

NEWBERRY COMMUNITY SERVICES DISTRICT

Established 1958

Board Minutes
December 11, 2018

Call the meeting to order. 6:06 p.m.

Pledge of Allegiance

President Springer asked all present to rise, face the flag and recite the Pledge of Allegiance.

Roll Call.

Present:

President Springer
Vice President Deel
Director Clark
Director Paulsen

Absent:

Director Shaw

Also Present : General Manager Jodi Howard ,District Treasurer Kerri Zurcher, Fire Chief Lanier and Asst. Fire Chief Rogers and members of the public.

1. Approval of the Agenda

Motion Director Deel to approve as presented. Seconded Director Paulsen.

Vote: **Unanimous**

Motion Passed

2. Public Comments:

- a. **General Public-** Ellen Johnson Shared MWA water projects and programs.
- b. **Community Reports-**
 - County Supervisor-** Christian Guntert- Presented a Certificate for Years of Service to Director Shaw from the Board of Supervisors.

Sheriff – Not Present

3. Consent Items

a. Approval of Minutes

b. Bills Paid and Presented for Approval

Motion Director Deel to remove Item a. and move to 4, approve bills paid. Seconded Director Paulsen

Vote: **Unanimous**

Motion Passed

4. Matters Removed from Consent Items

a. Approval of Minutes

Motion Director Deel approve minutes with correction 2 b. add a t to Daggett. Seconded Director Paulsen.

Vote: **Unanimous**

Motion Passed

5. Reports

A. General Manager- We need to post signs of closure in the park. Suggested to the Board that we need another camera. Thanked Christian Gunteret for all of the grant information he has sent.

B. Staff-

6. Agenda Items- Discussion/Possible Action

a. Swear in New Director

Director Springer Swore in Jack Unger.

b. Elect Board President

Director Paulsen Nominated Director Springer.

Vote-Yes Director Deel, Director Clark, Director Paulsen, Director Unger and Director Springer.

Director Springer is Board President

d. Board President Appoint Vice President.

Director Springer asked Director Deel she accepted.

Director Deel is Vice President

c. Appoint an Ad Hoc (Temporary) Committee to plan Volunteer Fire Department Appreciation Day.

Motion Director Deel the Change Fire Department Appreciation Day from February to May. Date to be decided by the fire department. Seconded Director Clark.

Vote: **Unanimous**

Motion Passed

d. Appoint an Ad Hoc (Temporary) Committee to meet with Director of Public Works Kevin Blakeslee to discuss revision of the old road plan for Newberry Springs that leaves occupied roads uncared for and unoccupied ones cared for..

Discussion- Director Paulsen appointed to work with Christian Gunteret and County Roads to get more information and meeting date.

