



# DESCANSO COMMUNITY WATER DISTRICT

**June 20, 2023**

POSTED:

## **NOTICE**

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

**Tuesday, June 20, 2023, 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. **SWEARING IN NEW BOARD MEMBER SHERI MINIX:** The board will swear in Sheri Minix to the Board of Directors.
6. **APPROVAL OF THE MINUTES:** The Board will review the draft minutes from the following meetings and take appropriate action:
  - Regular Meeting held on March 21, 2023
7. **FINANCIAL REPORT:** The District's accountant will present the financial report to the Board. The Board will consider approval and take appropriate action. Final Acceptance for Viejas Boulevard Pipeline Improvements
8. **PROPOSED FY 2023/2024 BUDGET:** The District's accountant will present the proposed FY 2023/2024 budget to the Board for review and approval. The Board will discuss the matter and take appropriate action.
9. **ACCOUNTING SERVICES ENGAGEMENT RENEWAL:** The Board will review the proposed accounting services renewal and take appropriate action.
10. **UPDATE ON AUDIT 2021-2022 AND ISSUANCE OF REQUEST FOR QUOTE (RFQ) FOR AUDITOR SERVICES FOR 2022-2023 AND 2023-2024 FISCAL YEARS:** The board will discuss issuing an RFQ for auditor services for 2022-2023 and 2023-2024 fiscal years and take appropriate action.
11. **GENERAL MANAGER'S REPORT:** The GM will provide a report for activities occurring since the last meeting.
  - A. Engineering and Project Status Report.
  - B. GM Report.
  - C. Q&A.
12. **DCWD BOARD OF DIRECTORS NEWSLETTER:** The Board will discuss a draft outline of the DCWD Board of Directors Newsletter and take appropriate action.

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

**14. MOTION TO ADJOURN**

<b>Board of Directors</b>		
Maureen Phillips President (619) 445-6042	Vacancy	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 19, 2023.

**Item 1**

**CALL TO ORDER, PLEDGE OF ALLEGIANCE**

## Item 2

### **ROLL CALL:**

1. Maureen Phillips
2. Lee Johnson
3. Dan DeMoss

### Item 3

**APPROVAL OF AGENDA:**

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

**Notes:**

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## 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:**

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**Item 5**

**SWEARING IN NEW BOARD MEMBER SHERI MINIX:**

The board will swear in Sheri Minix to the Board of Directors.

**Notes:**

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**Item 6**

**APPROVAL OF THE MINUTES:**

The Board will review the draft minutes from the following meetings:

- Regular Meeting held on March 21, 2023

**Notes:**

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## Minutes

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

***Tuesday, March 21st, 2023, 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 7:00 PM.
2. **ROLL CALL:** Members present were Phillips, Sanner and Johnson. Operations Manager Julie Meeks with SUSP, SUSP/DCWD Operations Manager Travis Creamer and Jason Kaminsky with HNK CPAs.
3. **APPROVAL OF AGENDA:** LAFCO Candidate Barry Willis asked to amend the agenda to vote tonight and to include the words: “to take appropriate action” in item #7. It was also asked that “Final Acceptance for Viejas Boulevard Pipeline Improvements” be removed from item #8. A motion to approve the agenda with the two adjustments was given by Johnson and a second by Sanner. A vote was taken, 3 approved and 0 opposed.
4. **PUBLIC COMMENT:** No comments were made from the public.
5. **APPROVAL OF THE MINUTES OF THE DECEMBER 2022 MEETING:** A motion to approve the minutes was made by Sanner and a second by Johnson. A vote was taken, 3 approved and 0 opposed.
6. **APPOINTMENT OF SHERI MINIX TO THE BOARD OF DIRECTORS:** Sheri Minix had sent a letter to Board President Maureen Phillips asking to be on the Board. A motion was made by Johnson and a second by Sanner to nominate Minix to the Board. A vote was taken, 3 approved and 0 opposed.
7. **CANDIDATE BARRY WILLIS, COMMISSIONER SAN DIEGO LAFCO:** Barry Willis explained the duties and introduced himself to the Board. He also stated that he is always available for questions regarding LAFCO and asked for the Board’s vote in the upcoming election. Johnson asked how many commissioners are with LAFCO to which Willis replied 7. Johnson also asked what other organizations Willis is involved in. Willis explained that he served on the Alpine Fire Board, Kiwanis, and LAFCO. Phillips asked about his thoughts on SB938. Willis explained how he is for local control and does not like the strong arm of the government unless there is a need for it. He went on to explain that he would like to make

it tougher to dissolve an agency and does not like the bullying of smaller agencies. A motion for the Board President to decide and turn it into LAFCO at a later date, was made by Johnson and a second by Sanner. A vote was taken, 3 approved and 0 opposed.

8. **FINANCIAL REPORT:** Jason Kaminsky with HNK CPAs went over the financial report with the board and answered all questions. A motion to approve the Financial Report was given by Sanner and a second by Johnson. A vote was taken, 3 approved and 0 opposed.
  
9. **GENERAL MANAGERS REPORT:** Travis Creamer went over the General Managers Report and answered any questions. Julie Meeks explained that James with NV5 had emailed her right before the meeting and that she would forward that email to the Board. Phillips asked the Board for approval to send a letter from legal counsel to NV5 asking for progress and communication. Phillips also asked if legal can look into if we have any options for recouping any costs from NV5 for the delays. The Board authorized the President to send a letter to NV5 through legal. No action needed.
  
