



DESCANSO COMMUNITY WATER DISTRICT

June 16, 2026

NOTICE

A Regular Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

**Tuesday, June 16, 2026, 7:00 pm
Descanso Town Hall, Viejas Grade Blvd., Descanso, CA**

AGENDA

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE.**
2. **ROLL CALL.**
3. **APPROVAL OF AGENDA.**
4. **PUBLIC COMMENT:** An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No Board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited, and each speaker may be limited to no more than 3 minutes (Brown Act, Section 54954.3).
5. **APPROVAL OF THE MINUTES:** The Board will review the draft minutes from the following meetings and take appropriate action:
 - Regular Meeting held on December 16, 2025
 - Regular Meeting held on March 17, 2026
6. **FINANCIAL REPORT:** The district's accountant will present the financial report to the Board. The Board will consider its approval and take appropriate action.
7. **ACCOUNTING SERVICES RENEWAL FPA 2026-2027:** The Board will review the proposed accounting services renewal and take appropriate action.
8. **PROPOSED FY 2026/2027 BUDGET:** The district's accountant will present the proposed FY 2026/2027 budget to the Board for review and approval. The Board will discuss the matter and take appropriate action.
9. **AUDITOR SERVICES RENEWAL DCWD EL 2026:** The board will review the proposed auditor services renewal and take appropriate action.
10. **CONFLICT OF INTEREST FORM:** The board will review the biennial Conflict of Interest (COI) review form and make any necessary changes and take appropriate action. COI Biennial form will be signed by the department head and submitted to the County of San Diego.
11. **DCWD BOARD RESOLUTION NO. 2026-01:** The Districts board will review the Reimbursement Resolution – attachment F4, of the Financial Package of the DWSRF Application and take appropriate action.
12. **ENGINEERING STATUS REPORT:** The district's engineer will present a project update to the board.

13. **NV5 CHANGE ORDER NO. 02:** The board will review the draft Change Order No. 02 and take appropriate action.
14. **NV5 NOTICE OF COMPLETION:** The board will review the draft Notice of Completion and take appropriate action.
15. **NV5 ACCEPTANCE LETTER:** The board will review the acceptance letter provided by NV5.
16. **GENERAL MANAGER’S REPORT:** The GM will provide a report on activities occurring since the last meeting.
 - A. GM Report.
 - B. Q&A.
17. **DCWD BOARD OF DIRECTORS NEWSLETTER:** The Board will discuss a draft outline of the DCWD Board of Directors Newsletter and take appropriate action.
18. **OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS.**
19. **MOTION TO ADJOURN.**

Board of Directors		
Maureen Phillips President (619) 445-6042	Sheri Minix Director (619) 823-4216	Lee Johnson Financial Officer (619) 445-4122
Vacancy	Vacancy	Dan DeMoss General Manager (916) 616-7761

NOTE: Arrangements will be made for handicapped accessibility as required. Please contact the District by calling (855) 224-6981 (7 days a week-24/7). The next regular meeting of the Descanso Community Water District Board of Directors will be held on September 15, 2026.

Item 1

CALL TO ORDER, PLEDGE OF ALLEGIANCE

Item 2

ROLL CALL:

1. Maureen Phillips
2. Sheri Minix
3. Lee Johnson
4. Dan DeMoss

Item 3

APPROVAL OF AGENDA:

The Board will review and discuss any last-minute revisions to the posted agenda.

Notes:

Item 4

PUBLIC COMMENT:

An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited and each speaker may be limited to no more than 3 minutes (Brown Act Section 54854.3).

Notes:

Item 5

APPROVAL OF THE MINUTES:

The Board will review the draft minutes from the following meetings and take appropriate action:

- Regular Meeting held on December 16, 2025
- Regular Meeting held on March 17, 2026

Notes:

Minutes

A Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

Tuesday, December 16th, 2025, 7:00 pm
Descanso Town Hall, Viejas Grade Blvd., Descanso, CA

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE:** The meeting was called to order by President Phillips at 7:04 PM.
2. **ROLL CALL:** Members present were Phillips, Johnson, and Minix. Dan DeMoss with SUSP, SUSP/DCWD Administrative Assistant Cierra Creamer and SUSP/DCWD Supervisor Cameron West. SUSP/JCSD Area Manager Emilio Gonzalez. Jason Kaminsky with HNK CPAs, James Owens with NV5 and via zoom Anabel Cruz with Nigro and Nigro.
3. **APPROVAL OF AGENDA:** No changes were made to the agenda. A motion to approve the agenda as is was given by Minix and a second by Phillips. A vote was taken, 3 approved and 0 opposed.
4. **PUBLIC COMMENT:** No public comment was made. No action needed.
5. **DCWD FINANCIAL AUDIT OF 2024-25:** Anabel Cruz with Nigro and Nigro went over the financial audit with the board and answered all questions. Jason Kaminsky with HNK CPAs was able to help answer a few questions from the board president regarding. A motion to accept the auditor's report was given by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.
6. **APPROVAL OF THE MINUTES FROM THE REGULAR SEPTEMBER 2025 AND SPECIAL NOVEMBER 2025 MEETINGS:** The board reviewed the minutes from the regular meeting held on September 16th and the special meeting held on November 25th and had no changes. A motion to approve both sets of minutes with no changes was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.
7. **FINANCIAL REPORT:** Kaminsky went over the financial report with the board and answered all questions. Kaminsky stated that going forward he will be dividing the chemical order cost over a seven-month period to avoid it all being in the same month. A motion to accept the financial report was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.

- 8. **MANDATORY ELECTRONIC FILING OF STATEMENTS OF ECONOMIC INTERESTS:** The Board President reminded the other board members to file their 700 forms and then to send a copy to Cierra to be filed in the office. No action needed.

- 9. **ENGINEERING STATUS REPORT:** James Owens went over the engineering status report with the board and answered all questions. Cameron West was asked about the water results to which he answered. A motion to accept the engineering status report was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.

- 10. **GENERAL MANAGER’S REPORT:** DeMoss and West went over the GM report with the board and answered all questions. Johnson had some questions about the tank cleaning and how it went to which West answered. No action needed.

- 11. **OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS:** N/A

- 12. **MOTION TO ADJOURN:** A motion was given by Johnson and a second by Minix to adjourn the meeting at 8:16 PM.

Board of Directors		
Maureen Phillips President (619) 445-6042	Sheri Minix Director (619) 823-4216	Lee Johnson Finance Officer (619) 445-4122
Vacancy	Vacancy	Dan DeMoss General Manager (916) 616-7761

Minutes

A Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

*Tuesday, March 17th, 2026, 7:00 pm
Descanso Town Hall, Viejas Grade Blvd., Descanso, CA*

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE:** The meeting was called to order by President Phillips at 7:02 PM.
2. **ROLL CALL:** Members present were Phillips, Johnson, and Minix. SUSP/DCWD Administrative Assistant Cierra Creamer and SUSP/DCWD Lead Operator Cameron West. SUSP/JCSD/DCWD Area Manager Emilio Gonzalez. Jason Kaminsky with HNK CPAs and via zoom Jim Ciampa with Lagerlof.
3. **APPROVAL OF AGENDA:** No changes were made to the agenda. A motion to approve the agenda as is was given by Johnson and a second by Phillips. A vote was taken, 3 approved and 0 opposed.
4. **PUBLIC COMMENT:** No public comment was made. No action needed.
5. **APPROVAL OF THE MINUTES FROM THE REGULAR DECEMBER 2025 MEETING:** Due to the board not having enough time to review the minutes from the December 16th meeting, the item was tabled until the June 16th meeting. No action needed.
6. **FINANCIAL REPORT:** Kaminsky went over the financial report with the board and answered all questions. Phillips stated that she will email Dan DeMoss about the status of completion for the MHI Study. A motion to approve the financial report was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.
7. **REQUEST FOR BUDGET REVISION:** Kaminsky went over the budget revision request with the board and answered all questions. He proposed to spread the cost of chemicals out throughout the year rather than keeping the total cost all together in one month. A motion to accept the budget revision was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.
8. **AMENDMENT TO THE ADMINISTRATIVE CODE:** A proposal was made to change the location of the board meetings. The board discussed the changes in the cost of renting the

town hall for the meetings. Johnson would like to stay at the town hall for the meetings, but Phillips would like to create an ordinance or resolution that states “any public building” for the meeting sites. No action needed.

9. **ENGINEERING STATUS REPORT:** Phillips went over the engineering status report with the rest of the board. No action needed.

10. **REQUESTED AMENDMENT TO TASK ORDER 08:** Phillips went over the task order with the rest of the board. A motion to approve Change Order 08 was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.

11. **PUMP INSTALLATION AT WELL 7:** The quote from Stehly was not received in time for the meeting. No action needed.

12. **GENERAL MANAGER’S REPORT:** West went over the GM report with the board and answered all questions. Phillips requested that West check with the Fire Safe Council for the brush pile that needs to be chipped. Phillips provided the board members with packets for the mandatory financial training that is to be completed by the board members by January 2028. Phillips brought up the concern caused by the grading on Oak Lane and the potential for meters and water lines being hit- West will keep an eye on it. No action needed.

13. **OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS:** N/A

14. **MOTION TO ADJOURN:** A motion was given by Minix and a second by Johnson to adjourn the meeting at 7:50 PM.

Board of Directors		
Maureen Phillips President (619) 445-6042	Sheri Minix Director (619) 823-4216	Lee Johnson Finance Officer (619) 445-4122
Vacancy	Vacancy	Dan DeMoss General Manager (916) 616-7761

Item 6

FINANCIAL REPORT:

The district's accountant will present the financial report to the Board. The Board will consider approval and take appropriate action.

