



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Carolyn Graham • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Ashley Porter • Director – Lesley Belcher

**NOTICE OF THE REGULAR MEETING
OF THE STANDING FINANCE COMMITTEE
OF THE TOWN OF DISCOVERY BAY
Wednesday, October 1, 2025, 4:30p.m.**

TO ATTEND IN PERSON: The meeting will be held at the Community Center located at 1601 Discovery Bay Boulevard, Discovery Bay, CA 94505.

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/82820740593>

TO ATTEND BY PHONE: +1 (669) 444 9171 or +1 (719) 359 4580 **WEBINAR ID:** 828 2074 0593

Download Agenda Packet and Materials at www.todb.ca.gov

Finance Committee Members

Chair Ashley Porter

Vice-Chair Kevin Graves

A. ROLL CALL

1. Call business meeting to order 4:30p.m.
2. 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 Committee 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 Committee for consideration. Any person wishing to speak will have 3 minutes to make their comment. There will be no dialog between the Committee and the commenter as the law strictly limits the ability of Committee 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 Committee only. Any clarifying questions from the Committee must go through the Chair. Comments from the public do not necessarily reflect the viewpoint of the Committee members.

C. DRAFT MINUTES TO BE APPROVED

1. Approve Finance DRAFT Meeting Minutes of June 4, 2025.

D. PRESENTATIONS

1. Bi-Monthly Finance Report.

E. UPDATES

1. Tyler Technologies Implementation Update.

F. DISCUSSION

1. Discussion and Possible Recommendation on Audited Financial Statements for Fiscal Year 2024-2025 Ending June 30, 2025.

G. FUTURE DISCUSSION/AGENDA ITEMS

H. ADJOURNMENT

1. Adjourn to the next Standing Finance Committee meeting at the Community Center located at 1601 Discovery Bay Boulevard, Discovery Bay, CA 94505.

"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 – Carolyn Graham • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Ashley Porter • Director – Lesley Belcher

**MINUTES OF THE REGULAR MEETING
OF THE STANDING FINANCE COMMITTEE
OF THE TOWN OF DISCOVERY BAY
Wednesday, June 4, 2025, 4:30p.m.**

Finance Committee Members

Chair Ashley Porter

Vice-Chair Kevin Graves

A. ROLL CALL

1. Call business meeting to order 4:30p.m.
2. Roll Call was taken, and all members were present with Director Porter joining remotely.

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

None.

C. DRAFT MINUTES TO BE APPROVED

1. Approve Finance DRAFT Meeting Minutes of April 2, 2025.

Vice Chair Graves made a Motion to Approve the April 2, 2025 Draft Meeting Minutes.

Chair Porter seconded.

Vote: Motion Carried – AYES: 2, NOES: 0, ABSTAINED: 0, ABSENT: 0

D. PRESENTATIONS

1. Bi-Monthly Financial Report.

Presented by Finance Manager Margaret Moggia.

- Water
 - Revenues exceeded budget due to higher water charges and capacity and connection fees.
 - Expenses exceeded budget due to high utility charges, system maintenance fees and administrative costs.
- Wastewater
 - Revenues exceeded budget due to sewer charges and capacity fees being higher than budget amount.
 - Expenses were below budget due to lower salary and benefits and system maintenance.
- Zone 8
 - Revenues exceeded budget due to community center fees.
- Community Center Expenses
 - Expenses were lower than budgeted due to savings on salary and benefits, facility maintenance, and program costs.
- Landscape Expenses
 - Expenses were lower than budget due to lower salary and benefits.
- Zone 9

- Assessment income was slightly higher than budgeted amount.
- Expenses are lower than budget due to lower salary and benefits, facility maintenance, administrative costs and utilities.
- FY 2025 Capital Projects
 - Administrative building: \$191,053.
 - Willow Filter Repair: \$1,886,161.
 - Well 8: \$2,423,000.
 - Marina Underwater Crossing: \$446,917.
 - Cathodic Protection: \$23,705.
 - Solar Project: \$55,050.
 - Village Lift Station: \$4,560.
 - Wilde Drive: \$70,757.
 - Clipper Drive: \$69,463.
 - Pool heaters: \$18,670.
- FY 2025 Debt Portfolio
 - Current debt outstanding:
 - 2017 Bond: \$7,425,000.
 - 2022 Bond: \$16,135,000.
 - 2022B Bond: \$10,362,000.
- Completed FY 2025 Finance Activities
 - Finalized Rate Study Report and Initiated Prop 218
 - Presented Draft Fiscal Year 2025-2026 Budget
- Upcoming FY 2025 Finance Activities
 - Compliance with AB2561
 - Board's Approval of Fiscal Year 2025-2026 Budget and Rate Study
 - Classification and Compensation Study
 - Financial Software Implementation

E. UPDATES

None.

F. DISCUSSION

1. Discussion and Possible Feedback to Set Public Hearing to Adopt the Operating and Capital Improvement Budgets for Fiscal Year 2025-2026.

- Committee has reviewed Budget extensively at prior meetings.

Committee recommends bringing item to Board of Directors Meeting.

2. Discussion and Possible Feedback to Adopt Resolution No. 2025-04 - Notice of Intent to Levy and Collect an Annual Assessment for the Ravenswood Improvement District - DB Lighting and Landscape Zone 9 for Fiscal Year 2025-2026 and Set Public Hearing.

Presented by Finance Manager Margaret Moggia.

- This is an annual item.

Committee recommends bringing item to Board of Directors Meeting.

G. FUTURE DISCUSSION/AGENDA ITEMS

None.

H. ADJOURNMENT

1. Adjourned at 4:56p.m. to the next Standing Finance Committee meeting on August 6, 2025, at the Community Center located at 1601 Discovery Bay Boulevard.

Finance Committee Meeting October 1, 2025

Financial Results through August 2025

Fiscal Year 2026 Finance Activities



Fiscal Year 2026 Financial Results (Water)

	Actual Through August	Budget Through August
Fixed Charge (First installment 12/19/25)	0	0
Meter Installation	56,030	55,978
Interest Income	10,637	42,816
Water Charges	825,629	763,748
Meter Charge Commercial	20,835	26,750
Capacity / Connection Fees	41,184	0
Other	7,245	3,000
Total Revenues	\$961,560	\$892,292



Fiscal Year 2026 Financial Results (Water)

	Actual Through August	Budget Through August
Salary and Benefits	160,977	203,852
Administrative Costs	211,103	216,311
Professional Services	21,309	80,718
Contract Operations	146,914	152,439
Program and Maintenance Costs	872	6,331
Permits	1,919	9,996
System Maintenance	233,224	249,733
Utilities	197,660	233,499
Debt Service (Payment Due 12/1/2025)	0	0
Total Expenses	\$973,977	\$1,142,876
Overall, Net Revenues over Expenses	\$(12,417)	\$(250,584)



Fiscal Year 2026 Financial Results (Wastewater)

	Actual Through August	Budget Through August
Fixed Charge (First installment 12/19/25)	0	0
Sewer Charge	48,687	25,520
Interest Income	63	40,817
Capacity / Connection Fees	102,432	0
Other	2,020	2,080
Total Revenues	\$153,262	\$66,337



Fiscal Year 2026 Financial Results (Wastewater)

	Actual Through August	Budget Through August
Salary and Benefits	166,934	147,324
Administrative Costs	263,746	378,333
Professional Services	26,359	36,569
Contract Operations	220,371	228,242
Program and Maintenance Costs	5,276	4,498
Permits	38,042	23,324
System Maintenance	177,449	107,124
Utilities	108,328	216,446
Debt Service (Payment Due 12/1/2025)	0	0
Total Expenses	\$1,006,507	\$1,141,860
Overall, Net Revenues over Expenses	\$(853,241)	\$(1,073,524)



Fiscal Year 2026 Financial Results (Zone 8)

	Actual Through August	Budget Through August
Property Tax	0	0
Community Center Program Fees	7,440	17,829
County Reimburse	0	11,995
Rentals	1,836	6,664
Community Center Fee	33,635	0
Interest	0	8,497
Other	0	2,582
Total Revenues	\$42,911	\$47,567



Fiscal Year 2026 Financial Results (Zone 8)

	Actual Through August	Budget Through August
Salary and Benefits	105,922	112,255
Administrative Costs	29,275	40,210
Professional Services	940	1,749
Program and Maintenance Costs	29,022	27,272
Permits	1,355	167
Utilities	32,085	34,486
Capital Outlay	0	82,467
Total Expenses	\$198,599	\$299,323
Overall, Net Revenues over Expenses	\$(155,688)	\$(251,756)