10. **DCWD BOARD OF DIRECTOR’S NEWSLETTER:** A newsletter is not needed at this time.
  
11. **SUCH OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS:** Kaminsky explained that our Auditor has been non-communitive, and we still do not have an audit from last fiscal year. Phillips said she will call and see if she can get any information. No action needed.
  
12. **MOTION TO ADJOURN:** A motion was given by Sanner and a second by Johnson to adjourn the meeting at 8:09 PM. A vote was taken, 3 approved and 0 opposed.

<b>Board of Directors</b>		
Maureen Phillips President (619) 445-6042	Gary Sanner Vice President (619) 672-4843	Lee Johnson Finance Officer (619) 445-4122
	Vacant Director	Dan DeMoss General Manager (916) 616-7761

**Item 7**

**FINANCIAL REPORT:**

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

**Notes:**

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**Descanso Community Water District**  
**Statement of Net Position**  
As of March 31, 2023

**Mar 31, 23**

**ASSETS**

**Current Assets**

**Checking/Savings**

**Cash and Cash Equivalents**

**Cash**

**General Fund7573-Cal Bank**

Installment Fund-USDA Series 21 40,380

Reserve Fund-USDA Series 2021 10,237

Depr Reserve-USDA Series 2021 5,734

General Fund7573-Cal Bank - Other 170,905

**Total General Fund7573-Cal Bank 227,256**

Checking7680-Cal Bank 20,920

Emgncy/Cap ImproveFund-Cal Bank 526,681

Installment Fund - US Bank 17,955

Reserve Fund - US Bank 37,433

**Deposits In Transit**

Cash 50

**Total Deposits In Transit 50**

**Total Cash 830,295**

**Total Cash and Cash Equivalents 830,295**

**Total Checking/Savings 830,295**

**Accounts Receivable**

**Customer Accounts Receivable**

**Customer Accounts Receivable**

Customer Prepayments -4,208

Customer Accounts Receivable - Other 264,905

**Total Customer Accounts Receivable 260,697**

**Total Customer Accounts Receivable 260,697**

Allowance for Doubtful Accounts -4,981

**Total Accounts Receivable 255,716**

**Other Current Assets**

Security Deposits 3,710

Materials and Supplies 29,788

Prepayments 782

**Total Other Current Assets 34,280**

**Total Current Assets 1,120,291**

**Descanso Community Water District**  
**Statement of Net Position**  
As of March 31, 2023

**Mar 31, 23**

<b>Fixed Assets</b>		
<b>Utility Plant-At Original Cost</b>		
<b>Utility plant-original cost</b>		
Land & Ld Rights-TD	152,779	
Struct & Improv-Pump	7,764	
Pumping Struct & Improvement	4,139	
Pumping Struct & Improvements	9,419	
Wells & Springs	135,345	
Dist Res & Standpipes	6,250	
Dist. Res & Standpipes	279,803	
T & D Mains-4" and less	3,635	
T & D Mains-6"-8"	2,134,478	
T & D Mains -12"	194,866	
Services	36,108	
Meters	51,594	
Hydrants	13,171	
Other T&D Plant	44,931	
Fencing	5,200	
Other P/E - Eng Evaluation	11,148	
Power Operated Equipment	854	
Tools/Shop/Garage Equip	1,875	
Miscellaneous Equipment	24,920	
<b>Total Utility plant-original cost</b>	<b>3,118,279</b>	
<b>Total Utility Plant-At Original Cost</b>	<b>3,118,279</b>	
<b>Accumulated Depreciation</b>	<b>-996,301</b>	
<b>Total Fixed Assets</b>	<b>2,121,978</b>	
<b>Other Assets</b>		
<b>Uncapitalized Fixed Assets -WIP</b>		
Easement Acquisition (405-190-3)	7,551	
Well #5-Fe/Mn Plant	454,430	
Well #6-Fe/Mn Plant	454,429	
Uncapitalized Fixed Assets -WIP - Other	4,570	
<b>Total Uncapitalized Fixed Assets -WIP</b>	<b>920,980</b>	
<b>Total Other Assets</b>	<b>920,980</b>	
<b>TOTAL ASSETS</b>	<b>4,163,249</b>	

**Descanso Community Water District**  
**Statement of Net Position**  
As of March 31, 2023

	<u>Mar 31, 23</u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accts Pay - General	32,953
<b>Total Accounts Payable</b>	<u>32,953</u>
<b>Other Current Liabilities</b>	
<b>Current Portion of LTD</b>	
Loan Payable - Union Bank of Ca	17,400
Loan Payable - SD County	4,323
USDA Series 2021A Short Term	24,000
USDA Series 2021B Short Term	<u>7,000</u>
<b>Total Current Portion of LTD</b>	52,723
<b>Interest Accrued</b>	
Int Accr-LTD-Outside	18,212
<b>Total Interest Accrued</b>	<u>18,212</u>
<b>Total Other Current Liabilities</b>	<u>70,935</u>
<b>Total Current Liabilities</b>	103,888
<b>Long Term Liabilities</b>	
<b>Long-Term Debt</b>	
Loan Payable - UBOC 4/2038	368,436
Loan Payable-SD County 1/2041	99,674
USDA Series 2021A Long Term	1,445,000
USDA Series 2021B Long Term	37,000
Loan Costs USDA Series 2021	<u>-18,684</u>
<b>Total Long-Term Debt</b>	<u>1,931,426</u>
<b>Total Long Term Liabilities</b>	<u>1,931,426</u>
<b>Total Liabilities</b>	2,035,314
<b>Equity</b>	
Previous Net Position	2,101,459
Net Income	<u>26,476</u>
<b>Total Equity</b>	<u>2,127,935</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u><b>4,163,249</b></u></u>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 January through March 2023