Notes:

Descanso Community Water District
Statement of Net Position
As of March 31, 2026

Mar 31, 26

ASSETS	
Current Assets	
Checking/Savings	
Cash and Cash Equivalents	
Cash	
General Fund7573-Cal Bank	
Installment Fund-USDA Series 21	37,053
Reserve Fund-USDA Series 2021	29,326
Depr Reserve-USDA Series 2021	22,936
General Fund7573-Cal Bank - Other	70,096
Total General Fund7573-Cal Bank	159,411
Checking7680-Cal Bank	6,407
Emgncy/Cap ImproveFund-Cal Bank	690,849
Installment Fund - US Bank	17,734
Reserve Fund - US Bank	37,564
Deposits In Transit	200
Total Cash	912,165
Total Cash and Cash Equivalents	912,165
Total Checking/Savings	912,165
Accounts Receivable	
Customer Accounts Receivable	
Customer Accounts Receivable	240,271
Total Customer Accounts Receivable	240,271
Allowance for Doubtful Accounts	-158,705
Total Accounts Receivable	81,566
Other Current Assets	48,669
Total Current Assets	1,042,400
Fixed Assets	
Utility Plant-At Original Cost	4,052,764
Accumulated Depreciation	
Utility Plant-Acc Depr	-1,553,664
Total Accumulated Depreciation	-1,553,664
Total Fixed Assets	2,499,100
Other Assets	
Uncapitalized Fixed Assets -WIP	368,634
Total Other Assets	368,634
TOTAL ASSETS	<u><u>3,910,134</u></u>

Descanso Community Water District
Statement of Net Position
As of March 31, 2026

	<u>Mar 31, 26</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	273,007
Other Current Liabilities	
Current Portion of LTD	
Loan Payable - US Bank	19,900
Loan Payable - SD County	4,765
USDA Series 2021A Short Term	26,000
USDA Series 2021B Short Term	7,000
Total Current Portion of LTD	<u>57,665</u>
Interest Accrued	
Int Accr-LTD-Outside	16,395
Total Interest Accrued	<u>16,395</u>
Total Other Current Liabilities	<u>74,060</u>
Total Current Liabilities	<u>347,067</u>
Long Term Liabilities	
Long-Term Debt	
Loan Payable - US Bank 4/2038	311,336
Loan Payable-SD County 1/2041	85,831
USDA Series 2021A Long Term	1,370,000
USDA Series 2021B Long Term	51,435
Total Long-Term Debt	<u>1,818,602</u>
Total Long Term Liabilities	<u>1,818,602</u>
Total Liabilities	2,165,669
Equity	1,744,465
TOTAL LIABILITIES & EQUITY	<u><u>3,910,134</u></u>

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 January through March 2026

	Jan 26	Budget	\$ Over Budget	% of Budget	Feb 26	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Total Income	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Gross Profit	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Expense								
Operating Expenses	915	1,003	-88	91%	960	1,040	-80	92%
Water Treatment	3,377	4,136	-759	82%	3,377	4,136	-759	82%
Repairs and Maintenance	3,468	3,376	92	103%	537	3,376	-2,839	16%
Transmission & Distribution	29,523	29,610	-87	100%	29,521	29,610	-89	100%
Depreciation	13,527	13,527	0	100%	13,527	13,527	0	100%
General & Administrative	9,219	9,392	-173	98%	10,940	9,293	1,647	118%
Total Expense	60,029	61,044	-1,015	98%	58,862	60,982	-2,120	97%
Net Ordinary Income	-13,273	-18,807	5,534	71%	-17,395	-18,955	1,560	92%
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,615	7,688	-73	99%
Viejias Grade Project Charge	1,576	1,591	-15	99%	1,576	1,591	-15	99%
Supp Debt Charge	4,490	4,533	-43	99%	4,490	4,533	-43	99%
Interest Income	550	600	-50	92%	465	600	-135	78%
Total Other Income	14,231	14,411	-180	99%	14,146	14,412	-266	98%
Other Expense								
Interest Expense	1,201	4,153	-2,952	29%	4,154	4,153	1	100%
Total Other Expense	1,201	4,153	-2,952	29%	4,154	4,153	1	100%
Net Other Income	13,030	10,258	2,772	127%	9,992	10,259	-267	97%
Net Income	-243	-8,549	8,306	3%	-7,403	-8,696	1,293	85%

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 January through March 2026

	TOTAL							
	Mar 26	Budget	\$ Over Budget	% of Budget	Jan - Mar 26	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	42,076	41,343	733	102%	130,299	125,607	4,692	104%
Total Income	42,076	41,343	733	102%	130,299	125,607	4,692	104%
Gross Profit	42,076	41,343	733	102%	130,299	125,607	4,692	104%
Expense								
Operating Expenses	927	1,594	-667	58%	2,802	3,637	-835	77%
Water Treatment	3,211	4,136	-925	78%	9,965	12,408	-2,443	80%
Repairs and Maintenance	1,943	3,376	-1,433	58%	5,948	10,128	-4,180	59%
Transmission & Distribution	30,011	29,610	401	101%	89,055	88,830	225	100%
Depreciation	13,527	13,527	0	100%	40,581	40,581	0	100%
General & Administrative	16,034	15,514	520	103%	36,193	34,199	1,994	106%
Total Expense	65,653	67,757	-2,104	97%	184,544	189,783	-5,239	97%
Net Ordinary Income	-23,577	-26,414	2,837	89%	-54,245	-64,176	9,931	85%
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,639	7,687	-48	99%	22,869	23,062	-193	99%
Viejas Grade Project Charge	1,581	1,592	-11	99%	4,733	4,774	-41	99%
Supp Debt Charge	4,505	4,533	-28	99%	13,485	13,599	-114	99%
Interest Income	470	600	-130	78%	1,485	1,800	-315	83%
Total Other Income	14,195	14,412	-217	98%	42,572	43,235	-663	98%
Other Expense								
Interest Expense	4,154	4,153	1	100%	9,509	12,459	-2,950	76%
Total Other Expense	4,154	4,153	1	100%	9,509	12,459	-2,950	76%
Net Other Income	10,041	10,259	-218	98%	33,063	30,776	2,287	107%
Net Income	-13,536	-16,155	2,619	84%	-21,182	-33,400	12,218	63%

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 July 2025 through March 2026

	Jul 25	Budget	\$ Over Budget	% of Budget	Aug 25	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	44,783	46,608	-1,825	96%	47,750	46,236	1,514	103%
Total Income	44,783	46,608	-1,825	96%	47,750	46,236	1,514	103%
Gross Profit	44,783	46,608	-1,825	96%	47,750	46,236	1,514	103%
Expense								
Operating Expenses	2,150	2,449	-299	88%	2,198	2,442	-244	90%
Water Treatment	350	925	-575	38%	300	925	-625	32%
Repairs and Maintenance	1,213	3,369	-2,156	36%	14,004	3,369	10,635	416%
Transmission & Distribution	32,678	29,610	3,068	110%	30,631	29,610	1,021	103%
Depreciation	13,543	13,543	0	100%	13,543	13,543	0	100%
General & Administrative	11,409	9,357	2,052	122%	11,178	9,293	1,885	120%
Total Expense	61,343	59,253	2,090	104%	71,854	59,182	12,672	121%
Net Ordinary Income	-16,560	-12,645	-3,915	131%	-24,104	-12,946	-11,158	186%
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,615	7,687	-72	99%
Viejias Grade Project Charge	1,576	1,591	-15	99%	1,576	1,591	-15	99%
Supp Debt Charge	4,490	4,534	-44	99%	4,490	4,533	-43	99%
Interest Income	623	600	23	104%	591	600	-9	99%
Total Other Income	14,304	14,412	-108	99%	14,272	14,411	-139	99%
Other Expense								
Interest Expense	1,063	4,204	-3,141	25%	4,204	4,204	0	100%
Total Other Expense	1,063	4,204	-3,141	25%	4,204	4,204	0	100%
Net Other Income	13,241	10,208	3,033	130%	10,068	10,207	-139	99%
Net Income	-3,319	-2,437	-882	136%	-14,036	-2,739	-11,297	512%

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 July 2025 through March 2026

	Sep 25	Budget	\$ Over Budget	% of Budget	Oct 25	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	43,438	45,394	-1,956	96%	42,711	45,248	-2,537	94%
Total Income	<u>43,438</u>	<u>45,394</u>	<u>-1,956</u>	<u>96%</u>	<u>42,711</u>	<u>45,248</u>	<u>-2,537</u>	<u>94%</u>
Gross Profit	43,438	45,394	-1,956	96%	42,711	45,248	-2,537	94%
Expense								
Operating Expenses	1,620	2,302	-682	70%	1,364	2,194	-830	62%
Water Treatment	160	925	-765	17%	2,806	925	1,881	303%
Repairs and Maintenance	1,725	3,369	-1,644	51%	3,168	3,376	-208	94%
Transmission & Distribution	29,900	29,610	290	101%	29,663	29,610	53	100%
Depreciation	13,543	13,543	0	100%	13,543	13,543	0	100%
General & Administrative	12,535	9,394	3,141	133%	12,892	11,667	1,225	111%
Total Expense	<u>59,483</u>	<u>59,143</u>	<u>340</u>	<u>101%</u>	<u>63,436</u>	<u>61,315</u>	<u>2,121</u>	<u>103%</u>
Net Ordinary Income	<u>-16,045</u>	<u>-13,749</u>	<u>-2,296</u>	<u>117%</u>	<u>-20,725</u>	<u>-16,067</u>	<u>-4,658</u>	<u>129%</u>
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,639	7,688	-49	99%
Viejas Grade Project Charge	1,576	1,592	-16	99%	1,581	1,591	-10	99%
Supp Debt Charge	4,490	4,533	-43	99%	4,505	4,533	-28	99%
Interest Income	642	600	42	107%	649	600	49	108%
Total Other Income	<u>14,323</u>	<u>14,412</u>	<u>-89</u>	<u>99%</u>	<u>14,374</u>	<u>14,412</u>	<u>-38</u>	<u>100%</u>
Other Expense								
Interest Expense	4,204	4,204	0	100%	4,166	4,166	0	100%
Total Other Expense	<u>4,204</u>	<u>4,204</u>	<u>0</u>	<u>100%</u>	<u>4,166</u>	<u>4,166</u>	<u>0</u>	<u>100%</u>
Net Other Income	<u>10,119</u>	<u>10,208</u>	<u>-89</u>	<u>99%</u>	<u>10,208</u>	<u>10,246</u>	<u>-38</u>	<u>100%</u>
Net Income	<u>-5,926</u>	<u>-3,541</u>	<u>-2,385</u>	<u>167%</u>	<u>-10,517</u>	<u>-5,821</u>	<u>-4,696</u>	<u>181%</u>