Fiscal Year 2026 Financial Results (Zone 9)

	Actual Through August	Budget Through August
Assessment Income	0	0
Interest Income	0	1,833
County Reimburse	0	2,999
Total Revenues	\$0	\$4,832

	Actual Through August	Budget Through August
Salary and Benefits	6,513	10,496
Administrative Costs	6,251	9,599
Professional Services	283	950
Program and Maintenance Costs	465	10,029
Utilities	5,164	4,032
Total Expenses	\$18,675	\$35,105
Overall, Net Revenues over Expenses	\$(18,675)	\$(30,273)





FY 2026 Capital Projects

Administration Building

Mobile Modular Building \$ 300,788

Water Capital Improvement Projects

Well 8 \$3,618,499
Marina Underwater Crossing \$ 464,114
Cathodic Protection \$ 29,690
Solar Project \$ 120,668
Sand Point Underwater Crossing \$ 8,589



FY 2026 Capital Projects

Waste Water Capital Improvement Projects

Village Lift Station \$678,181

Landscape Projects

None currently

Community Center / Parks

None currently



FY 2025 Debt Portfolio

December 1 - Principal and Interest Payment
 June 1 – Interest Payment

	2017	2022	2022B (Refunded 2012)
Original Debt Issuance	\$8,825,000	\$16,860,000	\$11,650,000
Current Debt Outstanding	\$7,425,000	\$16,135,000	\$10,362,000
All In Total Interest Cost %	3.9281%	4.1924%	3.6837%
Final Maturity	12/1/2047	12/1/2052	12/1/2042



Water Construction Proceeds - \$2.7M
 Wastewater Construction Proceeds - \$0M

Fiscal Year 2026 Finance Activities Completed This Period

- Annual Audit

Upcoming/In Progress

- State reporting – Mark Roos reporting (Debt)
- Classification and Compensation Study
 - Job Classifications have been finalized; compensation study under review
- Financial Software Implementation
 - Modules completed: general ledger, accounts payable, project accounting, bank reconciliation
 - Modules in progress: payroll, fixed asset, utility billing, cashiering





**AGENDA ITEM:
F1**

Town of Discovery Bay

“A Community Services District”

STAFF REPORT

Agenda Title: Discussion and Possible Recommendation on Audited Financial Statements for Fiscal Year 2024-2025 Ending June 30, 2025.

Meeting Date: October 1, 2025

Prepared By: Margaret Moggia, Finance Manager

Submitted By: Dina Breitstein, General Manager

RECOMMENDED ACTION:

- a. Discuss and Make a Recommendation to the Board of Directors that they Accept and Approve the Audited Financial Statements for Fiscal Year Ending June 30, 2025.

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 19, 2024, the Board of Directors approved contracting with CliftonLarsonAllen LLP (CLA) to perform the Annual Audit for the three fiscal years ending June 30, 2024-2026 for the Town of Discovery Bay Community Services District and the Discovery Bay Public Financing Authority, and provide the following reports:

- 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.

CLA conducted the field work for the Annual Audit for Fiscal Year ending June 30, 2025, in August 2025 and have subsequently prepared Audited Financial Statements for your review and approval. Staff have reviewed the financial statements and recommend acceptance and approval by the Board of Directors.

FISCAL IMPACT:

Audit contract fees were approved and budgeted for in the Fiscal Year 2024-2025 budget.

PREVIOUS RELEVANT BOARD ACTIONS FOR THIS ITEM:

June 19, 2024 - Approve CLA Contract to Perform Audit Services.

ATTACHMENTS:

1. Town of Discovery Bay Community Services District Financial Statements as of June 30, 2025.
 2. Town of Discovery Bay Community Services District Governance Communication.
 3. Town of Discovery Bay Community Services District Internal Control Communication.
 4. Management Representation Letter as of September 22, 2025.
 5. CliftonLarsonAllen LLP Presentation.
-

**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

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**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
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INDEPENDENT AUDITORS' REPORT

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 and each major fund of Town of Discovery Bay Community Services District ("District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise 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 and each major fund of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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.

Emphasis-of-Matters

As described in Note 11 to the financial statements, as of July 1, 2024, fund balance of governmental funds was adjusted for changes to or within the financial reporting entity and net position of proprietary funds was restated to correct an error. Our opinions are not modified with respect to these matters.

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules 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 GAAS, 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 September 22, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
September 22, 2025

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025 has been provided by the management of the District. The management's discussion and analysis are intended to serve as an introduction to the District's financial statements which follow this section, and it is recommended to be reviewed in conjunction with them.

Financial Highlights

- The District's overall net position decreased by \$451,646 over the prior year, including a \$95,972 increase in net position of governmental activities, and a \$547,618 decrease in net position of business-type activities. The District's total net position is now \$51,058,889.
- Total assets of the District were \$88,078,645 with capital assets at \$64,165,619 net of accumulated depreciation. Current, non-current and other assets were \$23,913,026.
- Total liabilities were \$36,996,492 consisting of long-term liabilities of \$34,468,232 and other current liabilities of \$2,528,260.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$51,058,889 (net position). Of this amount, \$19,082,226 (unrestricted net position) may be used to meet the District's ongoing obligations, and \$31,976,663 is net investment in capital assets.
- On the current financial resource basis, the District's governmental fund expenditure exceeded revenues (including \$1,179,517 in capital outlay expenditures) by \$658,576. The proprietary fund expenses exceeded revenues by \$547,618.
- At year-end, there was \$1,706,511 in cash and investments to fund future governmental activities, and \$21,372,921 in cash and investments to fund future business-type activities.
- During the fiscal year, the District closed out the Community Center fund to the Lighting and Landscape Zone 8 to reflect the operations of the District.
- During the fiscal year, the District restated the handling of the Financing Authority activity by reclassifying to the proper fund (water or sewer).

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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The **Statement of Net Position** displays all 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 on 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 on 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, 2025**

A review of the 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, 2025, the District's net position was \$51,058,889, a decrease of \$451,646 from the previous year. The following table outlines the District's net position by function for the current and prior fiscal year.

Town of Discovery Bay Community Services District Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total		Variance
	2025	2024	2025	2024	2025	2024	\$
Assets							
Current and Other Assets	\$ 1,691,582	\$ 2,597,872	\$ 22,221,444	\$ 25,795,701	\$ 23,913,026	\$ 28,393,573	\$ (4,480,547)
Capital Assets, Net	3,519,055	2,678,996	60,646,564	59,527,752	64,165,619	62,206,748	1,958,871
Total Assets	5,210,637	5,276,868	82,868,008	85,323,453	88,078,645	90,600,321	(2,521,676)
Liabilities							
Current Liabilities	90,137	242,078	2,438,123	3,314,302	2,528,260	3,556,380	(1,028,120)
Noncurrent Liabilities	18,861	29,123	34,449,371	35,479,683	34,468,232	35,508,806	(1,040,574)
Total Liabilities	108,998	271,201	36,887,494	38,793,985	36,996,492	39,065,186	(2,068,694)
Deferred Inflows of Resources	-	-	23,264	24,600	23,264	24,600	(1,336)
Net Position							
Invested in Capital Assets	3,481,145	2,678,996	28,495,518	27,943,171	31,976,663	30,622,167	1,354,496
Unrestricted	1,620,494	2,326,671	17,461,732	18,561,697	19,082,226	20,888,368	(1,806,142)
Total Net Position	\$ 5,101,639	\$ 5,005,667	\$ 45,957,250	\$ 46,504,868	\$ 51,058,889	\$ 51,510,535	\$ (451,646)

By far the largest portion of the District's net position, 63%, 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 remaining 37% of the District's net position reflects its unrestricted net position which may be used to meet the government's ongoing obligations.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025.