	<u>Jan 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Feb 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Total Income</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Gross Profit</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Expense</b>								
<b>Operating Expenses</b>	1,096	1,124	-28	98%	1,193	1,018	175	117%
<b>Water Treatment</b>	1,210	622	588	195%	19,953	706	19,247	2,826%
<b>Repairs and Maintenance</b>	36,337	1,478	34,859	2,459%	858	1,478	-620	58%
<b>Transmission &amp; Distribution</b>	26,226	26,990	-764	97%	26,786	26,989	-203	99%
<b>Depreciation</b>	5,850	5,850	0	100%	5,850	5,850	0	100%
<b>General &amp; Administrative</b>	4,355	3,591	764	121%	4,434	3,592	842	123%
<b>Total Expense</b>	75,074	39,655	35,419	189%	59,074	39,633	19,441	149%
<b>Net Ordinary Income</b>	-34,097	2,115	-36,212	-1,612%	-17,860	2,134	-19,994	-837%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,639	7,687	-48	99%	7,639	7,688	-49	99%
<b>Viejas Grade Project Charge</b>	1,581	1,591	-10	99%	1,581	1,591	-10	99%
<b>Supp Debt Charge</b>	4,505	4,533	-28	99%	4,505	4,533	-28	99%
<b>Interest Income</b>	219	15	204	1,460%	215	15	200	1,433%
<b>Total Other Income</b>	13,944	13,826	118	101%	13,940	13,827	113	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	1,443	4,584	-3,141	31%	4,584	4,584	0	100%
<b>Total Other Expense</b>	1,443	4,584	-3,141	31%	4,584	4,584	0	100%
<b>Net Other Income</b>	12,501	9,242	3,259	135%	9,356	9,243	113	101%
<b>Net Income</b>	<u><u>-21,596</u></u>	<u><u>11,357</u></u>	<u><u>-32,953</u></u>	<u><u>-190%</u></u>	<u><u>-8,504</u></u>	<u><u>11,377</u></u>	<u><u>-19,881</u></u>	<u><u>-75%</u></u>



**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 January through March 2023

					TOTAL			
	Mar 23	Budget	\$ Over Budget	% of Budget	Jan - Mar 23	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	41,014	41,314	-300	99%	123,205	124,851	-1,646	99%
<b>Total Income</b>	41,014	41,314	-300	99%	123,205	124,851	-1,646	99%
<b>Gross Profit</b>	41,014	41,314	-300	99%	123,205	124,851	-1,646	99%
<b>Expense</b>								
<b>Operating Expenses</b>	1,085	1,166	-81	93%	3,374	3,308	66	102%
<b>Water Treatment</b>	610	802	-192	76%	21,773	2,130	19,643	1,022%
<b>Repairs and Maintenance</b>	745	1,478	-733	50%	37,940	4,434	33,506	856%
<b>Transmission &amp; Distribution</b>	27,731	26,990	741	103%	80,743	80,969	-226	100%
<b>Depreciation</b>	5,850	5,850	0	100%	17,550	17,550	0	100%
<b>General &amp; Administrative</b>	9,919	5,892	4,027	168%	18,708	13,075	5,633	143%
<b>Total Expense</b>	45,940	42,178	3,762	109%	180,088	121,466	58,622	148%
<b>Net Ordinary Income</b>	-4,926	-864	-4,062	570%	-56,883	3,385	-60,268	-1,680%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,639	7,687	-48	99%	22,917	23,062	-145	99%
<b>Viejas Grade Project Charge</b>	1,581	1,592	-11	99%	4,743	4,774	-31	99%
<b>Supp Debt Charge</b>	4,505	4,533	-28	99%	13,515	13,599	-84	99%
<b>Interest Income</b>	236	15	221	1,573%	670	45	625	1,489%
<b>Total Other Income</b>	13,961	13,827	134	101%	41,845	41,480	365	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	4,584	4,584	0	100%	10,611	13,752	-3,141	77%
<b>Total Other Expense</b>	4,584	4,584	0	100%	10,611	13,752	-3,141	77%
<b>Net Other Income</b>	9,377	9,243	134	101%	31,234	27,728	3,506	113%
<b>Net Income</b>	<b>4,451</b>	<b>8,379</b>	<b>-3,928</b>	<b>53%</b>	<b>-25,649</b>	<b>31,113</b>	<b>-56,762</b>	<b>-82%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
July 2022 through March 2023