7. Old and New Business-

8. Adjournment- 7:45 p.m.

Board Secretary

Board President

December 2018/January 2019 Expenditures

<u>Date</u>	<u>Check #</u>	<u>Payee</u>	<u>Acct</u>	<u>Split</u>	<u>Amount</u>
12/11/2018	17278	VOID (Printer Chewed Check)			
12/11/2018	17279	County of SB	2002.5		\$ 266.00
12/11/2018	17280	Daphne Lanier	4007.5		\$ 180.00
12/11/2018	17281	Desert Disposal	4006.2		\$ 42.61
12/11/2018	17282	Frontier	4006.1		\$ 56.52
12/11/2018	17283	Jay Potter	4007.5		\$ 100.00
12/11/2018	17284	Mitch Ward	4007.5		\$ 30.00
12/11/2018	17285	Roberto Rodriguez	4007.5		\$ 110.00
12/11/2018	17286	Rylan Lanier	4007.5		\$ 270.00
12/11/2018	17287	Silver Valley Propane	2002.3		\$ 116.47
12/11/2018	17288	Streamline	1010.6		\$ 50.00
12/11/2018	17289	Tyler Ahlmeyer	4007.5		\$ 10.00
12/11/2018	17290	Cory Rogers	4007.5		\$ 30.00
12/11/2018	17291	Desert Disposal	2002.3		\$ 155.26
01/08/2019	17337	Carmyn Vanlom	2003.4		\$ 200.00
01/08/2019	17338	Cory Rogers	4007.5		\$ 70.00
01/08/2019	17339	Daphne Lanier	split		\$ 430.00
			2002.4	\$ 300.00	
			4007.5	\$ 130.00	
01/08/2019	17340	De Lage Laden	1010.2		\$ 58.61
01/08/2019	17341	Dept of Justice	4007.8		\$ 49.00
01/08/2019	17342	Jay Potter	4007.5		\$ 50.00
01/08/2019	17343	Jon Stone	split		\$ 450.00
			2003.1	\$ 400.00	
			2003.4	\$ 50.00	
01/08/2019	17344	Mitch Ward	4007.5		\$ 50.00
01/08/2019	17345	Robert Shaw	1005.0		\$ 50.00
		(Replacement Check 05/2018)			
01/08/2019	17346	Roberto Rodriguez	split		\$ 695.51
			4007.5	\$ 210.00	
			4007.6	\$ 485.51	
01/08/2019	17347	Rylan Lanier	4007.5		\$ 240.00
01/08/2019	17348	Tyler Ahlmeyer	4007.5		\$ 20.00
01/08/2019	17349	Dept of Forestry	4005.3		\$ 6,766.00
01/08/2019	17350	Daphne Lanier	4007.1		\$ 343.95
01/08/2109	17351	Jodi Howard	1012.2		\$ 1,011.72
01/08/2019	17352	Kerri Zurcher	1012.4		\$ 416.67
01/10/2019	17353	Advanced Copy	1010.2		\$ 36.84
01/10/2019	17354	Clark Pest Control	2002.7		\$ 50.00
01/10/2019	17355	Desert Disposal	4006.2		\$ 42.61
01/10/2019	17356	FASIS	1012.8		\$ 830.00
01/10/2019	17357	LN Curtis	4004.1		\$ 3,831.59
01/10/2019	17358	Streamline	1010.6		\$ 50.00

01/10/2019	17359	Verizon	split		\$	60.50
			1010.5	\$	22.49	
			4006.1	\$	38.01	
01/10/2019	17360	Clark Pest Control	4006.4		\$	50.00
01/10/2019	17361	Desert Disposal	2003.2		\$	155.26
01/10/2019	EFT	SCE	3001.0		\$	770.55
01/10/2019	EFT	SCE	split		\$	222.00
			2002.2	\$	26.11	
			2003.8	\$	36.81	
			4006.6	\$	159.08	
01/10/2019	EFT	SCE	2002.2		\$	261.51
01/17/2019	17362	Advanced Copy	1010.2		\$	37.68
01/17/2019	17363	DeLage Laden	1010.2		\$	62.07
01/17/2019	17364	Frontier	4006.1		\$	51.60
01/17/2019	17365	Jack Unger	1005.0		\$	50.00
01/17/2019	17366	Larry Clark	1005.0		\$	50.00
01/17/2019	17367	Paula Deel	1005.0		\$	50.00
01/17/2019	17368	Robert Springer	1005.0		\$	50.00
01/17/2019	17369	Silver Valley Propane	2002.3		\$	353.44
01/17/2019	17370	Vickie Paulsen	1005.0		\$	50.00
01/17/2019	17371	Rylan Lanier	4007.6		\$	684.78
01/17/2019	EFT	CASDU	4007.1		\$	277.05

