

**DIABLO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING AGENDA<sup>1</sup>  
TELECONFERENCE VIA THE APPLICATION ZOOM  
TUESDAY, NOVEMBER 8, 2022, 7:30 P.M.**

**MEETING PROCEDURE**

*Pursuant to California Assembly Bill 361, the Diablo Community Services District is authorized to hold public meetings remotely and to make those meetings accessible to all members of the public seeking to observe and to address the Board by remote means. All members of the public seeking to observe and/or address the Board may participate in the meeting in the manner described below. This meeting can be viewed using the Zoom platform:*

**ZOOM WEBSITE:**     **<https://zoom.us/j/4680449859>**

**MEETING ID:**       **468 044 9859**

**FOR AUDIO PARTICIPATION ONLY:** Call **(346) 248-7799** or **(669) 900-9128** and enter Meeting ID# 468 044 9859 followed by the pound (#) key.

*To submit public comments before the meeting, email [generalmanager@diablocsd.org](mailto:generalmanager@diablocsd.org) before 12 pm on the day of the meeting.*

**CALL TO ORDER:**           **President:**     **Kathy Urbelis**

**ROLL CALL:**               **Secretary:**   **Jeff Eorio**

**Directors:**       **Urbelis, Becker, Eorio, Isom, Cox**

**PUBLIC COMMENTS:** *Public comments will be taken on any subject including items on this agenda and are limited to 3 minutes per person when speaking in English, and 6 minutes per person when using a translator. Comments by the audience are not intended to result in a dialogue between members of the audience or between the audience and the Board. Please note that under Brown Act regulations, no member of the Board may engage in any discussion, other than a brief comment or request for clarification, of any item raised by any member of the audience unless that item is included as an agenda item.*

**1.     BOARD/STAFF COMMUNICATION AND ACTIONS:**

**ADMINISTRATIVE:**   Director Urbelis

- a) GM Torru to present the 2022 Audited Financials prepared by Richardson & Co.
- b) GM Torru to present the Q1 2023 Financial Report.
- c) GM Torru to present for adoption the Conflict of Interest Ordinance Code 2022-01. See Attachment A

**SECURITY:**       Deputy Sheriff Buergi

- a) Present security report for October.

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<sup>1</sup> Agenda attachments are available on the DCSD's website ([www.diablocsd.org](http://www.diablocsd.org)) home page under Upcoming Events.

2. **CONSENT CALENDAR:**

- a) Approve the minutes of the October 11, 2022, Regular Meeting.
- b) Authorize remote teleconference meetings of the Board of Directors, originally authorized at the January 11, 2022, Meeting under Resolution 2022-01, for another 30 days.

3. **REPORTS:**

<b>CONTRA COSTA COUNTY:</b>	Cameron Collins
<b>DIABLO PROPERTY OWNERS ASSOC:</b>	Dana Pingatore
<b>DIABLO COUNTRY CLUB:</b>	Hank Salvo

4. **DIRECTOR COMMENTS:**

5. **FUTURE AGENDA ITEM ANNOUNCEMENT:**

6. **CALL OF NEXT MEETING & ADJOURNMENT:**

The next DCSD Regular Board meeting is scheduled for January 10, 2023, at 7:30 p.m. via Zoom.

Diablo Community Services District by  
Kathy Torru, General Manager  
generalmanager@diablocsd.org

DCSD Board Meetings are accessible to people with disabilities and others who need assistance. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to observe and/or participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet, or other writings that may be distributed at the meeting should contact the General Manager at least one working day before the meeting at (925) 683-4956 or [generalmanager@diablocsd.org](mailto:generalmanager@diablocsd.org). Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Public records that relate to any item on the open session agenda are available for public inspection by contacting the General Manager and on the District's website <http://diablocsd.org>.

DIABLO COMMUNITY SERVICES DISTRICT  
Annual Financial Report  
June 30, 2022

# DIABLO COMMUNITY SERVICES DISTRICT

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## Independent Auditor's Report

Board of Directors  
Diablo Community Services District  
Diablo, California

### Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Diablo Community Services District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

In preparing the financial statements, management is required to evaluate 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

To the Board of Directors  
Diablo Community Services District

not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. 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. Misstatements 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness

To the Board of Directors  
Diablo Community Services District

of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

October 6, 2022

# DIABLO COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2022

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The following discussion and analysis of the Diablo Community Services District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District financial statements.