	<u>Jul 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Aug 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	44,549	46,017	-1,468	97%	45,903	46,017	-114	100%
<b>Total Income</b>	44,549	46,017	-1,468	97%	45,903	46,017	-114	100%
<b>Gross Profit</b>	44,549	46,017	-1,468	97%	45,903	46,017	-114	100%
<b>Expense</b>								
<b>Operating Expenses</b>	2,281	1,570	711	145%	2,198	1,615	583	136%
<b>Water Treatment</b>	19,863	3,251	16,612	611%	90	3,559	-3,469	3%
<b>Repairs and Maintenance</b>	1,387	1,467	-80	95%	3,135	1,467	1,668	214%
<b>Transmission &amp; Distribution</b>	26,220	26,990	-770	97%	26,220	26,989	-769	97%
<b>Depreciation</b>	5,869	5,869	0	100%	5,869	5,869	0	100%
<b>General &amp; Administrative</b>	3,943	3,524	419	112%	2,617	3,592	-975	73%
<b>Total Expense</b>	59,563	42,671	16,892	140%	40,129	43,091	-2,962	93%
<b>Net Ordinary Income</b>	-15,014	3,346	-18,360	-449%	5,774	2,926	2,848	197%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,639	7,687	-48	99%	7,663	7,687	-24	100%
<b>Viejas Grade Project Charge</b>	1,581	1,591	-10	99%	1,586	1,591	-5	100%
<b>Supp Debt Charge</b>	4,505	4,534	-29	99%	4,519	4,533	-14	100%
<b>Interest Income</b>	79	15	64	527%	156	15	141	1,040%
<b>Total Other Income</b>	13,804	13,827	-23	100%	13,924	13,826	98	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	1,380	4,630	-3,250	30%	4,629	4,630	-1	100%
<b>Total Other Expense</b>	1,380	4,630	-3,250	30%	4,629	4,630	-1	100%
<b>Net Other Income</b>	12,424	9,197	3,227	135%	9,295	9,196	99	101%
<b>Net Income</b>	<u>-2,590</u>	<u>12,543</u>	<u>-15,133</u>	<u>-21%</u>	<u>15,069</u>	<u>12,122</u>	<u>2,947</u>	<u>124%</u>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2022 through March 2023

	<u>Sep 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Oct 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	42,144	45,015	-2,871	94%	42,937	44,958	-2,021	96%
<b>Total Income</b>	42,144	45,015	-2,871	94%	42,937	44,958	-2,021	96%
<b>Gross Profit</b>	42,144	45,015	-2,871	94%	42,937	44,958	-2,021	96%
<b>Expense</b>								
<b>Operating Expenses</b>	2,186	1,292	894	169%	2,001	1,346	655	149%
<b>Water Treatment</b>	0	1,039	-1,039	0%	170	3,311	-3,141	5%
<b>Repairs and Maintenance</b>	885	1,467	-582	60%	587	1,478	-891	40%
<b>Transmission &amp; Distribution</b>	26,220	26,990	-770	97%	26,220	26,989	-769	97%
<b>Depreciation</b>	5,869	5,869	0	100%	5,869	5,869	0	100%
<b>General &amp; Administrative</b>	2,787	3,692	-905	75%	4,678	5,191	-513	90%
<b>Total Expense</b>	37,947	40,349	-2,402	94%	39,525	44,184	-4,659	89%
<b>Net Ordinary Income</b>	4,197	4,666	-469	90%	3,412	774	2,638	441%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,663	7,687	-24	100%	7,663	7,688	-25	100%
<b>Viejas Grade Project Charge</b>	1,586	1,592	-6	100%	1,586	1,591	-5	100%
<b>Supp Debt Charge</b>	4,519	4,533	-14	100%	4,519	4,533	-14	100%
<b>Interest Income</b>	164	15	149	1,093%	206	15	191	1,373%
<b>Total Other Income</b>	13,932	13,827	105	101%	13,974	13,827	147	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	4,629	4,630	-1	100%	4,595	4,596	-1	100%
<b>Total Other Expense</b>	4,629	4,630	-1	100%	4,595	4,596	-1	100%
<b>Net Other Income</b>	9,303	9,197	106	101%	9,379	9,231	148	102%
<b>Net Income</b>	<u>13,500</u>	<u>13,863</u>	<u>-363</u>	<u>97%</u>	<u>12,791</u>	<u>10,005</u>	<u>2,786</u>	<u>128%</u>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2022 through March 2023

	<u>Nov 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Dec 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	42,035	41,797	238	101%	39,454	42,588	-3,134	93%
<b>Total Income</b>	42,035	41,797	238	101%	39,454	42,588	-3,134	93%
<b>Gross Profit</b>	42,035	41,797	238	101%	39,454	42,588	-3,134	93%
<b>Expense</b>								
<b>Operating Expenses</b>	2,131	1,552	579	137%	977	1,050	-73	93%
<b>Water Treatment</b>	0	739	-739	0%	617	3,355	-2,738	18%
<b>Repairs and Maintenance</b>	5,557	1,478	4,079	376%	893	1,478	-585	60%
<b>Transmission &amp; Distribution</b>	26,224	26,990	-766	97%	26,224	26,989	-765	97%
<b>Depreciation</b>	5,858	5,858	0	100%	5,850	5,850	0	100%
<b>General &amp; Administrative</b>	4,337	3,592	745	121%	7,967	3,812	4,155	209%
<b>Total Expense</b>	44,107	40,209	3,898	110%	42,528	42,534	-6	100%
<b>Net Ordinary Income</b>	-2,072	1,588	-3,660	-130%	-3,074	54	-3,128	-5,693%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,663	7,687	-24	100%	7,639	7,687	-48	99%
<b>Viejas Grade Project Charge</b>	1,586	1,591	-5	100%	1,581	1,592	-11	99%
<b>Supp Debt Charge</b>	4,519	4,533	-14	100%	4,505	4,533	-28	99%
<b>Interest Income</b>	103	15	88	687%	98	15	83	653%
<b>Total Other Income</b>	13,871	13,826	45	100%	13,823	13,827	-4	100%
<b>Other Expense</b>								
<b>Interest Expense</b>	4,595	4,596	-1	100%	4,595	4,596	-1	100%
<b>Total Other Expense</b>	4,595	4,596	-1	100%	4,595	4,596	-1	100%
<b>Net Other Income</b>	9,276	9,230	46	100%	9,228	9,231	-3	100%
<b>Net Income</b>	<b>7,204</b>	<b>10,818</b>	<b>-3,614</b>	<b>67%</b>	<b>6,154</b>	<b>9,285</b>	<b>-3,131</b>	<b>66%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2022 through March 2023

