



Transmitted via e-mail

December 1, 2014

Mr. Jim Branham, Executive Officer  
Sierra Nevada Conservancy  
11521 Blocker Drive, Suite 205  
Auburn, CA 95603

Dear Mr. Branham:

**Final Report—El Dorado Irrigation District, Proposition 84 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the El Dorado Irrigation District's (District) grants 322, 0731001, and 0831002. These grants were issued by the Sierra Nevada Conservancy.

The enclosed report is for your information and use. Because there were no audit observations requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of the District. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Joan Keegan, Assistant Executive Officer, Sierra Nevada Conservancy  
Ms. Amy Lussier, Chief, Administration Services Division, Sierra Nevada Conservancy  
Mr. Matthew Daley, Grant Administrator, Sierra Nevada Conservancy  
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency  
Mr. Daniel M. Corcoran, Environmental Division Manager, El Dorado Irrigation District

El Dorado Irrigation District  
Proposition 84 Bond Program  
Grant Agreements 322, 0731001, and 0831002



Hazel Creek/Meadow  
Source: El Dorado Irrigation District



Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

## **MEMBERS OF THE TEAM**

Frances Parmelee, CPA  
Manager

Robert Scott, MSA, CPA, CGMA  
Supervisor

Staff  
Randy Enriquez

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## BACKGROUND

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for \$5.4 billion. The bond proceeds finance a variety of resource programs.

The El Dorado Irrigation District (District) is a public agency dedicated to providing high quality water, wastewater treatment, recycled water, hydropower, and recreation services.<sup>1</sup> The District received the following grants from the Sierra Nevada Conservancy (SNC):

- **Grant 322**—\$153,466 to finance restoration designs and permit applications in El Dorado County’s Sly Park Recreation Area—Hazel Creek and Jenkinson Lake. The designs and permits included plans to stabilize creek banks, remove non-native vegetation, create riparian buffer zones, protect re-vegetated areas with 50-foot setbacks, and construct a safety access bridge over the creek.
- **Grant 0731001**—\$118,236 to collect water quality data at specified sites throughout the South Fork American River watershed. The data will build upon the existing baseline water quality data and contribute to a better understanding of the effects of recreational activities on water quality in the watershed.
- **Grant 0831002**—\$66,116 to repair and improve the recreational infrastructure along Hazel Meadow and Jenkinson Lake. Previous land uses such as equestrian and hiking trails in Hazel Meadow have degraded the meadow’s habitat and impacted water quality entering the lake, which serves as a public water supply for El Dorado County.

## SCOPE

In accordance with the Department of Finance’s bond oversight responsibilities, we audited the following grants:

| <u>Grant Agreement</u> | <u>Audit Period</u>                  |
|------------------------|--------------------------------------|
| 322                    | June 13, 2011 through March 1, 2014  |
| 0731001                | March 19, 2008 through March 1, 2012 |
| 0831002                | June 19, 2009 through March 1, 2013  |

The audit objectives were to determine whether the District’s grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations.

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<sup>1</sup> <http://www.eid.org/about-us/mission-and-guiding-principles>

District management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. SNC and the California Natural Resources Agency are responsible for the state-level administration of the bond programs.

## **METHODOLOGY**

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Examined the grant files, grant agreements, and applicable policies and procedures.
- Reviewed the District's accounting records, vendor invoices, and cancelled checks.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Evaluated whether a sample of grant deliverables were met by reviewing supporting documentation such as design drawings, alteration agreements, and final reports.

In conducting our audits, we obtained an understanding of the District's internal controls, including any information systems controls, that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

## RESULTS

The results of the audits are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Based on the procedures performed, the grant expenditures claimed complied with the grant requirements. Additionally, the grant deliverables were completed as specified in the grant agreements. The Schedules of Claimed Amounts are presented below.

### Schedules of Claimed Amounts

| <b>Grant Agreement 322</b>                         |                            |
|--|----------------------------|
| <b>Task</b>  | <b>Claimed<sup>2</sup></b> |
| Tree and Topographic Survey                        | \$ 11,948                  |
| Restoration/Construction Design                    | 52,920                     |
| Design and Construction Bid Documents              | 4,604                      |
| CDFG Streambed Alteration Agreement 1600           | 5,633                      |
| RWQCBV 401 Certification                           | 5,236                      |
| USACE 404 Nationwide Permits and Section 7 Consult | 12,705                     |
| Technical Project Management                       | 15,649                     |
| Project Performance Measures and Reporting         | 8,119                      |
| Project Administration                             | 4,743                      |
| <b>Total Project Expenditures</b>                  | <b>\$ 121,557</b>          |

| <b>Grant Agreement 0731001</b>  |                            |
|---|----------------------------|
| <b>Task</b>   | <b>Claimed<sup>3</sup></b> |
| Outreach Expenses   | \$ 1,696                   |
| Technical Expertise, Coliform Sample Analysis, and Education/Outreach Contracts | 107,852                    |
| Project Tracking, Monitoring, Evaluation, and Coordination Services             | 4,196                      |
| <b>Total Project Expenditures</b>   | <b>\$ 113,744</b>          |

| <b>Grant Agreement 0831002</b>                |                  |
|---|------------------|
| <b>Task</b>                                   | <b>Claimed</b>   |
| Materials                                     | \$ 32,000        |
| Labor–EID Construction and Recreational Staff | 34,116           |
| <b>Total Project Expenditures</b>             | <b>\$ 66,116</b> |

<sup>2</sup> SNC awarded \$153,466 and the District claimed \$121,557.

<sup>3</sup> SNC awarded \$118,236 and the District claimed \$113,744.