### **Highlights**

#### **Financial Highlights**

The Diablo Community Services District (District) is a California Special District established in 1969 to provide security services to the residents of Diablo and maintain the roads, culverts, bridges, and Kay's trail within Diablo. The District contracts with the Contra Costa County Sheriff Department for security and contracts with third party contractors to provide road maintenance. Security costs are consistent from one year to the next and road maintenance costs fluctuate year to year depending on the maintenance needs. In FY 2022 The District grind and paved ten roads at a cost of \$485 thousand (2022 grind and pave road project).

The District is funded with Contra Costa County Ad Valorem Tax revenue and a voter approved Special Tax. The District's revenue is consistent from one year to the next and funds the security and road maintenance needs of the District.

#### **Using this Annual Report**

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information contained in the statements.

#### **Required Financial Statements**

The Basic Financial Statements are comprised of District-wide financial statements and Fund financial statements. These two sets of financial statements provide the reader two different viewpoints of the District's financial activities and financial position.

District-wide financial statements report financial information about the District using the accrual basis of accounting method similar, to those used by private sector companies. The Statement of Net Position includes all District assets and liabilities and provides information about the nature and amounts of investments and resources (assets) and obligations (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. The Statement of Activities provides information about the District's revenues and expenses, also on the accrual basis, with the emphasis on measuring net revenues and/or expenses for each of the District's activities. The Statement of Activities explains in detail the change in Net Position for the fiscal year.

Fund financial statements include statements for governmental activities. The Governmental Activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Capital assets and other long-lived assets, along with long-term liabilities if any, are not presented in the governmental fund financial statements balance sheet. Unlike the government-wide financial statements, governmental fund financial statements focuses on near-term inflows and outflows of spendable resources, and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. All of the current year's revenues and

# DIABLO COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2022

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expenditures are accounted for in the Statement of Revenues, Expenditures and Changes in Fund Balances. This statement measures the success of District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its property taxes, special tax, and traffic fines.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between these two sets of financial statements.

### Financial Analysis of the District

One of the most important questions asked about the District finances is whether or not the District's overall financial position has improved or deteriorated. The Statement of Net Position and Statement of Activities report information about the District activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of District's net position – the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

### Changes in Net Position

The District's total net position decreased by \$143 thousand in FY 2022 as a result of higher road maintenance costs associated with the 2022 grind and pave road project. The following includes figures from the statements of net position.

### Statement of Net Position

	<u>2022</u>	<u>2021</u>
Assets		
Deposits and investments	\$ 507,532	\$ 646,522
Prepaid expenses	40,389	41,015
	<u>547,921</u>	<u>687,537</u>
Total assets		
Liabilities		
Accounts payable	40,166	25,961
Accrued liabilities	31,585	41,983
	<u>71,751</u>	<u>67,944</u>
Total liabilities		
Net position		
Net investment in capital assets	-	-
Restricted for Connection Fees	-	-
Unrestricted	476,170	619,593
	<u>476,170</u>	<u>619,593</u>
Total net position	<u>\$ 476,170</u>	<u>\$ 619,593</u>

In part, changes in District net position can be determined by reviewing the following Statements of Activities.

# DIABLO COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2022

### Statement of Activities

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charge for services	7,901	314
General revenues		
Ad valorem taxes	531,399	507,959
Measure B special tax	308,993	299,290
Interest income	52	53
Other income	-	-
Total revenues	<u>848,345</u>	<u>807,616</u>
Expenses		
General government	111,749	141,737
Public safety	349,312	306,990
Public works	<u>530,707</u>	<u>720,759</u>
Total expenses	<u>991,768</u>	<u>1,169,486</u>
Changes in Net Position	<u>\$ (143,423)</u>	<u>\$ (361,870)</u>

### Budgetary Highlights

Because of the consistency and predictability in the District's revenues and expenditures, the District is able to establish a budget and mostly operate within that budget. From time to time, there are items that must be addressed that do not appear in the budget such as additional road maintenance costs resulting from storms, flooding and fallen trees, and additional security costs in response to temporary spikes in vandalism or burglaries or traffic violations. In 2022 there was a budget vs actual difference of \$320 thousand which was primarily due to a grind and pave project budgeted for 2023 being done in 2022. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received is provided in our annual report on page 19.

### Capital Assets

At the end of fiscal year 2021, the District had no (net of accumulated depreciation) capital assets. The following table summarizes District capital assets at historical costs for fiscal year ended June 30, 2022.

	<u>2022</u>	<u>2021</u>
Vehicle	\$ -	\$ 42,817
Equipment and computers	2,500	7,238
Accumulated depreciation	<u>2,500</u>	<u>(38,511)</u>
Total capital assets	<u>\$ 5,000</u>	<u>\$ 11,544</u>

Additional information on capital assets can be found in footnote 3 to the financial statements.