	<u>Jan 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Feb 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Total Income</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Gross Profit</b>	40,977	41,770	-793	98%	41,214	41,767	-553	99%
<b>Expense</b>								
<b>Operating Expenses</b>	1,096	1,124	-28	98%	1,193	1,018	175	117%
<b>Water Treatment</b>	1,210	622	588	195%	19,953	706	19,247	2,826%
<b>Repairs and Maintenance</b>	36,337	1,478	34,859	2,459%	858	1,478	-620	58%
<b>Transmission &amp; Distribution</b>	26,226	26,990	-764	97%	26,786	26,989	-203	99%
<b>Depreciation</b>	5,850	5,850	0	100%	5,850	5,850	0	100%
<b>General &amp; Administrative</b>	4,355	3,591	764	121%	4,434	3,592	842	123%
<b>Total Expense</b>	75,074	39,655	35,419	189%	59,074	39,633	19,441	149%
<b>Net Ordinary Income</b>	-34,097	2,115	-36,212	-1,612%	-17,860	2,134	-19,994	-837%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,639	7,687	-48	99%	7,639	7,688	-49	99%
<b>Viejas Grade Project Charge</b>	1,581	1,591	-10	99%	1,581	1,591	-10	99%
<b>Supp Debt Charge</b>	4,505	4,533	-28	99%	4,505	4,533	-28	99%
<b>Interest Income</b>	219	15	204	1,460%	215	15	200	1,433%
<b>Total Other Income</b>	13,944	13,826	118	101%	13,940	13,827	113	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	1,443	4,584	-3,141	31%	4,584	4,584	0	100%
<b>Total Other Expense</b>	1,443	4,584	-3,141	31%	4,584	4,584	0	100%
<b>Net Other Income</b>	12,501	9,242	3,259	135%	9,356	9,243	113	101%
<b>Net Income</b>	<u><u>-21,596</u></u>	<u><u>11,357</u></u>	<u><u>-32,953</u></u>	<u><u>-190%</u></u>	<u><u>-8,504</u></u>	<u><u>11,377</u></u>	<u><u>-19,881</u></u>	<u><u>-75%</u></u>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
July 2022 through March 2023

					TOTAL			
	Mar 23	Budget	\$ Over Budget	% of Budget	Jul '22 - Mar 23	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Operating Revenues</b>	41,014	41,314	-300	99%	380,227	391,243	-11,016	97%
<b>Total Income</b>	41,014	41,314	-300	99%	380,227	391,243	-11,016	97%
<b>Gross Profit</b>	41,014	41,314	-300	99%	380,227	391,243	-11,016	97%
<b>Expense</b>								
<b>Operating Expenses</b>	1,085	1,166	-81	93%	15,148	11,733	3,415	129%
<b>Water Treatment</b>	610	802	-192	76%	42,513	17,384	25,129	245%
<b>Repairs and Maintenance</b>	745	1,478	-733	50%	50,384	13,269	37,115	380%
<b>Transmission &amp; Distribution</b>	27,731	26,990	741	103%	238,071	242,906	-4,835	98%
<b>Depreciation</b>	5,850	5,850	0	100%	52,734	52,734	0	100%
<b>General &amp; Administrative</b>	9,919	5,892	4,027	168%	45,037	36,478	8,559	123%
<b>Total Expense</b>	45,940	42,178	3,762	109%	443,887	374,504	69,383	119%
<b>Net Ordinary Income</b>	-4,926	-864	-4,062	570%	-63,660	16,739	-80,399	-380%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
<b>Treatment Plant Project Charge</b>	7,639	7,687	-48	99%	68,847	69,185	-338	100%
<b>Viejas Grade Project Charge</b>	1,581	1,592	-11	99%	14,249	14,322	-73	99%
<b>Supp Debt Charge</b>	4,505	4,533	-28	99%	40,601	40,798	-197	100%
<b>Interest Income</b>	236	15	221	1,573%	1,476	135	1,341	1,093%
<b>Total Other Income</b>	13,961	13,827	134	101%	125,173	124,440	733	101%
<b>Other Expense</b>								
<b>Interest Expense</b>	4,584	4,584	0	100%	35,034	41,430	-6,396	85%
<b>Total Other Expense</b>	4,584	4,584	0	100%	35,034	41,430	-6,396	85%
<b>Net Other Income</b>	9,377	9,243	134	101%	90,139	83,010	7,129	109%
<b>Net Income</b>	<u>4,451</u>	<u>8,379</u>	<u>-3,928</u>	<u>53%</u>	<u>26,479</u>	<u>99,749</u>	<u>-73,270</u>	<u>27%</u>

