steve
7. San Luis Joint Use O&M Cost Reallocation Study	Duane
8. Annual Budget Review with Stakeholders	Ed
9. Trinity PUD assessment collection	Sabir
10. WRDA 2022 draft language	Kevin

4. 2022 FAC Presentations

2022 FAC Schedule of Presentations – Updated 7/15/2022		
Month	Topic	Presenter
January 18	2022 FAC Issues Matrix	Kevin Kasberg
February 18	Regional Director 2022 Priorities	Ernest Conant
March 18	Annual Budget Process	Ann Lubas-Williams
April 22	CVPIA Finance Plan	Becke White
May 20	BORWORKS 101	Sabir Ahmad, Anthea Hansen
June 17	Reserved Works Application for Aging Infrastructure Account Funding	Duane Stroup, Ed Young, Ann Lubas-Williams
July 15	Future Costs	Robert Ward
August 19	Raresetting 101 – Rate Development	Sabir Ahmad
September 16	Revenues	Christiane Washington
October 21	Planning (Storage Projects)	Vincent Barbara
November 18	Implementing the Cost Allocation	Steve Pavich
December 16	TBD	

5. 2023 FAC Presentations

6. 2023 Draft Rates Posted

<https://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html>

7. Reorg at the FMD

8. Reserved Works Application

9. Water User’s Conference Registration is Open

10. November Presentation – Implementing Cost Allocation with Steve Pavich

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