Newberry Community Service District
 FY 2018/19 Budget
 as of January 17, 2019

1000.0 ADMINISTRATION	Budgeted	Spent	Balance
1001.0 Advertising	\$300.00	\$0.00	\$300.00
1003.0 Auditor	\$7,000.00	\$7,500.00	-\$500.00
1004.0 Bank Fees	\$100.00	\$137.00	-\$37.00
1005.0 Director Stipends	\$7,000.00	\$1,600.00	\$5,400.00
1006.0 Education			
1006.1 Education, Tuition	\$2,500.00	\$2,400.00	\$100.00
1006.2 Education, Books	\$200.00	\$0.00	\$200.00
1006.3 Education, Lodging	\$2,000.00	\$1,869.64	\$130.36
1006.4 Education, Mileage	\$300.00	\$42.02	\$257.98
Education Sub-Total	\$5,000.00	\$4,311.66	\$688.34
1007.0 Election Expenses	\$2,500.00	\$0.00	\$2,500.00
1008.0 LAFCO	\$700.00	\$620.20	\$79.80
1009.0 Legal Expenses	\$4,000.00	\$825.00	\$3,175.00
1010.0 Office Expenses			
1010.1 Office Supplies	\$1,500.00	\$395.20	\$1,104.80
1010.2 Office Equipment, Maint/Repair	\$1,500.00	\$770.59	\$729.41
1010.3 Office Equipment, Purchases	\$500.00	\$120.15	\$379.85
1010.4 Postage/Shipping	\$500.00	\$0.00	\$500.00
1010.5 Office Telephone	\$400.00	\$134.56	\$265.44
1010.6 Subscriptions/Membership Fees	\$3,000.00	\$1,538.88	\$1,461.12
1010.7 Office Internet	\$1,300.00	\$437.70	\$862.30
Office Expenses Sub-Total	\$8,700.00	\$3,397.08	\$5,302.92
1012.0 Administrative Personnel Expenses			
1012.1 Salary, Board Secretary	\$2,000.00	\$833.21	\$1,166.79
1012.2 Salary, General Manager	\$12,000.00	\$4,641.98	\$7,358.02
1012.3 Salary, Office Assistant	\$10,000.00	\$2,320.99	\$7,679.01
1012.4 Salary, Treasurer	\$5,500.00	\$2,916.69	\$2,583.31
1012.5 Payroll Tax Payment	\$6,000.00	\$794.99	\$5,205.01
1012.7 Dept of Justice-Live Scan	\$100.00	\$0.00	\$100.00
1012.8 Workers Comp Insurance	\$6,600.00	\$7,113.00	-\$513.00
1012.9 Staff Mileage	\$300.00	\$0.00	\$300.00
Admin Personnel Expenses Sub-Total	\$42,500.00	\$18,620.86	\$23,879.14
1013.0 SDRMA Insurance, Liability/Bonding	\$3,700.00	\$50.00	\$3,650.00
Administrative Total	\$81,500.00	\$37,061.80	\$44,438.20

Newberry Community Service District
 FY 2018/19 Budget
 as of January 17th, 2019

2000.0 PARK & RECREATION	Budgeted	Spent	Balance
2001.0 Community Events			
2001.1 Community Events, Advertising	\$300.00	\$0.00	\$300.00
2001.2 Community Events, Expenses	\$12,000.00	\$188.94	\$11,811.06
Community Events Sub-Total	\$12,300.00	\$188.94	\$12,111.06
2002.0 Community Center Expenses			\$0.00
2002.1 Consumable Supplies	\$400.00	\$20.44	\$379.56
2002.2 CSD Electric	\$4,000.00	\$2,471.24	\$1,528.76
2002.3 CSD Propane	\$2,300.00	\$894.97	\$1,405.03
2002.4 Contract Labor, Cleaning	\$4,200.00	\$2,100.00	\$2,100.00
2002.5 Health Permits	\$1,100.00	\$1,146.00	-\$46.00
2002.6 CSD Building, Maint/Repair	\$3,500.00	\$6,744.52	-\$3,244.52
2002.7 Pest Control	\$700.00	\$350.00	\$350.00
Community Center Sub-Total	\$16,200.00	\$13,727.17	\$2,472.83
2003.0 Grounds Expenses			
2003.1 Contract Labor, Landscaping	\$4,800.00	\$2,800.00	\$2,000.00
2003.2 Disposal Services	\$2,500.00	\$931.56	\$1,568.44
2003.3 Maint/Repair, Equipment	\$2,000.00	\$0.00	\$2,000.00
2003.4 Maint/Repair, Grounds	\$5,000.00	\$6,276.44	-\$1,276.44
2003.5 Maint/Repair, Well	\$5,000.00	\$713.14	\$4,286.86
2003.6 Mojave Water Agency Fees	\$200.00	\$0.00	\$200.00
2003.7 Park, Capital Improvements	\$0.00	\$0.00	\$0.00
2003.8 Park, Electric	\$1,800.00	\$827.23	\$972.77
2003.9 Water Testing	\$400.00	\$410.00	-\$10.00
Grounds Expenses Sub-Total	\$21,700.00	\$11,958.37	\$9,741.63
TOTAL	\$50,200.00	\$25,874.48	\$24,325.52

