David Graves
Certified Public
Accountant

Member, American Institute of Certified Public Accountants

August 7, 2026

Board of Directors
Newberry Community Services District
P.O. Box 220
Newberry Springs, California 92365

I am pleased to confirm my understanding of the services I am to provide Newberry Community Services District for the fiscal years ending June 30, 2025 and June 30, 2026. This engagement covers the annual financial statement audits for both fiscal years, together with the additional accounting and reporting services described in this letter.

Audit Scope and Objectives

I will audit the financial statements of the governmental activities and major funds of Newberry Community Services District, together with the related notes and disclosures, which collectively comprise the District's basic financial statements, as of and for each of the fiscal years ending June 30, 2025 and June 30, 2026. Accounting principles generally accepted in the United States of America (GAAP) require certain supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Newberry Community Services District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to Newberry Community Services District's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audits of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The following required supplementary information is expected to accompany the basic financial statements and will be subjected to the limited procedures required by generally accepted auditing standards, but will not be audited:

1. Management's Discussion and Analysis, if applicable.
2. Budgetary Comparison Schedule and related notes.

Audit Objective

The objectives of my audits 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 my opinions about whether the financial statements are fairly presented, in all material respects, in conformity with GAAP. 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 GAAS 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 of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

I will conduct my audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures I consider necessary to enable me to express my opinions. As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. I will also evaluate the overall

28869 Moonrise Way P: 951-973-1617
Menifee, CA 92584 F: 951-672-3841
E: dagraves57@gmail.com

presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

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

I will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. I will also request written representations from your attorneys as part of the engagement.

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

Audit Procedures—Internal Control

I will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for my opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, I will express no such opinion. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

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

28869 Moonrise Way P: 951-973-1617
Menifee, CA 92584 F: 951-672-3841
E: dagraves57@gmail.com

Other Services

I will also assist in preparing the financial statements of Newberry Community Services District, including the governmental fund financial statements, government-wide presentation, related notes, and required supplementary information, in conformity with accounting principles generally accepted in the United States of America, based on information provided by District management. In addition, for each fiscal year covered by this engagement, I will prepare the Special Districts Financial Transactions Report (FTR) and the Government Compensation Report based upon information and records provided by District management.

I will perform these services in accordance with applicable professional standards. These services are limited to the financial statement preparation and other accounting and reporting services described above. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

My audits will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to me and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that I may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence. At the conclusion of my audits, I will require certain written representations from you about the financial statements and related matters.

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

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

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

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

Engagement Administration, Fees, and Other

David Graves is the engagement partner and is responsible for supervising the engagements and signing the reports or authorizing another individual to sign them. I understand that your employees will prepare all cash, accounts receivable, and other confirmations I request and will locate any documents selected by me for testing.

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

David Graves CPA Inc. expects to begin each audit upon receipt of a signed engagement letter and the financial information necessary to perform the audit. The timing of fieldwork and issuance of each audit report will be coordinated with District management and will be dependent upon the timely receipt of complete and accurate records and information.

My fee for the annual financial statement audit will be $8,500 for the fiscal year ending June 30, 2025 and $8,500 for the fiscal year ending June 30, 2026. These fees include ordinary out-of-pocket expenses incurred in connection with the audit engagement.

The Special Districts Financial Transactions Report (“FTR”) and Government Compensation Report are separate accounting and reporting services and are not included in the annual audit fee. The fee for preparation of the FTR will be $1,500 for each fiscal year, and the fee for preparation of the Government Compensation Report will be $500 for each fiscal year.

Accordingly, the fees for each fiscal year covered by this engagement are as follows:

Financial statement audit: $8,500
Financial Transactions Report (FTR): $1,500
Government Compensation Report: $500
Total annual fees: $10,500

The total fees for the two fiscal years covered by this engagement are therefore $21,000, consisting of $17,000 for audit services and $4,000 for the separately identified accounting and reporting services.

My invoices for these services will be rendered as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if I have not completed the applicable report. You will be obligated to compensate me for all services performed and reimburse me for any applicable out-of-pocket costs through the date of termination.

The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagements. If significant additional services become necessary because of circumstances outside the contemplated scope of this engagement, I will discuss those circumstances with you and obtain your agreement regarding any additional fees before performing the additional services.

As will be shown on my invoices, checks remitted for audit services will be made payable to David Graves CPA Inc. However, the address to remit the payment to will remain as before: Mailed to the residence of Kathryne Whitford 29554 Light Shore Cove; Menifee, CA 92585.

Reporting

I will issue a separate written auditor's report upon completion of my audit of Newberry Community Services District's financial statements for each fiscal year covered by this engagement. Each report will be addressed to the Board of Directors of Newberry Community Services District. Circumstances may arise in which a report may differ from its expected form and content based on the results of the applicable audit. Depending on the nature of these circumstances, it may be necessary for me to modify my opinions, add a separate section, add an emphasis-of-matter or other-matter paragraph to my auditor's report, or, if necessary, withdraw from the engagement. If my opinions are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete an audit or am unable to form or have not formed opinions, I may decline to express opinions or withdraw from the engagement.

I appreciate the opportunity to continue to be of service to Newberry Community Services District and believe this letter accurately summarizes the significant terms of my engagements for the fiscal years ending June 30, 2025 and June 30, 2026.

Very truly yours,

David Graves

David Graves

Certified Public Accountant

RESPONSE:

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

Management signature: ________________________________

Title: ____

Date: ____