**Descanso Community Water District**  
**Statement of Cash Flows**  
 January through March 2023

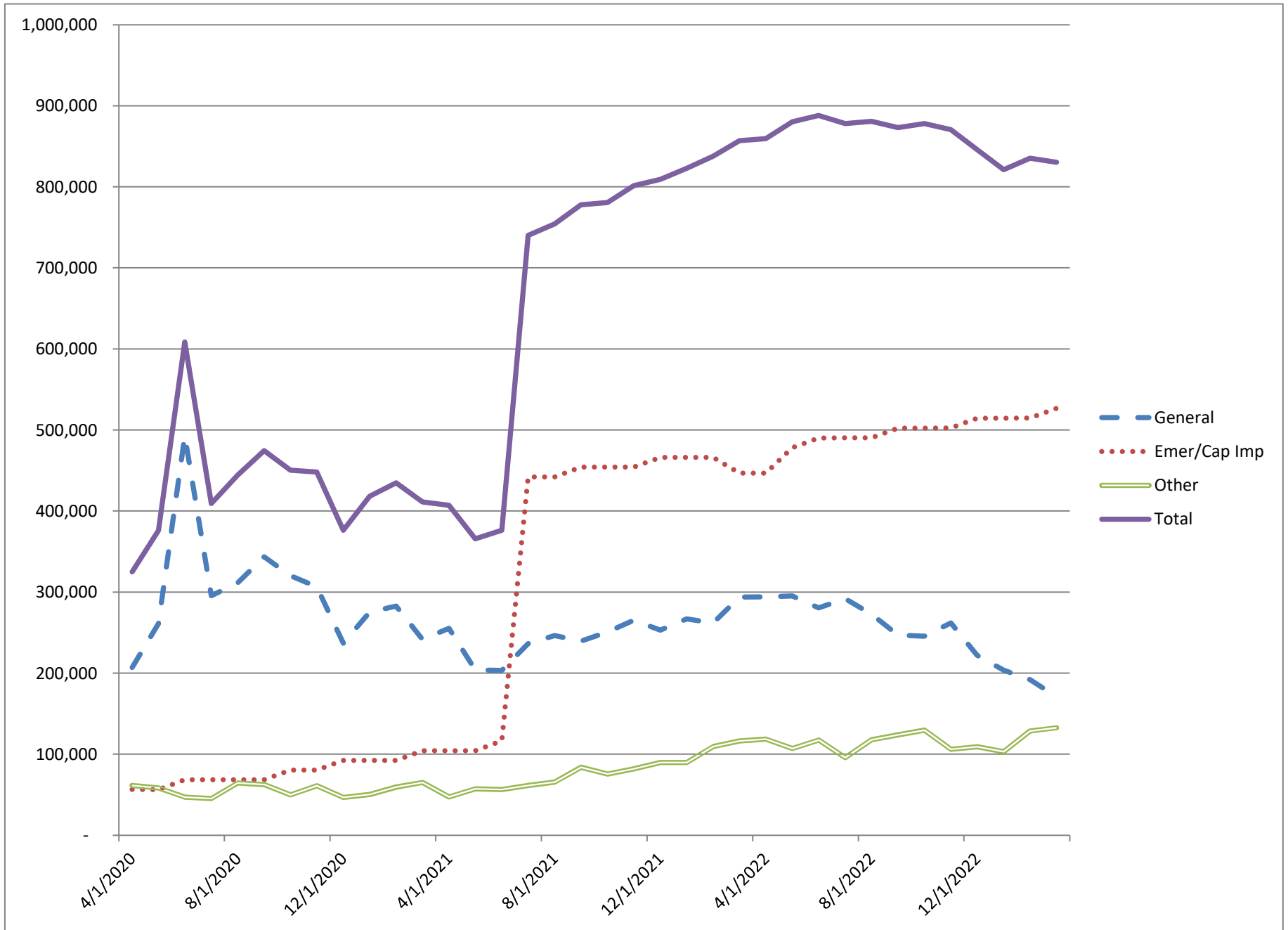
	<b>Jan - Mar 23</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	-25,650
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	-10,470
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	-425
Allowance for Doubtful Accounts	600
Prepayments:G&A	-271
Prepayments:Taxes/Fees	270
Accts Pay - General	14,093
Accts Pay - Accrued	-312
Interest Accrued:Int Accr-LTD-Outside	-6,320
	-28,486
Net cash provided by Operating Activities	-28,486
<b>INVESTING ACTIVITIES</b>	
Accumulated Depreciation:Utility Plant-Acc Depr	17,549
Uncapitalized Fixed Assets -WIP	-414
	17,135
Net cash provided by Investing Activities	17,135
<b>FINANCING ACTIVITIES</b>	
Current Portion of LTD:Loan Payable - SD County	138
Long-Term Debt:Loan Payable-SD County 1/2041	-4,323
Long-Term Debt:Loan Costs USDA Series 2021	122
	-4,062
Net cash provided by Financing Activities	-4,062
Net cash increase for period	-15,413
Cash at beginning of period	845,708
Cash at end of period	<b>830,295</b>