Town of Discovery Bay Community Services District Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues						
Charges for Services	\$ 310,107	\$ 399,777	\$ 13,241,960	\$ 11,643,402	\$ 13,552,067	\$ 12,043,179
Operating Grants and Contributions	326,813	351,631	68,740	132,640	395,553	484,271
Capital Grants and Contributions	182,245	111,930				
General Revenues					-	-
Property Taxes	890,529	856,834	-	-	890,529	856,834
Investment Income	89,589	108,945	978,343	1,143,948	1,067,932	1,252,893
Other	8,391	12,636	-	-	8,391	12,636
Total Revenues	1,807,674	1,841,753	14,289,043	12,919,990	15,914,472	14,649,813
EXPENSES						
General Government	225,601	209,602	-	-	225,601	209,602
Community Center	-	1,282	-	-	-	1,282
Lighting and Landscaping Zone 8	1,335,775	1,235,187	-	-	1,335,775	1,235,187
Lighting and Landscaping Zone 9	150,326	155,043	-	-	150,326	155,043
Water	-	-	6,472,372	4,887,622	6,472,372	4,887,622
Sewer	-	-	7,001,479	6,735,861	7,001,479	6,735,861
Financing Authority	-	-	1,362,810	1,399,602	1,362,810	1,399,602
Total Expenses	1,711,702	1,601,114	14,836,661	13,023,085	16,548,363	14,624,199
CHANGE IN NET POSITION	95,972	240,639	(547,618)	(103,095)	(633,891)	25,614
Net Position - Beginning of Year	5,005,667	4,765,028	46,504,868	46,607,963	51,510,535	51,372,991
NET POSITION - END OF YEAR	\$ 5,101,639	\$ 5,005,667	\$ 45,957,250	\$ 46,504,868	\$ 50,876,644	\$ 51,398,605

Governmental Activities

The \$95,972 increase in net position is attributed to each function as follows:

- Charges for services decreased by \$89,670 due higher assessment for Zone 9, and community center rentals and classes.
- Increase of \$70,315 in Capital grants and contributions for developer fees paid towards park enhancement and community center projects.
- Expenses increased \$110,588 due to additional expenditures towards landscape projects through the Town and County zones.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

Business-type Activities

- Charges for services increased \$1,598,558 due to an increase in rates and higher sales activity during the fiscal year and an increase level of activity of developer connection and capacity fees.
- Investment income decreased \$165,605 due to the District utilizing its reserves to fund capital projects
- Expenses increased \$1,813,576 primarily due to increases in repairs and maintenance to the water system with also additional increases in insurance, employee payroll and electricity costs.

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 \$658,576. The fund balance of the Lighting and Landscaping Zone 8 fund decreased by \$564,036, the fund balance of the Lighting and Landscaping Zone 9 fund decreased by \$181,758, and the fund balance of the general fund increased by \$87,218. At year-end, the combined fund balance of the governmental funds was \$1,607,929 consisting of nonspendable, restricted, and unassigned funds.

Governmental funds saw an increase in revenues from charges for services and capital funding from developer fees. Those revenues were offset by an increase in operating expenditure for an increased effort in landscape services throughout the District.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 \$547,618 from \$46,504,868 to \$45,957,250. The net position included \$16,032,427 in unrestricted net position which has decreased by \$1,015,184 from the previous year. There was a corresponding increase in the Net Investment in Capital Assets increasing from \$24,549,938 to \$29,924,823 due to the completion of capital projects. The change in net position is due to higher charges of services being offset by increases in operating expenses primarily within repairs and maintenance of the water system.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District's investment in capital assets amounted to \$64,165,619 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, structures and improvements, and treatment and collection.

The District's total investment in capital assets before depreciation increased by \$5,404,280 from \$98,723,233 to \$104,127,513. Significant additions to capital assets included completed projects and acquisitions and ongoing capital projects:

Completed Projects and Acquisitions

Willow Treatment Plant Filter \$636,882 (total project \$1,916,489)
Community Center sewer replacement \$293,538
Zone 8 landscape medians \$463,867
Building security camera \$24,450
Community Center retaining wall \$183,358
Facility truck \$64,667
Newport lift station \$88,605
Community Center pool heater \$18,670
Ravenswood Park splashpad \$200,662
Cornell Park play structure \$206,476
Zone 9 Wilde Drive landscape \$70,756
Facility equipment \$108,385

Ongoing capital projects

Well 8 \$2,018,436
Marina underwater crossing \$339,112
Solar Project – phase I \$120,668
Administration building \$223,653

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 415,930	\$ 415,930	\$ 456,896	\$ 456,896	\$ 872,826	\$ 872,826
Buildings and Improvements	5,418,215	4,518,443	818,921	794,471	6,237,136	5,312,914
Treatment and Collection	-	-	58,454,386	58,397,009	58,454,386	58,397,009
Structure and Improvements	-	-	30,642,786	28,215,253	30,642,786	28,215,253
Equipment	655,379	655,379	1,212,696	1,104,311	1,868,075	1,759,690
Office Furniture and Equipment	25,665	25,665	185,205	185,205	210,870	210,870
Vehicles	80,133	80,133	1,301,063	1,236,396	1,381,196	1,316,529
Construction in Progress	-	-	4,460,238	2,638,142	4,460,238	2,638,142
Total	6,595,322	5,695,550	97,532,191	93,027,683	104,127,513	98,723,233
Less: Accumulated Depreciation	(3,076,267)	(3,013,554)	(36,885,627)	(33,499,931)	(39,961,894)	(36,513,485)
Net Capital Assets	\$ 3,519,055	\$ 2,681,996	\$ 60,646,564	\$ 59,527,752	\$ 64,165,619	\$ 62,209,748

Additional information on the District's capital assets can be found in Note 5 of the "Notes to Financial Statements" section.

Debt Administration

On June 30, 2025, the District had \$33,922,000 in outstanding debt as compared to \$34,808,000 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. During the fiscal year 2023, the District issued \$11,650,000 Discovery Bay Public Financing Authority Enterprise Revenue Refunding Bonds, Series 2022B. The bonds were issued to refinance the Series 2012 Enterprise Revenue Bonds.

There was no new debt issued during the fiscal year, and the District made debt service payments of \$537,092 for the Water System and \$1,791,536 for Wastewater System.

