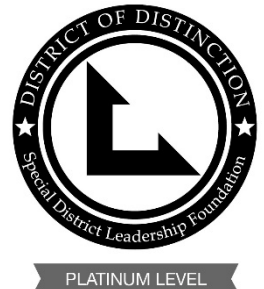




TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Ashley Porter • Vice-President – Michael Callahan • Director – Kevin Graves • Director – Bryon Gutow • Director – Carolyn Graham

**NOTICE OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY
Wednesday March 15, 2023, 7:00 P.M.**

TO ATTEND IN PERSON: The meeting will be held at the Community Center located at 1601 Discovery Bay Boulevard.

In addition to physical attendance at the address indicated above, the Town of Discovery Bay Community Services District is offering the following teleconferencing options as an alternative means for the public to participate in this meeting.

TO ATTEND BY ZOOM WEBINAR: <https://us06web.zoom.us/j/85454370841>

TO ATTEND BY PHONE: +1 (669) 444 9171 or +1 (719) 359 4580 **WEBINAR ID:** 854 5437 0841

Download Agenda Packet and Materials at <http://www.todb.ca.gov/>

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 7:00 p.m.
2. Pledge of Allegiance.
3. Roll Call.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

During Public Comments, the public may address the Board on any issue within the District's jurisdiction which is not on the Agenda. The public may comment on any item on the Agenda at the time the item is before the Board for consideration. Any person wishing to speak will have 3 minutes to make their comment. There will be no dialog between the Board and the commenter as the law strictly limits the ability of Board members to discuss matters not on the agenda. We ask that you refrain from personal attacks during comment, and that you address all comments to the Board only. Any clarifying questions from the Board must go through the President. Comments from the public do not necessarily reflect the viewpoint of the Directors.

C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve Regular Board of Directors DRAFT Meeting minutes from March 1, 2023.
2. Approve Register of District Invoices.

D. AREA AGENCIES AND LIAISON REPORTS / PRESENTATIONS

E. MUNICIPAL ADVISORY COUNCIL

F. PRESENTATIONS

1. SMS Community Alerts

G. DISCUSSION AND POSSIBLE ACTION

1. Discussion and Possible Action to Approve Fiscal Year 2021-2022 Audited Financial Statements
2. Discussion and Possible Action to Approve the 2023 Parks and Recreation Public Event Calendar.
3. Discussion and Possible Action to Approve the Park and Recreation 2023 Program, Activities, and Event Fee Waivers.

H. MANAGER'S REPORT

1. Landscape Update.

I. GENERAL MANAGER'S REPORT

J. DIRECTOR REPORTS

K. DIRECTORS REGIONAL MEETING AND TRAINING REPORTS

1. Director Carolyn Graham – Training Reports.
 - a. Completion of state mandated “Anti-Harassment Training for Supervisors and Managers” (SB1343/AB1825) on February 28, 2023.
 - b. Completion of state mandated “Local Agency Ethics” (AB1234) on February 27, 2023.

L. CORRESPONDENCE

1. Summary of Adopted Amendment to Ordinance NO. 7 – Contra Costa Times.
2. LAFCO Special District Election Committee.

M. LEGAL REPORT

N. FUTURE AGENDA ITEMS

O. ADJOURNMENT

1. Adjourn to the next Regular Meeting of the Board of Directors on April 5, 2023, beginning at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

“This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925) 634-1131, during regular business hours, at least forty-eight hours prior to the time of the meeting.”

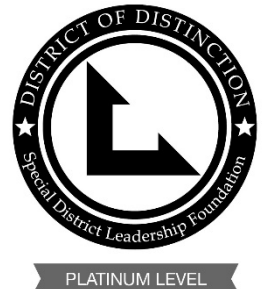
"Materials related to an item on the Agenda submitted to the Town of Discovery Bay after distribution of the agenda packet are available for public inspection in the District Office located at 1800 Willow Lake Road during normal business hours."



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Ashley Porter • Vice-President – Michael Callahan • Director – Kevin Graves • Director – Bryon Gutow • Director – Carolyn Graham

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY Wednesday March 1, 2023, 7:00 P.M.

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Called business meeting to order 7:00 p.m.
2. Director Bryon Gutow led Pledge of Allegiance.
3. Roll Call was taken, and all members were present except for Director Carolyn Graham.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

None.

C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve Regular Board of Directors DRAFT Meeting minutes from February 15, 2023.
2. Approve Register of District Invoices.
3. Approve Resolution 2023-07 Re-Authorizing Remote Teleconference Meetings of the Legislative Body of the Town of Discovery Bay Community Services District Pursuant to the Brown Act Provisions.
4. Approve Resolution 2023-09 Establishing a Contra Costa General Plan Update Ad Hoc Committee to Review the Contra Costa County General Plan Update.
5. Approve Resolution 2023-10 Re-Establishing a District Office Planning Ad Hoc Committee To Develop Options for Acquiring or Building a Future District Office.

Director Gutow made a Motion to Approve the Consent Calendar.

Director Graves seconded.

Vote: Motion carried – AYES: 4, NOES: 0, ABSTAINED: 0, ABSENT: 1.

D. AREA AGENCIES AND LIAISON REPORTS / PRESENTATIONS

1. Supervisor Diane Burgis, District III Report.
None.
2. Assembly Member Lori Wilson's Office Report.
None.
3. Sheriff's Office Report.

Presented by Lieutenant Charlene Jacquez.

- Twenty-five police reports were taken in the month of February.
- There was an increase in mail theft in February. An arrest was made.
- Five reported robberies at CVS and Safeway.

4. CHP Report.
None.

5. ~~Contra Costa Fire Report~~ (Assignment by Con Fire Pending).
None.
6. Congressman Josh Harder's Office Report.
None.

E. PRESENTATIONS

None.

F. DISCUSSION AND POSSIBLE ACTION

1. Discussion and Possible Action to Rescind Resolution 2013-06 and Adopt Resolution 2023-08 Establishing the Revised Vehicle Use Policy for The Town of Discovery Bay Community Services District (CSD).

Presented by General Manager Dina Breitstein.

- Internal Operations reviewed the proposed changes at the February 1, 2023, meeting.
- Minor changes with verbiage were made.
- Additional sections were added for cooling/warming stations, security, and waste as it relates to fuel consumption.

Vice-President Callahan made a Motion to Rescind Resolution 2013-06 and Adopt Resolution 2023-08 Establishing the Revised Vehicle Use Policy for The Town of Discovery Bay Community Services District (CSD).

Director Graves seconded.

Vote: Motion carried – AYES: 4, NOES: 0, ABSTAINED: 0, ABSENT: 1.

2. Public Hearing. Discussion and possible action to waive the second reading and Adopt Amendment to Ordinance No. 7 – Water Regulations and Service Ordinance, Adding Sections 2.16 and 37.04.

Presented by General Manger Dina Breitstein.

- On January 17, 2001, The Town of Discovery Bay Board of Directors established Ordinance. 7.
- Last update was in 2020.
- A revised and updated draft amendment to Ordinance 7 was presented at the February 15, 2023, Board Meeting. The update focuses on requiring the end of new residential fire sprinkler systems to be connected to a single toilet inside the dwelling, which provides circulation of water in the fire line when the toilet is flushed, thereby preserving water quality and negating the need for a backflow prevention device at the water meter. A summary of Draft Ordinance No. 7 was published in the East County Times on February 23, 2023.
- If adopted by the Board at the March 1, 2023, Meeting, the vote of the Board will be published within 15 days of adoption and Ordinance No. 7 will become effective 30 days from the Meeting date.

President Ashley Porter opened the Public Hearing on Amendment to Ordinance No.7.

- No public comment.

Director Graves made a Motion to accept staff recommendation to waive the second reading and Adopt Amendment to Ordinance No. 7 – Water Regulations and Service Ordinance, Adding Sections 2.16 and 37.04.

Director Gutow seconded.

Vote: Motion carried – AYES: 4, NOES: 0, ABSTAINED: 0, ABSENT: 1.

G. MANAGER'S REPORT

1. Recreation Update.

Presented by Parks and Recreation Supervisor Monica Gallo.

- Staff is in the process of hiring lifeguards.
- Yoga and turn and stroke classes are continuing to grow.
- Lifeguard class will be held April 1-2, 2023.
- Starting March 13th, the park will stay open until 7:30pm.
- Scouts of America will be rebuilding the wall ball court.
- Staff reached out to 5 contractors to discuss the lighting at the Community Center. Awaiting quotes for investigative work from contractors.

H. GENERAL MANAGER'S REPORT

Presented by General Manager Dina Breitstein.

- A Manager Workshop and Training will be held April 24-26, 2023.
- Contra Costa County Public Works Department offers a Mobile Citizen App. where residents can report issues.
- Assistant General Manager Allan Cantando has been working on the Slick Text Community Based Emergency Text System. The system plans to be rolled out by the end of March 2023. This will be promoted both on the Town website, social media and the monthly water utility bills.
- The State Water Resource Control Board will be on site to conduct a sanitary survey of the public water system.
- Staff is working on scheduling the second Town Hall Event.
- The Town earned \$17,000 in interest in thirteen days of investing in a money market account at Five Star Bank.

I. DIRECTOR REPORTS

1. Standing Committee Reports.

- a. Communications Committee Meeting (Committee Members Bryon Gutow and Carolyn Graham) March 1, 2023.

Reported by Director Gutow.

- Meeting was mostly a review of past items.

- b. Parks & Recreation Committee Meeting (Committee Members Michael Callahan and Bryon Gutow) March 1, 2023.

Reported by Vice-President Callahan.

- Meeting covered recreation items Monica Gallo mentioned at the Board Meeting earlier as well as a report on the Clipper Drive Project.

- c. Water & Wastewater Committee Meeting (Committee Members Ashley Porter and Kevin Graves) March 1, 2023.

Reported by Director Kevin Graves.

- Gregory Harris from Herwit Engineering gave a presentation on the Denitrification Project.

J. DIRECTORS REGIONAL MEETING AND TRAINING REPORTS

1. Vice President Callahan – Training Reports.

- a. Completion of state mandated “Anti-Harassment Training for Supervisors and Managers”

(SB1343/AB1825) on February 17, 2023.

- b. Completion of state mandated "Local Agency Ethics" (AB1234) on February 17, 2023.
2. Director Graves – Training Report.
 - a. Completion of state mandated "Local Agency Ethics" (AB1234) on February 10, 2023.

K. CORRESPONDENCE

L. LEGAL REPORT

Presented by Legal Counsel, Andy Pinasco.

- The state of emergency regarding Covid-19 was lifted effective March 1, 2023.
- The traditional methods for Board Members attending meetings via Zoom are still in effect.

M. MUNICIPAL ADVISORY COUNCIL

1. Discussion and Possible Action to Submit a Letter of Response Regarding the Contra Costa County EIR.

Presented by President Ashley Porter.

- Ad Hoc Committee will be meeting next week to discuss letter of response on Contra Costa County EIR.
- President Porter urged residents to also submit letters on the Envision 2040 General Plan.
- MAC meeting will be at the first Board Meeting of each month moving forward.
- A link will be added to the website for residents to submit comments or concerns.

N. FUTURE AGENDA ITEMS

None.

O. ADJOURNMENT

1. Adjourned at 7:27pm to the next Regular Meeting of the Board of Directors on March 15, 2023, beginning at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

"This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925) 634-1131, during regular business hours, at least forty-eight hours prior to the time of the meeting."

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Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 15, 2023

Prepared By: Julie Carter, Finance Manager & Lesley Marable, Accountant
Submitted By: Dina Breitstein, General Manager

Agenda Title

Approve Register of District Invoices.

Recommended Action

Staff recommends that the Board approve the listed invoices for payment.

Executive Summary

District invoices are paid on a regular basis, and must obtain Board authorization prior to payment. Staff recommends Board authorization in order that the District can continue to pay warrants in a timely manner.

Fiscal Impact:

Amount Requested \$ 330,120.45

Sufficient Budgeted Funds Available?: Yes (If no, see attached fiscal analysis)

Prog/Fund # See listing of invoices. **Category:** Operating Expenses and Capital Improvements

Previous Relevant Board Actions for This Item

Attachments

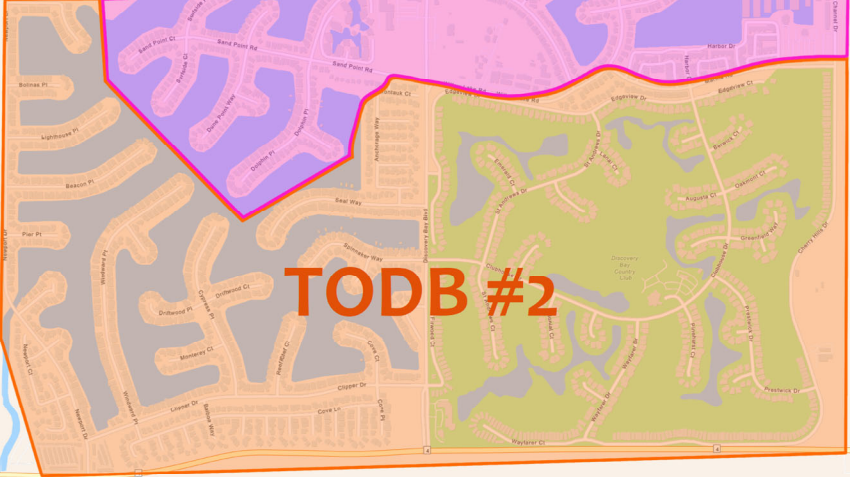
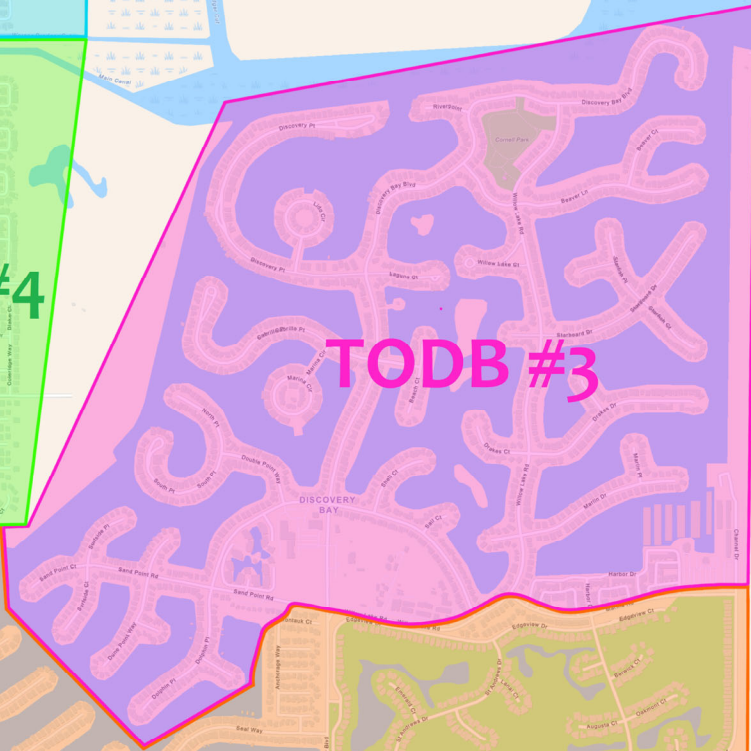
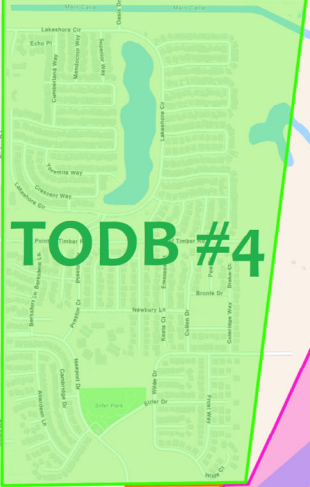
Request For Authorization to Pay Invoices for the Town of Discovery Bay CSD 2022/2023