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 July 2025 through March 2026

	Nov 25	Budget	\$ Over Budget	% of Budget	Dec 25	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	41,968	43,346	-1,378	97%	41,605	43,558	-1,953	96%
Total Income	<u>41,968</u>	<u>43,346</u>	<u>-1,378</u>	<u>97%</u>	<u>41,605</u>	<u>43,558</u>	<u>-1,953</u>	<u>96%</u>
Gross Profit	41,968	43,346	-1,378	97%	41,605	43,558	-1,953	96%
Expense								
Operating Expenses	1,123	1,482	-359	76%	924	26	898	3,554%
Water Treatment	0	925	-925	0%	2,625	925	1,700	284%
Repairs and Maintenance	1,204	3,376	-2,172	36%	1,841	3,376	-1,535	55%
Transmission & Distribution	30,328	29,610	718	102%	30,886	29,610	1,276	104%
Depreciation	13,543	13,543	0	100%	13,527	13,527	0	100%
General & Administrative	11,764	9,293	2,471	127%	13,772	12,994	778	106%
Total Expense	<u>57,962</u>	<u>58,229</u>	<u>-267</u>	<u>100%</u>	<u>63,575</u>	<u>60,458</u>	<u>3,117</u>	<u>105%</u>
Net Ordinary Income	<u>-15,994</u>	<u>-14,883</u>	<u>-1,111</u>	<u>107%</u>	<u>-21,970</u>	<u>-16,900</u>	<u>-5,070</u>	<u>130%</u>
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,615	7,687	-72	99%
Viejas Grade Project Charge	1,576	1,591	-15	99%	1,576	1,592	-16	99%
Supp Debt Charge	4,490	4,533	-43	99%	4,490	4,533	-43	99%
Interest Income	528	600	-72	88%	594	600	-6	99%
Total Other Income	<u>14,209</u>	<u>14,411</u>	<u>-202</u>	<u>99%</u>	<u>14,275</u>	<u>14,412</u>	<u>-137</u>	<u>99%</u>
Other Expense								
Interest Expense	4,166	4,166	0	100%	4,166	4,166	0	100%
Total Other Expense	<u>4,166</u>	<u>4,166</u>	<u>0</u>	<u>100%</u>	<u>4,166</u>	<u>4,166</u>	<u>0</u>	<u>100%</u>
Net Other Income	<u>10,043</u>	<u>10,245</u>	<u>-202</u>	<u>98%</u>	<u>10,109</u>	<u>10,246</u>	<u>-137</u>	<u>99%</u>
Net Income	<u>-5,951</u>	<u>-4,638</u>	<u>-1,313</u>	<u>128%</u>	<u>-11,861</u>	<u>-6,654</u>	<u>-5,207</u>	<u>178%</u>

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 July 2025 through March 2026

	Jan 26	Budget	\$ Over Budget	% of Budget	Feb 26	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Total Income	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Gross Profit	46,756	42,237	4,519	111%	41,467	42,027	-560	99%
Expense								
Operating Expenses	915	1,003	-88	91%	960	1,040	-80	92%
Water Treatment	3,377	4,136	-759	82%	3,377	4,136	-759	82%
Repairs and Maintenance	3,468	3,376	92	103%	537	3,376	-2,839	16%
Transmission & Distribution	29,523	29,610	-87	100%	29,521	29,610	-89	100%
Depreciation	13,527	13,527	0	100%	13,527	13,527	0	100%
General & Administrative	9,219	9,392	-173	98%	10,940	9,293	1,647	118%
Total Expense	60,029	61,044	-1,015	98%	58,862	60,982	-2,120	97%
Net Ordinary Income	-13,273	-18,807	5,534	71%	-17,395	-18,955	1,560	92%
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,615	7,688	-73	99%
Viejas Grade Project Charge	1,576	1,591	-15	99%	1,576	1,591	-15	99%
Supp Debt Charge	4,490	4,533	-43	99%	4,490	4,533	-43	99%
Interest Income	550	600	-50	92%	465	600	-135	78%
Total Other Income	14,231	14,411	-180	99%	14,146	14,412	-266	98%
Other Expense								
Interest Expense	1,201	4,153	-2,952	29%	4,154	4,153	1	100%
Total Other Expense	1,201	4,153	-2,952	29%	4,154	4,153	1	100%
Net Other Income	13,030	10,258	2,772	127%	9,992	10,259	-267	97%
Net Income	-243	-8,549	8,306	3%	-7,403	-8,696	1,293	85%

Descanso Community Water District
Statement of Revenues, Expenses, & Change in Net Position
 July 2025 through March 2026

	TOTAL							
	Mar 26	Budget	\$ Over Budget	% of Budget	Jul '25 - Mar 26	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Operating Revenues	42,076	41,343	733	102%	392,554	395,997	-3,443	99%
Total Income	42,076	41,343	733	102%	392,554	395,997	-3,443	99%
Gross Profit	42,076	41,343	733	102%	392,554	395,997	-3,443	99%
Expense								
Operating Expenses	927	1,594	-667	58%	12,181	14,532	-2,351	84%
Water Treatment	3,211	4,136	-925	78%	16,206	17,958	-1,752	90%
Repairs and Maintenance	1,943	3,376	-1,433	58%	29,103	30,363	-1,260	96%
Transmission & Distribution	30,011	29,610	401	101%	273,141	266,490	6,651	102%
Depreciation	13,527	13,527	0	100%	121,823	121,823	0	100%
General & Administrative	16,034	15,514	520	103%	109,743	96,197	13,546	114%
Total Expense	65,653	67,757	-2,104	97%	562,197	547,363	14,834	103%
Net Ordinary Income	-23,577	-26,414	2,837	89%	-169,643	-151,366	-18,277	112%
Other Income/Expense								
Other Income								
Treatment Plant Project Charge	7,639	7,687	-48	99%	68,583	69,185	-602	99%
Viejas Grade Project Charge	1,581	1,592	-11	99%	14,194	14,322	-128	99%
Supp Debt Charge	4,505	4,533	-28	99%	40,440	40,798	-358	99%
Interest Income	470	600	-130	78%	5,112	5,400	-288	95%
Total Other Income	14,195	14,412	-217	98%	128,329	129,705	-1,376	99%
Other Expense								
Interest Expense	4,154	4,153	1	100%	31,478	37,569	-6,091	84%
Total Other Expense	4,154	4,153	1	100%	31,478	37,569	-6,091	84%
Net Other Income	10,041	10,259	-218	98%	96,851	92,136	4,715	105%
Net Income	-13,536	-16,155	2,619	84%	-72,792	-59,230	-13,562	123%

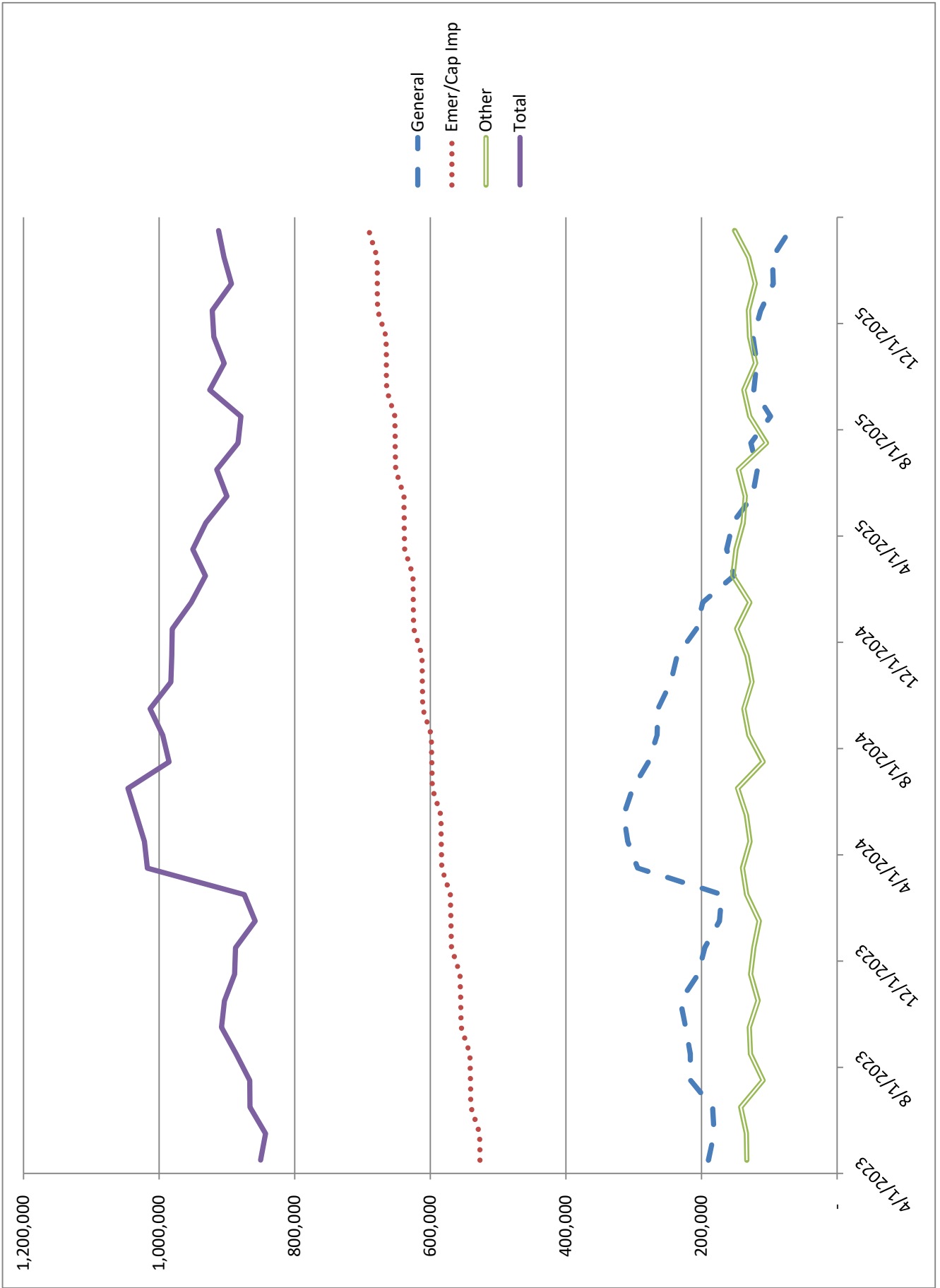
Descanso Community Water District
Statement of Cash Flows
 January through March 2026