**Descanso Community Water District**  
**Statement of Cash Flows**  
 July 2022 through March 2023

	Jul '22 - Mar 23
<b>OPERATING ACTIVITIES</b>	
Net Income	26,476
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	-45,088
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	2,262
Allowance for Doubtful Accounts	1,800
Security Deposits:Office 28857B Old Hwy 80	-2,100
Prepayments:G&A	-105
Prepayments:Taxes/Fees	-280
Accts Pay - General	-18,964
Interest Accrued:Int Accr-LTD-Outside	-4,889
Current Portion of LTD:USDA Series 2021A Short Term	1,000
Current Portion of LTD:USDA Series 2021B Short Term	1,000
	-38,887
Net cash provided by Operating Activities	-38,887
<b>INVESTING ACTIVITIES</b>	
Accumulated Depreciation:Utility Plant-Acc Depr	52,732
Uncapitalized Fixed Assets -WIP	-1,241
Uncapitalized Fixed Assets -WIP:Well #5-Fe/Mn Plant:Task 08 (\$232209)	-13,662
Uncapitalized Fixed Assets -WIP:Well #6-Fe/Mn Plant:Task 08 (\$232209)	-13,662
	24,166
Net cash provided by Investing Activities	24,166
<b>FINANCING ACTIVITIES</b>	
Current Portion of LTD:Loan Payable - Union Bank of Ca	400
Current Portion of LTD:Loan Payable - SD County	138
Long-Term Debt:Loan Payable - UBOC 4/2038	-8,800
Long-Term Debt:Loan Payable-SD County 1/2041	-4,323
Long-Term Debt:USDA Series 2021A Long Term	-24,000
Long-Term Debt:USDA Series 2021B Long Term	-7,000
Long-Term Debt:Loan Costs USDA Series 2021	366
	-43,218
Net cash provided by Financing Activities	-43,218
Net cash increase for period	-57,939
Cash at beginning of period	888,234
Cash at end of period	830,295



# DCWD Cash Flow Balances



Unaudited - No assurance is provided on these financial statements

**Item 8**

**PROPOSED FY 2023/2024 BUDGET:**

The District’s accountant will present the proposed FY 2023/2024 budget to the Board for review and approval. The Board will discuss the matter and take appropriate action.

**Notes:**

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**Item 9**

**ACCOUNTING SERVICES ENGAGEMENT RENEWAL:**

The Board will review the proposed accounting services renewal and take appropriate action.

**Notes:**

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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 14, 2023

## **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.

In addition, we are computer savvy. That means your programs will run smoothly with us. We are certified QuickBooks Professional Advisors, meaning your down time for training is nonexistent. We can step in and immediately begin services.

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, 2023 through July 31, 2024. Pursuant to Section 3.3.1 of the Agreement, the monthly fee for services performed under this Agreement will be \$1,199.09 (one thousand one hundred ninety-nine and 09/100 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, 2022. 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 2023/2024 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

2020/2021 Fiscal Year

Current CPI-U (Dec 2019) 300.718  
Prior CPI-U (Dec 2018) 295.018  
Increase/(Decrease) 1.93%

Fee for Services (2020/2021 FY) \$ 1,033.37

2021/2022 Fiscal Year

Current CPI-U (Dec 2020) 305.823  
Prior CPI-U (Dec 2019) 300.718  
Increase/(Decrease) 1.70%

Fee for Services (2021/2022 FY) \$ 1,050.91

2022/2023 Fiscal Year

Current CPI-U (Dec 2021) 325.241  
Prior CPI-U (Dec 2020) 305.823  
Increase/(Decrease) 6.35%

Fee for Services (2022/2023 FY) \$ 1,117.64

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) \$ 1,199.09

## Databases, Tables & Calculators by Subject

**Change Output Options:** From:  To:    include graphs  include annual averages [More Formatting Options](#) 

Data extracted on: June 14, 2023 (11:57:02 AM)

### CPI 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
2013													260.317	258.955	261.679
2014													265.145	265.251	265.039
2015													269.436	267.346	271.526
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										

U.S. BUREAU OF LABOR STATISTICS Postal Square Building 2 Massachusetts Avenue NE Washington, DC 20212-0001

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



**Item 10**

**UPDATE ON AUDIT 2021-2022 AND ISSUANCE OF REQUEST FOR QUOTE (RFQ) FOR AUDITOR SERVICES FOR 2022-2023 AND 2023-2024 FISCAL YEARS:**

The board will discuss issuing an RFQ for auditor services for 2022-2023 and 2023-2024 fiscal years and take appropriate action.

**Notes:**

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## Item 11

### GENERAL MANAGERS REPORT:

The GM will provide a report for activities occurring since the last meeting.

- A. Engineering and Project Status Report
- B. GM Report
- C. Past Due Policy and Past Due Status
- D. Q&A

### Notes:

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# **DCWD OPERATIONS REPORT**

## **June 20th 2023**

### **SUMMARY**

- Normal day to day operations of the district
- Replaced CI2 line
- Completed E.A.R
- Summited CCR
- Several call outs for Leaks/low pressure
- Hazmat updates complete
- Cutting weeds around well sites and hydrants

### **3 MONTHS LOOK AHEAD**

- Continuing shutoff notices
- Completing Inventory
- Flushing of system
- Adding three new services
- Distributing CCR to customers

8.A Reading of Meters -- Each customer's meter will be read by the District during each billing period. This will be done as nearly as practicable to the same day semi-monthly.