Additional information regarding the District's debt can be found in Note 6 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. In addition, the District is experiencing higher costs for capital projects and aging infrastructure. These demands have been addressed in the District's capital improvement program and its water rate study. The District completed its 2025 water rates study that sets the rates for the fiscal year 2026-2030. The Board approved the new rates and charges for the water and sewer system in June 2025 that accounts for the operational and capital expenses over the next five years to operate, maintain, and build the necessary infrastructure to meet the community needs.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,706,511	\$ 18,126,966	\$19,833,477
Accounts Receivable, Net of Allowance for Doubtful Accounts	34,179	685,358	719,537
Internal Balances	(69,781)	69,781	-
Prepaid Items	16,051	92,552	108,603
Advances on Taxes	4,622	832	5,454
Total Current Assets	<u>1,691,582</u>	<u>18,975,489</u>	<u>20,667,071</u>
Noncurrent Assets:			
Cash and Investments - Restricted	-	3,245,955	3,245,955
Capital Assets, Nondepreciable	415,930	4,917,134	5,333,064
Capital Assets, Depreciable, Net	3,103,125	55,729,430	58,832,555
Total Noncurrent Assets	<u>3,519,055</u>	<u>63,892,519</u>	<u>67,411,574</u>
Total Assets	<u>5,210,637</u>	<u>82,868,008</u>	<u>88,078,645</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	60,653	809,632	870,285
Accrued Payroll	-	7,832	7,832
Deposits Payable	-	516,018	516,018
Interest Payable	-	117,892	117,892
Compensated Absences, Current	29,484	66,749	96,233
Bonds Payable, Current	-	920,000	920,000
Total Current Liabilities	<u>90,137</u>	<u>2,438,123</u>	<u>2,528,260</u>
Noncurrent Liabilities:			
Compensated Absences	18,861	42,700	61,561
Bonds Payable	-	33,002,000	33,002,000
Unamortized Bond Premium	-	1,404,671	1,404,671
Total Noncurrent Liabilities	<u>18,861</u>	<u>34,449,371</u>	<u>34,468,232</u>
Total Liabilities	<u>108,998</u>	<u>36,887,494</u>	<u>36,996,492</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding	-	23,264	23,264
NET POSITION			
Net Investment in Capital Assets	3,481,145	28,496,888	31,978,033
Unrestricted	1,620,494	17,460,362	19,080,856
Total Net Position	<u>\$ 5,101,639</u>	<u>\$ 45,957,250</u>	<u>\$51,058,889</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 225,601	\$ -	\$ 238,531	\$ -	\$ 12,930	\$ -	\$ 12,930
Lighting and Landscaping Zone 8	1,335,775	139,108	71,826	182,245	(942,596)	-	(942,596)
Lighting and Landscaping Zone 9	150,326	170,999	16,456	-	37,129	-	37,129
Total Governmental Activities	<u>1,711,702</u>	<u>310,107</u>	<u>326,813</u>	<u>182,245</u>	<u>(892,537)</u>	<u>-</u>	<u>(892,537)</u>
Business-Type Activities:							
Water	6,472,372	5,898,303	61,639	-	-	(512,430)	(512,430)
Sewer	7,001,479	7,343,657	7,101	-	-	349,279	349,279
Financing Authority	1,362,810	-	-	-	-	(1,362,810)	(1,362,810)
Total Business-Type Activities	<u>14,836,661</u>	<u>13,241,960</u>	<u>68,740</u>	<u>-</u>	<u>-</u>	<u>(1,525,961)</u>	<u>(1,525,961)</u>
Total Primary Government	<u>\$ 16,548,363</u>	<u>\$ 13,552,067</u>	<u>\$ 395,553</u>	<u>\$ 182,245</u>	(892,537)	(1,525,961)	(2,418,498)
General Revenues							
Taxes:							
Property Taxes					890,529	-	890,529
Net Investment Income					89,589	978,343	1,067,932
Other Income					8,391	-	8,391
Total General Revenues					<u>988,509</u>	<u>978,343</u>	<u>1,966,852</u>
CHANGE IN NET POSITION					<u>95,972</u>	<u>(547,618)</u>	<u>(451,646)</u>
Net Position - Beginning of Year					<u>5,005,667</u>	<u>46,504,868</u>	<u>51,510,535</u>
NET POSITION - END OF YEAR					<u>\$ 5,101,639</u>	<u>\$ 45,957,250</u>	<u>\$ 51,058,889</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 170,712	\$ 1,334,078	\$ 201,721	\$ 1,706,511
Accounts Receivable	12,927	17,002	4,250	34,179
Prepaid Items	-	11,847	4,204	16,051
Advances on Taxes	-	4,622	-	4,622
Total Assets	<u>\$ 183,639</u>	<u>\$ 1,367,549</u>	<u>\$ 210,175</u>	<u>\$ 1,761,363</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 199	\$ 59,020	\$ 1,434	\$ 60,653
Due to Other Funds	-	65,398	4,383	69,781
Total Liabilities	<u>199</u>	<u>124,418</u>	<u>5,817</u>	<u>130,434</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues	10,071	10,343	2,586	23,000
Total Deferred Inflow of Resources	<u>10,071</u>	<u>10,343</u>	<u>2,586</u>	<u>23,000</u>
FUND BALANCES				
Nospendable				
Prepays	-	11,847	4,204	16,051
Restricted for:				
Lighting and Landscaping Zone 8	-	1,220,941	-	1,220,941
Lighting and Landscaping Zone 9	-	-	197,568	197,568
Unassigned	173,369	-	-	173,369
Total Fund Balances	<u>173,369</u>	<u>1,232,788</u>	<u>201,772</u>	<u>1,607,929</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 183,639</u>	<u>\$ 1,367,549</u>	<u>\$ 210,175</u>	<u>\$ 1,761,363</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Funds	\$ 1,607,929
Amounts reported for governmental activities in the statement of net position are different because:	
Revenues not collected within availability period are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailble revenue in the governmental funds	23,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,519,055
Compensated absences are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds.	<u>(48,345)</u>
Net Position of Governmental Activities	<u><u>\$ 5,101,639</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	Community Center	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ -	\$ 890,529	\$ -	\$ 890,529
Assessment Income	-	-	-	170,999	170,999
Intergovernmental Revenues	304,820	-	65,826	16,456	387,102
Charges for Services	-	-	139,108	-	139,108
Developer Fees	-	-	182,245	-	182,245
Interest Income	5,277	-	69,544	14,768	89,589
Other	2,722	-	11,669	-	14,391
Total Revenues	<u>312,819</u>	<u>-</u>	<u>1,358,921</u>	<u>202,223</u>	<u>1,873,963</u>
EXPENDITURES					
Current:					
General Government:					
Payroll Expenses	-	-	486,104	52,184	538,288
Repairs and Maintenance	-	-	158,203	18,141	176,344
Utilities	-	-	235,553	19,131	254,684
Other	225,601	-	109,880	14,016	349,497
Insurance	-	-	13,977	4,677	18,654
Professional Fees	-	-	11,142	4,413	15,555
Capital Outlay	-	-	908,098	271,419	1,179,517
Total Expenditures	<u>225,601</u>	<u>-</u>	<u>1,922,957</u>	<u>383,981</u>	<u>2,532,539</u>
NET CHANGE IN FUND BALANCES	87,218	-	(564,036)	(181,758)	(658,576)
Fund Balances - Beginning, as Originally Reported	86,151	360,095	1,436,729	383,530	2,266,505
Adjustment	-	(360,095)	360,095	-	-
Fund Balances - Beginning, as Adjusted	<u>86,151</u>	<u>-</u>	<u>1,796,824</u>	<u>383,530</u>	<u>2,266,505</u>
FUND BALANCES - END OF YEAR	<u>\$ 173,369</u>	<u>\$ -</u>	<u>\$ 1,232,788</u>	<u>\$ 201,772</u>	<u>\$ 1,607,929</u>

See accompanying Notes to Basic Financial Statements.