	Jan - Mar 26
OPERATING ACTIVITIES	
Net Income	-21,180
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	-16,598
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	-1,006
Allowance for Doubtful Accounts	9,000
Prepayments:G&A	2,823
Prepayments:Taxes/Fees	254
Materials and Supplies:Chemicals	9,633
Accts Pay - General	207,060
Accts Pay - Accrued	3
Interest Accrued:Int Accr-LTD-Outside	-6,239
Net cash provided by Operating Activities	183,750
INVESTING ACTIVITIES	
Accumulated Depreciation:Utility Plant-Acc Depr	40,582
Uncapitalized Fixed Assets -WIP:Well #7 Drilling	-229,230
Net cash provided by Investing Activities	-188,648
FINANCING ACTIVITIES	
Current Portion of LTD:Loan Payable - SD County	152
Long-Term Debt:Loan Payable-SD County 1/2041	-4,765
Net cash provided by Financing Activities	-4,613
Net cash increase for period	-9,512
Cash at beginning of period	921,677
Cash at end of period	912,166

Descanso Community Water District
Statement of Cash Flows
April through June 2025

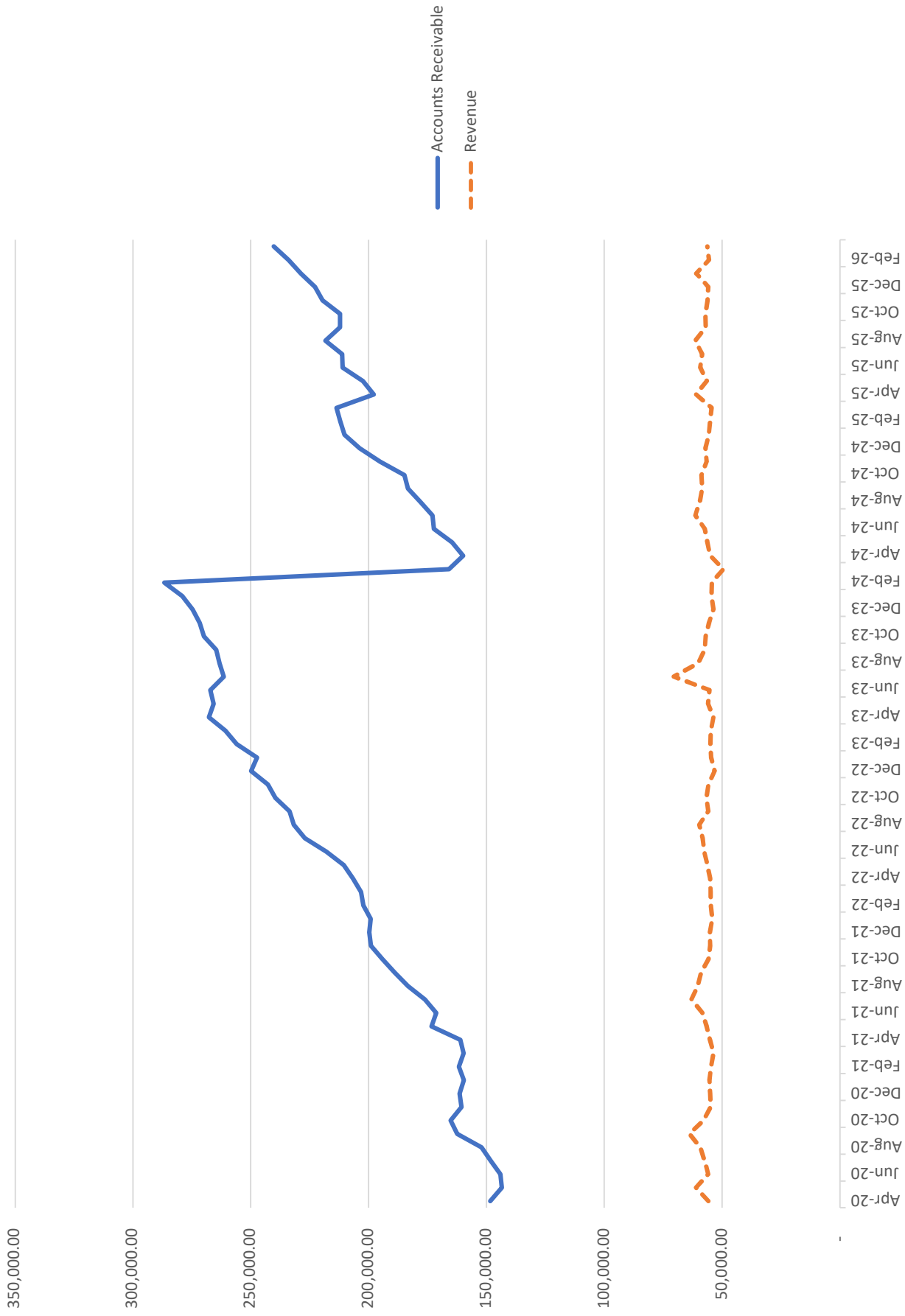
	Apr - Jun 25
OPERATING ACTIVITIES	
Net Income	3,146
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	3,812
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	-1,169
Allowance for Doubtful Accounts	2,800
Materials and Supplies:Plant Material	1,241
Prepayments:G&A	95
Prepayments:Taxes/Fees	366
Accts Pay - General	-59,144
Accts Pay - Accrued	371
Interest Accrued:Int Accr-LTD-Outside	4,434
Net cash provided by Operating Activities	-44,049
INVESTING ACTIVITIES	
Accumulated Depreciation:Utility Plant-Acc Depr	40,627
Uncapitalized Fixed Assets -WIP:Well #7 Drilling:Task 14 (\$4,330)	-2,378
Uncapitalized Fixed Assets -WIP:Well #5-Fe/Mn Plant:Task 09 (\$158.61K)	-10,183
Uncapitalized Fixed Assets -WIP:Well #6-Fe/Mn Plant:Task 09 (\$158.61K)	-10,183
Net cash provided by Investing Activities	17,883
FINANCING ACTIVITIES	
Current Portion of LTD:Loan Payable - US Bank	400
Long-Term Debt:Loan Payable - US Bank 4/2038	-9,800
Net cash provided by Financing Activities	-9,400
Net cash increase for period	-35,566
Cash at beginning of period	950,287
Cash at end of period	914,722

DCWD Cash Flow Balances



Unaudited - No assurance is provided on these financial statements

Accounts Receivable Balance



Unaudited - No assurance is provided on these financial statements



1950 Cordell Court, Ste 101
El Cajon, CA 92020
619-442-3386

923 Seacoast Drive
Imperial Beach, CA 91932
619-423-7093

Board of Directors
Descanso Community Water District
PO Box 610
Descanso, CA 91916-0610

June 9, 2026

Proposal for Extending Accounting Services

Honorable Board Members,

First and most importantly, I must tell you how delighted I am to give you a bid for services.

HNK, CPAs provides you with over 100 years of combined tax, accounting, bookkeeping, and consulting experience. We have built our successful practice helping hundreds of businesses and individuals. We have won national and international recognition for creating management practice strategies to boost profits. We have been written up as well as having authored many articles and been noted in two books on practice management.

As CPAs, we know your information is absolutely confidential. We hold ourselves to standards higher than any other profession. In fact, our code of ethics and standards of conduct governed by California law insist upon this.

We are flexible. Should you want different services, we will immediately provide you with a change order listing out the estimated savings or increase in fees.

Proposal

HNK, CPAs (formerly Nakawatase & Kaminsky, CPAs and Nakawatase & Co., CPAs) previously entered into an agreement on August 1, 2009 whereby HNK, CPAs would provide accounting services to the District. That agreement called for a term of one (1) year, with four (4) additional one (1) year terms. Effective August 1, 2013 the final option year commenced, leaving no further option years under the original agreement. That agreement has since been extended annually.

HNK, CPAs desires to extend its contract for one (1) additional year, maintaining all terms of that certain Agreement for Accounting Services for Descanso Community Water District dated August 1, 2009 and its amendments, if desirable by Descanso Community Water District. This extension is effective August 1, 2026 through July 31, 2027. Pursuant to Section 3.3.1 of the Agreement, the monthly fee for services performed under this Agreement will be \$1,340.75 (one thousand three hundred forty and 75/100 dollars) as calculated in Exhibit A to this proposal and the Consumer Price Index extract (Exhibit B).

Unanticipated Services

While the fixed price entitles your company to unlimited consultation with us, if your question or issue requires additional research and analysis beyond the consultation, that work will be subject to an additional price negotiation before the service is to be performed, and a Change Order will be issued before delivery of the additional service, with payment terms agreed to in advance.