3000.0 STREET LIGHTS	Budgeted	Spent	Balance
3001.0 Street Lights	\$8,000.00	\$2,674.18	\$5,325.82

Newberry Community Service District
 FY 2018/19 Budget
 as of January 17th, 2019

4000.0 FIRE DEPARTMENT	Budgeted	Spent	Balance
4001.0 Apparatus Lease/Purchase	\$0.00	\$25,569.81	-\$25,569.81
4002.0 Capital Improvements			\$0.00
4002.1 Station	\$0.00	\$0.00	\$0.00
4002.2 Equipment	\$0.00	\$0.00	\$0.00
Capital Improvements Sub-Total	\$0.00	\$0.00	\$0.00
4003.0 Equipment Expense, Vehicle			
4003.1 Equip Exp, Vehicle, Fuel	\$4,000.00	\$2,982.51	\$1,017.49
4003.2 Equip Exp, Vehicle, Maint/Repair	\$8,000.00	\$7,607.00	\$393.00
4003.3 Equip Exp, Vehicle, SDRMA, Ins	\$6,000.00	\$0.00	\$6,000.00
Equipment Expense Sub-Total	\$18,000.00	\$10,589.51	\$7,410.49
4004.0 Equip Exp, Non-Vehicle			
4004.1 Equip Exp, Non-Vehicle, Purchase	\$10,000.00	\$17,640.96	-\$7,640.96
4004.2 Equip Exp, Non-Vehicle, Maint/Repair	\$4,000.00	\$2,368.82	\$1,631.18
4004.3 Equip Exp, Non-Vehicle, First Aid Supplies	\$2,500.00	\$1,032.99	\$1,467.01
4004.4 Equip Exp, Non-Vehicle, Equip Fuel	\$300.00	\$151.36	\$148.64
Equipment Exp, N-V Sub-Total	\$16,800.00	\$21,194.13	-\$4,394.13
4005.0 Dispatching Expense			
4005.1 Equipment Purchase	\$0.00	\$0.00	\$0.00
4005.2 Equipment Maint/Repair	\$2,000.00	\$174.47	\$1,825.53
4005.3 Cal Fire Dispatching	\$7,000.00	\$6,766.00	\$234.00
Dispatching Expense Sub-Total	\$9,000.00	\$6,940.47	\$2,059.53
4006.0 Station Expenses			
4006.1 Internet/Phone Service	\$1,500.00	\$644.72	\$855.28
4006.2 Station, Maint/Repair	\$3,000.00	\$1,212.47	\$1,787.53
4006.3 Office Supplies	\$1,600.00	\$710.18	\$889.82
4006.4 Pest Control	\$600.00	\$350.00	\$250.00
4006.5 Subscriptions/Memberships	\$2,100.00	\$199.00	\$1,901.00
4006.6 Station, Electric	\$2,300.00	\$1,369.78	\$930.22
4006.7 Drinking Water	\$500.00	\$314.24	\$185.76
4006.8 Trash Service	\$600.00	\$255.66	\$344.34
Station Expenses Sub-Total	\$12,200.00	\$5,056.05	\$7,143.95
4007.0 Firefighter Personnel Expenses			
4007.1 Fire Department Office Administrator	\$9,000.00	\$4,347.00	\$4,653.00
4007.4 Firefighter Appreciation	\$4,000.00	\$2,535.33	\$1,464.67
4007.5 Firefighter Callout Stipend	\$7,000.00	\$3,594.00	\$3,406.00
4007.6 Training Exp, Certification/Books/Tuition	\$5,000.00	\$2,257.52	\$2,742.48
4007.8 Dept of Justice, Live Scan	\$500.00	\$49.00	\$451.00
4007.10 Uniform Expense	\$400.00	\$19.10	\$380.90
Personnel Sub-Total	\$25,900.00	\$12,801.95	\$13,098.05
4008.0 Public Relations			
4008.1 Prevention	\$200.00	-\$0.02	\$200.02
Public Relations Sub-Total	\$200.00	\$0.00	\$200.00
4009.0 Grant Expenses			
4009.1 Grant Expenses, Admin	\$200.00	\$0.00	\$200.00
4009.2 Grant Expenses, Purchases	\$0.00	\$0.00	\$0.00
Grant Expenses Sub-Total	\$200.00	\$0.00	\$200.00
4010.0 Explorer's Expenses			
4010.1 Explorer's Expenses Admin	\$1,000.00	\$271.75	\$728.25
Explorer's Expenses Sub-Total	\$1,000.00	\$271.75	\$728.25
TOTAL	\$83,300.00	\$82,423.67	\$876.33