**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
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$ (658,576)
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.	(66,289)
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.	1,179,517
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(325,306)
Loss on disposal of capital assets is recognized in the statement of activities, but is not reported in the funds.	(14,152)
Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.	<u>(19,222)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 95,972</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Water	Sewer	Financing Authority	Total
CURRENT ASSETS				
Cash and Investments	\$ 5,490,920	\$ 12,636,046	\$ -	\$ 18,126,966
Accounts Receivable, Net	626,747	58,611	-	685,358
Interest Receivable	-	-	117,892	117,892
Due from Other Funds	12,056	57,725	-	69,781
Prepaid Items	42,636	49,916	-	92,552
Advances on Taxes	333	499	-	832
Total Current Assets	<u>6,172,692</u>	<u>12,802,797</u>	<u>117,892</u>	<u>19,093,381</u>
NONCURRENT ASSETS				
Cash and Investments - Restricted	3,244,666	1,289	-	3,245,955
Interfund Receivable	-	-	33,922,000	33,922,000
Capital Assets, Nondepreciable	4,224,439	692,695	-	4,917,134
Capital Assets, Depreciable, Net	9,971,195	45,758,235	-	55,729,430
Total Noncurrent Assets	<u>17,440,300</u>	<u>46,452,219</u>	<u>33,922,000</u>	<u>97,814,519</u>
Total Assets	<u>\$ 23,612,992</u>	<u>\$ 59,255,016</u>	<u>\$ 34,039,892</u>	<u>\$ 116,907,900</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	520,437	289,195	-	809,632
Accrued Payroll	-	7,832	-	7,832
Deposits Payable	516,018	-	-	516,018
Interest Payable	22,457	95,435	117,892	235,784
Interfund Payable, Current	265,000	655,000	-	920,000
Compensated Absences, Current	34,872	31,877	-	66,749
Bonds Payable, Current	-	-	920,000	920,000
Total Current Liabilities	<u>1,358,784</u>	<u>1,079,339</u>	<u>1,037,892</u>	<u>3,476,015</u>
NONCURRENT LIABILITIES				
Interfund Payable	5,776,000	27,226,000	-	33,002,000
Compensated Absences	22,308	20,392	-	42,700
Bonds Payable	-	-	33,002,000	33,002,000
Unamortized Bond Premium	-	-	1,404,671	1,404,671
Total Noncurrent Liabilities	<u>5,798,308</u>	<u>27,246,392</u>	<u>34,406,671</u>	<u>67,451,371</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Gain on Refunding	-	-	23,264	23,264
NET POSITION				
Net Investment in Capital Assets	11,369,599	18,555,224	-	29,924,823
Unrestricted	5,086,301	12,374,061	(1,427,935)	16,032,427
Total Net Position	<u>16,455,900</u>	<u>30,929,285</u>	<u>(1,427,935)</u>	<u>45,957,250</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 23,612,992</u>	<u>\$ 59,255,016</u>	<u>\$ 34,039,892</u>	<u>\$ 116,907,900</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Water	Sewer	Financing Authority	Total
OPERATING REVENUES				
Charges for Services	\$ 5,275,567	\$ 6,677,073	\$ -	\$ 11,952,640
Connection Fees	296,920	666,584	-	963,504
Other	387,455	7,101	-	394,556
Total Operating Revenues	<u>5,959,942</u>	<u>7,350,758</u>	<u>-</u>	<u>13,310,700</u>
OPERATING EXPENSES				
Depreciation	860,221	2,525,475	-	3,385,696
Contract Services	1,071,764	1,741,294	-	2,813,058
Repairs and Maintenance	1,814,717	149,281	-	1,963,998
Payroll Expenses	663,821	616,897	-	1,280,718
Utilities	866,521	874,561	-	1,741,082
Insurance	312,824	405,705	-	718,529
Professional Fees	267,391	431,415	-	698,806
Miscellaneous	328,592	64,235	-	392,827
Permits and Fees	57,243	71,631	-	128,874
Chemicals	61,789	-	-	61,789
Telephone and Communications	20,951	28,323	-	49,274
Supplies	19,919	55,219	-	75,138
Contract Mailings	49,460	-	-	49,460
Rent	16,500	16,500	-	33,000
Directors' Expenses	11,989	11,879	-	23,868
Bank Fees and Merchant Charges	37,351	-	-	37,351
Memberships	11,319	9,064	-	20,383
Total Operating Expenses	<u>6,472,372</u>	<u>7,001,479</u>	<u>-</u>	<u>13,473,851</u>
OPERATING INCOME (LOSS)	(512,430)	349,279	-	(163,151)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	451,916	526,427	1,448,961	2,427,304
Interest Expense	(280,364)	(1,168,597)	(1,362,810)	(2,811,771)
Total Nonoperating Revenues (Expenses)	<u>171,552</u>	<u>(642,170)</u>	<u>86,151</u>	<u>(384,467)</u>
CHANGES IN NET POSITION	(340,878)	(292,891)	86,151	(547,618)
Net Position - Beginning of Year, as Originally Reported	11,416,261	31,219,825	3,868,782	46,504,868
Restatement	5,380,517	2,351	(5,382,868)	-
Net Position - Beginning of Year, as Restated	<u>16,796,778</u>	<u>31,222,176</u>	<u>(1,514,086)</u>	<u>46,504,868</u>
NET POSITION - END OF YEAR	<u>\$ 16,455,900</u>	<u>\$ 30,929,285</u>	<u>\$ (1,427,935)</u>	<u>\$ 45,957,250</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Water	Sewer	Financing Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 5,703,393	\$ 7,343,706	\$ -	\$ 13,047,099
Payments to Vendors and Suppliers	(5,023,573)	(4,751,943)	-	(9,775,516)
Payments to Employees and Directors	(635,767)	(595,867)	-	(1,231,634)
Net Cash Provided by Operating Activities	<u>44,053</u>	<u>1,995,896</u>	<u>-</u>	<u>2,039,949</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Interfund Payable	(258,000)	(628,000)	-	(886,000)
Interest Payments on Interfund Payable	(281,911)	(1,171,909)	-	(1,453,820)
Principal Payments Received on Interfund Receivable	-	-	886,000	886,000
Interest Payments Received on Interfund Receivable	-	-	1,453,820	1,453,820
Principal Payments on Bonds Payable	-	-	(886,000)	(886,000)
Interest Payments on Bonds Payable	-	-	(1,453,820)	(1,453,820)
Acquisition of Capital Assets	(3,317,559)	(1,186,949)	-	(4,504,508)
Net Cash Used by Capital and Related Financing Activities	<u>(3,857,470)</u>	<u>(2,986,858)</u>	<u>-</u>	<u>(6,844,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	451,916	526,427	-	978,343
Net Cash Provided by Investing Activities	<u>451,916</u>	<u>526,427</u>	<u>-</u>	<u>978,343</u>
NET CHANGE IN CASH AND INVESTMENTS				
	(3,361,501)	(464,535)	-	(3,826,036)
Cash and Investments - Beginning of Year	<u>12,097,087</u>	<u>13,101,870</u>	<u>-</u>	<u>25,198,957</u>
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 8,735,586</u>	<u>\$ 12,637,335</u>	<u>\$ -</u>	<u>\$ 21,372,921</u>
FINANCIAL STATEMENT PRESENTATION				
Cash and Investments	\$ 5,490,920	\$ 12,636,046	\$ -	\$ 18,126,966
Cash and Investments - Restricted Assets	3,244,666	1,289	-	3,245,955
Total Cash and Cash Equivalents	<u>\$ 8,735,586</u>	<u>\$ 12,637,335</u>	<u>\$ -</u>	<u>\$ 21,372,921</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (512,430)	\$ 349,279	\$ -	\$ (163,151)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	860,221	2,525,475	-	3,385,696
Change in Assets and Liabilities:				
Accounts Receivable	(246,211)	60,428	-	(185,783)
Due From Other Funds	(12,056)	(57,725)	-	(69,781)
Prepaid Expenses	2,347	1,438	-	3,785
Accounts Payable	(65,534)	(836,549)	-	(902,083)
Accrued Payroll	-	7,832	-	7,832
Deposits	(10,338)	(67,480)	-	(77,818)
Compensated Absences	28,054	13,198	-	41,252
Net Cash Provided by Operating Activities	<u>\$ 44,053</u>	<u>\$ 1,995,896</u>	<u>\$ -</u>	<u>\$ 2,039,949</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. 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. Zone 9 was established by resolution on July 6, 2005.

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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

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.

B. Basis of Presentation – 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.

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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Government-Wide Financial Statements (Continued)

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. The funds of the District 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 District includes the following special revenue funds, all of which are reported as major funds:

Fund	Brief Description
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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Government-Wide Financial Statements (Continued)

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:

Fund	Brief Description
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 Districts 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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Government-Wide Financial Statements (Continued)

Proprietary Funds (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.

B. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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 District considers revenues to be available if they are collected within 60 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and asset retirement obligations are recognized based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

Property taxes, licenses, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. 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 and interest earnings from the 2017 enterprise revenue bonds, 2022 enterprise revenue bonds, and the 2022B enterprise revenue refunding bonds which are restricted for capital projects and repayment of bonds.

2. Accounts Receivable

Accounts receivable are stated as 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.

3. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

4. 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 \$5,000 and with useful lives exceeding three years.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets (Continued)

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.

Land and construction in progress are not depreciated. The other tangible property, plant, equipment, and improvements are depreciated/amortized using the straight-line 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 to 40 Years
Equipment	5 to 25 Years
Structures and Improvements	10 to 50 Years
Treatment and Collection	5 to 40 Years
Office Furniture and Equipment	5 to 25 Years
Vehicles	5 Years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred inflows of resources reported on the statement of net position relate to Deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The District has reported deferred inflows of resources related to unavailable revenues for intergovernmental revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

8. Net Position

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

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.

Restricted – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.

Unrestricted – Amounts not required to be reported in other components of net position. As of June 30, 2025, \$1,787,983 of water fund's unrestricted net position and \$2,205,227 of sewer fund's unrestricted net position, is designated for capital reserve.

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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. 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.

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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Internal and Interfund Balances and Activities

Activity between funds that is representative of lending or borrowing arrangements is reported as either “due to/from other funds” (current portion) or “advances to/from other funds (noncurrent portion).” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

11. Property Taxes

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

12. 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.

13. 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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS

Cash

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 1,706,511	\$ 18,126,966	\$ 19,833,477
Cash and Investments - Restricted	-	3,245,955	3,245,955
Total Cash and Investments	<u>\$ 1,706,511</u>	<u>\$ 21,372,921</u>	<u>\$ 23,079,432</u>

At June 30, 2025, the District's total cash and investments at fair value were as follows:

Cash:	
Cash on Hand	\$ 200
Deposits with Financial Institutions	4,336,272
Total Cash	<u>4,336,472</u>
Investments:	
California CLASS	15,361,078
Contra Costa County Treasurer	135,926
Investments Held by Bond Trustee - Money Market Mutual Funds	3,245,956
Total Investments	<u>18,742,960</u>
Total Cash and Investments	<u>\$ 23,079,432</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.