8.B Billing Period -- Bills will be prepared and mailed to customers every billing period. Bills are payable when mailed. Bills become past due 21 days after the date mailed or on the first working day following the 21st day if the 21st day occurs on a day the District office is closed. Unless other payment arrangements have been made and kept, a late charge will be applied on the 22nd day after an account becomes past due.

### 8.C Past Due Accounts

8.C.1 Notice -- A "Notice of Delinquency and Impending Termination" will be mailed to all past due accounts. The Notice of Delinquency will restate the amount of the original bill and show the total amount due, including any late payment penalty. The Notice of Delinquency cannot be mailed earlier than 19 days after mailing the original bill and must be mailed at least 15 days before termination of service. The Notice of Delinquency must contain the following information:

1. Name and address of customer;
2. Amount of delinquency;
3. Latest date for payment or making arrangements;
4. Procedure for complaints or investigations;
5. Procedure to request amortization;
6. Procedure to obtain information regarding financial assistance;
7. Telephone number of District representative who can provide additional information or institute arrangements for payment.

8.C.2 Contest -- The Notice of Delinquency must state that the customer has five days from receiving the Notice to contest the charges or request an investigation. It must clearly state the procedure for contesting charges or requesting an investigation.

8.C.3 Payment -- The Notice of Delinquency must describe the method by which a customer may amortize payments or obtain information regarding financial assistance. The Notice of Delinquency must clearly assign a "Termination Date", which date shall be at least 15 days from the mailing of the Notice. The Notice of Delinquency shall specifically state that service will be terminated if payment is not received by the date indicated on the Notice of Delinquency.

8.C.4 Request for Extension -- A customer has 13 days from the date of mailing the "Notice of Delinquency and Impending Termination" to request an extension of the payment of a bill asserted to be beyond the means of the customer to pay. A customer who requests an extension of the payment period shall make such request within 13 days of receiving the Notice of Delinquency and Impending Termination. The customer shall be given an opportunity for review of his/her request, which review shall include consideration of whether the customer shall be

permitted to amortize the unpaid balance of the account over a reasonable period of time, not to exceed 12 months.

8.C.5 Termination Notice -- No less than forty-eight (48) hours prior to termination for nonpayment of the past due account, including all late charges, the District must attempt to contact an adult person residing at the premises by phone or in person. If such contact is not possible after reasonable attempts, then written Notice must be posted on the premises of the residential user. The District will charge a fee for the preparation and delivering of the 48-hour termination notice. The Termination Notice must be posted at least 48 hours prior to the termination and contain the following:

1. Name and address of customers;
2. The amount of delinquency;
3. Latest date for payment or arrangement for payment;
4. Procedure to obtain information regarding financial assistance;
5. Telephone number of District representative who can provide additional information or help make arrangements for payments

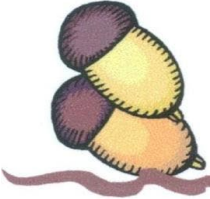
8.C.6 Limitations -- The District cannot terminate service if:

1. District fails to comply with the law regarding termination.
2. It is a Saturday, Sunday, holiday, or District offices are not open to the public.
3. The District is investigating a dispute or complaint.
4. The customer has been granted an extension.
5. A certificate has been filed by a licensed physician and surgeon which states that termination would be "life threatening" to the customer; and
  - A. the customer is financially unable to pay the services within the normal payment period, and
  - B. the customer is willing to enter into an amortization agreement with the District with respect to all charges that the customer is unable to pay, including past charges.
6. The customer is complying with the amortization agreement and is also keeping his or her account current as new charges accrue.

8.C.7 Termination of Submetered Service -- For termination of service to a unit connected to a master meter by a submeter, or to individually metered service in a multi-unit residential structure, the District must make every good faith effort to inform the actual users when the account is delinquent and will be terminated. The Notice must be given at least 15 days prior to termination and must state the date of termination and inform the actual users that they have the right to become customers of the District without paying the delinquent amount if they are not listed by the District as the customer of record. If the customer wishes to become the customer of record, then the District must honor such request so long as:

- A. the new customer agrees to the terms and conditions of service and
- B. the District can provide service to the individual user (e.g., selectively terminate non-paying connections).

The new customer who is not the customer of record at the time of delinquency cannot be required to pay the amount due on the delinquent account that is in the name of the customer of



## DESCANSO COMMUNITY WATER DISTRICT

P.O. Box 610 Descanso, California 91916 (855) 224-6981

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### **Current Past Due Status**

Currently there are 70 accounts that are 60+ days past due. These accounts make up approximately 20% of our overall accounts and in total equal around \$171,524.00 in past due charges.

Out of the 70 accounts, 35 are already making payments towards their past due balances and 11 are closed accounts that we are attempting to collect.

In April, we were told by the state that we can once again start the shut off process after not being able to do so because of Covid-19 restrictions. We have started with calls and emails and the homes have been tagged with the first shut offs happening at the beginning of July.





**Item 13**

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

**Notes:**

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**Item 14**

**MOTION TO ADJOURN.**

**Notes:**

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