Newberry Community Service District
 FY 2018/19 Budget
 as of January 17th, 2019

5000.0 INCOME	Budgeted	Balance
5001.0 Interest		
5001.1 Checking Interest	\$400.00	\$379.32
5001.2 CD Interest	\$500.00	\$0.00
5001.3 Savings Interest	\$40.00	\$38.96
Interest Total	\$940.00	\$418.28
5002.0 Rental Income		
5002.1 Building Rental	\$500.00	\$161.00
5002.2 Equipment Rental	\$0.00	\$0.00
Rental Income Total	\$500.00	\$161.00
5003.0 Fire Department Income		
5003.1 FD, Burn Permits	\$2,400.00	\$1,064.00
5003.2 FD, Response Charges	\$800.00	\$0.00
5003.3 FD, Grant Income	\$0.00	\$0.00
5003.4 FD, Donations	\$0.00	\$0.00
Fire Department Income Total	\$3,200.00	\$1,064.00
5004.0 Other Income		
5004.2 Purchase Card Rebate	\$340.00	\$591.08
5004.3 Copies	\$20.00	\$0.00
5004.4 Fireworks Donations	\$3,000.00	\$4,760.00
5004.5 Misc. Income	\$0.00	\$0.00
Other Income Total	\$3,360.00	\$5,351.08
5005.0 San Bernardino County Tax Share	\$215,000.00	\$108,747.71
TOTAL	\$223,000.00	\$115,742.07

52% to Anticipated Income

EXPENSE TOTALS	Budgeted	Spent	Balance
1000.0 Administration	\$81,500.00	\$37,061.80	\$44,438.20
2000.0 Park and Recreation	\$50,200.00	\$25,874.48	\$24,325.52
3000.0 Street Lights	\$8,000.00	\$2,674.18	\$5,325.82
4000.0 Fire Department	\$83,300.00	\$82,423.67	\$876.33
TOTAL	\$223,000.00	\$148,034.13	\$74,965.87

66% Budget Spent

CASH ACCOUNT BALANCES (as of 01/17/19)

116. CD Account	\$138,403.75
117. Savings Account	\$11,321.38
118. FD Reserve	\$46,019.90
120. Checking Account	\$453,021.16
Total Cash Balance	\$648,766.19

Agenda Item (discussion/possible action) for January 22, 2018 Board Meeting

The Newberry CSD Board President send a letter and an email to each County Supervisor expressing the CSD Board's support for the Planning Commission's May 24, 2018 decision to restore Policy 4.10, as it was originally written, to the Renewable Energy and Conservation Element (RECE) of the San Bernardino County General Plan.