The table below identifies the investment types that are authorized for the District by the California Government Code that addresses interest rate risk, credit risk, and concentrations of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by provisions of debt agreement of the District, rather than the general provisions of the California Government Code.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment Policy (Continued)

<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

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>Total</u>	<u>12 Months or less</u>
California CLASS	\$ 15,361,078	\$ 15,361,078
Contra Costa County Treasurer Investments Held by Bond Trustee - Money Market Mutual Funds	135,926	135,926
	<u>3,245,956</u>	<u>3,245,956</u>
Total Cash and Investments	<u>\$ 18,742,960</u>	<u>\$ 18,742,960</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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. Investments with California CLASS was rated AAf by Fitch, Money Market Mutual Funds held by bond trustee was rated AAA by Standard and Poor's and investments with Contra Contra Costa County Treasurer is not rated.

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, 2025, the District's bank balances were either insured by the Federal Deposit Insurance Corporation or collateralized as required by state law.

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 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, 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, 2025, the Contra Costa County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in Cooperative Liquid Assets Securities System

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS), a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is overseen and governed by a Board of Trustees, which consists of five members who are public agency finance professionals. The fund is audited annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

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 in the County of Contra Costa Treasury Pool, California CLASS and Money Market Mutual Funds held by bond trustee are not subject to the fair value hierarchy.

NOTE 3 ACCOUNTS RECEIVABLE, NET

The accounts receivable, net balance consists of the following balances as of June 30, 2025:

	General	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Water	Sewer	Total
Accounts Receivable	\$ 12,927	\$ 17,002	\$ 4,250	\$ 652,021	\$ 58,839	\$ 745,039
Allowance for Uncollectible	-	-	-	(25,274)	(228)	(25,502)
Accounts Receivable, Net	<u>\$ 12,927</u>	<u>\$ 17,002</u>	<u>\$ 4,250</u>	<u>\$ 626,747</u>	<u>\$ 58,611</u>	<u>\$ 719,537</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 INTERFUND TRANSACTIONS

Interfund receivable and payable balances at year ended June 30, 2025 were as follows:

Fund	Interfund Receivable	Interfund Payable
Major Proprietary Funds:		
Water Fund	\$ -	\$ 6,041,000
Sewer Fund	-	27,881,000
Financing Authority	33,922,000	-
Total	<u>\$ 33,922,000</u>	<u>\$ 33,922,000</u>

The interfund receivable and payable represents the amount due from the District to meet the Authority's debt service requirements.

Due to and from other funds at year ended June 30, 2025 were as follows:

Fund	Due From	Due To
Major Governmental Funds		
Lighting and Landscaping Zone 8	\$ -	\$ 65,398
Lighting and Landscaping Zone 9	-	4,383
Major Proprietary Funds:		
Water Fund	12,056	-
Sewer Fund	57,725	-
Total	<u>\$ 69,781</u>	<u>\$ 69,781</u>

Due to and from other funds represent short-term borrowings to cover operations.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Total Nondepreciable Capital Assets	<u>415,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,930</u>
Depreciable Capital Assets					
Equipment	655,379	-	-	-	655,379
Buildings and Improvements	4,518,443	1,179,517	(279,745)	-	5,418,215
Office Furniture and Equipment	25,665	-	-	-	25,665
Vehicles	80,133	-	-	-	80,133
Total Depreciable Capital Assets	<u>5,279,620</u>	<u>1,179,517</u>	<u>(279,745)</u>	<u>-</u>	<u>6,179,392</u>
Less: Accumulated Depreciation					
Equipment	(368,211)	(39,381)	-	-	(407,592)
Buildings and Improvements	(2,544,522)	(284,581)	265,593	-	(2,563,510)
Office Furniture and Equipment	(23,688)	(1,344)	-	-	(25,032)
Vehicles	(80,133)	-	-	-	(80,133)
Total Accumulated Depreciation	<u>(3,016,554)</u>	<u>(325,306)</u>	<u>265,593</u>	<u>-</u>	<u>(3,076,267)</u>
Net Depreciable Capital Assets	<u>2,263,066</u>	<u>854,211</u>	<u>(14,152)</u>	<u>-</u>	<u>3,103,125</u>
Net Capital Assets	<u>\$ 2,678,996</u>	<u>\$ 854,211</u>	<u>\$ (14,152)</u>	<u>\$ -</u>	<u>\$ 3,519,055</u>
	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-Type Activities					
Nondepreciable Capital Assets					
Land	\$ 456,896	\$ -	\$ -	\$ -	\$ 456,896
Construction in Progress	2,638,142	3,738,585	-	(1,916,489)	4,460,238
Total Nondepreciable Capital Assets	<u>3,095,038</u>	<u>3,738,585</u>	<u>-</u>	<u>(1,916,489)</u>	<u>4,917,134</u>
Depreciable Capital Assets					
Buildings and Improvements	794,471	24,450	-	-	818,921
Treatment and Collection	58,397,009	57,377	-	-	58,454,386
Structures and Improvements	28,215,253	511,044	-	1,916,489	30,642,786
Equipment	1,104,311	108,385	-	-	1,212,696
Office Equipment	185,205	-	-	-	185,205
Vehicles	1,236,396	64,667	-	-	1,301,063
Total Depreciable Capital Assets	<u>89,932,645</u>	<u>765,923</u>	<u>-</u>	<u>1,916,489</u>	<u>92,615,057</u>
Less: Accumulated Depreciation					
Buildings and Improvements	(421,138)	(37,697)	-	-	(458,835)
Treatment and Collection	(26,575,620)	(2,456,346)	-	-	(29,031,966)
Structures and Improvements	(4,834,766)	(673,844)	-	-	(5,508,610)
Equipment	(893,668)	(55,619)	-	-	(949,287)
Office Equipment	(147,013)	(14,518)	-	-	(161,531)
Vehicles	(627,726)	(147,672)	-	-	(775,398)
Total Accumulated Depreciation	<u>(33,499,931)</u>	<u>(3,385,696)</u>	<u>-</u>	<u>-</u>	<u>(36,885,627)</u>
Net Depreciable Capital Assets	<u>56,432,714</u>	<u>(2,619,773)</u>	<u>-</u>	<u>1,916,489</u>	<u>55,729,430</u>
Net Capital Assets	<u>\$ 59,527,752</u>	<u>\$ 1,118,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,646,564</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 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	\$ 298,021
Lighting and Landscaping Zone 9	<u>27,285</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 325,306</u></u>

Business-Type Activities:

Water	\$ 860,221
Sewer	<u>2,525,475</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 3,385,696</u></u>

NOTE 6 LONG-TERM DEBT

A summary of the changes in the District's long-term liabilities for the year ended June 30, 2025, are as follows:

	Original Amount	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-Type Activity:						
Discovery Bay Public Financing Authority Series 2017 Enterprise Revenue Bonds	\$ 8,825,000	\$ 7,640,000	\$ -	\$ (215,000)	\$ 7,425,000	\$ 225,000
Discovery Bay Public Financing Authority Series 2022 Enterprise Revenue Bonds	16,860,000	16,400,000	-	(265,000)	16,135,000	275,000
Discovery Bay Public Financing Authority Series 2022B Enterprise Revenue Bonds	11,650,000	10,768,000	-	(406,000)	10,362,000	420,000
Unamortized Premiums	2,105,577	1,489,486	-	(84,815)	1,404,671	-
Totals	<u><u>\$ 39,440,577</u></u>	<u><u>\$ 36,297,486</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (970,815)</u></u>	<u><u>\$ 35,326,671</u></u>	<u><u>\$ 920,000</u></u>

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. 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.

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 LONG-TERM DEBT (CONTINUED)

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. 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.

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

2022B Enterprise Revenue Refunding Bonds

In September 2022, the Discovery Bay Public Financing Authority issued \$11,650,000 in enterprise revenue refunding bonds Series 2022B for the purpose of providing funds to enable the District to refinance the acquisition and construction of the 2012 Wastewater Project and the 2012 Water Project. The bonds carry a coupon interest rate of 3.54% 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 \$494,000 to \$763,000 are payable each year on December 1st.

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

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

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 920,000	\$ 1,414,700
2027	966,000	1,373,798
2028	1,006,000	1,330,973
2029	881,000	1,290,968
2030	921,000	1,253,806
2031-2035	5,189,000	5,666,344
2036-2040	6,322,000	44,918,378
2041-2045	7,727,000	3,035,823
2046-2050	7,095,000	1,394,050
2051-2055	2,895,000	221,625
Total	<u>\$ 33,922,000</u>	<u>\$ 61,900,465</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 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, 2025 were \$49,454.

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.

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 to the 457(b) plan 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, 2025 were \$35,500.