# DIABLO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

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## **Significant Accomplishments of Fiscal Year 2021-22 are Noted Below:**

The primary functions of the District are to maintain the roads, bridges and culverts (that lie under the District's maintained roads) in Diablo and provide security patrols within its boundaries. Both of these purposes were fulfilled. The District also has recreation powers and the power to install and maintain street lighting. However, this last power has never been exercised. The reasons for not exercising this power include resident reluctance to street lighting, cost, and lack of need. The recreation power was added in the 1970s to provide maintenance of a pedestrian/equestrian (Kay's Trail) between Alameda Diablo and Mt. Diablo Scenic. The (Kay's Trail) is maintained on an "as needed" basis.

## **Economic Factors and Next Year's Budgets and Rates**

In considering the District's budget for 2021-2022 year, the Board and management used the following criteria:

The District's primary revenue sources are ad valorem property taxes and Measure B Special taxes (general revenues). The property tax revenue is received from Contra Costa County (the County) based on the County's revenue allocation formula. The District does not have any role in determining the allocation; however, the amount received does not change significantly from year to year. The District budgets its property tax revenue using the prior year's allocation.

The District held a special all mailed ballot election in March 2018. The ballot asked voters to approve a proposed Measure B special tax to replace the current security and road maintenance fees and to provide for road, bridge, culvert and trail maintenance and improvements, and security/police protection for the Diablo community. The annual special tax amount approved was \$662.26 per improved parcels, \$128.06 per unimproved parcels and \$23,444.68 for the Diablo Country Club parcels, including an annual inflation adjustment. The ballot measure was approved by the voters and was effective FY 2019. In 2021 revenue from the Measure B Special Tax was \$309 thousand.

## **Requests for Information**

This financial report is designed to provide our customers and creditors with a general overview of District finances and demonstrate District accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the District at P.O. Box 321, Diablo, California, 94528.

# DIABLO COMMUNITY SERVICES DISTRICT

## Statement of Net Position

June 30, 2022

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	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 507,532
Prepaid items	<u>40,389</u>
Total assets	<u>547,921</u>
Liabilities	
Accounts payable	40,166
Accrued liabilities	<u>31,585</u>
Total liabilities	<u>71,751</u>
Net Position	
Unrestricted	<u>476,170</u>
Total net position	<u><u>\$ 476,170</u></u>

# DIABLO COMMUNITY SERVICES DISTRICT

## Statement of Activities Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ 111,749	\$ 7,020	\$ (104,729)
Public safety	349,312	881	(348,431)
Public works	530,707	-	(530,707)
Total governmental activities	\$ 991,768	\$ 7,901	\$ (983,867)
General revenues and subventions			
Property taxes, levied for general purposes			840,392
Interest and investment earnings			52
Total, general revenues			840,444
Change in Net Position			(143,423)
Net Position - Beginning			619,593
Net Position - Ending			\$ 476,170

# DIABLO COMMUNITY SERVICES DISTRICT

## Balance Sheet – Governmental Fund

June 30, 2022

	General Fund
Assets	
Cash and cash equivalents	\$ 507,532
Prepaid items	40,389
Total assets	\$ 547,921
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 40,166
Accrued liabilities	31,585
Total liabilities	71,751
Fund Balances	
Nonspendable	40,389
Unassigned	435,781
Total fund balances	476,170
Total liabilities and fund balances	\$ 547,921

### Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Fund	\$ 476,170
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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	\$ 2,500	
Accumulated depreciation	(2,500)	
Total capital assets - net		-
Total net position - governmental activities		\$ 476,170

**DIABLO COMMUNITY SERVICES DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund  
Year Ended June 30, 2022

	General Fund
Revenues	
Property taxes	\$ 531,399
Measure B special tax	308,993
Traffic fines	881
Interest income	52
Reimbursements	7,020
	848,345
Total revenues	848,345
Expenditures	
Current	
General government	111,749
Public safety	349,312
Public works	530,707
	991,768
Total expenditures	991,768
Net Change in Fund Balance	(143,423)
Fund Balance - Beginning	619,593
Fund Balance - Ending	\$ 476,170

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund  
Balance to the Statement of Activities

Total Net Change in Fund Balances - Governmental Fund	\$ (143,423)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities	
Depreciation expense	\$ -
Total capital assets - net	-
The net effect of transactions involving capital assets (i.e., disposal of assets) is to decrease net position.	-
Change in Net Position of Governmental Activities	\$ (143,423)

# DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2022

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## **Note 1 - Summary of Significant Accounting Policies**

### **General**

The Diablo Community Services District (the District) is a California special district formed in September 1969 by the Contra Costa Board of Supervisors under provisions of Part 2.7, Section 13801-1399 of the Health and Safety Code. funded. The Diablo Public Utility District (DPUD) was formed on March 23, 1951, under Section 14010 of the Health and Safety Code to construct roads and bridges within Diablo. In 1969, the DPUD was terminated and replaced with the Diablo Community Services District. The District reorganization was initiated by Diablo residents so that security services could be provided to the community by the District. The creation of the new District caused no changes in the governing body and the assets and liabilities of the DPUD were transferred to the reorganized District. The District is funded by ad valorem and Measure B special taxes.