We hate to do it, but we have the absolute right, without limitation and/or penalty, to stop all work in the event there is a dispute and/or delinquent payment. In extreme situations we may choose to terminate the engagement without completing the work. Reasons for termination may include, but are not limited to: failure on your part to provide the information needed to complete the work, failure to respond to inquiries completely or truthfully, failure to pay our fees in a reasonable time.

It is understood that any unpaid services that are outstanding at the date of termination are to be paid in full within 10 days from the date of termination.

Invoices are required to be paid within thirty days of the date mailed. Invoices not paid within the thirty-day period shall thereafter accrue interest at the rate of 1.5% per month until paid. In the event we hire an attorney to collect unpaid fees, you agree to pay reasonable attorney's fees incurred in collection of those unpaid fees.

If you agree that the above adequately sets forth the understanding of our mutual responsibilities, please authorize this Agreement and return it to our office by July 31, 2025. A copy is provided for your records.

Again, we would like to take this opportunity to express our appreciation to provide you with this proposal.

Sincerely,



Jason B. Kaminsky, CPA
HNK, CPAs

Approved by and for Descanso Community Water District:

Name (Printed)

Title

Signature

Date

Fee Adjustment for 2026/2027 Fiscal Year
Pursuant to Agreement for Accounting Services for
Descanso Community Water District dated August 1, 2009
Section 3.3.1

Base Index - Consumer Price Index for All Urban Consumers (CPI-U), San Diego Jun. 2009

CPI-U Index 240.855
Base Fee for Services \$ 500.00

2023/2024 Fiscal Year

Current CPI-U (Dec 2022) 348.945
Prior CPI-U (Dec 2021) 325.241
Increase/(Decrease) 7.29%

Fee for Services (2023/2024 FY) \$ 1,199.10

2024/2025 Fiscal Year

Current CPI-U (Dec 2023) 365.529
Prior CPI-U (Dec 2022) 348.945
Increase/(Decrease) 4.75%

Fee for Services (2024/2025 FY) \$ 1,256.09

2025/2026 Fiscal Year

Current CPI-U (Dec 2024) 375.656
Prior CPI-U (Dec 2023) 365.529
Increase/(Decrease) 2.77%

Fee for Services (2025/2026 FY) \$ 1,290.89


2026/2027 Fiscal Year

Current CPI-U (Dec 2024) **390.166**
Prior CPI-U (Dec 2024) **375.656**
Increase/(Decrease) **3.86%**

Fee for Services (2026/2027 FY) \$ 1,340.75

Databases, Tables & Calculators by Subject

Change Output Options:

From: To: 

include graphs include annual averages

 [Special Notices](#) 1/14/2026

[More Formatting Options](#) 

Data extracted on: June 9, 2026 (12:01:14 PM)

Consumer Price Index for All Urban Consumers (CPI-U)

Series Id: CUURS49ESA0
 Not Seasonally Adjusted
Series Title: All items in San Diego-Carlsbad, CA, all urban consumers, not seasonally adjusted
Area: San Diego-Carlsbad, CA
Item: All items
Base Period: 1982-84=100

Download:  [.xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2016													274.732	272.628	276.837
2017											285.961		283.012	281.561	284.464
2018	288.331		290.810		289.243		295.185		295.883		293.858		292.547	290.076	295.018
2019	295.761		297.226		300.303		299.333		301.033		301.520		299.433	298.147	300.718
2020	302.564		302.589		301.317		305.611		304.443		306.334		303.932	302.040	305.823
2021	307.688		315.035		317.141		323.906		324.138		326.422		319.761	314.282	325.241
2022	332.990		339.852		343.502		347.462		350.721		348.145		344.416	339.886	348.945
2023	354.453		358.026		361.339		362.412		367.185		366.343		362.022	358.515	365.529
2024	367.917		370.858		372.858		375.072		376.221		375.860		373.321	370.987	375.656
2025	381.952		384.880		387.006		390.179		390.747		391.020		387.463	385.211	390.166
2026	391.981		397.284												

U.S. BUREAU OF LABOR STATISTICS Office of Publications and Special Studies Suitland Federal Center Floor 7 4600 Silver Hill Road Washington, DC 20212-0002

Telephone: 202-691-5200 Telecommunications Relay Service: 7-1-1 www.bls.gov [Contact Us](#)

Item 8

PROPOSED FY 2026/2027 BUDGET:

The district's accountant will present the proposed FY 2026/2027 budget to the Board for review and approval. The Board will discuss the matter and take appropriate action.

Notes:

**DESCANSO COMMUNITY WATER DISTRICT
OPERATING BUDGET
7/01/26-6/30/27**

	Accepted Total	July	August	September	October	November	December	January	February	March	April	May	June
Operating Income/Expense, see note													
Revenues	75,785	8,903	8,531	7,689	7,543	5,641	5,853	4,532	4,322	3,638	4,826	5,907	8,400
14400 Water Sales	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455	36,455
14430 Service Charge*													
14450 Late Fees	6,000	500	500	500	500	500	500	500	500	500	500	500	500
18800 Other Income	9,000	750	750	750	750	750	750	750	750	750	750	750	750
Total Operating Revenues	528,245	46,608	46,236	45,394	45,248	43,346	43,558	42,237	42,027	41,343	42,531	43,612	46,105
Operating Expenses - Pumping													
25546 Telemetry	17,980	2,449	2,440	2,302	2,194	1,482	26	1,003	1,040	1,594	751	1,043	1,654
25545 Utilities (electric)													
Total Pumping	17,980	2,449	2,440	2,302	2,194	1,482	26	1,003	1,040	1,594	751	1,043	1,654
WATER TREATMENT	38,532	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211	3,211
35515 Chemicals	10,000	833	833	834	833	833	834	833	833	834	833	833	834
Testing													
Total Treatment	48,532	4,044	4,044	4,045	4,044	4,044	4,045	4,044	4,044	4,045	4,044	4,044	4,045
REPAIRS AND MAINTENANCE	2,709	216	216	216	229	229	229	229	229	229	229	229	229
Waste Disposal													
55556 Vehicle Repair & Maint													
55557 Repair & Maintenance/Valve Repair	37,980	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165
55558 System Mapping													
Total Repairs & Maintenance	40,689	3,381	3,381	3,381	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394
TRANSMISSION & DIST.	376,740	31,395	31,395	31,395	31,395	31,395	31,395	31,395	31,395	31,395	31,395	31,395	31,395
65575 Misc. Security	1,200	100	100	100	100	100	100	100	100	100	100	100	100
65545 Underground Service Alert Engineering Expense	144	12	12	12	12	12	12	12	12	12	12	12	12
65531 Contract Labor (SUSP Contract)													
Total Transmission & Dist	378,084	31,507	31,507	31,507	31,507	31,507	31,507	31,507	31,507	31,507	31,507	31,507	31,507
46700 DEPRECIATION	158,988	13,256	13,256	13,256	13,256	13,256	13,256	13,256	13,239	13,239	13,239	13,239	13,239

**DESCANSO COMMUNITY WATER DISTRICT
OPERATING BUDGET
7/01/26-6/30/27**

	July	August	September	October	November	December	January	February	March	April	May	June
Accepted Total	2,520	2,10	2,10	2,10	2,10	2,10	2,10	2,10	2,10	2,10	2,10	2,10
GENERAL & ADMINISTRATION												
Telephone & Internet	-	-	-	-	-	-	-	-	-	-	-	-
Internet-Office	384	32	32	32	32	32	32	32	32	32	32	32
76711 Misc. Administrative Exp.	12,500	1,042	1,041	1,042	1,042	1,041	1,042	1,042	1,041	1,042	1,042	1,041
76505 Account & Audit	36,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Bad Debt Expense	780	65	65	65	65	65	65	65	65	65	65	65
76579 Bank Service Charges	1,896	158	158	158	158	158	158	158	158	158	158	158
Billing Supplies	5,300	-	-	-	-	-	-	-	5,300	-	-	-
76560 General Liability Ins.	3,000	250	250	250	250	250	250	250	250	250	250	250
76565 Legal	5,280	440	440	440	440	440	440	440	440	440	440	440
Licenses, Taxes, & Fees	120	10	10	10	10	10	10	10	10	10	10	10
Merchant Discount	2,400	200	200	200	200	200	200	200	200	200	200	200
76580 Office Expenses	2,760	230	230	230	230	230	230	230	230	230	230	230
76625 Postage	26,600	2,100	2,450	2,100	2,100	2,450	2,100	2,100	2,450	2,100	2,100	2,450
76635 Rent Office & Town Hall	7,080	590	590	590	590	590	590	590	590	590	590	590
Utilities: Office	3,600	-	-	-	-	3,600	-	-	-	-	-	-
75574 State Health Op Fee	16,007	1,256	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341	1,341
76660 Accounting Services	-	-	-	-	-	-	-	-	1,220	-	-	-
76669 Admin Interest Expense	560	-	-	-	-	-	-	-	-	-	-	560
Loan Trust Trustee Fee	800	67	67	66	67	67	66	67	67	66	67	67
Website	-	-	-	-	-	-	-	-	-	-	-	-
76690 Board Expenses	-	-	-	-	-	-	-	-	-	-	-	-
76571 Advertising & Printing	-	-	-	-	-	-	-	-	-	-	-	-
Total General & Administration	128,807	9,649	10,084	9,734	9,735	13,684	9,734	9,735	16,604	9,734	9,735	10,644
Total Operating Expense	773,079	64,286	64,575	64,129	63,418	65,912	62,938	62,959	70,383	62,669	62,962	64,483
Income/Loss From Ops.	(244,834)	(17,678)	(19,181)	(18,881)	(20,072)	(22,354)	(20,701)	(20,932)	(29,040)	(20,138)	(19,350)	(18,378)
Non Operating Inc/Exp.												
88440 Supp Debt Charge*	54,397	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533
Treatment Plant Project Charge*	92,247	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687	7,687
Viejas Grade Project Charge*	19,096	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591
88805 Other Non Operating Income	-	540	540	540	540	540	540	540	540	540	540	540
88810 Interest Income	6,480	(4,066)	(4,066)	(4,026)	(4,026)	(4,026)	(4,013)	(4,013)	(4,013)	(3,973)	(3,973)	(3,973)
89000 Interest Expense	(48,235)	(4,066)	(4,066)	(4,026)	(4,026)	(4,026)	(4,013)	(4,013)	(4,013)	(3,973)	(3,973)	(3,973)
Total Non-Operational Inc/Exp.	123,985	10,285	10,285	10,326	10,326	10,326	10,339	10,339	10,339	10,379	10,379	10,379
Net Income/Loss	(120,849)	(7,393)	(8,896)	(8,555)	(9,747)	(12,028)	(10,363)	(10,594)	(18,702)	(9,759)	(8,972)	(7,999)