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 8 COMPENSATED ABSENCES

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Compensated Absences:					
Governmental Activity	\$ 29,123	\$ 19,222 *	\$ -	\$ 48,345	\$ 29,484
Business-Type Activity	68,197	41,252 *	-	109,449	66,749
Total	<u>\$ 97,320</u>	<u>\$ 60,474</u>	<u>\$ -</u>	<u>\$ 157,794</u>	<u>\$ 96,233</u>

* The change in the compensated absence liability is presented as a net change.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 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, 2025, the District participated in the property, general and auto liability, and workers' compensation programs of the SDRMA.

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 2025, 2024, and 2023. 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, 2025:

Coverage	Limits of Liability
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 10 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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Changes to or within Financial Reporting Entity

Removal of a Governmental Fund

The Community Center fund was previously reported as a major governmental fund. As of July 1, 2024, the District decided to move the continuing operations of the Community Center fund to the Lighting and Landscaping Zone 8 governmental fund. The effect of that change to or within the financial reporting entity is shown in the table below.

B. Correction of an Error in Previously Issued Financial Statements

During fiscal year 24-25, the District determined that the cash related to the bond issuances, construction in progress and accounts payable for capital assets acquired and constructed with the bond proceeds should have been reported in the Water and Sewer fund instead of the Financing Authority fund in the prior year. The Financing Authority issued the bonds and loaned the proceeds to the Water and Sewer fund for constructing and acquiring capital assets. Therefore, as of fiscal year ended June 30, 2024, in the water fund, cash and investments – restricted was understated by \$4,735,154, capital assets, non-depreciable was understated by \$645,363, and net position was understated by \$5,380,517. In the sewer fund, cash and investments – restricted was understated by \$172,165, accounts payable was understated by \$169,514, and net position was understated by \$2,351. In the Financing Authority fund, cash and investments – restricted was overstated by \$4,907,319, capital assets, non-depreciable was overstated by \$645,363, and accounts payable was overstated by \$169,514, and net position was overstated by \$5,382,869. The effect of correcting this error is shown in the table below.

	Community Center	Lighting and Landscaping Zone 8	Water	Sewer	Financing Authority
Fund Balance and Net Position at June 30, 2024, as Previously Reported	\$ 360,095	\$ 1,436,729	\$ 11,416,261	\$ 31,219,825	\$ 3,868,782
Removal of the Community Center Governmental Fund	(360,095)	360,095	-	-	-
Error Correction for Transactions Between the Financing Authority and the Water and Sewer Fund	-	-	5,380,517	2,351	(5,382,868)
Fund Balance and Net Position at July 1, 2024, as Adjusted and Restated	<u>\$ -</u>	<u>\$ 1,796,824</u>	<u>\$ 16,796,778</u>	<u>\$ 31,222,176</u>	<u>\$ (1,514,086)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Intergovernmental Revenues	\$ 71,400	\$ 304,820	\$ 233,420
Interest Income	10,000	5,277	(4,723)
Other	-	2,722	2,722
Total Revenues	<u>81,400</u>	<u>312,819</u>	<u>231,419</u>
EXPENDITURES			
Current:			
General Government:			
Other	71,400	225,601	(154,201)
Total Expenditures	<u>71,400</u>	<u>225,601</u>	<u>(154,201)</u>
NET CHANGE IN FUND BALANCES	10,000	87,218	77,218
Fund Balances - Beginning of Year	<u>86,151</u>	<u>86,151</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 96,151</u>	<u>\$ 173,369</u>	<u>\$ 77,218</u>

See accompanying Notes to Required Supplementary Information.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
LIGHTING AND LANDSCAPING ZONE 8 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Property Taxes	\$ 851,281	\$ 890,529	\$ 39,248
Intergovernmental Revenues	67,000	65,826	(1,174)
Charges for Services	121,000	139,108	18,108
Developer Fees	-	182,245	182,245
Interest Income	75,000	69,544	(5,456)
Other	22,000	11,669	(10,331)
Total Revenues	<u>1,136,281</u>	<u>1,358,921</u>	<u>222,640</u>
EXPENDITURES			
Current:			
General Government:			
Payroll Expenses	636,388	486,104	150,284
Repairs and Maintenance	144,500	158,203	(13,703)
Utilities	209,000	235,553	(26,553)
Other	122,000	109,880	12,120
Insurance	14,800	13,977	823
Professional Fees	8,000	11,142	(3,142)
Capital Outlay	<u>1,110,000</u>	<u>908,098</u>	<u>201,902</u>
Total Expenditures	<u>2,244,688</u>	<u>1,922,957</u>	<u>321,731</u>
NET CHANGE IN FUND BALANCES	(1,108,407)	(564,036)	544,371
Fund Balances - Beginning, as Originally Reported	1,436,729	1,436,729	-
Adjustment	<u>360,095</u>	<u>360,095</u>	-
Fund Balances - Beginning, as Adjusted	<u>1,796,824</u>	<u>1,796,824</u>	-
FUND BALANCES - END OF YEAR	<u>\$ 688,417</u>	<u>\$ 1,232,788</u>	<u>\$ 544,371</u>

See accompanying Notes to Required Supplementary Information.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
LIGHTING AND LANDSCAPING ZONE 9 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Assessment Income	\$ 170,999	\$ 170,999	\$ -
Intergovernmental Revenues	17,000	16,456	(544)
Interest Income	10,000	14,768	4,768
Total Revenues	<u>197,999</u>	<u>202,223</u>	<u>4,224</u>
EXPENDITURES			
Current:			
General Government:			
Payroll Expenses	58,610	52,184	6,426
Repairs and Maintenance	60,500	18,141	42,359
Utilities	25,200	19,131	6,069
Other	19,100	14,016	5,084
Insurance	11,600	4,677	6,923
Professional Fees	5,700	4,413	1,287
Capital Outlay	250,000	271,419	(21,419)
Total Expenditures	<u>430,710</u>	<u>383,981</u>	<u>46,729</u>
NET CHANGE IN FUND BALANCES	(232,711)	(181,758)	50,953
Fund Balances - Beginning of Year	<u>383,530</u>	<u>383,530</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 150,819</u>	<u>\$ 201,772</u>	<u>\$ 50,953</u>

See accompanying Notes to Required Supplementary Information.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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, 2025. 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.

During year ended June 30, 2025, expenditures exceeded budgeted appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Other	\$ 71,400	\$ 225,601	\$ (154,201)
Lighting and Landscaping Zone 8			
Special Revenue Fund:			
Repairs and Maintenance	144,500	158,203	(13,703)
Utilities	209,000	235,553	(26,553)
Professional Fees	8,000	11,142	(3,142)
Lighting and Landscaping Zone 9			
Special Revenue Fund:			
Capital Outlay	250,000	271,419	(21,419)



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Town of Discovery Bay Community Services District ("District") as of and for the year ended June 30, 2025, and have issued our report thereon dated September 22, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated April 4, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended June 30, 2025.

We noted no transactions entered into by the entity 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

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

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The following material misstatement detected as a result of audit procedures was corrected by management:

- Restatement of the Financing Authority, Water, and Sewer fund's net position as of July 1, 2024, to report the bond proceeds, capital assets, and accounts payable related to capital assets to the Water and Sewer fund that use the bond proceeds to acquire and construct the assets.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis-of-matters paragraph regarding the adjustment of beginning fund balance due to changes to or within the financial reporting entity and restatement of net position to correct an error in the prior year.

Management representations

We have requested certain representations from management that are included in a management representation letter dated September 22, 2025.

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 entity's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement


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

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

* * *

This communication is intended solely for the information and 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.