The function of the District is to provide security and the maintenance of roads, bridges and specific culverts within the unincorporated community of Diablo, which is located at the foot of Mount Diablo, northeast of the Town of Danville. The District also has the power to install and maintain street lighting, and recreation powers. Recreation powers were added in the 1970s to allow the District to own and maintain the pedestrian/equestrian (Kay's Trail) between Alameda Diablo and Mt. Diablo Scenic. Kay's Trail is maintained on an "as needed" basis.

The Board of Directors is an elected governmental body and consists of five members including a president, a vice president and three members. If a member resigns before the end of his/her term the Board of Directors shall either appoint an interim director or hold an election to fill the vacancy to serve out the remaining term. If a vacancy is not filled within 60 days, the Board of Supervisors may appoint a person to fill the vacancy or order the District to call an election to fill the vacancy.

### **Reporting Entity**

Although the nucleus of financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate governmental organization that does not meet the definition of a component unit. Diablo Community Services District meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the types of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. The District receives no grants and does not anticipate applying for any.

# DIABLO COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

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The Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period to pay current liabilities. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. The following revenue resources are considered to be both measurable and available at fiscal year-end: interest, taxes, and other local sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

### **Basis of Presentation - Government-Wide Financial Statements**

The statement of net position and the statement of activities report information on all of the activities of the District. The District reports governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### **Basis of Presentation - Fund Financial Statements**

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. An emphasis is placed on major funds within the governmental category. The following is the District's major and the only governmental fund:

General Fund - The General Fund is used to account for all financial resources of the District. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the regulations of the District.

### **Capital Assets and Depreciation**

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the balance sheet of the fund financial statements.

# DIABLO COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

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The District capitalizes assets that have a cost of \$2,500 or in excess of and a useful life in excess of one year. Assets are valued at cost when determinable or estimated cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The District does not possess any infrastructure. The roads and bridges are privately owned, and the District has the authority to maintain them. All capital assets purchased are stated at cost. Depreciation of capital assets is computed using the straight-line method. The estimated useful life of the equipment is 3-5 years.

### **Accrued Liabilities**

All payables and accrued liabilities if applicable are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the fund.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

### **Fund Balance**

Fund balance is classified into five different components. The components are non-spendable, restricted, committed, assigned and unassigned.

- Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District currently does not have any restricted funds.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the Governing Board through a resolution. The Governing Board is the highest level of decision-making authority for the District. The constraint remains binding unless removed in the same formal manner by the Governing Board. The Board's action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently. The District currently does not have any committed funds.
- Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The responsibility for assigning amounts for specific purposes has been delegated to the accounting director by the Governing Board. The District currently does not have any assigned funds.
- Unassigned - all other spendable amounts.

# DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2022

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## **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the highest level of decision-making authority has provided otherwise in its commitment or assignment actions.

## **Property Tax**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10, respectively.

The County of Contra Costa bills and collects the taxes on behalf of the District and distributed property tax revenues to the District four times a year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

## **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **Note 2 - Cash and Cash Equivalents**

### **Summary of Deposits**

Cash and cash equivalents as of June 30, 2022 consist of \$507,532 of deposits with financial institutions.

### **General Authorizations**

The table below identifies the investment types that are authorized for the District by the California Government Code. Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the following schedules.

# DIABLO COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

	Balance June 30, 2021	Additions	Dispositions	Balance June 30, 2022
Capital assets being depreciated				
Vehicle	\$ -	\$ -	\$ -	\$ -
Equipment and computers	2,500	-	-	2,500
	2,500	-	-	2,500
Less accumulated depreciation				
Vehicle	-	-	-	-
Equipment and computers	(2,500)	-	-	(2,500)
	(2,500)	-	-	(2,500)
Total capital assets	\$ -	\$ -	\$ -	\$ -

### Note 4 - Fund Balances

Fund balances are composed of the following elements:

Nonspendable	\$ 40,389
Unassigned	435,781
Total	\$ 476,170

### Note 5 - Commitments and Contingent Liabilities

#### Litigation

The District may from time to time be involved in litigation arising from the normal course of business. The District is not currently a party to any legal proceedings.

### Note 6 - Risk Management

The District participates in the Golden State Risk Management Authority (GSRMA), a joint powers agency comprised of California governmental agencies for general, property, automobile, employment practices and public officials' errors and omissions. Loss contingency reserves established by the GSRMA are funded by contributions from member agencies. The District pays an annual contribution to the GSRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the GSRMA. GSRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

# DIABLO COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

---

The District's self-insured retention level and maximum coverage under the GSRMA are as follows:

GSRMA	<u>Pool Coverage</u>	<u>Commercial Coverage</u>	<u>Self-Insured Retention</u>
General	\$ 250,000	\$ 750,000	\$ -
Property	\$ 5,000	\$ 25,000,000	\$ 1,000
Automobile liability	\$ 250,000	\$ 750,000	\$ -
Employee dishonesty	\$ 25,000	\$ 10,000,000	\$ 2,500

Required Supplementary Information  
June 30, 2022

**DIABLO COMMUNITY SERVICES DISTRICT**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2022**

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances
	Original	Final		Final to Actual
<b>Revenues</b>				
Property taxes	\$ 510,182	\$ 510,182	\$ 531,399	\$ 21,217
Measure B Special Tax	308,269	308,269	308,993	724
Traffic fines	2,500	2,500	881	(1,619)
Other Income	-	-	7,020	7,020
Interest income	-	-	52	52
<b>Total revenues</b>	<b>820,951</b>	<b>820,951</b>	<b>848,345</b>	<b>27,394</b>
<b>Expenditures</b>				
General government	143,912	143,912	111,749	32,163
Public safety	349,685	349,685	349,312	373
Public works	150,000	150,000	530,707	(380,707)
<b>Total expenditures</b>	<b>643,597</b>	<b>643,597</b>	<b>991,768</b>	<b>(348,171)</b>
<b>Net Change in Fund Balances</b>	<b>177,354</b>	<b>177,354</b>	<b>(143,423)</b>	<b>(320,777)</b>
<b>Fund Balance - Beginning</b>	<b>619,593</b>	<b>619,593</b>	<b>619,593</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 796,947</b>	<b>\$ 796,947</b>	<b>\$ 476,170</b>	<b>\$ (320,777)</b>

**Note to Budgetary Comparison Schedule – General Fund**

The District adopts a budget annually for the general fund. From the effective date of the budget, which is adopted by the Board of Directors and controlled by the District, the legal level of budgetary control is at the expenditure level. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

# DIABLO COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	n/a	20%	10%
Money Market Mutual Funds	n/a	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	n/a	None	None
Local Agency Investment Fund (LAIF)	n/a	None	None
Joint Powers Authority Pools	n/a	None	None

### **Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, District's total bank balance was \$507,532, of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$257,532 was collateralized, but not in the name of the District.

### **Note 3 - Capital Assets**

Changes in capital assets for the year ended June 30, 2022 was as follows:



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**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Diablo Community Services District  
Diablo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Diablo Community Services District (District) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2022.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Diablo Community Services District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company, LLP*

October 6, 2022



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## GOVERNANCE LETTER

To the Board of Directors  
Diablo Community Services District  
Diablo, California

We have audited the financial statements of the governmental activities and general fund, of the Diablo Community Services District (the District), for the year ended June 30, 2022, and have issued our report thereon dated October 6, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 12, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

### Planned Scope and Timing of the Audit

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

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material weaknesses in internal controls as a result of our audit.

We have identified the following significant risk of material misstatement as part of our auditing planning: Management override of controls and revenue recognition.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated May 12, 2022.

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period after the necessary adjustments were made.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates used in the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During the course of our audit, no audit adjustments to correct balances of the accounts or transactions were made.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2022.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) as reported in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be, used by anyone other than these specified parties.

*Richardson & Company, LLP*

October 6, 2022



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## MANAGEMENT LETTER

Board of Directors  
Diablo Community Services District  
Diablo, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of the Diablo Community Services District (the District) for the years ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

\* \* \* \* \*

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and does not affect our report dated October 6, 2022 on the financial statements of the District.

*Richardson & Company, LLP*

October 6, 2022

Diablo Community Services District  
Financial Report  
September 30, 2022

	July	August	September	Actual YTD	Budget YTD
<b>Beginning Cash</b>	507,532	474,611	440,855	507,532	507,532
<b>Revenue</b>					
Tax revenue	-	-	-	-	-
Other revenue	4	3	3	10	350
Total Income	4	3	3	10	350
<b>Expenses</b>					
Sheriff services*	27,572	28,695	27,691	83,958	113,745
Road/bridge/culvert/trail	-	-	1,200	1,200	25,000
Professional services	5,485	4,529	4,880	14,894	19,352
Insurance	40,389	-	-	40,389	41,015
Administrative	-	1,548	-	1,548	1,550
Total Expenses	73,446	34,772	33,771	141,989	200,662
Net Income	(73,442)	(34,769)	(33,768)	(141,979)	(200,312)
Incr/(decr) in payable/prepaid	40,521	1,013	1,670	43,204	
<b>Ending Cash</b>	474,611	440,855	408,757	408,757	

**Other Financial Data**

Prepaid/deposit					
Reserves (bridge/culvert)*	672,600	677,600	682,600		
Accounts payable	71,884	72,895	74,566		
Accrued expense					

**Notes**

\* reserves are unfunded

**ORDINANCE NO. 2022-01**

**ORDINANCE OF THE DIABLO COMMUNITY SERVICES DISTRICT ADOPTING A  
CONFLICT OF INTEREST CODE AND REPEALING TITLE 2 OF THE DIABLO  
COMMUNITY SERVICES DISTRICT ORDINANCE CODE**

**WHEREAS**, the Political Reform Act, Government Code Sections 81000, et. Seq., requires every State and local government agency to adopt and promulgate a Conflict of Interest Code; and

**WHEREAS**, the Diablo Community Services District (“District”), has previously adopted a Conflict of Interest Code incorporating restrictions and regulations set forth in the Political Reform Act at Title 2 of the Ordinance Code of the Diablo Community Services District; and

**WHEREAS**, this Title 2 requires amendment to reflect updated disclosure categories and staffing; and

**WHEREAS**, the District is undergoing a comprehensive update to its entire Ordinance Code and desires to remove the Conflict of Interest Code from the Ordinance Code and adopt it as a standalone ordinance; and

**WHEREAS**, adoption of this Conflict of Interest Code is not a “project” pursuant to California Environmental Quality Act Guidelines section 15378(b)(5).

**NOW, THEREFORE, THE DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1:**

The above recitals are true and correct and are incorporated herein.

**SECTION 2:**

Ordinance No. 2022-01 attached hereto as Exhibit A is hereby adopted and Title 2 of the Ordinance Code of the Diablo Community Services District is hereby repealed.

**SECTION 3:**

This Ordinance No. 2022-01 shall take effect and be in force 30 days from the date of its passage; and before the expiration of 15 days after its passage, it or a summary of it shall be published in a newspaper of general circulation in Contra Costa County.

Passed, approved, and adopted by the Board of Directors of the Diablo Community Services District on this \_\_\_\_ day of \_\_\_\_\_ by the following vote:

AYES:

NOES:

ABSTAIN:

ATTEST:

---

Kathy Urbelis  
Board President

## **EXHIBIT A**

### **CONFLICT OF INTEREST CODE OF THE DIABLO COMMUNITY SERVICES DISTRICT**

The Political Reform Act of 1974 (Government Code sections 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, section 18730 of Title 2 of the California Code of Regulations, which contains the terms of a standard conflict of interest code that can be incorporated by reference in an agency's code. After public notice and hearing, the Fair Political Practices Commission may amend the standard code to conform to amendments of the Political Reform Act. Therefore, the terms of section 18730 of title 2 of the California Code of Regulations and any amendments to it duly adopted by the Fair Political Practices Commission together with the attached Appendices designating positions and establishing disclosure categories are hereby incorporated by reference and together constitute the Conflict of Interest Code of the Diablo Community Services District ("District").

Individuals holding designated positions shall file their statement of economic interests with the General Manager of the District, who shall be the filing officer. The District shall be the code reviewing body and shall retain such statements and make them available for public inspection and reproduction pursuant to Government Code section 81008.

Attachments: Appendix A: Designated Positions and Disclosure Categories

Adopted: [DATE]

**APPENDIX A:  
DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES**

**Designated Position.** The positions listed below include those persons who are deemed to make, or participate in the making of decisions that may foreseeably have a material effect on any financial interest. The persons holding the designated positions listed shall disclose interests and investments in accordance with the corresponding disclosure categories, which are defined below.

**Designated Positions**

**Assigned Disclosure Category**

Members of the District Board of Directors	1
General Manager	1
General Counsel	1
Consultants	*

**Disclosure Categories**

**General Provisions Applicable to All Categories**

When an individual who holds a designated position is required to disclose investments and sources of income, he or she shall disclose investments in business entities and sources of income which do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.

When an individual who holds a designated position is required to disclose sources of income, he or she shall include gifts received from donors located inside as well as outside the jurisdiction.

When an individual who holds a designated position is required to disclose interests in real property, he or she shall disclose the type of real property described below if it is located within the jurisdiction, or not more than two miles outside the boundaries of the jurisdiction, or within two miles of any land owned or used by the District.

When an individual who holds a designated position is required to disclose business position, he or she shall disclose positions in business entities that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years.

For purposes of this Conflict of Interest Code, the jurisdiction of the District is the geographical boundaries of the District.

**Category 1**

A designated position in this category must report all investments, business positions, interests in real property, and sources of income, including gifts, loans, and travel payments.

\*

Consultants to the District shall be subject to disclosure under Category 1, subject to the following limitation: The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply with the disclosure requirements of Category 1. In such cases, the General Manager may designate a different disclosure requirement. Such determination must be made in writing and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of the consultant's disclosure requirements. Such determination by the General Manager is a public record and shall be retained for public inspection in the same manner and location as the District's Conflict of Interest Code.

**DIABLO COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS MEETING  
MINUTES  
TELECONFERENCE VIA THE APPLICATION ZOOM  
OCTOBER 11, 2022, 7:30 p.m.**

**CALL TO ORDER:** President Kathy Urbelis called the meeting to order at 7:30 p.m.

President Urbelis welcomed Directors and the public and explained the rules for public comment.

**ROLL CALL:** Secretary Jeff Eorio called the roll as follows:

**Directors present: Urbelis, Becker, Eorio, Isom**  
**Directors absent: Cox**

**PUBLIC COMMENTS:**

Dave Hammond, Exhibit A

Nicola Place, Exhibit B

David Mackesey, Exhibit C

Ray Brant, Diablo resident, expressed support for Dave Mackesey's comments.

Hal Siebert, Diablo resident and attorney representing resident W. Cervantes, stated that the Alameda Diablo-Mt Diablo Scenic Blvd easement (the cut through) was established in the late 1970s by the County and allows for pedestrians and riders only.

**BOARD/STAFF COMMUNICATION AND ACTIONS:**

**ADMINISTRATIVE:**

General Manager Torru presented for Director approval the meeting calendar for 2023: The second Tuesday of the month at 7:30 pm except for July and December when there is no meeting. On motion by Director Eorio and second by Director Urbelis the 2023 meeting calendar was unanimously approved by the Directors in attendance.

General Manager Torru presented for first reading the Conflict of Interest Ordinance Code 2022-01. On motion by Director Eorio and second by Director Becker and unanimously approved by the Directors in attendance the Board waived the first reading of Ordinance Code 2022-01 and introduced the ordinance by title only. Director Becker requested that he be provided a copy of the Conflict of Interest Code currently in force before the November meeting.

**SECURITY:**

Deputy Buergi reported that there were no incidents reported in September.

**CONSENT CALENDAR:**

On motion of Director Eorio, second by Director Isom, the Directors in attendance unanimously approved the consent calendar.

**REPORTS:**

**CONTRA COSTA COUNTY:** No report

**DIABLO PROPERTY OWNERS REPORT:** Dana Pingatore, DPOA President, reported that the DPOA is working on the Halloween social which will be held at the Jones' home on Alameda Diablo on October 31 from 6-8 pm.

**DIABLO COUNTRY CLUB:** The Club House Project is scheduled to begin construction in January 2023.

**DIRECTOR COMMENTS:**

Directors Becker and Isom expressed disappointment with the email sent out to residents on September 22, 2022, by the General Manager on behalf of the District. Director Isom requested that in the future the full Board be consulted on all-resident emails.

Director Becker requested that the Records Retention Policy be included on the November 8, 2022, meeting agenda and requested that all records in the District's possession be digitized and preserved.

**FUTURE AGENDA ITEMS:**

President Urbelis plans to present a records retention policy for discussion and adoption at the November 8, 2022, meeting.

**CALL OF NEXT MEETING/ADJOURNMENT:**

President Urbelis called the next meeting for November 8, 2022. The meeting will be conducted via Zoom. There being no further business, the meeting was adjourned the at 8:05 p.m.

Diablo Community Services District by

Kathy Torru, General Manager

Exhibit A

**From:** Dave Hammond dhammond125@live.com  
**Subject:** Tonight's meeting  
**Date:** October 11, 2022 at 10:01 AM  
**To:** DCSD General Manager generalmanager@diablocsd.org

DH

Kathy,

I understand I can submit a short public comment for reading at tonight's meeting. If so then please accept the following:

***My name is Dave Hammond and I am personally funding the legal effort to protect the public's rights regarding the dedicated riding and hiking easement at 2354 Alameda Diablo, also called the "cut through" by the Intervenors. I have spent over \$200,000 on this effort because the public has every right to use this easement as it has for over 100 years. The courts have not yet set a trial date but we fully expect to win this legal case and protect the 8-10 foot graveled path between Alameda Diablo and Mt Diablo Scenic Blvd.***

***I understand there is a Board election next month and a slate of candidates are spreading all manner of misinformation. Just know that I am available to address the Board or answer any questions that might allow Diablo residents to be better informed ahead of their votes.***

Thank you very much,

Dave Hammond  
Alamo, CA

Former Stonegate Homeowners Association President  
10 year Land Committee Member Save Mt Diablo

**DCSD Meeting 10.11.22**

**Remarks for the Public Comments section**

Good evening. My name is Nicola Place and I live on Mt. Diablo Scenic Blvd.

Those of you who have heard me speak at many DCSD meetings since 1998 know that my only topic of concern is SAFETY.

And a resident of Mt. Diablo Scenic, one of our most treasured safety resources is the pedestrian pathway between Mt. Diablo Scenic and Alameda Diablo.

This path allows us to walk down to the post office, take a morning jog on a quiet and safe street, take a shady stroll on a hot summer's evening, walk our dogs, and even ride bicycles away from the significant hazards found on Diablo Road.

One of the other Diablo residents who shares this concern and has supported safety efforts for even more years than I have is Jeff Eorio.

It pains me to hear the false accusations being made about Jeff and it pains me almost as much to hear the false representations about a "4<sup>th</sup> vehicular entrance" into Diablo.

I was raised by a scientist, and I was taught to get the evidence and respect the facts. The facts are:

1. The lawsuit about the path pertains exclusively to keeping it open for pedestrians, equestrians, and bicyclists – not for vehicles.
2. Jeff, while committed to safety for all Diablo residents, has not contributed a dime to that lawsuit.

If you believe otherwise, provide the evidence. Otherwise, please stop promulgating these outright misrepresentations.

And in the interest of safety, please stop any and all efforts to close the path. I pay my full DCSD fees each year, for which I receive no benefit (because DCSD does not maintain Mt. Diablo Scenic) so I would appreciate at least the value, safety and security that this path provides to all Scenic residents.

I will forward a written copy of these remarks to the board and ask that they please be incorporated into the DCSD records.

Thank you,

Nicola Place

Exhibit C

----- Forwarded message -----

From: **David M** <[dmackesey@gmail.com](mailto:dmackesey@gmail.com)>

Date: Tue, Oct 11, 2022 at 8:35 PM

Subject: My comments in written form. DCSD meeting, October 11, 2022

First, please know I will again provide my comments in writing to all attendees of this meeting.

I want to thank you for highlighting the issue of Conflict of Interest and the DCSD. Nothing is more important to the voters I have personally spoken with than the understanding of Conflict of Interest, and the DCSD. I would like to share that the incumbent seeking re-election is known to be a top leader of an outside bicycle organization, and while I have no issue with that, I believe that is an obvious conflict of interest. I suspect I will agree with the District that this Conflict of Interest likely has not risen to the level of a legal Conflict of Interest, that I am aware of. Not a legal Conflict of Interest, merely an obvious Conflict of Interest.

I would also like to share that the most recent communication by the District to the citizens dated September 22 titled DIABLO ENTRANCES & DCSD ELECTION was deeply troubling to me as a citizen. The issue of a 25' easement to Diablo is currently in the courts. My experience with the courts is that they are unpredictable at best. The DCSD communication predicted an unknown future State Court ruling, with absolute certainty. The communication then used exclamation points, capital letters and bold font, communication tools typically used to make emotional pleas with bias, rather than to inform. It appeared to me the communication used the District mailing list to share a political message. It was signed by an unelected representative, not the citizen's elected officials. I am interested as a citizen to know if this communication was authored and approved by the entire DCSD board? If not, by which select individuals on the DCSD board, or if it was solely by the General Manager?

In closing, I respectfully request that all future communication by the DCSD to the citizens:

- 1) come under the signature of the elected officials, the ones accountable to the voters
- 2) be thoughtful, unemotional and without bias
- 3) on the issue of Conflict of Interest and the DCSD, address both obvious Conflict of Interest in addition to legal Conflict of Interest.

Thank you

David Mackesey