*Based on 317 active connections

PROPOSED CASH FLOW ANALYSIS
7/01/26-6/30/27

	Total	July	August	September	October	November	December	January	February	March	April	May	June
Cash Balance Beginning of Period	897,390	897,390	868,761	868,242	858,935	867,661	875,197	880,451	864,333	870,992	851,848	859,301	867,541
Cash Provided or (Used) by Operations:													
Revenues	528,245	46,608	46,236	45,394	45,248	43,346	43,558	42,237	42,027	41,343	42,531	43,612	46,105
Operating Expenses**	(614,092)	(51,030)	(51,107)	(51,319)	(50,873)	(50,162)	(52,656)	(49,682)	(49,720)	(57,144)	(49,430)	(49,723)	(51,244)
RDA Loan Payment	(35,428)			(17,734)						(17,694)			
USDA Loan Payment Fe/Mh	(7,755)							(7,755)					
SDCO Loan Payment	-												
RDA Deposit to Reserve(Fully Funded)	(50,203)	(38,215)						(11,988)					
USDA Series A	(13,624)	(10,343)						(3,281)					
USDA Series B	(48,000)			(12,000)			(12,000)						
Deposit to Emerg/Cap Improve Fund													
Deposit to New Project Annual O&M													
Total Cash Provided (Used) by Operations	(240,857)	(52,980)	(4,871)	(35,659)	(5,625)	(6,816)	(21,098)	(30,469)	(7,693)	(45,495)	(6,899)	(6,111)	(17,139)
Cash Provided or (used) by Non-Operations*:													
USDA Loan Payment	172,220	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352
Total Cash Provided (used) by Non-Operations	172,220	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352	14,352
Cash (Used) by Long Term Items:													
Fe/Mn Expenditures	-												
Fe/Mn Grant	-												
Fe/Mn USDA Loan	-												
Gravel at Well 5	-												
Well 5 Bldg Improvement	-												
Fe/Mn-Uranium Plant Engineering	-												
Tractor/Back Hoe	-												
Reserve for Future Capital Improvements	48,000			12,000			12,000			12,000			12,000
Reserve for New Project Annual O&M													
Total Cash (Used) by Long Term Items	48,000	-	-	12,000	-	-	12,000	-	-	12,000	-	-	12,000
Total Cash Increase (Decrease)	(20,636)	(38,629)	9,481	(9,307)	8,727	7,536	5,254	(16,118)	6,658	(19,144)	7,453	8,240	9,213
Cash Balance End of Period	876,754	858,761	868,242	858,935	867,661	875,197	880,451	864,333	870,992	851,848	859,301	867,541	876,754

*Less Interest Expense (\$48,235)

** Less Depreciation (\$158,988)



April 1, 2026

Board of Directors
Descanso Community Water District
24680 Viejas Grande Rd, Suite A610
Descanso, CA 91916

We are pleased to confirm our understanding of the services we are to provide Descanso Community Water District (District) as of and for the year ended June 30, 2026.

Audit Scope and Objectives

We will audit the governmental activities and each major fund of the District, as of June 30, 2026, and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

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

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c) To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d) For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e) For identifying and ensuring that the District complies with the laws and regulations applicable to its activities;
- f) For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g) For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h) For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i) For informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j) For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- a) for the preparation of the supplementary information in accordance with the applicable criteria;
- b) to provide us with the appropriate written representations regarding supplementary information;
- c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the District's management.
- b) Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for:

- a) making all management decisions and performing all management functions;
- b) assigning a competent individual to oversee the services;
- c) evaluating the adequacy of the services performed;
- d) evaluating and accepting responsibility for the results of the services performed; and
- e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the District with regard to tax positions taken in the preparation of the tax return, but the District must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Preparation of State Controller Report **Our Responsibilities**

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- c) The prevention and detection of fraud
- d) To ensure that the District complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Scheduling

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the District. We ask that the District prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2026, date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2027.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$12,000
Preparation of the State Controller's Report	500
Total	\$12,500

If significant changes occur in the District's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 60 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from District personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the District's records and, where applicable, upon the District's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., District employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of District key personnel. We will plan the engagement based on the assumption that District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of District records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Paul J Kaymark, CPA is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the District of any such request.

Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the District or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the District hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The District and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Conclusion

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- a) Our view about the qualitative aspects of the District's significant accounting practices;
- b) Significant difficulties, if any, encountered during the audit;
- c) Uncorrected misstatements, other than those we believe are trivial, if any;
- d) Disagreements with management, if any;
- e) Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- f) Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- g) Representations we requested from management;
- h) Management's consultations with other accountants, if any; and
- i) Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,

Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



Report on the Firm's System of Quality Control

To Nigro & Nigro, PC
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC, (the firm) in effect for the year ended August 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selection and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC in effect for the year ended August 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Nigro & Nigro, PC has received a peer review rating of *pass*.

Spafford & Hardy, Inc.

May 1, 2024



April 1, 2026

Governance Board and Management:

This letter is provided in connection with our engagement to audit the financial statements of the entity as of and for the year ended June 30, 2026. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated April 1, 2026, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's annual report includes only the information identified in our report. We have no responsibility for determining whether the introductory information is properly stated. We require that we receive the final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Certain significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although we are currently in the planning stage of our audit, the following presumptive significant risks are applicable to our audit and require special audit considerations:

- *Management's override of internal controls over financial reporting:* Auditors must consider and respond to the risk of management override of internal controls, which is the intervention by management in handling financial information and making decisions contrary to internal control policy.
- *Revenue recognition:* Auditors must consider and respond to the risk of management subversion of generally accepted accounting principles in determining how and when revenue is recognized.
- *Significant estimates:* Auditors must consider and respond to the risk of management bias in significant accounting estimates. Financial statement areas containing significant estimates can include, but are not limited to, net pension liability and related deferred inflows/outflows, net OPEB liability and related deferred inflows/outflows, leases receivable and related deferred inflows of resources, lease and subscription liabilities, right-to-use assets, depreciation and amortization expense, fair value measurements and compensated absence liabilities.

We expect to begin our audit in approximately May 2026. Paul J. Kaymark, CPA and Jared Solmons, CPA will serve as the engagement and technical review partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the information and use of the governance board and management of the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Nigro & Nigro, PC



ANDREW POTTER, CCB
EXECUTIVE OFFICER/CLERK

CLERK OF THE BOARD OF SUPERVISORS
DISCLOSURE SERVICES UNIT
1600 PACIFIC HIGHWAY, ROOM 402, SAN DIEGO, CALIFORNIA 92101-2422
(619) 531-5600

RYAN SHARP
ASSISTANT CLERK

ANN MOORE
ASSISTANT CLERK

June 1, 2026

TO: Agency Officials
FROM: Andrew Potter
Clerk of the Board of Supervisors

CONFLICT OF INTEREST CODE: AGENCY BIENNIAL REVIEW

Every two years, local government agencies must review their Conflict of Interest (COI) Code to determine whether it remains accurate or requires amendment (Government Code Section 87306.5). After this review, they must inform the code reviewing body.

The San Diego County Board of Supervisors, as your agency's code reviewing body, is reminding you of these requirements.

To comply with these requirements, please complete the following:

1. Review your Agency's COI Code to ensure that all designated positions and disclosure categories are accurate. The appendices are available online at:
www.sandiegocounty.gov/cob/conflict_interest/.
Agencies are strongly encouraged to clearly identify where filers must submit their Statement of Economic Interests (Form 700).
2. Determine if amendments are needed. If no amendments are necessary, proceed to Step 3. If amendments are necessary, proceed to Step 4.
3. **If no amendments are necessary**, complete the enclosed Biennial Reply Form indicating that no amendment is required and return it to the Clerk of the Board by **September 1, 2026**. No further action will be required after submitting the form.
4. **If amendments are necessary**:
 - Complete the enclosed Biennial Reply Form indicating that an amendment is required and return it to the Clerk of the Board by **September 1, 2026**.
 - Amend your Conflict of Interest Code by clearly indicating all the designated positions, disclosure categories and **place of filing** (e.g. FPPC, County of San Diego or within your agency).
 - Submit the updated version to the Clerk of the Board by **September 15, 2026**.

The Clerk of the Board will submit the proposed amendments to the Board of Supervisors for approval. The amended Conflict of Interest Code is not effective until approved by the Board of Supervisors. The Clerk of the Board will notify you of the Board's action.

Please complete and submit the enclosed Biennial Reply Form via e-mail no later than September 1, 2026 to:

Form700@sdcounty.ca.gov
Subject: COI Biennial Review

Fair Political Practices Commission

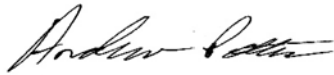
The FPPC has online resources to assist you, including articles like "Local Agencies – Adopting & Amending Conflict of Interest Codes," available at the FPPC's [website](#). You are also encouraged to review the online webinar located on FPPC's [Training and Outreach page](#).