CliftonLarsonAllen LLP

Irvine, California
September 22, 2025

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Discovery Bay Community Services District
Governmental Activities
Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (7,980)
Net current year misstatements (Iron Curtain Method)	-	-	-	(7,980)
Effect of prior year uncorrected misstatements on the change in fund balance/net position				
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ (7,980)
Financial statement totals				\$ (101,066)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				8%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				8%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Discovery Bay Community Services District
Water Enterprise Fund
Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (15,466)
Accrual of a June 2025 invoice for Marina/Martin Pipeline Crossing Project	14,758	(14,758)		
Net current year misstatements (Iron Curtain Method)	14,758	(14,758)	-	(15,466)
Effect of prior year uncorrected misstatements on the change in fund balance/net position				
Combined current and prior year misstatements (Rollover Method)	\$ 14,758	\$ (14,758)	\$ -	\$ (15,466)
Financial statement totals	\$ 23,612,992	\$ (7,157,092)		\$ 340,878
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	0%		-5%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	0%		-5%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
 Town of Discovery Bay Community Services District
 Wastewater Enterprise Fund
 Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (15,466)
Net current year misstatements (Iron Curtain Method)	-	-	-	(15,466)
Effect of prior year uncorrected misstatements on the change in fund balance/net position	-	-	-	(14,554)
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ (30,020)
Financial statement totals	-	-	-	\$ 292,891
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				-5%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				-10%



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
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, and each major fund of Town of Discovery Bay Community Services District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

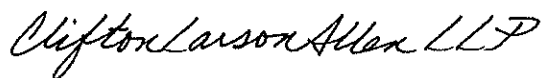
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Irvine, California
September 22, 2025

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025**

2025-001 – Restatement of Financing Authority

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Financing Authority issued bonds payable and loaned the proceeds to the Water and Sewer fund for constructing and acquiring capital assets. The Financing Authority recognized an interfund receivable from the Water and Sewer fund but did not transfer the bond proceeds to the Water and Sewer fund. The Financing Authority also reported the transactions related to acquiring and constructing capital assets.

Criteria or specific requirement: The Water and Sewer fund, in addition to recognizing an interfund payable to the Financing Authority, should recognize the bond proceeds and the transactions related to acquiring and constructing capital assets.

Effect: Restatement of the Financing Authority, Water and Sewer fund's net position as of July 1, 2024, to report the bond proceeds, capital assets, and accounts payable related to capital assets to the Water and Sewer fund that use the bond proceeds to acquire and construct the assets.

Reason: The transactions were initially recorded incorrectly when the Financing Authority loaned the proceeds to the Water and Sewer fund.

Recommendation: We recommend the District implement controls to ensure proper reporting of interfund transactions.

Views of responsible officials and planned corrective actions: Management recognizes the importance of the interfund transactions, and the set up in the new accounting software will allow the District staff to track more appropriately. In addition, the information will be shared as part of the procedures to review transactions between funds to ensure that they are captured correctly.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

2025-002 – Journal Entries

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The journal entries created by the finance manager are posted without any other review.

Criteria or specific requirement: One of the basic elements of internal control over financial reporting involves the segregation of duties in such a manner that the work of one employee is checked by others.

Effect: This could result in unauthorized journal entries being made to the general ledger

Reason: The District's limited finance staff sometimes makes it difficult to have each journal entry prepared by finance manager and reviewed by someone else.

Repeat Finding: This finding is a repeat finding in the immediately prior year. Prior year finding number was 2024-001.

Recommendation: While it may not always be feasible to segregate duties, it is recommended to establish additional checks and balances to mitigate internal control deficiencies. To enhance the control environment, we recommend that all journal entries undergo review and approval by an individual other than the one who prepared them, prior to posting in the general ledger.

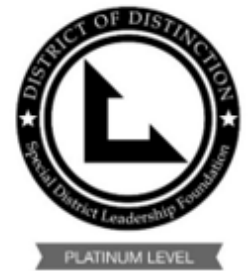
Views of responsible officials and planned corrective actions: Management is taking steps to engage other accounting staff to increase their role in creating journal entries so that they may be reviewed by the Finance Manager and will utilize the new accounting software to assist in the process once the transition is complete. For those entries prepared by the Finance Manager, there will be a second review performed by the General Manager or by other staff. The latter will allow for the staff to become familiar with the entry and prepare in future years.



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Carolyn Graham • Vice President – Bryon Gutow • Director – Kevin Graves • Director – Ashley Porter • Director – Lesley Belcher

September 22, 2025

CliftonLarsonAllen LLP
2375 Michelle Drive, Suite 300
Irvine, CA 92606

This representation letter is provided in connection with your audit of the financial statements of Town of Discovery Bay Community Services District, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on 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 misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of September 22, 2025, 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 agreement dated April 4, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements 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.
2. We acknowledge and have fulfilled 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, 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. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We agree with those adjustments and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
12. Accounting changes and error corrections are appropriately presented and disclosed in the financial statements.
13. We have properly identified the various types of leave and have recorded a liability for compensated absences in accordance with the requirements of GASB Statement No. 101, *Compensated Absences*.
14. We are not aware of any concentrations or constraints that would require disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.

Information Provided


1. 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 within and outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. 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.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.
10. The entity 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, except as made known to you and disclosed in the financial statements.
11. We have taken timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse that you have reported to us.
12. We have a process to track the status of audit findings and recommendations.
13. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

14. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
15. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Town of Discovery Bay Community Services District, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
16. 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.
17. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
18. We have complied with all restrictions on resources and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.
19. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
20. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
21. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
22. The financial statements properly classify all funds and activities.
23. 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.
24. 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.
25. Investments are properly valued.

- 26. 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.
- 27. 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.
- 28. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 29. Deposits and investment securities are properly classified as to risk and are properly valued and disclosed.
- 30. Capital assets, including infrastructure, are properly capitalized, reported, and, if applicable, depreciated.
- 31. We have appropriately disclosed the entity'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.
- 32. We have appropriately disclosed the entity's accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 33. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of 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.
- 34. In regards to the financial statement preparation services performed by you, we have:
 - a. Made all management judgments and decisions and assumed all management responsibilities.
 - b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
 - e. Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

Signature: Dina Breitstein Title: General Manager

Signature:  Title: Finance Manager

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Discovery Bay Community Services District
Governmental Activities
Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (7,980)
Net current year misstatements (Iron Curtain Method)	-	-	-	(7,980)
Effect of prior year uncorrected misstatements on the change in fund balance/net position				
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ (7,980)
Financial statement totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,066)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				8%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				8%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Discovery Bay Community Services District
Water Enterprise Fund
Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (15,466)
Accrual of a June 2025 invoice for Marina/Marlin Pipeline Crossing Project	14,758	(14,758)		
Net current year misstatements (Iron Curtain Method)	14,758	(14,758)	-	(15,466)
Effect of prior year uncorrected misstatements on the change in fund balance/net position				
Combined current and prior year misstatements (Rollover Method)	\$ 14,758	\$ (14,758)	\$ -	\$ (15,466)
Financial statement totals	<u>\$ 23,612,992</u>	<u>\$ (7,157,092)</u>		<u>\$ 340,878</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	0%		-5%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	0%		-5%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Discovery Bay Community Services District
Wastewater Enterprise Fund
Year Ended June 30, 2025

Description	Assets	Liabilities	Fund Balance / Net Position	Change in Fund Balance / Net Position
Implementation of GASB 101 on beginning balance of compensated absences.				\$ (15,466)
Net current year misstatements (Iron Curtain Method)	-	-	-	(15,466)
Effect of prior year uncorrected misstatements on the change in fund balance/net position				(14,554)
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ (30,020)
Financial statement totals	<u> </u>	<u> </u>	<u> </u>	<u> </u> \$ 292,891
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				-5%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				-10%



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Town of Discovery Bay CSD

2025 Audit Results

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Scope of Work

- Audit of the annual financial statements for the year ended June 30, 2025, in accordance with Generally Accepted US and Governmental Auditing Standards



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Auditors' Report

Audit of financial statements for the year ended June 30, 2025

Unmodified opinions for June 30, 2025

Audit evidence is sufficient and appropriate to provide a basis of our audit opinions

Emphasis-of-Matter

Management is responsible for preparation and fair presentation of the financial statements

Auditor's responsibility is to obtain reasonable assurance that financial statements are free from material misstatement



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Report on Internal Control over Financial Reporting

- We considered the District's internal control over financial reporting to determine the audit procedures that are appropriate for the purpose of expressing our opinion on the financial statements.
- Material Weakness
 - Restatement of activity between Financing Authority, Water and Sewer fund.
- Significant Deficiency
 - Journal entries.



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Communication with Those Charged with Governance

- The planned scope and timing of the June 30, 2025, audit was communicated during Finance Committee meeting August 4, 2025
- Management is responsible for the selection and use of appropriate accounting policies, which are described in note 1 to the financial statements
- No new accounting policies.
- No significant estimates or particularly sensitive disclosures.



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Communication with Those Charged with Governance

- No significant difficulties during our audit.
- Uncorrected misstatement
- Corrected misstatement
 - Restatement of activity between Financing Authority, Water and Sewer fund.
- No disagreements arose during the course of our audit.
- To our knowledge, the District did not consult with other accountants regarding auditing or accounting matters.



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Questions?



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