AGENDA ITEM: C2

Request for Authorization to Pay Invoices
For The Meeting On March 15, 2023
Town of Discovery Bay CSD
Fiscal Year 7/22 - 6/23

Veolia Water North America	\$171,770.97
J.W. Backhoe & Construction, Inc.	\$112,433.64
Underwater Resources, Inc.	\$9,800.00
Badger Meter	\$5,111.27
Devil Mountain Wholesale Nurse	\$4,276.78
Bob Harkrader & Sons Trucking, Inc.	\$3,607.52
LEHR	\$3,519.63
Pacific Landscape Supply, Inc.	\$2,918.71
American Precast Concrete, Inc.	\$2,487.79
Upper Case Printing, Inc.	\$1,997.40
Utility Refund Customer	\$1,146.95
Univar Solutions USA Inc.	\$1,144.18
Karina Dugand	\$1,095.75
ECS Imaging, Inc.	\$900.00
Mt Diablo Resource Recovery	\$886.16
Kevin Graves	\$690.00
Michael Callahan	\$690.00
Lucia Peters	\$660.00
Carolyn Graham	\$575.00
Watersavers Irrigation Inc.	\$573.89
Brentwood Ace Hardware	\$515.75
Michelle Dominge	\$487.50
Streamline	\$480.00
Ashley Porter	\$460.00
Bryon Gutow	\$345.00
Quadient Leasing USA, Inc.	\$302.26
Allan Cantando	\$293.84
Geotab USA, Inc.	\$197.50
UniFirst Corporation	\$155.22
Big B Lumber	\$140.62
Cintas	\$139.13
ODP Office Solutions, LLC	\$127.04
Stericycle	\$91.82
County Clerk - CCC	\$50.00
Kelly Rajala	\$49.13

\$330,120.45





Search... Go!

THIS ITEM APPEARS ON
SMS COMMUNITY ALERTS (/SMS-COMMUNITY-ALERTS)

SMS Community Alerts - Contact Form

For more information about the Town's SMS Community Alerts Text System, please complete the form below or contact us via phone at 925-634-1131.

Form fields: First Name (required), Last Name (required), Your E-mail (required), Home Phone, Cell Phone, Street Address (required), City, State, Zip Code, Message (required), Submit button

We look forward to hearing from you!

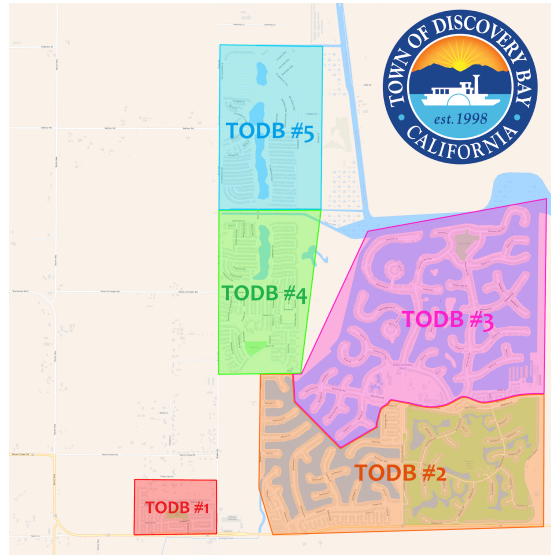


Search... Go!

SMS Community Alerts

Please reference the map below to determine the Zone your address is attributed to.

TIP: Hover your mouse to zoom in! (On mobile, touch and hold to zoom, then slide to move the map.)



TODB Zones Map 2023



Please Review The Town of Discovery Bay Map to Determine Your Zone.

First Name

Last Name

Mobile Number

Email

What Zone Are You In?

I would like to receive text messages, and agree to the [Terms of Service & Privacy Policy](#). Reply **STOP** to cancel, **HELP** for help. Msg & data rates may apply. Msg frequency varies.

SMS Community Alerts - Contact Form

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Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 15, 2023

Prepared By: Julie Carter, Finance Manager
Submitted By: Allan Cantando, Assistant General Manager

Agenda Title

Discussion and Possible Action to Approve Fiscal Year 2021-2022 Audited Financial Statements.

Recommended Action

Accept and approve of the Fiscal Year 2021-2022 Audited Financial Statements.

Executive Summary

Government Code 53891. (a) States that the officer of each local agency who has charge of the financial records shall furnish to the Controller a report of all the financial transactions of the local agency during the preceding fiscal year. The report shall contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles if this data is available. The report shall be furnished within seven months after the close of each fiscal year and shall be in the form required by the Controller. A local agency shall submit to the Controller information on annual compensation, as described in subdivision (l) of Section 53892, for the previous calendar year no later than April 30th. The Town of Discovery Bay, CSD, and the Discovery Bay Public Financing Authority complies with this requirement on an annual basis and hires an independent auditing firm to perform the annual financial audit.

On June 15, 2022, the Board of Directors approved contracting with Croce, Sanguinetti and Vander Veen, Inc. to perform the Annual Audit for Fiscal Year 2021-2022 for the Town of Discovery Bay Community Services District and the Discovery Bay Public Financing Authority, and provide under the direction of Pauline Sanguinetti, the following for Fiscal Year Ending June 30, 2022:

- Annual Audit for the Town of Discovery Bay, Community Services District.
- Preparation and submission of the Town of Discovery Bay, CSD Financial Transaction Reports.
- Preparation and submission of the Discovery Bay Public Financing Authority Financial Transaction Reports.

Croce, Sanguinetti and Vander Veen prepared and submitted the Financial Transactions Records on January 31, 2023, as required for both the Town of Discovery Bay Community Services District and the Discovery Bay Public Financing Authority.

Croce, Sanguinetti, and Vander Veen conducted the field work for the Annual Audit for Fiscal Year 2021-2022 the last week of October and first week of November, 2022 and have subsequently prepared Audited Financial Statements for review by the Board.

Staff has reviewed the financial statements and recommends the acceptance and approval by the Board of Directors.

Fiscal Impact:

Amount Requested

Sufficient Budgeted Funds Available? (If no, see attached fiscal analysis)

Prog/Fund # Category:

Previous Relevant Board Actions for This Item:

June 15, 2022 - Approved Contracting with Croce, Sanguinetti & Vander Veen to Perform Audit for Fiscal Year 2021-22.

Attachments

Town of Discovery Bay Community Services District Draft Financial Statements as of June 30, 2022.
Draft SAS No. 114 Letter
Draft Management Advisory Letter
Management Representation Letter as of March 3, 2023

AGENDA ITEM: G1



**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022

Working Draft



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
Town of Discovery Bay Community Services District
Discovery Bay, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** (the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, 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 and the State Controller's Minimum Audit Requirements for California Special Districts. 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 **Town of Discovery Bay Community Services District**, and to meet our other ethical responsibilities, in accordance with the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 **Town of Discovery Bay Community Services 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 and *Government Auditing Standards*, we:

- Exercise professional judgement 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Town of Discovery Bay Community Services 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 the aggregate, that raise substantial doubt about **Town of Discovery Bay Community Services 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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 March 2, 2023, 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 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 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.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
March 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

This narrative overview and analysis of the Town of Discovery Bay Community Services District's (District) financial activities for the fiscal year ended June 30, 2022 has been provided by the management of the District. The management's discussion and analysis is intended to serve as an introduction to the District's financial statements which follow this section and is recommended to be reviewed in conjunction with them.

Financial Highlights

- The District's net position decreased by \$(431,143) over the prior year, including a \$41,150 increase in net position of governmental activities, and a \$(472,293) decrease in net position of business-type activities. The District's net position is now \$52,029,632.
- Total assets of the District were \$93,190,637 with capital assets at \$52,670,022 net of accumulated depreciation. Current, non-current and other assets were \$40,520,615.
- Total liabilities were \$41,161,005 consisting of long-term liabilities of \$37,411,838 and other current liabilities of \$3,749,167.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$52,029,632 (net position). Of this amount, \$35,599,610 (unrestricted net position) may be used to meet the District's ongoing obligations, and \$16,430,022 is net investment in capital assets.
- On the current financial resources basis, the District's governmental fund expenditures exceeded revenues (including \$376,718 in capital outlay expenditures) by \$(101,798). The proprietary fund expenses exceeded revenues by \$(472,293).
- At year-end, there was \$2,652,488 in cash and investments to fund future governmental activities, and \$36,885,474 in cash and investments to fund future business-type activities.

Overview of the Financial Statements

The District's financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to financial statements including required supplementary information.

Government-wide and fund financial statements present the results of operations for different functions of the District as follows:

1. **Government-wide financial statements** provide both long-term and short-term information about the District's overall financial position in a manner similar to private-sector business.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Overview of the Financial Statements (Continued)

The **Statement of Net Position** displays all of the District's assets and liabilities, with the difference between the two reported as net position. The **Statement of Activities** provides all current year revenues and expenses on an accrual basis of accounting regardless of when cash is received or paid. These two government-wide statements report the District's net position and how they have changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The government-wide financial statements separately present the District's functions as follows:

- **Governmental activities** include services financed mainly through property taxes. The District's general, lighting and landscaping and community center services comprise its governmental activities.
 - **Business-type activities** include services financed, in whole or in part, by fees paid by those who directly benefit from the service. The District's business-type activities include providing water and wastewater services to the residents of the District.
2. **Fund financial statements** focus on the individual functions of the District, and report the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control their resources that are legally restricted or otherwise earmarked for special purposes. The District reports its fund financial statements in the following two categories:
- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) short-term inflows and outflows of expendable resources, and 2) the resources remaining at the end of the fiscal year that are available for future use. Because the focus of governmental funds is narrower than the government-wide financial statements, a reconciliation that explains the relationship (or differences) between them is presented following each of the governmental fund statements.
 - **Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements in more detail.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Financial Analysis of the Government-wide Financial Statements

A review of net position over time may serve as a useful indicator of the District's financial position. Net position represents the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. As of June 30, 2022, the District's net position was \$52,029,632, a decrease of \$(431,143) from prior year. The following table outlines the District's net position by function for the current and prior fiscal years.

Town of Discovery Bay Community Services District Net Position
(rounded to the nearest dollar)
As of June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total		Variance \$
	2022	2021	2022	2021	2022	2021	
Assets							
Current and other assets	\$ 2,711,347	\$ 2,814,571	\$ 37,767,335	\$ 25,509,469	\$ 40,478,682	\$ 28,324,040	\$ 12,154,642
Non-current assets	-	-	41,933	44,029	41,933	44,029	(2,096)
Capital assets, net	<u>2,302,533</u>	<u>2,127,755</u>	<u>50,367,489</u>	<u>43,856,538</u>	<u>52,670,022</u>	<u>45,984,293</u>	<u>6,685,729</u>
Total assets	<u>5,013,880</u>	<u>4,942,326</u>	<u>88,176,757</u>	<u>69,410,036</u>	<u>93,190,637</u>	<u>74,352,362</u>	<u>18,838,275</u>
Deferred outflows of resources	-	-	-	-	-	-	-
Liabilities							
Current liabilities	201,580	173,488	3,547,587	1,775,816	3,749,167	1,949,304	1,799,863
Non-current liabilities	<u>29,765</u>	<u>27,453</u>	<u>37,382,073</u>	<u>19,914,830</u>	<u>37,411,838</u>	<u>19,942,283</u>	<u>17,469,555</u>
Total liabilities	<u>231,345</u>	<u>200,941</u>	<u>40,929,660</u>	<u>21,690,646</u>	<u>41,161,005</u>	<u>21,891,587</u>	<u>19,269,418</u>
Deferred inflows of resources	-	-	-	-	-	-	-
Net Position							
Invested in capital assets	2,302,533	2,127,755	14,127,489	23,936,538	16,430,022	26,064,293	(9,634,271)
Restricted	-	-	16,491,975	-	16,491,975	-	16,491,975
Unrestricted	<u>2,480,002</u>	<u>2,613,630</u>	<u>16,627,633</u>	<u>23,782,852</u>	<u>19,107,635</u>	<u>26,396,482</u>	<u>(7,288,847)</u>
Total net position	<u>\$ 4,782,535</u>	<u>\$ 4,741,385</u>	<u>\$47,247,097</u>	<u>\$47,719,390</u>	<u>\$52,029,632</u>	<u>\$52,460,775</u>	<u>\$ (431,143)</u>

By far the largest portion of the District's net position, 36.72%, reflects its unrestricted net position, which may be used to meet the government's ongoing obligations. The second largest portion of the District's net position, 31.58%, reflects its net investment in capital assets (e.g., land, buildings and improvements, equipment, etc.); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position, \$16,491,975, is subject to constraints by bond financing agreements and enabling legislation.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Financial Analysis of the Government-wide Financial Statements (Continued)

The following table displays the change in the District's net position for the year ended June 30, 2022.