Non-Compliance

Agencies that fail to respond by the deadline may be referred to the FPPC's enforcement division for investigation and possible prosecution.

Thank you for your prompt attention to this matter. If you need more information, please email Form700@sdcounty.ca.gov or call us at (619) 531-5601

Respectfully,



ANDREW POTTER
Clerk of the Board of Supervisors

AP:AM;gm

Attachments

cc: Ebony N. Shelton, Chief Administrative Officer
Damon Brown, County Counsel
Board of Supervisors Communications Received (CR)

2026 Local Agency Biennial Notice

Name of Agency: _____

Mailing Address: _____

Contact Person: _____ Phone No. _____

Email: _____ Alternate Email: _____

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that (*check one BOX*):

An amendment is required. The following amendments are necessary:

(*Check all that apply.*)

Include new positions

Revise disclosure categories

Revise the titles of existing positions

Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions

Other (*describe*) _____

The code is currently under review by the code reviewing body.

No amendment is required. (If your code is over five years old, amendments may be necessary.)

Verification (to be completed if no amendment is required)

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Designated Officer

Date

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **September 1, 2026**, via email to:

Form700@sdcounty.ca.gov

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

REIMBURSEMENT RESOLUTION

WHEREAS, the Descanso Community Water District (the "Agency") desires to finance the costs of
(Agency Name)
 constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and
 WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and
 WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and
 WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and
 WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$ \$4,500,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

AYES: _____

NOES: _____

ABSENT: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the _____ held on _____
(Governing Board of the Agency) *(Date)*

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

(Governing Board of the Agency)
Descanso Community Water District

(Date)

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

MEMORANDUM

To:	Maureen Phillips, Board President Descanso Community Water District	Date:	11 June 2026
From:	NV5, Inc. James F. Owens, PE; Ivana Halim, PE	Subject:	2017 Water System Improvements
Subject:	Update to Board of Directors		

Purpose of Memorandum

This memorandum provides updates on the status of the 2017 Water System Improvements Project (Project). Specifically, this memorandum provides an update on the status of construction and funding of the Well Drilling and Destruction Project and the Iron and Manganese Treatment Facility Project.

Well Drilling and Destruction Project

Stehly Brothers Drilling, Inc. (Stehly Brothers) completed the drilling and reaming of the new well (Well No. 7) and the placement of the well casing in February 2025. Following the step pump testing conducted on March 18, 2025 by Stehly Brothers, NV5 met with the State Water Resources Control Board, Department of Drinking Water (DDW) to review the well's initial production capacity and water quality, and to confirm DDW's required pump testing duration for determining the well's pumping capacity. DDW shared that they would not be able to accept constant rate pump test results prior to the dry season (August, September, October).

From September 30, 2025 to October 4, 2025, Stehly conducted the constant rate pump test at Well No. 7 at approximately 300 gallons per minute. On October 3, 2025, NV5 and DCWD's General Manager (Dan DeMoss) had a call with DDW to discuss the length of pump testing required. Initially, the constant rate pump test was planned for 72 hours (as contracted with Stehly). Due to the encountered hard rock geology during drilling, it was anticipated that the length of pump testing may be required to be extended up to 10 days. Based on conversations with DDW and a review of the California Waterworks Standards, it was decided that the pump test would be extended by an additional day (to 96 hours) to allow for the water levels in Well No. 7 to further demonstrate a stabilized state. A 10-day pump test was not conducted due to foreseeable cost increase greater than \$60,000. After the constant rate pump test was concluded at a sustained rate of 290 gpm, the water levels were monitored for their recovery to initial static water levels. Stehly Brothers provided NV5 the water level data from handwritten records and the transducers within both Well Nos. 6 and 7. NV5 is completing a pump testing technical memorandum to discuss the results of the Well No. 7 pump testing, calculate a production rate (for permitting purposes), and recommend a pumping rate (for equipping). NV5 and DCWD anticipate participating in a status review meeting with the Division of Drinking Water in mid-March 2026.

On October 1, 2025, DCWD acquired samples from Well No. 7 during pump testing for Title 22 water quality analysis by DCWD's laboratory. Uranium, gross alpha, and radium results were all favorable and below the maximum contaminant level (MCL). Key contaminants of concern are noted on the next page.

	Well No. 5	Well No. 6	Well No. 7 (October 1, 2025)	Secondary Maximum Contaminant Level (SMCL)
Iron (mg/L)	710 – 960*	2,430 - 2880	1,300	300
Manganese (mg/L)	180 - 220	231-246	180	50

*Measurements ~2013 and 2014 were considerably higher, greater than 2,500 mg/L.

As suspected and previously tested, iron and manganese exceed the secondary maximum contaminant concentrations. However, the measured iron concentrations in Well No. 7 were significantly lower than at Well No. 6. The iron concentrations were higher than recent measurements at Well No. 5, but were lower than iron measurements at Well No. 5 in 2013-2014.

The measured manganese concentrations were lower than historic concentrations at Well No. 6, and measured equal to the lower end of the range of recent measurements at Well No. 5.

From May 13, 2026 to May 14, 2026, Stehly completed the destruction of Well No. 6 and its building, the video log of the completed Well No. 7, and installation of above-ground casing. The installation of the above-ground casing to approximately 7.8 feet above ground level will prepare the well for the treatment facility construction. The well and treatment facility will be located on a raised building due to the flood zone in the area and to facilitate delivery of chemicals and other materials.

NV5 provided a tour of the Well No. 6 and Well No. 7 site to USDA (E. Ortega) on May 15, 2026 following the destruction of Well No. 6.

On June 9, 2026, Stehly tested the alignment of Well No. 7 by lowering a 40-ft dummy with 7 ¾” rings from the top to the bottom of the well. During the alignment test, there were no issues with lowering the dummy to the bottom of the well or raising the dummy back to ground surface. The alignment test determines whether a submersible pump/motor could be easily and safely installed within the well in the future.

The site has been returned to near pre-construction conditions. The raised new Well No. 7 can be seen on site. Stehly placed a flat concrete monument to mark the location of the destroyed Well No. 6 and a blue flag north of the destroyed Well No. 6 to mark where its discharge pipeline was cut and capped.

DCWD submitted the Partial Payment Request No. 1 for USDA’s review on April 1, 2025. The processing and payment of the request took longer than expected from USDA. USDA approved DCWD’s Partial Payment Request No. 1 on September 3, 2025. USDA suspected delays were caused by confusion with DCWD’s bank account for the disbursement.

NV5 submitted the Partial Payment Request No. 2 for USDA’s review on February 24, 2026, following USDA’s approval of Change Order No. 1 and signatures and concurrence from the contractor (Stehly) and DCWD (General Manager, Dan DeMoss). USDA approved DCWD’s Partial Payment Request No. 2 on May 29, 2026. DCWD’s accountant (Jason Kaminsky) confirmed receipt of reimbursement from USDA for Partial Payment Request No. 2.

Future Partial Payment Requests and Change Order(s) are expected to be completed as construction efforts for the project resume. As a result of the well construction revisions, at least two contract change orders with Stehly Brothers will be required. Change Order No. 1 was a decrease in Stehly Brothers’ contract amount

and was executed in December 2025. Change Order No. 2 will be an increase in Stehly Brothers' contract amount. The draft Change Order No. 2 is provided to DCWD for review and consideration by DCWD's Board of Directors.

All work items under the Well Drilling and Destruction project have been completed. Final Acceptance of the well's construction and authorization to file a Notice of Completion have been provided to DCWD for review and consideration.

Iron and Manganese Treatment Facility

DCWD previously completed two public solicitations for bids for the construction of the iron and manganese treatment facility. A third public solicitation for bids was completed in January 2025. Two bids were received and opened on January 22, 2025. At its March board meeting, DCWD authorized issuing a Notice of Award to the low bidder, Jennette Company, Inc. (JCI), whose base bid was \$3,199,379 with an additive bid item price of \$75,000 (solar panel).

Following issuance of the Notice of Award, JCI provided its bonds and certificate of insurance to DCWD for review. These should be reviewed by DCWD's legal counsel. The unexecuted construction contract has been prepared and is ready for circulation. Progress on this project has been paused pending the procurement of additional funds. In April 2025, NV5 prepared an update to the overall USDA project budget, and presented details on the remaining budget to DCWD staff throughout 2025. NV5 has reviewed this budget and potential capital sources for the additional funding required.

NV5 is currently assisting DCWD with applying for funding from the State Water Resources Control Board. Efforts heretofore focused on the Expedited Drinking Water Grant (EDWG) program. On December 4, 2025, NV5 submitted the required General Information Package documents to the State's FFAST portal. These documents allowed the State to assign a Division of Financial Assistance (DFA) Project Manager to DCWD. It was originally anticipated, based on conversations with DFA, that a DFA Project Manager would extend an invitation to the EDWG program to DCWD in early 2026, and NV5 began work on the EDWG application documents to assist DCWD with meeting the 30-day deadline following the receipt of the invitation from DFA. On December 8, 2026, DFA notified DCWD that a DFA Project Manager (Karen Kahlon) will be assigned to the project. On January 6, 2026, DFA notified DCWD that there is a delay in the next round of EDWG funding and recommended DCWD to submit a Drinking Water State Revolving Fund (DWSRF) application rather than an EDWG application. At the previous Board Meeting (March 17, 2026), DCWD authorized NV5 to prepare DWSRF application materials. NV5 has submitted documentation for the General, Technical, Environmental, and Financial Application Packages. To submit the remaining application items, NV5 coordinated with JCI for updated bid costs, anticipating a construction start of January 2027. JCI provided updated bid costs on June 11, 2026 and NV5 is coordinating the completion of the remaining application items.

* * * * *



Installation of cement seal at Well No. 6.



Site markers for the destroyed Well No. 6 and the capped discharge piping below ground.



Completed Well No. 7.



Site conditions as of June 9, 2026.