(A suggested letter follows)

Dear Supervisor (insert name),

As President of the Board of the Newberry Springs Community Services District, I'm writing to you on behalf of the residents and property owners of Newberry Springs, California.

We support the May 24, 2018 **Planning Commission** decision regarding Policy 4.10 of the Renewable Energy and Conservation Element (RECE) of the San Bernardino County General Plan. After an extensive hearing, the Planning Commission voted in favor of restoring Policy 4.10, *as originally written*, to the General Plan.

We respectfully request that you support the Planning Commission decision at your upcoming January 29, 2018 Board of Supervisors meeting and vote to restore Policy 4.10 as originally written.

Thank-you, in advance, for your support.

Respectfully,

Robert Springer
President - Newberry Springs Community Services District
(ncsddirectorspringer@gmail.com)

(Email addresses for Supervisors)

Supervisor Lovingood (supervisorlovingood@sbcounty.gov)
Supervisor Rutherford (supervisorrutherford@sbcounty.gov)
Supervisor Rowe (supervisorrowe@sbcounty.gov)
Supervisor Hagman (supervisorhagman@sbcounty.gov)
Supervisor Gonzalez (supervisorgonzales@sbcounty.gov)



David B. WHITFORD, Jr.
Certified Public Accountant

*Member of the Private Companies
Practices Section of the AICPA and
The California Society of Certified
Public Accountants*

January 11, 2019

Board of Directors
Newberry Community Services District
30884 Newberry Road
P.O. Box 206
Newberry Springs, California 92365

I am pleased to confirm our understanding of the services I am to provide Newberry Community Services District for the year ended June 30, 2019. I will audit the financial statements of the governmental activities including the related notes to the financial statements, which collectively comprise the basic financial statements of Newberry Community Services District as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Newberry Community Services District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, I will apply certain limited procedures to Newberry Community Services District's (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules

Audit Objective

The objective of my audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures I consider necessary to enable me to express such opinions. I will issue a written report upon completion of my audit of Newberry Community Services District's financial statements. My report will be addressed to The Board of Directors of Newberry Community Services District. I cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for me to modify my opinions or add emphasis-of-matter or other-matter paragraphs. If my opinions are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the



appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as an auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, I will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of Yermo Community Services District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.



Other Services

I will also prepare the financial statements of Newberry Community Services District in conformity with U.S. generally accepted accounting principles based on information provided by you. I will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

I will prepare the current Californis Local Government Compensation Report in accordance with applicable professional standards. The report is not part of the audit and will be billed separately.

I will prepare the current Special Districts Financial Transactions Report (State Controller's Report) in accordance with applicable professional standards. The report is not part of the audit and will be billed separately

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that I may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the management representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements, taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary



information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary is issued with my report thereon. Your responsibilities include acknowledging to me in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services I provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

I may from time to time, and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

I understand that your employees will prepare all cash, accounts receivable, or other confirmations I request and will locate any documents selected by me for testing.

The audit documentation for this engagement is the property of David B. Whitford, Jr., CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California State Controller office or its designee. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of David B. Whitford, Jr., CPA or my personnel. Furthermore, upon request, I may provide copies of selected audit documentation to California State Controller office or its designee. The California State Controller office or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

I expect to begin my audit on approximately August 5, 2019 and to issue My reports no later than October 21, 2019. David Whitford is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.



My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses will not exceed \$7,200.00 for audit services and \$650.00 for other accounting work. The California Government Compensation Report and Special Districts Financial Transactions Report will be billed separately and are not included in the audit services. My fee for audit services will be at my standard hourly rates plus out-of-pocket costs. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. My invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended and to reimburse me for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

I appreciate the opportunity to be of service to Newberry Community Services District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,

David B. Whitford, Jr.
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Newberry Community Services District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____