Town of Discovery Bay Community Services District Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 73,471	\$ 36,082	\$11,027,459	\$11,102,237	\$11,100,930	\$11,138,319
Operating grants and contributions	-	-	67,570	67,530	67,570	67,530
General revenues						
Property taxes	763,243	729,578	-	-	763,243	729,578
Assessments	150,634	145,113	-	-	150,634	145,113
Investment income	21	26,993	1,589	1,754	1,610	28,747
Other	212,862	231,722	119,410	95,420	332,272	327,142
Total revenues	<u>1,200,231</u>	<u>1,169,488</u>	<u>11,216,028</u>	<u>11,266,941</u>	<u>12,416,259</u>	<u>12,436,429</u>
Expenses						
General government	65,928	95,349	-	-	65,928	95,349
Community center	1,283	6,482	-	-	1,283	6,482
Lighting and landscaping						
Zone 8	959,313	862,948	-	-	959,313	862,948
Lighting and landscaping						
Zone 9	132,557	133,395	-	-	132,557	133,395
Water	-	-	4,696,931	4,103,971	4,696,931	4,103,971
Sewer	-	-	5,869,983	5,093,701	5,869,983	5,093,701
Financing authority	-	-	1,121,407	802,421	1,121,407	802,421
Total expenses	<u>1,159,081</u>	<u>1,098,174</u>	<u>11,688,321</u>	<u>10,000,093</u>	<u>12,847,402</u>	<u>11,098,267</u>
Transfers	-	(31,739)	-	31,739	-	-
Change in net position	41,150	39,575	(472,293)	1,298,587	(431,143)	1,338,162
Net position, beginning of year	<u>4,741,385</u>	<u>4,701,810</u>	<u>47,719,390</u>	<u>46,420,803</u>	<u>52,460,775</u>	<u>51,122,613</u>
Net position, end of year	<u>\$ 4,782,535</u>	<u>\$ 4,741,385</u>	<u>\$47,247,097</u>	<u>\$47,719,390</u>	<u>\$52,029,632</u>	<u>\$52,460,775</u>

The \$(431,143) decrease in net position is attributed to each function as follows:

Governmental Activities

- Charges for services increased by \$37,389 due to an increase in Community Center program fees.
- Property tax revenue increased by \$33,665 due to an increase in assessed values of properties during the year.
- Expenses increased \$60,907 due to increases in payroll expenses, utilities and other expenses.

(Continued)

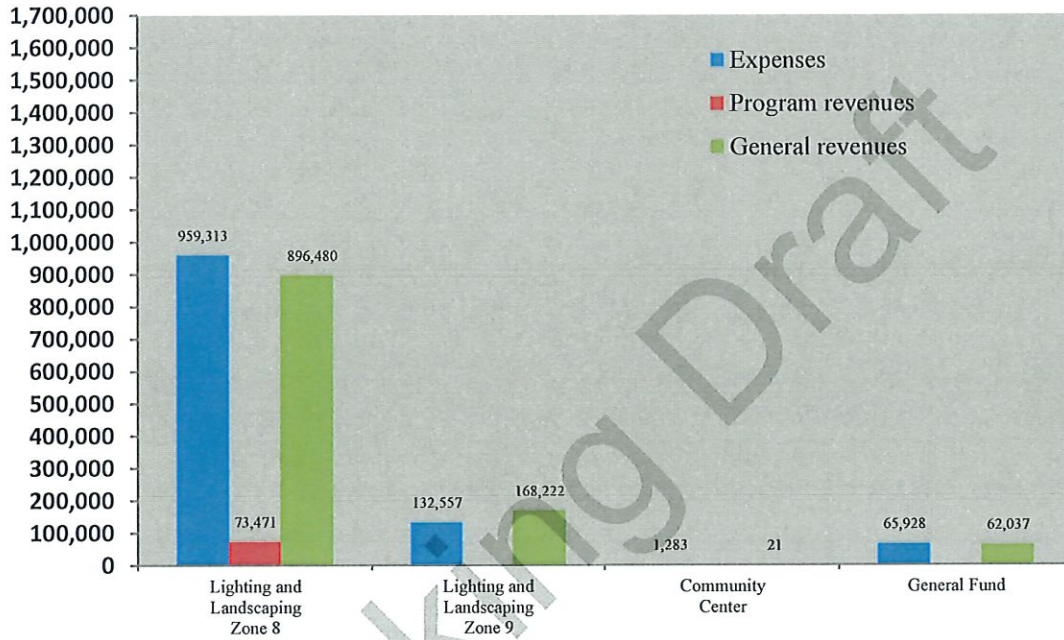
TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

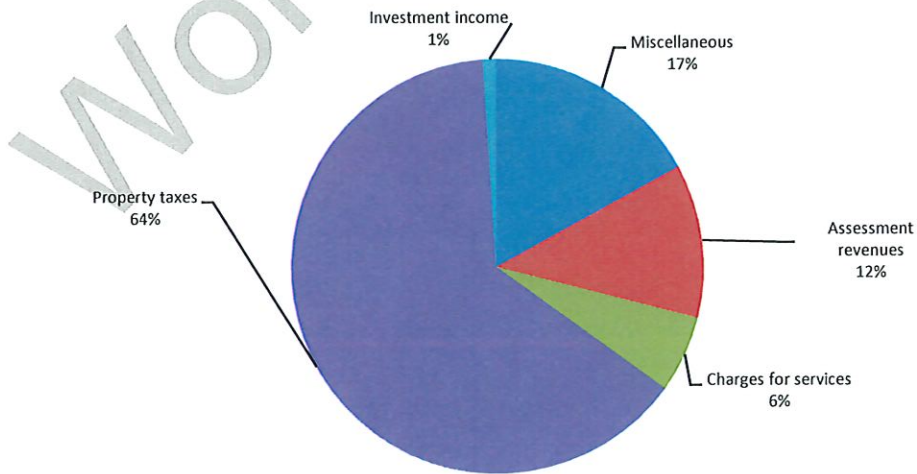
June 30, 2022

Financial Analysis of the Government-wide Financial Statements (Continued)

Expenses and Revenues - Governmental Activities



Revenues by Source - Governmental Activities



(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

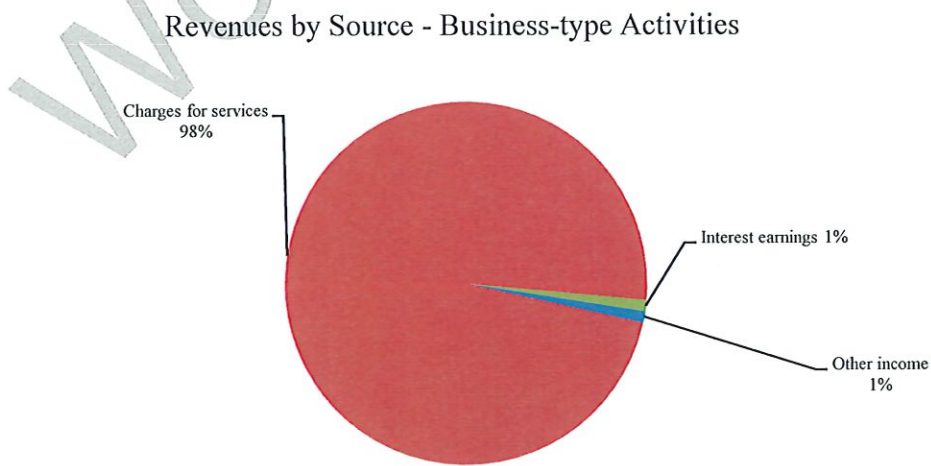
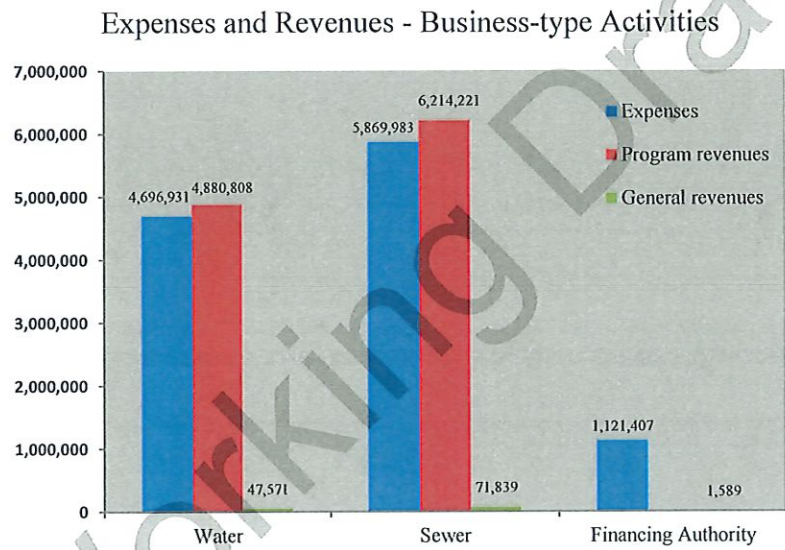
Management's Discussion and Analysis

June 30, 2022

Financial Analysis of the Government-wide Financial Statements (Continued)

Business-type Activities

- Charges for services decreased \$74,778 due to a decrease in water charges during the year.
- Other revenues increased \$23,990 due to an increase in reimbursement revenue.
- Expenses increased \$1,688,228 primarily due to increases in chemicals, contract services, insurance, and repairs and maintenance.



TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on the short-term inflows and outflows and balances of current expendable resources. In particular, the *unassigned fund balance* presented in the balance sheet may serve as a useful measure of the District's resources available for spending at the end of its fiscal year.

As of the end of the current fiscal year, the District's combined governmental fund expenditures exceeded revenues by \$(101,798) primarily due to expenditures exceeding revenues. This resulted in a \$(101,798) decrease in the combined ending fund balance of the District's governmental funds. The fund balance of the Lighting and Landscaping Zone 8 fund decreased by \$(176,402), the fund balance of the Lighting and Landscaping Zone 9 fund increased by \$64,452, the fund balance of the community center fund increased by \$20, and the fund balance of the general fund increased by \$10,132. At year-end, the combined fund balance of the governmental funds was \$2,509,767, consisting of committed and unassigned funds.

Proprietary Funds

The District's proprietary fund statements provide the same type of information, in more detail, on the business-type activities presented in the government-wide financial statements.

The net position of the proprietary funds decreased by \$(472,293) from \$47,719,390 to \$47,247,097. The net position included \$19,393,667 in unrestricted net position which has decreased by \$4,389,185 or 18.45% from the previous year. The decrease in unrestricted net position is primarily due to the increase in restricted net position since the prior year.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District's investment in capital assets amounted to \$16,430,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, structures and improvements, and treatment and collection.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Capital Asset and Debt Administration (Continued)

The District's total investment in capital assets before depreciation increased by \$9,591,501 from \$72,910,175 to \$82,501,676. Significant additions to capital assets included:

- Water Treatment Plant - Well #8 \$(45,484)
- Lagoon Dredge \$(161,975)
- New Pump for Lakeshore Lift Station \$(34,398)
- Edgeview Pipeline Replacement \$(657,692)
- Lift Station E Upgrade Panel System \$(75,103)
- Wastewater Distribution Diffuser Improvements \$(131,190)
- Wastewater Denitrification Project \$(8,254,393)
- L&L #8 Tuff Shed and Concrete Pad \$(97,901)
- L&L #8 Synthetic Turf \$(109,959)
- L&L #8 Community Center Pool Renovations \$(116,733)
- L&L #8 Resurfacing of Tennis Courts \$(21,000)

The following table displays the changes in District's capital assets, net of accumulated depreciation.

Town of Discovery Bay Community Services District's Capital Assets
(net of depreciation, in rounded dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 415,930	\$ 415,930	\$ 307,000	\$ 307,000	\$ 722,930	\$ 722,930
Buildings and improvements	3,695,869	3,246,154	765,180	733,054	4,461,049	3,979,208
Treatment and collection	-	-	56,280,864	55,256,283	56,280,864	55,256,283
Structure and improvements	-	-	9,035,330	9,141,916	9,035,330	9,141,916
Equipment	601,215	519,269	1,031,007	1,024,200	1,632,222	1,543,469
Office furniture and equipment	25,665	25,665	153,009	153,009	178,674	178,674
Vehicles	80,133	80,133	467,384	467,384	547,517	547,517
Construction in progress	-	192,590	9,643,090	1,347,588	9,643,090	1,540,178
Total	4,818,812	4,479,741	77,682,864	68,430,434	82,501,676	72,910,175
Less accumulated depreciation	(2,516,279)	(2,351,986)	(27,315,375)	(24,573,896)	(29,831,654)	(26,925,882)
Net capital assets	<u>\$ 2,302,533</u>	<u>\$ 2,127,755</u>	<u>\$50,367,489</u>	<u>\$43,856,538</u>	<u>\$52,670,022</u>	<u>\$ 45,984,293</u>

Additional information on the District's capital assets can be found in Note E of the "Notes to Financial Statements" section.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2022

Debt Administration

At June 30, 2022, the District had \$36,240,000 in debt outstanding as compared to \$19,920,000 for the prior year. During fiscal year 2014, the District received Series 2012 Enterprise Revenue Bonds to finance the acquisition and construction of certain improvements to the water and wastewater systems. During fiscal year 2018, the District received series 2017 Enterprise Revenue Bonds to finance the costs of certain improvements to the water and wastewater enterprise systems. During the fiscal year 2022, the District received Series 2022 Enterprise Revenue Bonds to finance the costs of certain improvements to the water and wastewater enterprise system. Additional information regarding the District's debt can be found in Note F of this report.

Economic Factors and Next Year's Budgets and Rates

The District has experienced moderate growth which is expected to continue over the next 3-5 years. This growth will further create demand for water and wastewater services and additional capital facilities. These demands have been addressed in the District's capital improvement program. The District is currently in the process of reviewing rates for water and wastewater services to evaluate the District's financial needs and rate structure.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's financial accountability and compliance with applicable laws for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information can be addressed to Town of Discovery Bay Community Services District, Attention: General Manager, 1800 Willow Lake Road, Discovery Bay, California 94505.

BASIC FINANCIAL STATEMENTS

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2022

	<u>Governmental</u> <u>activities</u>	<u>Business-type</u> <u>activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 2,652,488	\$ 20,393,499	\$ 23,045,987
Cash and investments - restricted	-	16,491,975	16,491,975
Accounts receivable, net of allowance for doubtful accounts	39,544	512,894	552,438
Advances on taxes	5,315	832	6,147
Prepaid expenses	14,000	368,135	382,135
Non-current assets:			
Debt issuance costs-prepaid insurance, net	-	41,933	41,933
Capital assets, net of accumulated depreciation	<u>2,302,533</u>	<u>50,367,489</u>	<u>52,670,022</u>
Total assets	<u>5,013,880</u>	<u>88,176,757</u>	<u>93,190,637</u>
Deferred outflows of resources	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	185,835	2,563,973	2,749,808
Accrued payroll	15,745	36,361	52,106
Interest payable	-	138,891	138,891
Other accrued liabilities	-	38,362	38,362
Bonds payable-current	-	770,000	770,000
Non-current liabilities:			
Compensated absences	29,765	49,573	79,338
Bonds payable	-	35,470,000	35,470,000
Unamortized bond premium	-	<u>1,862,500</u>	<u>1,862,500</u>
Total liabilities	<u>231,345</u>	<u>40,929,660</u>	<u>41,161,005</u>
Deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	2,302,533	14,127,489	16,430,022
Restricted for:			
Debt service	-	16,491,975	16,491,975
Unrestricted	<u>2,480,002</u>	<u>16,627,633</u>	<u>19,107,635</u>
Total net position	<u>\$ 4,782,535</u>	<u>\$ 47,247,097</u>	<u>\$ 52,029,632</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Statement of Activities

For the year ended June 30, 2022

		Program revenues		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions
Governmental activities				
General government	\$ 65,928	\$ -	\$ -	\$ -
Community center	1,283	-	-	-
Lighting and landscaping Zone 8	959,313	73,471	-	-
Lighting and landscaping Zone 9	<u>132,557</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>1,159,081</u>	<u>73,471</u>	<u>-</u>	<u>-</u>
Business-type activities				
Water	4,696,931	4,813,238	67,570	-
Sewer	5,869,983	6,214,221	-	-
Financing Authority	<u>1,121,407</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>11,688,321</u>	<u>11,027,459</u>	<u>67,570</u>	<u>-</u>
Total government	<u>\$ 12,847,402</u>	<u>\$ 11,100,930</u>	<u>\$ 67,570</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes

Homeowners property tax relief

Other income

Assessments

Investment income

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Net (expense) revenue and changes in net position

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (65,928)	\$ -	\$ (65,928)
(1,283)	-	(1,283)
(885,842)	-	(885,842)
<u>(132,557)</u>	<u>-</u>	<u>(132,557)</u>
<u>(1,085,610)</u>	<u>-</u>	<u>(1,085,610)</u>
-	183,877	183,877
-	344,238	344,238
<u>-</u>	<u>(1,121,407)</u>	<u>(1,121,407)</u>
<u>-</u>	<u>(593,292)</u>	<u>(593,292)</u>
<u>(1,085,610)</u>	<u>(593,292)</u>	<u>(1,678,902)</u>
759,295	-	759,295
3,948	-	3,948
212,862	119,410	332,272
150,634	-	150,634
<u>21</u>	<u>1,589</u>	<u>1,610</u>
<u>1,126,760</u>	<u>120,999</u>	<u>1,247,759</u>
41,150	(472,293)	(431,143)
<u>4,741,385</u>	<u>47,719,390</u>	<u>52,460,775</u>
<u>\$ 4,782,535</u>	<u>\$ 47,247,097</u>	<u>\$ 52,029,632</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2022

		Special revenue funds			
	General fund	Community center	Lighting and landscaping Zone 8	Lighting and landscaping Zone 9	Total governmental funds
Assets					
Cash and investments	\$ 136,569	\$ 338,921	\$ 1,860,876	\$ 316,122	\$ 2,652,488
Accounts receivable	18,768	-	16,621	4,155	39,544
Advances on taxes	-	-	5,315	-	5,315
Prepaid expenses	-	-	11,000	3,000	14,000
Total assets	\$ 155,337	\$ 338,921	\$ 1,893,812	\$ 323,277	\$ 2,711,347
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 19,772	\$ -	\$ 149,819	\$ 16,244	\$ 185,835
Accrued payroll	-	-	15,524	221	15,745
Total liabilities	19,772	-	165,343	16,465	201,580
Fund balances					
Committed to:					
Community center	-	338,921	-	-	338,921
Lighting and landscaping Zone 8	-	-	1,728,469	-	1,728,469
Lighting and landscaping Zone 9	-	-	-	306,812	306,812
Unassigned	135,565	-	-	-	135,565
Total fund balances	135,565	338,921	1,728,469	306,812	2,509,767
Total liabilities and fund balances	\$ 155,337	\$ 338,921	\$ 1,893,812	\$ 323,277	\$ 2,711,347
Reconciliation to statement of net position					
Total governmental fund balances					\$ 2,509,767
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 in the funds					2,302,533
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds					<u>(29,765)</u>
Net position of governmental activities					\$ 4,782,535

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

For the year ended June 30, 2022

	<u>General fund</u>	<u>Special revenue funds</u>			<u>Total governmental funds</u>
		<u>Community center</u>	<u>Lighting and landscaping Zone 8</u>	<u>Lighting and landscaping Zone 9</u>	
Revenues					
Property taxes	\$ -	\$ -	\$ 759,295	\$ -	\$ 759,295
Reimbursements	76,060	-	66,129	20,688	162,877
Other	-	-	152,974	-	152,974
Assessment income	-	-	-	150,634	150,634
Homeowners property tax relief	-	-	3,948	-	3,948
Interest income	-	20	-	-	20
Total revenues	<u>76,060</u>	<u>20</u>	<u>982,346</u>	<u>171,322</u>	<u>1,229,748</u>
Expenditures					
Payroll expenses	-	-	329,514	28,027	357,541
Repairs and maintenance	65,928	-	166,329	28,434	260,691
Utilities	-	-	182,661	24,902	207,563
Other	-	-	90,685	16,754	107,439
Insurance	-	-	8,000	6,000	14,000
Professional fees	-	-	4,841	2,753	7,594
Capital outlay	-	-	376,718	-	376,718
Total expenditures	<u>65,928</u>	<u>-</u>	<u>1,158,748</u>	<u>106,870</u>	<u>1,331,546</u>
Net change in fund balances	10,132	20	(176,402)	64,452	(101,798)
Fund balances, beginning of year	<u>125,433</u>	<u>338,901</u>	<u>1,904,871</u>	<u>242,360</u>	<u>2,611,565</u>
Fund balances, end of year	<u>\$ 135,565</u>	<u>\$ 338,921</u>	<u>\$ 1,728,469</u>	<u>\$ 306,812</u>	<u>\$ 2,509,767</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities**

For the year ended June 30, 2022

Net change in fund balances - governmental funds	\$ (101,798)
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until such time as they are considered a current financial resource.	(29,518)
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(197,770)
Governmental funds report capital outlays as expenditures, while in the governmental statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	376,718
Governmental funds recognize the entire proceeds from the sale of capital assets, but the governmental activities reflect only the gain or loss on the sale of capital assets.	(4,170)
Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.	<u>(2,312)</u>
Change in net position of governmental activities	<u>\$ 41,150</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Proprietary Funds**

June 30, 2022

	Water fund	Sewer fund	Financing Authority fund	Total
<u>Assets and Deferred Outflows of Resources</u>				
Current assets				
Cash and investments	\$ 8,624,801	\$ 11,768,698	\$ -	\$ 20,393,499
Cash and investments - restricted	-	-	16,491,975	16,491,975
Accounts receivable, net	393,796	119,098	-	512,894
Interest receivable	-	-	138,891	138,891
Prepaid expenses	147,254	220,881	-	368,135
Advances on taxes	333	499	-	832
Total current assets	<u>9,166,184</u>	<u>12,109,176</u>	<u>16,630,866</u>	<u>37,906,226</u>
Non-current assets				
Debt issuance cost - prepaid insurance	-	-	41,933	41,933
Debt service - installment receivable	-	-	36,240,000	36,240,000
Capital assets, net of accumulated depreciation	10,117,065	37,764,819	2,485,605	50,367,489
Total non-current assets	<u>10,117,065</u>	<u>37,764,819</u>	<u>38,767,538</u>	<u>86,649,422</u>
Deferred outflows of resources				
Total assets and deferred outflows of resources	<u>\$ 19,283,249</u>	<u>\$ 49,873,995</u>	<u>\$ 55,398,404</u>	<u>\$ 124,555,648</u>
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>				
Current liabilities				
Accounts payable	\$ 1,160,513	\$ 457,993	\$ 945,467	\$ 2,563,973
Accrued payroll	16,912	21,449	-	38,361
Interest payable	15,278	123,613	138,891	277,782
Bonds payable - current	-	-	770,000	770,000
Total current liabilities	<u>1,192,703</u>	<u>603,055</u>	<u>1,854,358</u>	<u>3,650,116</u>
Non-current liabilities				
Other accrued liabilities	36,362	-	-	36,362
Debt service - installment payable	3,986,400	32,253,600	-	36,240,000
Compensated absences	22,389	27,184	-	49,573
Bonds payable	-	-	35,470,000	35,470,000
Unamortized bond premium	-	-	1,862,500	1,862,500
Total non-current liabilities	<u>4,045,151</u>	<u>32,280,784</u>	<u>37,332,500</u>	<u>73,658,435</u>
Deferred inflows of resources				
-	-	-	-	-
Net Position				
Net investment in capital assets	6,130,665	5,511,219	(33,754,395)	(22,112,511)
Restricted for debt service	-	-	49,965,941	49,965,941
Unrestricted				
Board designated	1,430,000	1,800,600	-	3,230,600
Undesignated	6,484,730	9,678,337	-	16,163,067
Total net position	<u>14,045,395</u>	<u>16,990,156</u>	<u>16,211,546</u>	<u>47,247,097</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 19,283,249</u>	<u>\$ 49,873,995</u>	<u>\$ 55,398,404</u>	<u>\$ 124,555,648</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds**

For the year ended June 30, 2022

	<u>Water</u> <u>fund</u>	<u>Sewer</u> <u>fund</u>	Financing <u>Authority</u> <u>fund</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 4,808,128	\$ 6,201,831	\$ -	\$ 11,009,959
Other	47,571	71,839	-	119,410
Grants	67,570	-	-	67,570
Connection fees	<u>5,110</u>	<u>12,390</u>	-	<u>17,500</u>
Total operating revenues	<u>4,928,379</u>	<u>6,286,060</u>	-	<u>11,214,439</u>
Operating expenses				
Contract services	1,110,394	1,622,575	-	2,732,969
Depreciation	713,804	2,063,899	-	2,777,703
Payroll expenses	592,219	738,791	-	1,331,010
Repairs and maintenance	982,866	177,475	-	1,160,341
Utilities	524,284	563,929	-	1,088,213
Insurance	154,247	247,701	2,096	404,044
Professional fees	302,078	158,910	-	460,988
Miscellaneous	89,171	52,039	-	141,210
Permits and fees	53,982	51,424	-	105,406
Telephone and communications	17,506	30,578	-	48,084
Contract mailings	38,581	-	-	38,581
Chemicals	36,586	-	-	36,586
Rent	13,200	19,800	-	33,000
Supplies	17,151	14,767	-	31,918
Directors' expenses	12,795	19,044	-	31,839
Bank fees and merchant charges	24,318	-	-	24,318
Memberships	<u>13,747</u>	<u>5,055</u>	-	<u>18,802</u>
Total operating expenses	<u>4,696,929</u>	<u>5,765,987</u>	<u>2,096</u>	<u>10,465,012</u>
Operating income (loss)	<u>231,450</u>	<u>520,073</u>	<u>(2,096)</u>	<u>749,427</u>
Nonoperating revenues (expenses)				
Investment income	-	-	1,589	1,589
Interest expense	-	-	(843,670)	(843,670)
Bond issuance cost	-	-	(275,641)	(275,641)
Loss on asset disposal	-	(103,998)	-	(103,998)
Total nonoperating revenues (expenses)	-	(103,998)	(1,117,722)	(1,221,720)
Operating transfers in (out)	<u>(2,108,028)</u>	<u>(15,631,102)</u>	<u>17,739,130</u>	<u>-</u>
Changes in net position	(1,876,578)	(15,215,027)	16,619,312	(472,293)
Net position, beginning of year	<u>15,921,973</u>	<u>32,205,183</u>	<u>(407,766)</u>	<u>47,719,390</u>
Net position, end of year	<u>\$ 14,045,395</u>	<u>\$ 16,990,156</u>	<u>\$ 16,211,546</u>	<u>\$ 47,247,097</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Cash Flows
Proprietary Funds**

For the year ended June 30, 2022

	Water fund	Sewer fund	Financing Authority fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 4,976,936	\$ 6,276,299	\$ -	\$ 11,253,235
Payments to vendors and suppliers	(3,054,379)	(2,834,571)	945,467	(4,943,483)
Payments to employees and directors	(618,668)	(777,643)	-	(1,396,311)
Net cash provided by operating activities	<u>1,303,889</u>	<u>2,664,085</u>	<u>945,467</u>	<u>4,913,441</u>
Cash flows from non-capital financing activities				
Issuance of bonds	-	-	16,860,000	16,860,000
Cost of issuance	-	-	(275,641)	(275,641)
Principal payments on bonds payable	-	-	(540,000)	(540,000)
Interest payments on bonds payable	-	-	(773,057)	(773,057)
Premium on bonds	-	-	1,410,698	1,410,698
Transfers in (out)	(305,061)	(1,043,456)	1,348,517	-
Net cash (used in) provided by non-capital financing activities	<u>(305,061)</u>	<u>(1,043,456)</u>	<u>18,030,517</u>	<u>16,682,000</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(795,341)	(6,111,706)	(2,485,605)	(9,392,652)
Net cash used in capital and related financing activities	<u>(795,341)</u>	<u>(6,111,706)</u>	<u>(2,485,605)</u>	<u>(9,392,652)</u>
Cash flows from investing activities				
Interest income	-	-	1,589	1,589
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>1,589</u>	<u>1,589</u>
Net increase (decrease) in cash and investments	203,487	(4,491,077)	16,491,968	12,204,378
Cash and investments, beginning of year	<u>8,421,314</u>	<u>16,259,775</u>	<u>7</u>	<u>24,681,096</u>
Cash and investments, end of year (including \$16,491,975 of restricted cash and investments as of June 30, 2022)	<u>\$ 8,624,801</u>	<u>\$ 11,768,698</u>	<u>\$ 16,491,975</u>	<u>\$ 36,885,474</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 231,450	\$ 520,073	\$ (2,096)	\$ 749,427
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	713,804	2,063,899	-	2,777,703
Change in assets and liabilities				
Accounts receivable	48,557	(9,761)	-	38,796
Prepaid expenses	(36,914)	(55,370)	-	(92,284)
Debt issuance costs - prepaid insurance	-	-	2,096	2,096
Accounts payable	339,186	165,052	945,467	1,449,705
Accrued payroll	(1,137)	1,130	-	(7)
Other accrued liabilities	21,460	-	-	21,460
Compensated absences	(12,517)	(20,938)	-	(33,455)
Net cash provided by operating activities	<u>\$ 1,303,889</u>	<u>\$ 2,664,085</u>	<u>\$ 945,467</u>	<u>\$ 4,913,441</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Discovery Bay Community Services District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The Town of Discovery Bay Community Services District, formerly known as Discovery Bay Community Services District was formed by the residents of Discovery Bay under the authority of the Cortese-Knox Act (Gov. C. Sec. 56000). This special district was formed as a result of a petition of residents to provide services to the residents of Discovery Bay. Effective July 1, 1998, the District assumed the responsibilities, funding, and assets previously held by the dissolved Sanitation District #19. During November 1998, the residents of Discovery Bay voted to activate the latent powers of the District to include recreation; specifically, to acquire, fund, and operate a Community Center.

Effective August 13, 2003, the Local Agency Formation Commission (LAFCO) of Contra Costa County dissolved County Service Area M-8 and annexed the territory to the Town of Discovery Bay Community Services District. The District is responsible for maintaining the lighting, landscaping, and parks within Service Area M-8 of the Town of Discovery Bay.

The Town of Discovery Bay Community Services District formed an assessment district known as Ravenswood Improvement District - Discovery Bay Lighting and landscaping Zone 9 for the purpose of providing for the operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

The purpose of the Town of Discovery Bay Community Services District, a multipurpose independent district, is to represent the residents of Discovery Bay in any matters covered under the California Government Code relating to a Community Services District. In addition to the purposes listed in the Government Code, the District has been ordered by LAFCO and the Board of Supervisors to perform an advisory role for the residents of Discovery Bay. This role includes, but is not limited to, advising the County in matters of land use planning, zoning, compliance, roads and streets, lighting, landscaping, parks and public safety services. The District also provides water and sewer services to the Town of Discovery Bay.

As required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

The District's financial reporting entity is composed of the following:

Primary Government:	Town of Discovery Bay Community Services District
Blended Component Unit:	Discovery Bay Public Financing Authority

In determining the financial reporting entity, the District complies with the provisions of Government Accounting Standards Board (GASB) Statements No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*.

Blended Component Units

The Town of Discovery Bay Community Services District (the District) and the Byron Bethany Irrigation District entered into a Joint Exercise of Powers Agreement dated July 1, 2012, forming the Discovery Bay Public Financing Authority (the Authority). The Authority is authorized to borrow money for the purpose of assisting the District in financing various public capital improvements and facilities. The Authority issued revenue bonds in order to fund such expenditures. The Authority is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority have been included (termed "blended") in these financial statements in the business-type activities. The Authority does not issue separate financial statements.

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the primary government, the District and its blended component unit. These statements include the financial activities of the overall District government, except for fiduciary activities.

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements

Fund financial statements of the reporting entity are organized into 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 constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds, all of which are reported as major funds:

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

<u>Fund</u>	<u>Brief description</u>
Community Center	Accounts for revenues and expenditures of acquiring, funding, and operating a community center.
Lighting and landscaping Zone 8	Accounts for revenues and expenditures related to maintenance of street lighting and landscaping facilities and services; local parks and recreation facilities and services; parkway facilities and services; and open space facilities and services Zone 8.
Lighting and landscaping Zone 9	Accounts for revenues and expenditures related to operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds, all of which are reported as major funds:

<u>Fund</u>	<u>Brief description</u>
Water Fund	Accounts for the activities of providing water services to the residents of the District. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Sewer Fund	Accounts for the activities associated with operating and maintaining the District's collection and treatment of wastewater. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Financing Authority Fund	Accounts for facilitating the financing of public capital improvements and facilities for the District's water and wastewater system. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt, and billing and collection.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from water and sewage services. The enterprise funds also recognize as operating revenue, the portion of tap fees, connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses include all costs related to water and sewage services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which represent capital contributions collected for the acquisition or construction of capital assets.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary funds follow all GASB pronouncements currently in effect as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict with GASB pronouncements.

Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *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 collectible 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds utilize the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Cash and investments

For the purpose of financial reporting “cash and cash investments” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Restricted cash and investments include proceeds from the 2022 enterprise revenue bonds which are restricted for capital projects and repayment of bonds.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and management’s evaluation of outstanding accounts receivable.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Debt service installment receivable

The District and the Authority have installment sale agreements whereby the District is obligated to pay to the Authority installment payments equal to the debt service requirements of the Authority's long-term debt. The debt service installment receivable represents the amount due from the District to meet the Authority's debt service requirements, which includes principal and accrued interest.

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the statement of net position as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Buildings and improvements	7-40 years
Equipment	5-25 years
Structures and improvements	10-50 years
Treatment and collection	5-40 years
Vehicles	5-years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Compensated absences

Compensated absences are accrued as earned by employees, and consist of accruals for vacation time. The District's liability for compensated absences is reported in the Statement of Net Position for governmental activities in the government-wide financial statements.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in other components of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, District manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Property taxes

Property taxes and property assessments were levied January 1, 2021, assessed July 1, 2021 and were payable in two installments on December 10, 2021 and April 10, 2022. The County of Contra Costa bills and collects property taxes on behalf of the District.

Utility sales

Utility sales are billed on a monthly basis. Estimated unbilled utility revenue through June 30 has been accrued at year-end for the enterprise funds.

Contributed capital

Effective August 13, 2003, the District recorded contributed capital to transfer funds from County Service M-8 to Lighting and landscaping Zone 8. The Lighting and landscaping Zone 8 district became the responsibility of the District on August 13, 2003. The contributed capital represents all capital assets and assets transferred to the District.

The District has received \$18,757,813 of noncash capital contributions from developers consisting of water and sewer infrastructure.

Budgetary accounting

The District does not adopt appropriated budgets. However, the District does adopt non-appropriated budgets annually, which are approved by the Board of Directors.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of the basic 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

New accounting pronouncements

Standards adopted

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note A - Summary of Significant Accounting Policies (Continued)

classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for fiscal years beginning after June 15, 2021. The District implemented the provisions of this Statement for the year ended June 30, 2022. There was no effect on net position as a result of implementation of this Statement.

In January 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The District implemented the provisions of this Statement for the year ended June 30, 2022. There was no effect on net position as a result of implementation of this Statement.

In June 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employment benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for fiscal years beginning after June 15, 2021. The District implemented the provisions of this Statement for the year ended June 30, 2022. There was no effect on net position as a result of implementation of this Statement.

Standards not yet adopted

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. The District will be required to implement the provisions of this Statement for the year ended June 30, 2025. The District has not determined the effect on the financial statements.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note B - Cash and Investments

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 2,652,488	\$ 36,885,474	\$ 39,537,962
Total cash and investments	<u>\$ 2,652,488</u>	<u>\$ 36,885,474</u>	<u>\$ 39,537,962</u>

At June 30, 2022, the District's total cash and investments at fair value were as follows:

Cash:	
Cash on hand	\$ 500
Deposits with financial institutions	22,904,765
Deposits held by bond trustee - deposits with financial institutions	<u>16,491,975</u>
Total cash	<u>39,397,240</u>
Investments:	
Certificate of deposit	6,948
Contra Costa County Treasurer	<u>133,774</u>
Total investments	<u>140,722</u>
Total cash and investments	<u>\$ 39,537,962</u>

Investment policy

The District maintains a cash and investment pool that is available for use by all funds except for the Lighting and landscaping fund whose investments were directed by Contra Costa County. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "cash and investments". Cash balances from all participating funds are combined and invested to the extent possible, pursuant to the Board of Directors approved Investment Policy and guidelines, and the California Government Code, Section 53600, Division 2, Chapter 4 - Financial Affairs.

California statutes authorize special districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objectives, in priority order, of the District's investment activities and of the District's investment policy shall be (1) safety,

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note B - Cash and Investments (Continued)

(2) liquidity, and (3) yield. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity.

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk, and concentrations of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency obligations	5 years	None	None
California Local Agency debt	5 years	None	None
Repurchase Agreements	1 year	20%	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
High Grade Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Medium Term Corporate Notes	5 years	30%	5%
Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	20%	5%
Collateralized Negotiable Instruments	5 years	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools	N/A	None	None

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statuses pertaining to public deposits and investments.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note B - Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities as necessary to provide the cash flow and liquidity needed for operations. The District's investment policy does not contain any provisions limiting interest rate risk other than what is specified in the California Government Code.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25-36 months</u>	<u>37 - 48 months</u>	<u>49 - 60 months</u>	<u>More than 60 months</u>
Certificate of Deposit Contra Costa County	\$ 6,948	\$ -	\$ 6,948	\$ -	\$ -	\$ -	\$ -
Treasurer	133,774	133,774	-	-	-	-	-
Total	\$ 140,722	\$ 133,774	\$ 6,948	\$ -	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Certificate of Deposit Contra Costa County	\$ 6,948	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,948
Treasurer	133,774	N/A	-	-	-	-	133,774
Total	\$ 140,722	N/A	\$ -	\$ -	\$ -	\$ -	\$ 140,722

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note B - Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in certain types of investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. 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 government unit). The fair 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, the District's bank balance was \$39,328,555 and \$500,000 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law and the remaining amount of \$38,828,555 was secured by a pledge of securities by the financial institution.

Investment in Contra Costa County Treasurer

The District's investment in the Contra Costa County investment pool is managed by the Contra Costa County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the Contra Costa County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.contra-costa.ca.us/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits,

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note B - Cash and Investments (Continued)

adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2022, the Contra Costa County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Fair value hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investment in the certificate of deposit is held with a commercial bank and is classified as Level 1. The District's investment in the County of Contra Costa Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of Contra Costa, which is calculated as the fair value divided by the amortized cost of the investment pool.

Note C - Accounts Receivable, Net

The accounts receivable, net balance consists of the following balances as of June 30, 2022:

	<u>General</u>	<u>Lighting & Landscaping Zone 8</u>	<u>Lighting & Landscaping Zone 9</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts receivable	\$ 18,768	\$ 16,621	\$ 4,155	\$ 460,070	\$ 121,700	\$ 621,314
Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,274)</u>	<u>(2,602)</u>	<u>(68,876)</u>
Accounts receivable, net	<u>\$ 18,768</u>	<u>\$ 16,621</u>	<u>\$ 4,155</u>	<u>\$ 393,796</u>	<u>\$ 119,098</u>	<u>\$ 552,438</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note D - Interfund Transactions

Interfund transactions consist of the following:

Transfers between funds

Resources may be transferred from one District fund to another with approval. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the year ended June 30, 2022 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Proprietary Funds		
Water fund	\$ -	\$ 2,108,028
Sewer fund	49,217	15,680,319
Financing authority	<u>17,739,130</u>	<u>-</u>
Total interfund transfers	<u>\$ 17,788,347</u>	<u>\$ 17,788,347</u>

In general, the District uses interfund transfers to:

- Transfer unrestricted revenues collected in the water and sewer fund to help finance various programs and capital projects accounted for in other funds
- Fund operations (move revenues from the funds that collect them to the funds that statute or budget requires to expend them)

The effect of the interfund activity has not been eliminated from the government-wide financial statements as the amounts relate to transfers between business-type activities.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note E - Capital Assets

Capital asset activity for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Governmental activities					
Nondepreciable capital assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Construction in progress	192,590	116,733	-	(309,323)	-
Total nondepreciable capital assets	<u>608,520</u>	<u>116,733</u>	<u>-</u>	<u>(309,323)</u>	<u>415,930</u>
Depreciable capital assets					
Equipment	519,269	119,593	(37,647)	-	601,215
Buildings and improvements	3,246,154	140,392	-	309,323	3,695,869
Office furniture and equipment	25,665	-	-	-	25,665
Vehicles	80,133	-	-	-	80,133
Total depreciable capital assets	3,871,221	259,985	(37,647)	309,323	4,402,882
Less accumulated depreciation	<u>(2,351,986)</u>	<u>(197,770)</u>	<u>33,477</u>	<u>-</u>	<u>(2,516,279)</u>
Net depreciable capital assets	<u>1,519,235</u>	<u>62,215</u>	<u>(4,170)</u>	<u>309,323</u>	<u>1,886,603</u>
Net capital assets	<u>\$ 2,127,755</u>	<u>\$ 178,948</u>	<u>\$ (4,170)</u>	<u>\$ -</u>	<u>\$ 2,302,533</u>
Business-type activities					
Nondepreciable capital assets					
Land	\$ 307,000	\$ -	\$ -	\$ -	\$ 307,000
Construction in progress	1,347,588	9,107,783	(56,588)	(755,693)	9,643,090
Total nondepreciable capital assets	<u>1,654,588</u>	<u>9,107,783</u>	<u>(56,588)</u>	<u>(755,693)</u>	<u>9,950,090</u>
Depreciable capital assets					
Buildings and improvements	733,054	32,126	-	-	765,180
Treatment and collection	55,256,283	302,524	-	722,057	56,280,864
Structures and improvements	9,141,916	-	(140,222)	33,636	9,035,330
Equipment	1,024,200	6,807	-	-	1,031,007
Office equipment	153,009	-	-	-	153,009
Vehicles	467,384	-	-	-	467,384
Total depreciable capital assets	66,775,846	341,457	(140,222)	755,693	67,732,774
Less accumulated depreciation	<u>(24,573,896)</u>	<u>(2,777,703)</u>	<u>36,224</u>	<u>-</u>	<u>(27,315,375)</u>
Net depreciable capital assets	<u>42,201,950</u>	<u>(2,436,246)</u>	<u>(103,998)</u>	<u>755,693</u>	<u>40,417,399</u>
Net capital assets	<u>\$ 43,856,538</u>	<u>\$ 6,671,537</u>	<u>\$ (160,586)</u>	<u>\$ -</u>	<u>\$ 50,367,489</u>

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note E - Capital Assets (Continued)

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental activities:	
Lighting and landscaping Zone 8	\$ 170,737
Lighting and landscaping Zone 9	25,750
Community center	<u>1,283</u>
Total depreciation expense - Governmental activities	<u>\$ 197,770</u>
Business-type activities:	
Water	\$ 713,804
Sewer	<u>2,063,899</u>
Total depreciation expense - Business-type activities	<u>\$ 2,777,703</u>

Note F - Long-Term Debt

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

Fund Financial Statements

The Governmental Fund Financial Statements do not include the long-term debt, as this liability is not payable in the current period. The face amount of debt issued and any premiums received are reported as other financing sources.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note F - Long-Term Debt (Continued)

Bond Issuance Costs and Premiums

For proprietary fund types, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium. With the implementation of Government Accounting Standards Board (GASB) Statement No. 65, the bond issuance costs, other than prepaid insurance, are required to be expensed in the year incurred.

Current year business-type transactions and balances

The District's debt issues and transactions are summarized below and discussed in detail thereafter:

	<u>Original Amount</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Due within one year</u>
Business-type Activity Debt						
Discovery Bay Public Financing Authority Series 2012 Enterprise Revenue Bonds	\$ 14,150,000	\$ 11,675,000	\$ -	\$ (345,000)	\$ 11,330,000	\$ 360,000
Discovery Bay Public Financing Authority Series 2017 Enterprise Revenue Bonds	8,825,000	8,245,000	-	(195,000)	8,050,000	200,000
Discovery Bay Public Financing Authority Series 2022 Enterprise Revenue Bonds	16,860,000	-	16,860,000	-	16,860,000	210,000
Unamortized Premiums	<u>2,105,577</u>	<u>451,802</u>	<u>1,446,172</u>	<u>(35,474)</u>	<u>1,862,500</u>	<u>-</u>
Totals	<u>\$41,940,577</u>	<u>\$ 20,371,802</u>	<u>\$ 18,306,172</u>	<u>\$ (575,474)</u>	<u>\$ 38,105,500</u>	<u>\$ 770,000</u>

2012 Enterprise Revenue Bonds

In August 2012, the Discovery Bay Public Financing Authority issued \$14,150,000 in enterprise revenue bonds Series 2012 to finance the acquisition and construction of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note F - Long-Term Debt (Continued)

The bonds carry coupon interest rates ranging from 1.00%-5.00% and are scheduled to mature in fiscal year 2043. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$290,000 to \$805,000 are payable each year on December 1st.

2017 Enterprise Revenue Bonds

In April 2017, the Discovery Bay Public Financing Authority issued \$8,825,000 in enterprise revenue bonds Series 2017 to finance the costs of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

The bonds carry coupon interest rates ranging from 2.00%-5.00% and are scheduled to mature in fiscal year 2048. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$30,000 to \$1,075,000 are payable each year on December 1st.

2022 Enterprise Revenue Bonds

In May 2022, the Discovery Bay Public Financing Authority issued \$16,860,000 in enterprise revenue bonds Series 2022 to finance the costs of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

The bonds carry coupon interest rates ranging from 4.00%-5.00% and are scheduled to mature in fiscal year 2053. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$210,000 to \$1,010,000 are payable each year on December 1st.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note F - Long-Term Debt (Continued)

Annual debt service requirements for business-type debt are shown below:

For the year ending June 30,	Business-Type Activities	
	Principal	Interest
2023	\$ 770,000	\$ 1,610,918
2024	830,000	1,552,954
2025	865,000	1,519,269
2026	895,000	1,482,960
2027	940,000	1,443,179
2028-2032	4,630,000	6,615,468
2033-2037	5,530,000	5,526,252
2038-2042	6,940,000	4,074,504
2043-2047	8,375,000	2,358,442
2048-2052	5,455,000	817,854
2053	1,010,000	21,042
Total	<u>\$ 36,240,000</u>	<u>\$ 27,022,842</u>

Note G - Deferred Compensation Plan and Defined Contribution Plan

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section 457(b), whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. Plan assets are invested in each individual's name with a deferred compensation plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. All full-time employees are eligible for plan participation. Employer and employee contributions to the plan for the year ended June 30, 2022 were \$81,382.

The District believes it has no liability for losses under than plan but does have the duty of due care that would be required of an ordinary prudent investor. The District has formally established a trust in accordance with Internal Revenue Code 457(g) for its deferred compensation plan to provide protection from the claims of the employer's general creditors. Accordingly, deferred compensation assets placed in the trust are not reflected in these financial statements.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note G - Deferred Compensation Plan and Defined Contribution Plan (Continued)

Deferred Contribution Plan

The District has also established a defined contribution plan in accordance with Internal Revenue Code Section 401(a). The employer will match employee contributions up to a maximum of \$5,000 per plan year. Additional employer contributions may be awarded with approval by the Board of Directors. Plan assets are invested in each individual's name with the defined contribution plan provider.

Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. Employer contributions to the plan for the year ended June 30, 2022 were \$61,385.

The District believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District has formally established a trust in accordance with Internal Revenue Code Section 401(f) for its defined contribution plan to provide protection from the claims of the employer's general creditors. Accordingly, defined contribution assets placed in the trust are not reflected in the accompanying financial statements.

Note H - Compensated Absences

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2022, the District's accrued liability for accumulated unused vacation leave is \$79,338. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

Note I - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. The District is a member of the Special Districts Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs for the pooling of self-insured losses to purchase excess insurance or reinsurance and to arrange for group-purchased insurance and administrative expenses. At June 30, 2022, the District participated in the property, general and auto liability, and workers' compensation programs of the SDRMA.

(Continued)

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note I - Risk Management (Continued)

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2022, 2021, and 2020. Liabilities of the District are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. The District considers claims insured and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The District is covered by the following types of insurance through the SDRMA as of June 30, 2022:

<u>Coverage</u>	<u>Limits of liability</u>
General liability	\$ 10,000,000
Public officials and employees errors	10,000,000
Elected officials personal liability	500,000
Employment practices liability	10,000,000
Employee benefits liability	10,000,000
Employee and public officials dishonesty coverage	1,000,000
Auto liability	10,000,000
Uninsured/underinsured motorists	1,000,000
Property coverage	1,000,000,000
Boiler and machinery	100,000,000
Statutory workers' compensation	Statutory

Note J - Governing Board

The powers of the District are exercised by a Board of Directors consisting of five directors each elected for a term of four years by the qualified electors within the District.

As of June 30, 2022, the members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Term expires</u>
Kevin Graves	December 2022
Ashley Porter	December 2022
Michael Callahan	December 2024
Carolyn Graham	December 2024
Bryon Gutow	December 2022

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Note K - Contingencies and Commitments

The District is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will not have a material effect on the financial condition of the District. In addition, the District has entered into construction and service contracts with various companies. Many of the contracts are considered fixed fee arrangements. However, work under these contracts could be discontinued at the direction of the District. Therefore, it is the opinion of management that a fixed commitment does not exist.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged in jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the coronavirus and resulting impact to the District is unknown.

Note L - Subsequent Events

During September 2022, the District refinanced the Discovery Bay Public Financing Authority 2012 Enterprise Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Working Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Major Special Revenue Fund**

Year ended June 30, 2022

	Lighting and Landscaping Zone 8		
	Budgeted amounts <u>original/final</u>	Actual amounts	Variance with final budget positive/ (negative)
Revenues			
Property taxes	\$ 690,840	\$ 759,295	\$ 68,455
Other	88,700	152,974	64,274
Reimbursements	75,000	66,129	(8,871)
Homeowners property tax relief	<u>-</u>	<u>3,948</u>	<u>3,948</u>
Total revenues	<u>854,540</u>	<u>982,346</u>	<u>127,806</u>
Expenditures			
Payroll expenses	423,819	329,514	94,305
Utilities	195,000	182,661	12,339
Repairs and maintenance	94,750	166,329	(71,579)
Other	126,440	90,685	35,755
Insurance	11,000	8,000	3,000
Professional fees	7,700	4,841	2,859
Capital outlay	<u>151,000</u>	<u>376,718</u>	<u>(225,718)</u>
Total expenditures	<u>1,009,709</u>	<u>1,158,748</u>	<u>(149,039)</u>
Net changes in fund balance	(155,169)	(176,402)	(21,233)
Fund balance, beginning of year	<u>1,904,871</u>	<u>1,904,871</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,749,702</u>	<u>\$ 1,728,469</u>	<u>\$ (21,233)</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Notes to Required Supplementary Information

June 30, 2022

The manager of the District prepares an expenditure budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The District's budgets are maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the budget during the year ended June 30, 2022. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for capital outlay, debt service and contingencies may vary significantly from budget due to timing of such expenditures.

Working Draft

OTHER INDEPENDENT AUDITORS' REPORT

Working Draft



CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Directors
Town of Discovery Bay Community
Services District
Discovery Bay, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** (the 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 March 2, 2023.

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 the 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 entity'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
March 2, 2023

_____, 2023

Board of Directors
Town of Discovery Bay Community
Services District
1800 Willow Lake Road
Discovery Bay, California 94505

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** for the year ended June 30, 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. We have communicated such information to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Town of Discovery Bay Community Services District** are described in Note A to the financial statements. During the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans* as discussed in Note A to the financial statements. The application of existing policies was not changed during the year ended June 30, 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.

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. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allowance for doubtful accounts is based on prior years' experience and management's analysis of accounts receivable. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. We did not identify any sensitive financial statement disclosures.

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. Accordingly, the following material adjustments were identified during the audit and recorded by management:

General Fund

- Entry of \$53,190 to adjust accounts receivable as of June 30, 2022

Water Fund

- Entry to record \$713,804 of depreciation expense as of June 30, 2022

Sewer Fund

- Entry to record \$2,063,899 of depreciation expense as of June 30, 2022

Lighting & Landscaping Zone 8

- Entry to record \$170,736 of depreciation expense as of June 30, 2022

Lighting & Landscaping Zone 9

- Entry to record \$25,750 of depreciation expense as of June 30, 2022

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 March 3, 2023.

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.

Other Audit Findings or Issues

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 the required supplementary information (RSI) that accompanies and 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.

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants

To the Board of Directors
Town of Discovery Bay
Community Services District
Discovery Bay, California

In planning and performing our audit of the financial statements of **Town of Discovery Bay Community Services District** for the year ended June 30, 2022, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated March 2, 2023 on the financial statements of **Town of Discovery Bay Community Services District**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with District personnel, and we will be pleased to discuss it in further detail at your convenience.

Sincerely,

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
March 2, 2023

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

MANAGEMENT ADVISORY LETTER

Cash Disbursement and Vendor Set-up

During our audit procedures, we noted that the senior accounting associate in charge of entering invoices into the accounting system for payment is also the same individual that adds new vendors to the accounting system. We recommend limiting the access and ability to add/or modify new vendors in the vendor master file in order to strengthen controls over cash disbursements. We recommend an individual who does not have access to perform invoice entry be the responsible party to set-up and maintain the vendor master file. Access to do so may require separate passwords for that individual to maintain the security of the vendor master file.

During our audit procedures, we noted that the senior accounting associate in charge of processing invoices and preparing checks for payments also has access to the signature block for the two authorized board signatures to be added to the checks prior to being presented at the board meeting to authorize and approve the payments. We recommend an individual who does not have access to the check stock be the responsible party to add the electronic signatures to each check in order to have segregation of duties.

March 3, 2023

Croce, Sanguinetti, & Vander Veen, Inc.
3520 Brookside Road, Suite 141
Stockton, California 95219

This representation letter is provided in connection with your audit of the financial statements of **Town of Discovery Bay Community Services District** (the District), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 2, 2023, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 6, 2022 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government - Specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
20. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
21. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, that we believe have a material effect on the financial statements.
24. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
25. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

26. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
29. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
30. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
31. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
32. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
35. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
37. Special and extraordinary items are appropriately classified and reported, if applicable.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
40. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. With respect to the Management’s Discussion and Analysis (MD&A) and the Budgetary Comparison Schedule - Major Special Revenue Fund (budget to actual report) -
 - a. We acknowledge our responsibility for presenting the MD&A and the budget to actual report in accordance with U.S. GAAP and we believe that the MD&A and the budget to actual report, including form and content, are fairly presented in accordance with U.S. GAAP. The methods and measurement and presentation of the MD&A and the budget to actual report have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the MD&A and the budget to actual report is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and auditors’ report thereon.
43. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
44. We have informed you of all claims or assessments made against the District by the California Regional Water Quality Control Board.
45. In regards to preparing the standard, adjusting, or correcting journal entries, assisting in preparing the financial statements and the preparation of the Special Districts Financial Transactions Report by you, we have -
 1. Assumed all management responsibilities.
 2. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 3. Evaluated the adequacy and results of the services performed.
 4. Accepted responsibility for the result of the services.
46. The adjusting journal entries for the period ended June 30, 2022, which have been proposed by you, are approved by us and will be recorded on the books of the District.

Signed _____
District Financial Manager

Signed _____
District General Manager



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 15, 2023

Prepared By: Monica Gallo, Recreation Programs Supervisor
Submitted By: Dina Breitstein, General Manager

Agenda Title

Discussion and Possible Action to Approve the 2023 Parks and Recreation Public Event Calendar.

Recommended Action

Approve the Parks and Recreation Public Event Calendar for 2023.

Executive Summary

The Community Center proudly opened its doors in January 2014 and 2023 will represent the 10th full year of event programming for the Town of Discovery Bay. The Community Center has made many improvements and continues to offer a variety of programming for all age groups, not only at the Community Center, but also at our parks.

The Community Center continues to develop and improve as a hub of activity and staff continues to offer or partner with various community groups to provide a variety of free as well as paid programming throughout the year. There also continues to be a variety of private parties that occur year-round including birthdays, family reunions, and many others that schedule the Center for their events.

COVID-19 has certainly affected parks and recreation departments, however with life getting back to "normal", the Community Center bounced back nicely and is and has continued to grow and re-build our programming. Staff has developed the attached event calendar for Board consideration. The list includes a total of 10 events, most of which have been held in previous years and although we have not received requests from a few of the groups listed, we would like to be prepared should these groups choose to continue with their traditions. Upon approval of the Parks and Recreation Events Calendar for 2023, there will be no need for further board authorization.

All events are subject to the terms and conditions in the Park Usage Rental Policy (Policy #013) and District Recreation Facilities Alcohol Policy (Policy #022). Both policies are located on the District website at www.todb.ca.gov, Town of Discovery Bay Board Policies.

This report was presented to the Parks & Recreation Committee on March 1st, with a recommendation to bring to the Board of Directors. Staff recommends approving the Parks and Recreation Public Event Calendar for 2023.

Fiscal Impact:

Amount Requested \$ N/A
Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)
Prog/Fund # Category: Pers. Optg. Cap. -or- CIP# Fund#

Previous Relevant Board Actions for This Item

N/A

Attachments

Proposed 2023 Parks and Recreation Public Event Calendar.

AGENDA ITEM: G2

2023 Parks and Recreation Public Event Calendar

2023 Event Dates	Times	Location	Event Title	Event Description	Approximate Attendance Numbers	Event Sponsors	Vendors on site	Food on site	Alcohol on site	Town/County Licenses Required	Fees Charged/Waived
Unknown	8AM-1PM	DBCC	Easter Egg Hunt	DB Lions Club Easter Egg Hunt	500+	DB Lions Club	No	No	No	TODB Special Event Permit	Fees Waived
May 20-21	7:00AM-7:30PM	DBCC	Fundraising Pickleball Tournament	Pickleball Tournament - Resolution #2020-24	200-300	Discovery Bay Recreation & Sports	No	Yes	No	TODB Special Event Permit	Fees Waived for pickleball courts only
June	8AM-10PM	DBCC	Summer Jam	Family friendly event featuring live music, food and alcohol	1,000-1,500	DB Lions Club	No	Yes	Yes	CCC Health Permit ABC License	Fees Waived
June	7PM-10:30PM	DBCC	Friday Night Un-wined Movie in the Park (pending approval from legal)	Movie on the event lawn at the Community Center 21+years	50-75	Town Event	No	No	No	Movie Licensing	N/A Town Event
July	7PM-10:30PM	DBCC	Flick n Float	Family friendly movies on the event lawn at the Community Center	50-75	Town Event	No	No	No	Movie Licensing	N/A Town Event
August	7PM-10:30PM	DBCC	Flick n Float	Family friendly movie/night swim at the Community Center	50-75	Town Event	No	No	No	Movie Licensing	N/A Town Event
September	7PM-10:30PM	DBCC	Movie in the Park	Family friendly movie @ Community Center	50-75	Town Event	No	No	No	Movie Licensing	N/A Town Event
September	8:00AM - 10:00PM	DBCC	Summer Jam	Family friendly event featuring live music, food and alcohol	1,000-1,500	DB Lions Club	No	Yes	Yes	CCC Health Permit ABC License	Fees Waived
October	8AM-5PM	DBCC	Fundraising Pickleball Tournament	Pickleball Tournament - Resolution #2020-24	100	Discovery Bay Recreation & Sports	No	Yes	No	TODB Special Event Permit	Fees Waived for pickleball courts only
December			Holiday Parade	Judging tent located in the gravel lot adjacent to CC parking lot	1000+	Delta Sun Times & Discovery Bay Lions Club	No	Yes	No	TODB Facility Permit CCC Health Permit ECCFPD Event Permit General Liability Insurance	No fee schedule for use of parking lot



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

March 15, 2023

Prepared By: Monica Gallo, Recreation Programs Supervisor

Submitted By: Dina Breitstein, General Manager

Agenda Title

Discussion and Possible Action to Approve the Park and Recreation 2023 Program, Activities, and Event Fee Waivers.

Recommended Action

Approve Fee Waivers for the following Park and Recreation 2023 Programs, Activities, and Events.

Executive Summary

The Town of Discovery Bay Community Services District Board of Directors (Board) adopted the Park & Facility Usage and Rental Policy #13 on April 20, 2011 and it was Revised on May 3, 2017.

Requirements in the Policy, except those identified as "prohibited", may be waived or modified on a case-by-case basis by the General Manager, or his/her designee, upon the finding of public interest; and any such modification (including modification to fees) shall be summarized on the next available Board Agenda.

Staff is submitting for Board acceptance the following 2023 Programs, Activities, and Events whose "Fees" are being waived by the General Manager upon the finding of public interest per the Park & Facility Usage and Rental Policy #13.

"Scouts of America Troop 514" weekly Monday meetings held throughout the year at the Discovery Bay Community Center from 5:30PM to 6:30PM for a fee total waiver amount of \$775.00. Troop 514 annually provides an agreed upon in-kind service project for the Town.

"Annual Easter Egg Hunt" conducted by the Discovery Bay Lions Club at the Discovery Bay Community Center from 7:30AM to 11:30AM for a fee waiver total amount of \$240.00.

"Summer Jam" is a concert put on by the Discovery Bay Lions Club to be located at the Community Center. In previous years, this was a partnership between the Lions Club and the Town of Discovery Bay (Town). This is now solely a Lions Club Event. The Lions Club will have use of the Community Center grounds from Friday (set up), Saturday (event), Sunday (clean-up/tear down) for a fee waiver total amount of \$940 (3hrs @ \$60/hr. Fri, all day event Sat \$580, 3hrs @ \$60/hr. Sun).

A \$1,500.00 refundable deposit will be collected and returned upon Town staff inspection of grounds confirming there is no damage to the Community Center.

The swimming pool will be closed for Summer Jam events.

"Holiday Parade" conducted by the Delta Sun Times and the Discovery Bay Lions Club utilizing the gravel lot adjacent to the parking lot in front of the Discovery Bay Community Center. There is currently no fee schedule for the use of just the gravel lot in front of the Community Center.

Staff recommends acceptance of the above 2023 Programs, Activities, and Event Fee Waivers by the General Manager for a total amount of \$1,955.00.

Previous Relevant Board Actions for This Item

None.

Attachments

Parks & Facility Usage & Rental Policy #13.

AGENDA ITEM: G3



Town of Discovery Bay

Program Area: Parks and Landscaping	Policy Name: Park & Facility Usage & Rental Policy	Policy Number: 013
Date Established: April 20, 2011	Date Amended: May 3, 2017	Resolution: 2016-17

I. GENERAL INFORMATION

The Park & Facility Usage and Rental Policy outlines specific regulations and requirements associated with the permitted rental of a public facility and/or area within the Town of Discovery Bay Community Services District (District) owned or operated park. Obtaining a permit shall grant the user basic usage and access rights for the approved purpose and time only. Any fees or deposits established by the District Board of Directors shall be paid by the applicant prior to the approval of the permit. All users shall comply with County, State and Federal laws.

The District reserves the right to cancel, revoke or suspend any and all reservations, permits and applications if deemed inappropriate, flagrantly disrespectful or if harmful activities are taking place in the park or facility. No notice is required and, in some cases, the Sheriff will be notified and enforcement action will be requested. Violations of this policy may result in forfeiture of fees and/ or deposit.

Facilities and parks available for rental include:

1. Cornell Park, Tennis Court
2. Cornell Park, Pickle Ball Courts
3. Cornell Park, Baseball Field
4. Cornell Park, Soccer Field
5. Cornell Park, Shaded Picnic Area
6. Cornell Park, Horse Shoe Pits or Bocce Courts
7. Ravenswood Park, Covered Picnic Area 1
8. Ravenswood Park, Covered Picnic Area 2
9. Ravenswood Park, Soccer Field
10. Community Center, Tennis Court(s)
11. Community Center, BBQ Area
12. Community Center, Reception Area
13. Community Center, Arts and Crafts/Meeting Room
14. Community Center, Multi-Purpose Room
15. Community Center, Event lawn
16. Community Center, Swimming Pool

II. ELIGIBILITY & PRIORITY

The District reserves the right to exclude or remove activities it deems inappropriate for public use. District business will take precedence over any and all other meetings. Groups that have a reservation in advance are subject to cancellations, in rare circumstances, to accommodate this priority. All fees will be returned to the user if the District requires a cancellation or relocation of the reserved event.

In issuing permits, priority shall be given to Discovery Bay residents and events serving the Discovery Bay community.

III. RESERVATION REQUIREMENTS

The renter must be over 18 years of age, and submit a complete Reservation Form to the Community Center, a refundable damage deposit, and all applicable user fees and insurance as described in Insurance Requirements. Renters are required to provide the name and phone number of the principal contact person and a secondary contact. This person must be present onsite during the approved rental period and will be the emergency contact, and is responsible for ensuring compliance with the policies outlined. A copy of the permit must be onsite and available upon request by District staff or representatives during approved rental period.

Single day reservation may be made up to one (1) year in advance. Long-term league reservations may be made up to four (4) months in advance, unless previously approved by the Town of Discovery Bay CSD Board of Directors.

No reservation or agreement will be approved or signed until the requesting user has paid the applicable deposits and fees.

Insurance Requirements: All sports leagues, organizations, or inflatable play equipment operators are required to provide the District with a CERTIFICATE OF LIABILITY INSURANCE showing valid liability coverage in the amount of \$1,000,000. A separate ADDITIONAL INSURED ENDORSEMENT must be submitted listing the "Town of Discovery Bay CSD, its officers, officials, employees, and volunteers" as additional insured on the policy. Insurance Certificates must be submitted to the District at least five (5) days prior to the scheduled reservation.

Cancellations: Park Rental cancellations occurring five (5) business days or more prior to the event will be refunded all fees and deposits. Cancellations occurring four (4) business days or less prior to the event will forfeit all applicable fees but be refunded all of the deposit.

Cancellation for Indoor Facility Rentals at the Community Center occurring sixty (60) days or more prior to the event will be refunded all fees and deposits. Cancellations less than sixty (60) days, but more than thirty (30) days prior to the event date will forfeit 25% of the total fees. Cancellations less than thirty (30) days prior to the event date, but more than fifteen (15) days prior to the event date will forfeit 50% of the total fees. Cancellations occurring less than fifteen (15) days prior to the event date will forfeit all applicable fees. In all cases of cancellation, the deposit shall be returned.

Cancellation fees above do not reflect any cancellation processing fees. Processing fees are in addition to the cancellation fees described here.

Clean Up: Renters are required to clean up and return the park or area to the original condition. Trash must be placed in the receptacles provided. Trash that does not fit in the trash receptacle must be disposed of properly by the renter.

Reasonable party decorations are permitted. However, users may not put staples or nails into any tree, sign, wall or table for any purpose. All decorations must be taken down and removed from the facility.

Deposit Forfeiture: Renter agrees to take full responsibility for the behavior of their guests during the rental period. Children must be supervised at all times by adults. Any charges for damage to the park or facility or its furnishings will be deducted from the deposit. Rentals that exceed the reserved time period will be charged the hourly rate to be deducted from the deposit. Failure to leave the rented area in satisfactory condition will result in deposit forfeiture. Upon a satisfactory inspection of the premises by District staff, the deposit check will be destroyed or returned to the applicant.

Prohibited Activities: No person shall consume, possess, sell, serve or cause to be served, any alcoholic beverage of any kind within any park area, unless expressly authorized in advance of the event by the Board of Directors. The General Manager, or designee, is authorized to approve service of alcoholic beverages for private events taking place at the Discovery Bay Community Center once a complete and approved application is received and all insurance requirements and other conditions of approval are approved. See Special Conditions regarding the serving and or/sale of Alcoholic beverages, below. Fires and barbecues (BBQ) shall be permitted only in grills already provided in the park. There shall be no overnight events or camping at any Discovery Bay park facility unless expressly authorized in advance of the event by the Board of Directors.

Gambling activities are expressly prohibited at all Town of Discovery Bay Parks and Recreation facilities. Individuals or groups of individuals in violation of this prohibited activity shall immediately cease the prohibited activity. Failure to cease shall result in the immediate notification of local law enforcement authorities.

Renter agrees that they will comply with all state and local laws including but not limited to activities that require a state or local permit. At the discretion of the General Manager, or designee, security may be required on a case by case basis.

Special Conditions regarding the serving and or/sale of Alcoholic beverages:

If alcohol is to be served or sold, it must be indicated on the rental application. The General Manager or Board of Directors, as identified above, must approve any application which includes consumption or sale of alcohol. Once approved, it is the responsibility and liability of the Renter and/or organization renting the facility. At the discretion of the General Manager, or designee, security may be required on a case by case basis.

To sell alcoholic beverages at your event, a valid alcohol permit from the California Department of Alcoholic Beverage Control Board (A.B.C.) must be obtained. The permit must be on file with the District offices at least ten (10) days prior to your event.

Food and Alcohol may be consumed without an Alcohol permit from the A.B.C. when there is no monetary exchange for the food, beverages or admission charged for the event.

Violation of any of these requirements will result in immediate termination of Renter's event and will result in forfeiture of the damage deposit.

The District may require additional deposits, insurance and/or security for events where alcohol is served. These additional requirements will be determined by the circumstances of each rental request.

Food Preparation: Food and non-alcoholic beverages may be served, but not prepared on site for any indoor facility rentals at the Community Center.

Exhibitions, Events, Festivals, Meeting and Assemblies: Any person, group, society, club or organization wishing to set up or maintain any exhibition, place of amusement, concert, picture show, bandstand, performance, entertainment or other form of amusement or function where the expected attendance is fifty (50) people or more occupying the park at any one time, must first obtain written authorization from the District's General Manager. These types of requests must be submitted no less than sixty (60) days prior to the event.

IV. MISCELLANEOUS

Any policy listed herein may be waived or modified on a case-by-case basis and at the discretion of the Board of Directors.

Requirements listed herein, except those identified as "prohibited", may be waived or modified on a case-by-case basis by the General Manager, or designee, upon the finding of public interest; any such modification (including modification to fees) shall be summarized on the next available board agenda.

Policy Established:

April 20, 2011

Policy Amended:

July 16, 2013

January 8, 2014

December 16, 2015

October 19, 2016

May 3, 2017

CERTIFICATE OF COMPLETION

Anti-Harassment Training for Supervisors and Managers - California (SB1343/AB1825)

Carolyn Graham

has completed the online training and passed the examination for the 2-hour California Anti-Harassment Training for Supervisors and Managers training course (SB1343/AB1825). [Record ID #355581441] Town of Discovery Bay Community Services District



Victoria Zambillo, SVP of Content & Communications

Vector Solutions
Two Urban Centre
4890 West Kennedy Boulevard
Suite 300, Tampa, FL 33609
866.546.1212

February 28, 2023

Date of Completion



As an IACET Accredited Provider,
Vector Solutions offers CEUs for its
programs that qualify under the
ANSI/IACET Standard



CERTIFICATE OF COMPLETION

CA Local Agency Ethics (AB1234)

Carolyn Graham

Has completed the online training and successfully passed the examination for the CA Local Agency Ethics training course. [Record ID #254142133] Town of Discovery Bay Community Services District



Victoria Zambito, SVP of Content & Communications

Vector Solutions
Two Urban Centre
4890 West Kennedy Boulevard
Suite 300, Tampa, FL 33609
866.546.7212

February 27, 2023

Date of Completion



As an IACET Accredited Provider,
Vector Solutions offers CEUs for its
programs that qualify under the
ANSI/IACET Standard



East County Times

Bay Area News Group
5179 Lone Tree Way
Antioch, CA 94531
925-779-7115

2005834

DISCOVERY BAY, TOWN OF
COMMUNITY SERVICES DISTRICT
1800 WILLOW LAKE RD.
DISCOVERY BAY, CA 94514-9376

PROOF OF PUBLICATION FILE NO. ORDINANCE NO. 7

East County Times

I am a citizen of the United States. I am over the age of eighteen years and I am not a party to or interested in the above entitled matter. I am the Legal Advertising Clerk of the printer and publisher of the East County Times, a newspaper published in the English language in the City of Antioch, County of Contra Costa, State of California.

I declare that the East County Times is a newspaper of general circulation as defined by the laws of the State of California as determined by court decree dated January 6, 1919, Case Number 8268 and modified January 19, 2006, Case Number N05-1494. Said decree states that the East County Times is adjudged to be a newspaper of general circulation for the City of Antioch, County of Contra Costa and State of California. Said order has not been revoked.

I declare that the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/08/2023

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Executed at Walnut Creek, California.
On this 8th day of March, 2023.



Signature

Legal No.

0006737282

SUMMARY OF ADOPTED AMENDMENT TO ORDINANCE NO. 7

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY, A CALIFORNIA COMMUNITY SERVICES DISTRICT, AMENDING ORDINANCE NO. 7 WATER REGULATIONS AND SERVICE ORDINANCE

On March 1, 2023, at a regularly scheduled Board meeting, Amended Ordinance No. 7 ("Ordinance") was adopted by the Town of Discovery Bay ("Town") Board of Directors. The Ordinance adds the defined term "Passive Purge System" and provides regulation regarding the installation of Passive Purge Systems for automatic residential fire sprinkler systems in newly constructed residential dwellings.

A certified copy of the full text of the Ordinance is posted in the office of the Town of Discovery Bay Community Services District, 1800 Willow Lake Road, Discovery Bay, CA 94505, and is available upon request. The Ordinance can also be found on the Town's website at: www.todb.ca.gov, on the Homepage under Quicklinks.

The names of the Board of Directors who voted for and against the Ordinance are as follows:

AYES: 4- President A. Porter, Vice-President M. Callahan, Director K. Graves, Director B. Gutow.

NOES: 0

ABSENT: 1 - Director C. Graham

ABSTAIN: 0

ECT# 6737282 Mar. 8, 2023

2023 INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE

DISTRICT	NAME	TITLE	ALTERNATE
ALAMO-LAFAYETTE CEMETERY DIST	Nancy J. Flood	Chair	Carolyn Thiessen, Trustee
AMBROSE REC & PARK DIST	Trina Hudson	Chair	Mae Torlakson, Vice Chair
B-B-K-U CEMETERY DIST	Patricia Bristow	Chair	Emil Geddes, Trustee
BETHEL ISLAND MID	Bruce Smith	Board President	Anthony Berzinas, Vice Pres
BYRON SANITARY DISTRICT	Danny Hamby	Chair	Mike Nisen, Vice Chair
CASTLE ROCK COUNTY WATER DISTRICT	Dan Moylan		Joe Atturio
CENTRAL CONTRA COSTA SANITARY DIST	Tad Pilecki	Board Member	Barbara Hockett, Pres
CONTRA COSTA MOSQUITO & VECTOR CONTROL	James Murray	President	Darryl Young, Vice Pres
CONTRA COSTA RESOURCE CON DIST	Walter Pease	President	
CONTRA COSTA WATER DISTRICT	Ernesto Avila	President	Antonio Martinez, Vice Pres
CROCKETT COMMUNITY SERVICES DISTRICT	Luigi Barassa	President	Jena Goodman, Vice Pres
DIABLO CSD	Kathy Urbelis	President	Matthew Cox, Vice Pres
DIABLO WATER DISTRICT	Marilyn Tiernan	President	Scott R. Pastor, Vice Pres
TOWN OF DISCOVERY BAY CSD	Michael Callahan	Vice President	Ashley Porter, President
EAST CONTRA COSTA IRRIGATION DISTRICT	Glenn Stonebarger	President	Mark Dwelley, Vice Pres
GREEN VALLEY REC & PARK DIST	Kathi Bachelor	President	Donna Coon, Vice President
IRONHOUSE SANITARY DIST	Dawn Morrow	President	Chris Lauritzen, Vice Pres
KENSINGTON FIRE PROTECTION DISTRICT	Julie Stein	President	Daniel Levine, Vice Pres
KENSINGTON POLICE PROT & CSD	Alexandra Aquino-Fike	President	Sarah Gough, Vice Pres
TOWN OF KNIGHTSEN CSD	Trish Bello-Kunkel	Chair	Gilbert Somerhalder, Vice Chair
MORAGA-ORINDA FIRE DIST	John Jex	President	Mike Roemer, Vice Pres
MT. VIEW SANITARY DIST	Dave Maggi	President	Brian Danley, Vice Pres
PLEASANT HILL REC & PARK DISTRICT	Bobby Glover	Chair	Sandra Bonato, Vice Chair
RECLAMATION DIST (RD) 799	Jim Price	President	Richard Kent, Vice Pres
RD 800	Robert Lyman	President	David Harris, Secretary
RD 830	Chad Davisson	President	Domenic Cianfichi, Secretary
RD 2024	Don Wagenet, Trustee		John Jackson, Thomas Robinson, Trustees
RD 2025	David Forkel	Chair	Pamela A. Forbus, Secretary
RD 2026*	David A. Forkel	Chair	Pamela A. Forbus, Secretary
RD 2059	Rob Davies	President	
RD 2065*	Coleman Foley	President	Thomas Baldocchi, Sr., Trustee Thomas Baldocchi, Jr., Trustee
RD 2090*	Jake Messerli	Chair	Pamela A. Forbus, Attorney
RD 2117*	Joyce Speckman, Trustee		Sandra Speckman Kiefer, Kent L. Kiefer, Trustees
RD 2122	Katherine Wadsworth	President	
RD 2137*	Pamela A. Forbus	Attorney/Secretary	
RODEO-HERCULES FIRE PROTECTION DIST	Steve Hill	Vice Chair	
RODEO SANITARY DISTRICT	Connie Batchelder	President	Janet Callaghan, Vice Pres
SAN RAMON VALLEY FIRE PROTECTION DIST	Michelle Lee	President	Jay Kerr, Vice Pres
STEGE SANITARY DISTRICT	Dwight Merrill	President	Juliet Christian-Smith, VP
WEST COUNTY WASTEWATER DIST	Cheryl Sudduth	President	David Alvarado, Vice Pres

Gov. Code 56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to participate in a meeting or election of the independent special district selection committee, the legislative body of the district may appoint one of its members as an alternate to participate in the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of

which he or she is the presiding officer or his or her alternate as designated by the governing body. Members representing a majority of the eligible districts shall constitute a quorum.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under one of the following circumstances:

(1) Whenever the executive officer anticipates that a vacancy will occur within the next 90 days among the members or alternate member representing independent special districts on the commission.

(2) Whenever a vacancy exists among the members or alternate member representing independent special districts upon the commission.

(3) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(4) Upon the adoption of a resolution of intention pursuant to Section 56332.5.

(5) Upon receipt of a written request by one or more members of the selection committee notifying the executive officer of the need to appoint a member representing independent special districts on an oversight board pursuant to paragraph (3) of subdivision (j) of Section 34179 of the Health and Safety Code.

(c) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed members of the legislative body of an independent special district residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. Service on the commission by a regular district member shall not disqualify, or be cause for disqualification of, the member from acting on proposals affecting the special district on whose legislative body the member serves. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district on whose legislative body the member serves.

(1) The executive officer may prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing by the date specified in the call for nominations, which date shall be at least 30 days from the date on which the executive officer mailed the call for nominations to the eligible district.

(2) At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed appointed. This paragraph shall be operative only if the written notice of the meeting provided pursuant to subdivision (b) discloses that, if nominations are received for only one candidate by the end of the nominating period, the candidate shall be deemed appointed and the meeting may be cancelled.

(d) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular district member to fill the vacancy.

(e) A majority of the independent special district selection committee may determine to conduct the committee's business by mail, including holding all elections by mailed ballot, pursuant to subdivision (f).

(f) If the independent special district selection committee has determined to conduct the committee's business by mail or if the executive officer determines that a meeting of the special district selection committee is not feasible, the executive officer shall conduct the business of the committee by mail. Elections by mail shall be conducted as provided in this subdivision.

(1) The executive officer shall prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing by the date specified in the call for nominations, which date shall be at least 30 days from the date on which the executive officer mailed the call for nominations to the eligible district.

(2) At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed appointed. If two or more candidates are nominated, the executive officer shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballot to the eligible district.

(3) The call for nominations, ballots, and voting instructions shall be delivered by certified mail to each eligible district. As an alternative to the delivery by certified mail, the executive officer may transmit materials by electronic mail. All notices and election materials shall be addressed to the presiding officer, care of the clerk of the district.

(4) Nominations and ballots may be returned to the executive officer by electronic mail.

(5) Each returned nomination and ballot shall be signed by the presiding officer or his or her alternate as designated by the governing body of the eligible district.

(6) For an election to be valid, at least a quorum of the special districts must submit valid ballots. The candidate receiving the most votes shall be elected, unless another procedure has been adopted by the selection committee. Any nomination and ballot received by the executive officer after the date specified is invalid, provided, however, that if a quorum of ballots is not received by that date, the executive officer shall extend the date to submit ballots by 60 days and notify all districts of the extension. If ballots from a quorum of the districts have not been received at the end of the 60-day extension period, the executive officer shall extend the period to return ballots for a length of time at his or her discretion until a quorum is achieved, unless another procedure has been adopted by the selection committee. The executive officer shall announce the results of the election within seven days of the date specified.

(7) For a vote on special district representation to be valid, at least a quorum of the special districts must submit valid ballots to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballot to the eligible district. If ballots from a quorum of the districts have not been received at the end of the 60-day extension period, the executive officer shall extend the period to return ballots for a length of time at his or her discretion until a quorum is achieved, unless another procedure has been adopted by the selection committee. By a majority vote of those district representatives voting on the issue, the selection committee shall either accept or deny representation. The executive officer shall announce the results of the election within seven days of the date specified.

(8) All election materials shall be retained by the executive officer for a period of at least six months after the announcement of the election results.

(g) For purposes of this section, "executive officer" means the executive officer or designee as authorized by the commission.

CONTRA COSTA COUNTY SPECIAL DISTRICTS
Procedures for the Special District Selection Committee
(Revised January 2010)

The California Government Code, specifically Section 56332, sets forth requirements for the Independent Special Districts Selection Committee ("Selection Committee"). The procedures contained herein are intended to supplement the code and provide local rules relating to the selection of special district members to the Contra Costa Local Agency Formation Commission (LAFCO).

Selection Committee Purpose

The purpose of the Selection Committee shall be to appoint the regular and/or alternate special district members to the Contra Costa LAFCO whenever a term expires or a vacancy exists for the regular or alternate special district member seats. The term of office of each LAFCO member shall be four years and until the appointment and qualification of his or her successor (Gov. Code §56334).

Selection Committee Membership

The Selection Committee shall be comprised of the presiding officer of the legislative body of each independent special district. If the presiding officer is unable to attend a Committee meeting, the district may appoint one of its other members to attend the meeting (Gov. Code §56332).

Selection Committee Meetings

The LAFCO Executive Officer shall notify all independent special districts of a vacancy or impending vacancy in the position of regular or alternate special district member and shall schedule a meeting of the Selection Committee.

To the extent possible, Selection Committee meetings shall be scheduled in conjunction with meetings of the Contra Costa Special Districts Association as a convenience to members and for efficiency.

The Executive Officer shall provide a schedule to submit nominations to all independent special districts prior to the Selection Committee meeting.

All meetings of the Selection Committee shall be open meetings and comply with all applicable provisions of the Ralph M. Brown Act.

Quorum

Each presiding officer (or appointed alternate board member) attending the Selection Committee meeting shall be required to register their attendance. Members representing a majority of the eligible districts shall constitute a quorum for the conduct of the Selection Committee business. No meeting shall be convened prior to establishing a quorum. The Committee shall act by majority vote of the quorum, or if more than a quorum is present at the meeting, by majority vote of those members present.

Nomination Procedures

Members of governing boards of independent special districts may be nominated to serve as a regular or alternate special district member of the Contra Costa LAFCO (Gov. Code §56332).

Each independent special district shall be entitled to nominate a maximum of one board member per vacancy (i.e., for each regular and each alternate seat) from any district. Districts are required to make nominations by adoption of a Board resolution.

Upon selection of a nominee, the presiding officer of the district shall provide written notification of the nomination, including a copy of the Board resolution, to the LAFCO Executive Officer.

All nominations received in sufficient time prior to a Selection Committee meeting will be copied and distributed to the presiding officer of each independent special district.

Nominations may be made from the floor at the Selection Committee meeting, but only if no prior nominations by resolution were submitted by any of the independent special districts.

Balloting Process

Each nominee will be afforded an opportunity to make a brief statement (maximum of five minutes) at the Selection Committee meeting. Following these presentations, members of the Selection Committee may discuss the appointment prior to the vote being taken.

Nominees shall be selected based on the following process:

- A ballot listing all known nominees shall be prepared and copied for the meeting. Each ballot shall have opposite the nominee's name a box to record the vote. In the event that no prior nominations by resolution are submitted, a ballot containing blank lines to vote for nominees who are put forth from the floor at the Selection Committee meeting shall be distributed at the meeting.
- Each ballot shall have a line for the name of the special district that is casting the vote and a line for the name of the voting delegate. The ballot will not be counted if the name of the special district and voting delegate are not included.
- After votes are tallied, each delegate's vote will be announced during the meeting.

Selection of LAFCO Members

The person selected to serve shall have received a majority of the votes cast in the election.

If there are more than two nominees for a single seat and no individual receives the majority of the total votes cast in the first ballot there shall be a run-off election between the two nominees who received the greatest number of votes.

If there are only two nominees for a single seat and each receives an equal number of votes, the selection to serve on LAFCO shall be done by a "straw draw" unless one of the two candidates chooses to relinquish the position.

If, as a result of an election, the Alternate Special District member on LAFCO is chosen as a Regular Special District Member, another election shall be held at a subsequent Selection Committee meeting to fill the new vacancy in the Alternate Member position.

Alternate Nominating and Balloting Process

In the event that the LAFCO Executive Officer determines that securing a quorum of Selection Committee members for a meeting is not feasible, the Executive Officer may conduct the business of the Selection Committee in writing (Gov. Code §56332).

2023 SPECIAL DISTRICT SELECTION COMMITTEE ELECTION SCHEDULE

<u>Date/Deadline</u>	<u>Task</u>
2/2/23	LAFCO sends letter announcing vacancy, election schedule, and calls for nominations and names of voting delegates
3/6/23	LAFCO sends reminder
4/3/23	Districts' deadline for submitting names of voting delegates and nominating resolutions

IF AN ELECTION IS NEEDED, THE FOLLOWING SCHEDULE WILL APPLY:

Early April 2023	LAFCO transmits list of candidates and ballots to voting delegates (email and US mail)
Late April 2023	LAFCO sends reminder to return completed ballots to the LAFCO office by <u>May 19, 2023</u> .
5/19/23	Election date/deadline for returning ballots
5/26/23	LAFCO must make election results available within 7 days of election [Gov. Code §56332(f)(6)]