Form RD 1924-7
(Rev. 2-97)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT AND
FARM SERVICE AGENCY

CONTRACT CHANGE ORDER

ORDER NO.
DATE
STATE
COUNTY

CONTRACT FOR _____

OWNER _____

To _____

(Contractor)

You are hereby requested to comply with the following changes from the contract plans and specifications:

Description of Changes (Supplemental Plans and Specifications Attached)	DECREASE in Contract Price	INCREASE in Contract Price
	\$ _____	\$ _____
TOTALS	\$ _____	_____
NET CHANGE IN CONTRACT PRICE	\$ _____	_____

JUSTIFICATION:

The amount of the Contract will be (Decreased) (Increased) By The Sum Of: _____ Dollars (\$ _____).

The Contract Total Including this and previous Change Orders Will Be: _____ Dollars (\$ _____).

The Contract Period Provided for Completion Will Be (Increased) (Decreased) (Unchanged) : _____ Days.

This document will become a supplement to the contract and all provisions will apply hereto. Total: 159 days (11/12/24 to 6/26/26)

Requested _____ (Owner) _____ (Date)

Recommended _____ (Owner's Architect/Engineer) _____ (Date)

Accepted _____ (Contractor) _____ (Date)

Approved by Agency _____ (Name and Title) _____ (Date)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-01042. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- ORIGINAL-BORROWER'S CASE FOLDER
- COPY-CONTRACTOR
- COPY-BORROWER

DRAFT

Attachment 1

Bid Item No.	Bid Item	Description of Changes	Estimated Quantity	Units		Unit Price		Price		DECREASE in Contract Price	INCREASE in Contract Price	Justification for Change			
				Original Bid Form	Proposed Change Order	Original Contract	Proposed	Original Contract	Proposed for Change Order						
5	Drill a 6-inch diameter (minimum) test hole.	New Bid Item No. 30 added to bid schedule for the additional depth of the 6-inch diameter test hole. Payment for 400 VF of the test hole was already included under Bid Item No. 5 in the previous partial payment estimate (No. 1). Total test hole will be a total depth of 695 VF. The additional quantity will be 238 VF, calculated by subtracting the 57 VF from Bid Item No. 4 and 400 VF from Bid Item No. 5.	VF	400	638	\$	40	\$	40	\$	16,000	\$	25,520	9,520	Due to lack of significant water bearing fractures encountered above 500' bgs, the DCWD and NV5 authorized the test hole to be drilled to 700' bgs. A fracture was encountered at approximately 690' bgs and the drilling of the test hole stopped at 695' bgs.
12	Furnish/install 8-inch stainless steel well casing.	Remove and replacing bid item with Bid Item No. 33.	VF	407	0	\$	250	\$	-	\$	101,750.00		-	101,750.00	See correspondence between NV5 and Descanso's legal counsel, Lagerlof (5/29/2026). To differentiate this change from Bid Item No. 12 in the executed contract (8-inch stainless steel casing), a new Bid Item No. 33 is proposed for th 10-inch stainless steel casing that was installed. Bid Item No. 12 would not be billed and decreased to 0 units under this change order.
20	Well development with test pump.	Change in unit from 32 HR to 0 HR.	HR	32	0	\$	800	\$	800	\$	25,600.00		-	25,600.00	Well development with the test pump was not needed due to the hard rock geology and the lack of transition seals and gravel pack, reducing the sands and fines introduced into the well.
22	Constant Rate Test with Test Pump	Change in unit from 72 HR to 96 HR.	HR	72	96	\$	700	\$	700	\$	50,400.00		67,200.00	16,800.00	During the test hole drilling, the well was discovered to be drilled in hard rock rather than the anticipated alluvial setting. The State Water Resources Control Board, Division of Drinking Water (DDW) has different pump test requirements for determining the pumping capacity of a hard rock well. Initially, the constant pump test was contracted for 72 hours. Due to the encountered hard rock geology, it was anticipated that the length of pump testing may be required to be extended up to 10 days. Based on conversations with DDW and a review of the California Waterworks Standards, it was decided that the pump test would be extended an additional day (to 96 hours) to allow for water levels in Well No. 7 to further demonstrate a stabilized state. A 10-day pump test was not conducted due to the high cost increase.
26	Well Abandonment (if necessary)	No well abandonment is required. Change in unit from 500 VF to 0 VF	VF	500	0	\$	34	\$	34	\$	17,000.00		-	17,000.00	Well is not anticipated to be abandoned.
30	Furnish/install temporary, second air compressor required for deeper well hole advancement and testing	New bid item added to bid schedule for the additional depth of the 6-inch diameter test hole.	LS	0	1	\$	-	\$	-	\$	4,760.00		4,760.00	4,760.00	The additional bid item is for the additional (second) air compressor that was needed to drill faster and deeper via air rotary drilling. The additional drilling depth was pursued in efforts to discover significant water bearing fractures (see justification for Bid Item No. 5). The cost of the compressor was \$4,760.
32	Install 10-inch stainless steel well casing above-ground.	New bid item added to bid schedule.	VF	0	7.8	\$	-	\$	280	\$	-		2,184	2,184	Above-ground casing was previously included in the bid schedule under Bid Item No. 12. Instead of pricing the above-ground casing at \$320/VF under Bid Item No. 12, due to not needing any air rotary drilling and minimal usage of the drill rig to place the above-ground casing, the Contractor will decrease the unit price for the length of casing that will be installed above-ground. The 7.8 ft of above-ground casing required is shown on C-02 of the design drawings.
33	Furnish/install 10-inch stainless steel well casing.	New bid item added to bid schedule for the installation of 530 VF of 10-inch stainless steel casing.	VF	0	530	\$	-	\$	320	\$	-		169,600	169,600	See correspondence between NV5 and Descanso's legal counsel, Lagerlof (5/29/2026). To differentiate this change from Bid Item No. 12 in the executed contract (8-inch stainless steel casing), a new Bid Item No. 33 is proposed for the 10-inch stainless steel casing that was installed. As shown above, Bid Item No. 12 would not be billed and decreased to 0 units under this change order. The increased depth from 407 VF (Bid Item No. 12) to 530 VF (Bid Item No. 33) is a result of the encountered geology. Due to the lack of significant water bearing fractures encountered above 500 feet bgs and the less favorable water quality tested between 135 to 580 feet bgs, the Contractor was authorized to install a blank casing to 530 feet bgs to exclude those unfavorable and low producing water fractures.
34	New Well No. 6 Destruction Permit and destruction remobilization	New bid item added due to the timeline required for destroying Well No. 6 following the constant rate pump test.	LS	0	1	\$	-	\$	5,500	\$	-		5,500	5,500	The Contractor needed to remobilize and obtain a new destruction permit from the County for the destruction of Well No. 6. Following conversations with the State Water Resources Control Board, the constant rate pump test was delayed to fall of 2025. The original permit for Well No. 6 expired on February 7, 2025 and the Contractor needed to re-apply for the County permit and remobilize destruction equipment following the constant rate pump test.

TOTALS										\$	1,441,350	\$	208,364
NET CHANGE IN CONTRACT PRICE										\$		\$	64,014

REQUESTED BY:)
)
Descanso Community Water District)
)
AND WHEN RECORDED MAIL TO:)
)
Dan DeMoss, General Manager)
Descanso Community Water District)
P.O. Box 610)
Descanso, CA 91916)

Space above is reserved for Recorder's use

NOTICE OF COMPLETION

This Notice is given pursuant to Civil Code Section 8182. Notice is hereby given that:

1. A public works project has been completed on the 9th day of June 2026.
2. The work of improvement was performed for the OWNER: Descanso Community Water District, P.O. Box 610, Descanso, CA 91916.
3. The project is identified as: Well Drilling and Destruction
4. The name of the CONTRACTOR is: Stehly Brothers Drilling, Inc.
5. LOCATION OF WORK: APN 408-070-12-00, Viejas Blvd, Descanso CA 91916
6. BONDING COMPANY: Granite Re, Inc. dba Granite Surety Insurance Company

Dated: _____, 20____

OWNER NAME

BY: _____
 Dan DeMoss, General Manager

Section 8202 (b) of the Government Code is amended to read:

(b) To any affidavit subscribed and sworn to before a notary, there shall be attached a jurat in the following form:

State of California
 County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20____,

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature _____ (Seal)

June 12, 2026

Board of Directors
Descanso Community Water District
P.O. Box 610
Descanso, CA 91916

Subject: Descanso Community Water District – Well Drilling and Destruction
Final Acceptance of Construction

Dear Board of Directors,

Stehly Brothers Drilling, Inc. (Stehly) has completed the construction of the Well Drilling and Destruction project on June 9, 2026. NV5 believes that Stehly completed the work satisfactorily. Final inspection at the Well No. 6 and Well No. 7 site was completed on June 9, 2026.

NV5 recommends the Board of Directors to authorize the filing of the Notice of Completion with the County and make Final Acceptance of the work, in accordance with GC3-13(B) of the agreement between Descanso CWD and Stehly.

Remaining payments for the work completed are dependent on the execution of Change Order No. 2, Stehly's Partial Payment Request No. 3, and Stehly's retainage invoice.

Sincerely,

NV5, Inc.

Ivana Halim, P.E.

Associate Engineer

226818-SDB084308

DCWD OPERATIONS REPORT

June 16th, 2026

SUMMARY

- Normal day-to-day operations of the district
- Test block replaced at well 5.
- New service install on Central Ave.
- Weed control around the district.
- Well 6 has been demolished.
- Have been painting hydrants/standpipes around district.
- Brush pile has been chipped.
- Repaired service line leaks.
- Painted meter lids.
- Onboarding of our new field operator Chris.

3 MONTHS LOOK AHEAD

- Continue normal day to day operations.
- Replacement of leaking curb stops.
- Replacement of damaged standpipes.
- Well 5 main injector repair.
- Continue painting meter lids and standpipes.
- Continue weed control around the district.

Item 18

OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS.

Notes:
