



TOWN OF DISCOVERY BAY

"A COMMUNITY SERVICES DISTRICT"

SDLF PLATINUM-Level of Governance

Chair Kevin Graves and Vice-Chair Ashley Porter

NOTICE OF THE SPECIAL MEETING OF THE FINANCE COMMITTEE OF THE TOWN OF DISCOVERY BAY October 21, 2026 05:30 PM

To Attend In-Person:

Discovery Bay Community Center, 1601 Discovery Bay Boulevard, Discovery Bay, CA 94505

Remote Teleconference Location:

Westin Ka'anapali
6 Kai Ala Drive
Lahaina, Hawaii

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 82820740593

To Download Agenda Packet & Materials: <http://www.todb.ca.gov/>

A. ROLL CALL

1. Call business meeting to order at 5:30p.m.
2. Roll Call.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to 3 minutes)

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. CONSENT CALENDAR

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

C.1 Approve Finance Committee DRAFT Meeting Minutes from August 5, 2026. Page 4

Sponsor(s): Kelly Rajala, Board Secretary

D. UPDATES

E. PRESENTATIONS

E.1 Water Enterprise Financing Options, Including Proposed Infrastructure Projects, Debt Financing Alternatives, and Project Timing and Prioritization. Page 8

Sponsor(s): Margaret Moggia, Finance Manager

E.2 Bi-Monthly Presentation Page 17

Sponsor(s): Margaret Moggia, Finance Manager

F. DISCUSSION ITEMS

F.1 Discussion and Possible Feedback Regarding the Annual Independent Financial Audit and Audited Financial Statements for the Town of Discovery Bay Community Services District. Page 30

Sponsor(s): Margaret Moggia, Finance Manager

G. FUTURE AGENDA ITEMS

H. ADJOURNMENT

Adjourn to the next Regular Meeting of the Finance Committee at the Community Center located at 1601 Discovery Bay Boulevard.

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

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



**MINUTES OF THE REGULAR MEETING
OF THE FINANCE COMMITTEE
OF THE TOWN OF DISCOVERY BAY
August 05, 2026 04:30 PM**

Chair Kevin Graves and Vice-Chair Ashley Porter

A. ROLL CALL

Meeting was called to order at 4:30.
Roll call was taken and all members were present.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to 3 minutes)

None.

C. CONSENT CALENDAR

Moved By Vice-Chair Ashley Porter

Seconded By Chair Kevin Graves

Motion to approve the Consent Calendar.

For (2): Chair Kevin Graves, and Vice-Chair Ashley Porter

Motion Carried (2 to 0)

C.1 Approve Finance Committee DRAFT Meeting Minutes from June 3, 2026.

D. UPDATES

D.1 Utility Billing Update - Tyler Payments AutoPay Conversion

Presented by Finance Manager Margaret Moggia.

- Tyler Payments (Municipal Online Payments) will begin in September.

- Information will be included with July and August utility bills.
- Customers currently using Xpress Bill Pay will receive an email with instructions.
- There is no fee to customers for using the service.

E. PRESENTATIONS

E.1 Fiscal Year 2025-2026 Financial Audit Introduction

Finance Manager Margaret Moggia introduced Daphne Munoz with Clifton Larson Allen (CLA).

- Scope and Deliverables
 - Financial Statement Audit: Express an opinion in accordance with U.S. GAAP, report on internal control over financial reporting and on compliance in accordance with GAS.
 - Communications: End of audit governance communications, internal control communications.
 - Non-Audit Services: Proposal of adjusting or correcting journal entries, assistance with adopting new accounting standards, assistance with Special District Financial Transaction Report.
- Audit Plan Overview
 - Preliminary Procedures: June/July
 - Fieldwork: August/September
 - Final Reporting: November
- Responsibilities
 - Governance: strategic direction, accountability, including financial reporting.
 - Management: internal controls, accounting policies, management decisions, fair presentation of financial statements, programs to prevent and detect fraud.
 - Independent Auditor: opinion on fair presentation of financial statements, audit in accordance with GAAS/GAS, understanding of internal controls, risk based audit approach.
- GASB 103 Financial Reporting Model Improvements
 - Updated disclosure guidance for: MD&A consistency, clearer definition of unusual or infrequent items, presentation of proprietary fund statements, major component unit information.
- GASB 104 Disclosure of Certain Capital Assets
 - Will clarify how capital assets are disclosed in financials: Capital assets held for sale and related pledged debt, leased assets, subscription assets, right to use PPP assets.
- GASB 105 Subsequent Events
 - Clarifies subsequent event definition and establishes specific note disclosure

requirements: subsequent event time frame, recognized vs non-recognized events, disclosure of date through which subsequent events were evaluated, specific disclosure requirements for non-recognized events.

E.2 Bi-Monthly Finance Presentation

Presented by Finance Manager Margaret Moggia.

- Regatta Park dedication funds and other special projects: \$601,592.
- Water
 - Capacity/Connection Fees: \$268,520.
 - Expenses are within budget.
 - Days cash on hand: 249 days.
- Wastewater
 - Expenses are within budget.
 - Days cash on hand: 750 days.
- Zone 8
 - Expenses are within budget.
 - County funds of \$150,000 received for Community Center; portion deferred until next year when expenditures is expected.
- Zone 9
 - Net revenue: \$12,298.
- FY 2026 Capital Projects
 - Mobile Modular
 - Well 8
 - Marina Underwater Crossing
 - Cathodic Protection
 - Solar Project
 - Sand Point Underwater Crossing
 - Village Lift Station
 - Lift Station PLC Upgrades
 - Miscellaneous Projects
 - Pickleball Court Conversion
 - Community Center Synthetic Turf
 - Community Center Retaining Wall
- FY 2026 Cash Balances
 - Cash: \$6,407,162.00
 - Investments: \$11,607,091.00
 - Total Portfolio: \$18,014,253.00
- Upcoming/In Progress
 - Financial Software Implementation
 - Modules in progress: Municipal Online Payments

- Fiscal Year 2026 Audit
- Financial Modeling and Debt Planning

F. DISCUSSION ITEMS

F.1 Discussion and Possible Feedback to Approve the Capacity and Connection Accounting Report for the Fiscal Year 2025-2026.

Presented by Finance Manager Margaret Moggia.

- Each year, the District is required to prepare a Capacity and Connection Accounting Report that shows fees collected during the fiscal year.
- For FY 2025-2026, water capacity and connection fees in the amount of \$268,520 and wastewater capacity and connection fees in the amount of \$673,400 were collected.
- The District received \$21,000 in Administration and Inspection Fees.

G. FUTURE AGENDA ITEMS

None.

H. ADJOURNMENT

Meeting was adjourned at 5:22 p.m.

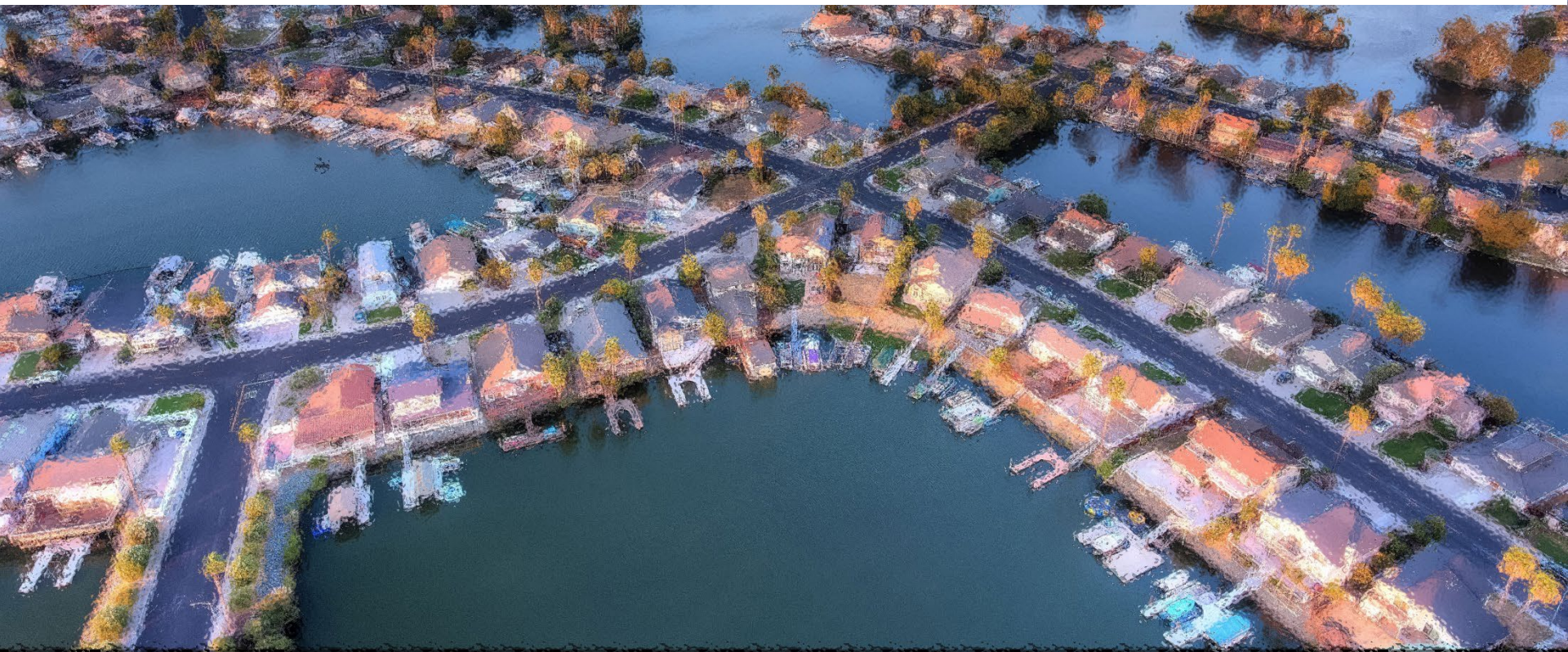
Kelly Rajala



TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

Item E.1

WATER ENTERPRISE FINANCING OPTIONS



FINANCE COMMITTEE PRESENTATION

October 21, 2026

Projects In Need of Debt Financing



- **Mainline Pipeline Replacement:** ~\$14.5 million
 - Replacement of aging water distribution mains throughout portions of the District
 - Approximately 8 miles of aging pipeline
- **Underwater Crossing:** ~\$3.6 million
 - Replacement and upsizing of the Newport and Sandpoint Underwater Crossing
 - Existing 8-inch pipe replaced with 12-inch HDPE pipe, improving distribution capacity
- **Administration Building:** ~\$7.5 million
 - To be funded by Water and Wastewater Enterprises. We are assuming half of the cost, or **\$3.75 million**, is funded by the Water Enterprise
- **Total Water Enterprise Projects in Need of Debt Financing:** ~\$21.5 Million

Key Considerations and Objectives



- **Timing & Prioritization of Project Implementation**
 - When issuing debt, the District needs to have reasonable expectations to spend the money within three years
 - Additionally, issuing debt too early before the spending of funds means the District is paying interest on bond proceeds without putting the money to work
- **Structuring the repayment of a debt issuance**
 - With any debt issuance, the District must maintain debt service coverage of 125% (covenanted by the 2022 Bonds)
 - Strong coverage is also important in maintaining the District's AA credit rating
- **Minimize Borrowing Costs, Prepayment Flexibility**
 - Find a financing vehicle and structure that minimizes borrowing costs on behalf of ratepayers, and provides the prepayment flexibility desired by the District

Water Enterprise Financing Alternatives



Item

Financing Alternative	Key Considerations
Publicly Offered Water Revenue Bonds	Long-term, fixed-rate financing; full proceeds generally funded at closing; unspent proceeds subject to investment and tax considerations
Direct Bank Placement / Drawdown Loan	Can offer flexible draws aligned with construction expenditures; may reduce negative arbitrage; bank terms and available prepayment options vary
State Revolving Fund (SRF) Loans	Potential below-market rates and favorable repayment terms; eligibility, funding availability and application timelines may be restrictive
California Infrastructure and Economic Development Bank (IBank)	State infrastructure financing for eligible water projects; potentially attractive long-term rates; subject to underwriting and program requirements
USDA Rural Development Loans	Potential long-term, subsidized financing; subject to rural eligibility, income thresholds and project requirements
WIFIA Loans (U.S. EPA)	Long-term federal financing for larger projects; generally requires a minimum eligible project size of \$20 million for non-small communities

Given the anticipated near-term construction schedule for certain water infrastructure projects, our analysis focuses on public revenue bonds and direct bank placement options to provide timely access to funding and more flexibility

Overview of Presented Financing Options



Financing Alternative	Funding Amount	Financing Term	Primary Advantage	Primary Disadvantage
Publicly Offered Water Revenue Bonds (One Issuance)	\$21.5 Million in 2027	30-Years	Lowest interest rate among long-term financing options, costs of issuance reduced by doing only one issuance	If spending of funds is delayed, District is paying interest on untouched funds; most pressure on District's debt service coverage
Publicly Offered Water Revenue Bonds (Split Into Two Bond Issuances)	\$14.25 Million in 2027 / \$7.25 Million in 2029	30-Years for each issuance	Could align better with the District's spending schedule, not paying interest on debt that is not being spent	Costs of Issuance paid twice; risk that interest rates are higher when it comes time to issue the second series
Short-Term Direct Bank Placement / Drawdown Loan	\$14.25 Million in 2027	3-Years, but requires a takeout financing in 2030	District is charged interest as draws occur, low costs of issuance	Higher interest rate; risk of rates being higher when the loan is taken out by a long-term financing

Water Revenue Bonds (One Issuance in 2027)



Financing Overview

- **Par Amount:** \$21.605 mil
- **Project Fund:** \$21.5 mil
- **Costs of Issuance:** \$405,000
- **Final Maturity:** Dec. 1, 2057
- **Prepayment:** Dec. 1, 2037 at par

Preliminary Analysis

- **True Interest Cost:** 5.77%
- **All-in True Interest Cost:** 5.88%
- **Average FY Debt Service:** \$1.525 mil
- **Total Debt Service:** \$46,672,000

Water Revenue Bonds (One Issuance in 2027)					
DISCOVERY BAY PUBLIC FINANCING AUTHORITY					
Water Enterprise					
Projection of Revenues, Expenses, and Debt Service Coverage					
	2026-27	2027-28	2028-29	2029-30	2030-31
Gross Revenues ⁽¹⁾	\$6,797,000	\$7,217,000	\$8,064,000	\$9,013,000	\$9,013,000
Maintenance and Operation Costs ⁽²⁾	5,497,000	5,561,000	5,811,000	6,074,000	6,256,220
Net Revenues Available for Debt Service	\$1,300,000	\$1,656,000	\$2,253,000	\$2,939,000	\$2,756,780
<u>Debt Service⁽³⁾</u>					
2017 Water Installment Payments	\$166,875	\$164,000	--	--	--
2022B Water Installment Payments	83,551	82,869	\$83,134	\$82,347	\$83,488
2022 Water Installment Payments	288,050	288,925	289,550	289,925	290,050
2027 Water Revenue Bonds (Proj.)	--	883,464	1,525,163	1,525,038	1,529,038
Total Debt Service	\$538,476	\$1,419,258	\$1,897,847	\$1,897,310	\$1,902,576
Projected Debt Service Coverage	2.41	1.17	1.19	1.55	1.45

(1) Revenues from 2025 Rate Study. Assumes rate increases of 12% FY 2026/27 through FY 2029/30, assumes no rate increase in FY 2030/31.

(2) Expenditures from 2025 Rate Study. Assumes 3% annual increase in expenditures. Excludes depreciation.

(3) Only shows existing debt and proposed 2027 Water Bonds. Excludes future CEC and I-Bank Loans discussed in the rate study.

Water Revenue Bonds (Split Issuances in 2027 and 2029)



Financing Overview

- **Par Amount:** \$21.83 mil total
 - 2027 - \$14.405 mil
 - 2029 - \$7.425 mil
- **Project Fund:** \$21.5 mil total
 - 2027 - \$14.25 mil
 - 2029 - \$7.25 mil
- **Costs of Issuance:** \$613,000 total
- **Final Maturity:**
 - 2027 - Dec. 1, 2057
 - 2029 - Dec. 1, 2059
- **Prepayment:**
 - 2027 - Dec. 1, 2037 at par
 - 2029 - Dec. 1, 2039 at par

Preliminary Analysis (Combined)

- **True Interest Cost:** 5.93%
- **All-in True Interest Cost:** 6.12%
- **Average FY Debt Service:** \$1.57 mil
- **Total Debt Service:** \$48,017,000

Water Revenue Bonds (Issuances in 2027 and 2029)					
DISCOVERY BAY PUBLIC FINANCING AUTHORITY					
Water Enterprise					
Projection of Revenues, Expenses, and Debt Service Coverage					
	2026-27	2027-28	2028-29	2029-30	2030-31
Gross Revenues ⁽¹⁾	\$6,797,000	\$7,217,000	\$8,064,000	\$9,013,000	\$9,013,000
Maintenance and Operation Costs ⁽²⁾	5,497,000	5,561,000	5,811,000	6,074,000	6,256,220
Net Revenues Available for Debt Service	\$1,300,000	\$1,656,000	\$2,253,000	\$2,939,000	\$2,756,780
Debt Service (3)					
2017 Water Installment Payments	\$166,875	\$164,000	--	--	--
2022B Water Installment Payments	83,551	82,869	\$83,134	\$82,347	\$83,488
2022 Water Installment Payments	288,050	288,925	289,550	289,925	290,050
2027 Water Revenue Bonds (Proj.)	--	588,985	1,020,038	1,019,788	1,019,038
2029 Water Revenue Bonds (Proj.)	--	--	--	329,246	552,038
Total Debt Service	\$538,476	\$1,124,779	\$1,392,722	\$1,721,305	\$1,944,613
Projected Debt Service Coverage	2.41	1.47	1.62	1.71	1.42

(1) Revenues from 2025 Rate Study. Assumes rate increases of 12% FY 2026/27 through FY 2029/30, assumes no rate increase in FY 2030/31.

(2) Expenditures from 2025 Rate Study. Assumes 3% annual increase in expenditures. Excludes depreciation.

(3) Only shows existing debt and proposed 2027 and 2029 Water Bonds. Excludes future CEC and I-Bank Loans discussed in the rate study.

Financing scenario provided by Oppenheimer & Co. Inc.;
Rates as of Oct. 8, 2026.

Short-term Bank Placement / Drawdown Loan



Financing Overview

- **Par Amount:** \$14.425 mil
- **Project Fund:** \$14.25 mil
- **Costs of Issuance:** \$175,000
- **Final Maturity:** Dec. 1, 2030
 - Interest Only until maturity
 - Assumes \$14.425 mil par amount is taken out by long-term financing at maturity
- **Prepayment:** Can be negotiated

Preliminary Analysis

Assumes Even Draws Over 18 Months

- **True Interest Cost:** 3.96%
- **All-in True Interest Cost:** 4.37%
- **Total Debt Service:** \$16,286,889

Short-term Bank Placement with Drawdown Structure

DISCOVERY BAY PUBLIC FINANCING AUTHORITY

Water Enterprise

Projection of Revenues, Expenses, and Debt Service Coverage

	2026-27	2027-28	2028-29	2029-30	2030-31
Gross Revenues ⁽¹⁾	\$6,797,000	\$7,217,000	\$8,064,000	\$9,013,000	\$9,013,000
Maintenance and Operation Costs ⁽²⁾	5,497,000	5,561,000	5,811,000	6,074,000	6,256,220
Net Revenues Available for Debt Service	\$1,300,000	\$1,656,000	\$2,253,000	\$2,939,000	\$2,756,780
<u>Debt Service⁽³⁾</u>					
2017 Water Installment Payments	\$166,875	\$164,000	--	--	--
2022B Water Installment Payments	83,551	82,869	\$83,134	\$82,347	\$83,488
2022 Water Installment Payments	288,050	288,925	289,550	289,925	290,050
2027 Drawdown Direct Placement ⁽⁴⁾	--	147,182	567,920	764,525	14,807,263
Total Debt Service	\$538,476	\$682,976	\$940,604	\$1,136,797	\$15,180,801
Projected Debt Service Coverage	2.41	2.42	2.40	2.59	0.18

(1) Revenues from 2025 Rate Study. Assumes rate increases of 12% FY 2026/27 through FY 2029/30, assumes no rate increase in FY 2030/31.

(2) Expenditures from 2025 Rate Study. Assumes 3% annual increase in expenditures. Excludes depreciation.

(3) Only shows existing debt and proposed 2027 Private Placement. Excludes future CEC and I-Bank Loans discussed in the rate study.

(4) Assumes even drawdown over 18 months; \$14.425 million to be taken out by another financing in FY 2030-31

Financing scenario provided by Oppenheimer & Co. Inc.;
Rates as of Oct. 8, 2026.

Next Steps



- **Determine Timing and Order of Upcoming Projects**
 - Having a strong handle on the timing, costs, and priority of each project will help determine the optimal financing plan for the District's funding needs
- **Revisit the Financing Options as the Funding Plan Develops**
 - Adjust and expand upon existing options as funding needs and timings become more clear
- **Select the Best-Suited Financing Option, Engage the Financing Team**
 - A long-term bond issuance typically takes 3-4 months
 - Private placement loan can typically take 2-3 months

Finance Committee Meeting October 21, 2026

Financial Results through August 2026

Fiscal Year 2027 Finance Activities



Fiscal Year 2027 Financial Results (General)

	Actual Through August 2026	Budget Through August 2026
County Zone Reimbursements	52,341	36,236
Interest Income / Other	1,213	333
Total Revenues	\$53,554	\$36,569
	Actual Through August 2026	Budget Through August 2026
Salary and Benefits	39,045	29,405
Administrative Costs	0	0
Program and Maintenance Costs	6,291	6,831
County Approved Projects *	11,835	0
Total Expenses	\$57,171	\$36,236
Overall, Net Revenues over (Expenses)	(\$3,617)	\$333

*County approves projects as needed when funding becomes available.



Fiscal Year 2027 Financial Results (Water)

	Actual Through August 2026	Budget Through August 2026
Account Charge (1 st installment – Dec 2026)	0	487,305
Meter Installation	55,990	55,978
Interest Income	22,161	13,328
Water Charges	839,171	873,544
Commercial Sales and Account Charge	22,566	29,750
Capacity / Connection Fees	27,130	0
Other	6,725	1,500
Total Revenues	\$973,743	\$1,461,405



Fiscal Year 2027 Financial Results (Water)

	Actual Through August 2026	Budget Through August 2026
Salary and Benefits	212,846	199,204
Administrative Costs	186,893	226,182
Professional Services	23,347	81,434
Contract Operations	152,995	174,647
Program and Maintenance Costs	17,134	6,164
Permits	3,354	12,495
System Maintenance	362,658	321,505
Utilities	183,814	200,830
Debt Service (First Payment 12/1/26)	0	89,750
Total Expenses	\$1,143,041	\$1,312,211
Overall, Net Revenues over Expenses	(\$169,298)	\$149,194



Fiscal Year 2027 Financial Results (Wastewater)

Item E.2

	Actual Through August 2026	Budget Through August 2026
Account Charge (1 st installment – Dec 2026)	0	1,211,182
Sewer Charge	38,985	19,659
Interest Income	55,916	24,990
Capacity / Connection Fees	68,045	0
Other	12,800	2,000
Total Revenues	\$175,746	\$1,257,831



Fiscal Year 2027 Financial Results

(Wastewater)

Item E.2

	Actual Through August 2026	Budget Through August 2026
Salary and Benefits	164,133	159,528
Administrative Costs	323,069	385,821
Professional Services	16,862	28,655
Contract Operations	229,493	247,201
Program and Maintenance Costs	16,794	8,497
Permits	60,919	11,662
System Maintenance	3,723	77,469
Utilities	160,095	145,775
Debt Service (First payment 12/1/2026)	0	300,147
Total Expenses	\$975,088	\$1,364,755
Overall, Net Revenues over Expenses	(\$799,342)	(\$106,924)



Fiscal Year 2027 Financial Results (Zone 8)

	Actual Through August 2026	Budget Through August 2026
Property Tax (1 st installment – Dec 2026)	0	158,603
Community Center Program Fees	17,706	8,830
County Reimburse	21,006	14,994
Rentals	2,385	7,497
Community Center/Park Enhancement Fee	60,375	0
Interest	6,956	6,997
Other / Contributions	0	16,493
Total Revenues	\$108,428	\$213,414



Fiscal Year 2027 Financial Results (Zone 8)

	Actual Through August 2026	Budget Through August 2026
Salary and Benefits	119,916	117,386
Administrative Costs	31,364	17,118
Professional Services	172	2,566
Program and Maintenance Costs	41,943	25,240
Permits	0	333
Utilities	42,376	38,235
Capital Outlay *	0	36,819
Total Expenses	\$235,771	\$237,697
Overall, Net Revenues over Expenses	(\$127,343)	\$(24,283)

* Budget reflects anticipated draw on reserves to fund certain projects.



Fiscal Year 2027 Financial Results (Zone 9)

	Actual Through August 2026	Budget Through August 2026
Assessment Income (1 st installment – Dec 2026)	0	29,704
Interest Income / Other	8,751	1,500
County Reimburse	5,251	3,665
Total Revenues	\$14,002	\$34,869
	Actual Through August 2026	Budget Through August 2026
Salary and Benefits	16,741	14,794
Administrative Costs	6,725	3,574
Professional Services	0	1,133
Program and Maintenance Costs	25,961	9,996
Utilities	10,472	4,157
Total Expenses	\$59,899	\$33,654
Overall, Net Revenues over Expenses	(\$45,897)	\$1,215



FY 2027 Capital Projects

Administration Building

Mobile Modular Building \$ 1,774,831

Water Capital Improvement Projects

Well 8 \$ 6,213,883

Solar Project \$ 240,970

Sand Point Underwater Crossing \$ 275,121



FY 2027 Capital Projects

Waste Water Capital Improvement Projects

Miscellaneous Projects \$379,508

Landscape Projects

None currently

Community Center / Parks

None currently



FY 2026 Debt Portfolio

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

Item E.2

	2017	2022	2022B (Refunded 2012)
Original Debt Issuance	\$8,825,000	\$16,860,000	\$11,650,000
Current Debt Outstanding	\$7,200,000	\$15,860,000	\$9,942,000
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 - \$0.44M
Wastewater Construction Proceeds - \$0M

Fiscal Year 2027 Finance Activities

Completed This Period

- Financial Software Implementation – Municipal Online Payments
 - Enrollments 2,649 AutoPay setup 1,816
- Fiscal Year 2026 Audit
- Capacity and Connection Annual Report

Upcoming/In Progress

- Financial Modeling and Debt Planning
- Mark-Roos Annual Reporting





Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Agenda Title: Discussion and Possible Feedback Regarding the Annual Independent Financial Audit and Audited Financial Statements for the Town of Discovery Bay Community Services District.

Meeting Date: October 21, 2026

Prepared By: Margaret Moggia, Finance Director

Submitted By: Dina Breitstein, General Manager

RECOMMENDED ACTION:

Staff recommends that the Committee take the following action:

Provide feedback on the draft financial statements for the period ending June 30, 2026 prior to final presentation on November 18, 2026 board meeting presentation.

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 (I) 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, 2026 in August and September 2026 and have subsequently prepared Audited Financial Statements for review. Staff have reviewed the financial statements and recommend acceptance and approval by the Board of Directors.

CLA will present the results of the audit at the November 18 Board meeting.

FISCAL IMPACT:

Audit Fees are included within the annual budget.

PREVIOUS RELEVANT BOARD ACTIONS FOR THIS ITEM:

June 19, 2024 - Approve Contracting with CLA to perform audit services.

ATTACHMENTS:

1. Draft Audited Financial Statement for the Period Ending June 30, 2026.

**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2026

Preliminary Draft

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

Item F.1

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	14
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.	18
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	19
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS	20
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	21
NOTES TO BASIC FINANCIAL STATEMENTS	22
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	43
BUDGETARY COMPARISON SCHEDULE – LIGHTING AND LANDSCAPING ZONE 8	44
BUDGETARY COMPARISON SCHEDULE – LIGHTING AND LANDSCAPING ZONE 9	45
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	46

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 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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2026, 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.

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 REPORT DATE, 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
REPORT DATE

BASIC FINANCIAL STATEMENTS

Preliminary Draft

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

Item F.1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,716,587	\$ 16,356,634	\$18,073,221
Accounts Receivable, Net of Allowance for Doubtful Accounts	314,327	946,193	1,260,520
Internal Balances	-	-	-
Prepaid Items	2,341	84,268	86,609
Advances on Taxes	868	882	1,700
Total Current Assets	<u>2,034,123</u>	<u>17,387,927</u>	<u>19,422,050</u>
Noncurrent Assets:			
Cash and Investments - Restricted	-	476,644	476,644
Capital Assets, Nondepreciable	415,930	9,219,479	9,635,409
Capital Assets, Depreciable, Net	2,985,575	56,415,263	59,400,838
Total Noncurrent Assets	<u>3,401,505</u>	<u>66,111,386</u>	<u>69,512,891</u>
Total Assets	<u>5,435,628</u>	<u>83,499,313</u>	<u>88,934,941</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	80,265	1,265,454	1,345,719
Accrued Payroll	-	94,957	94,957
Unearned Revenue	96,430	-	96,430
Deposits Payable	-	77,710	77,710
Interest Payable	-	116,230	116,230
Compensated Absences, Current	25,961	66,518	92,479
Bonds Payable, Current	-	966,000	966,000
Total Current Liabilities	<u>202,656</u>	<u>2,586,869</u>	<u>2,789,525</u>
Noncurrent Liabilities:			
Compensated Absences	24,534	62,860	87,394
Bonds Payable	-	32,036,000	32,036,000
Unamortized Bond Premium	-	1,321,347	1,321,347
Total Noncurrent Liabilities	<u>24,534</u>	<u>33,420,207</u>	<u>33,444,741</u>
Total Liabilities	<u>227,190</u>	<u>36,007,076</u>	<u>36,234,266</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding	-	21,928	21,928
NET POSITION			
Net Investment in Capital Assets	3,401,505	31,427,113	34,828,618
Unrestricted	1,806,933	16,043,196	17,850,129
Total Net Position	<u>\$ 5,208,438</u>	<u>\$ 47,470,309</u>	<u>\$52,678,747</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026**

Item F.1

	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 759,023	635,069	\$ -	\$ -	\$ (123,954)	\$ -
Lighting and Landscaping Zone 8	1,456,279	162,330	270,987	142,635	(880,327)	-
Lighting and Landscaping Zone 9	232,196	173,171	22,854	-	(36,171)	-
Total Governmental Activities	<u>2,447,498</u>	<u>970,570</u>	<u>293,841</u>	<u>142,635</u>	<u>(1,040,452)</u>	<u>-</u>
Business-Type Activities:						
Water	6,793,473	6,464,916	-	-	-	(328,557)
Sewer	7,585,668	7,816,694	-	2,458,392	-	2,689,418
Financing Authority	1,328,377	-	-	-	-	(1,328,377)
Total Business-Type Activities	<u>15,707,518</u>	<u>14,281,610</u>	<u>-</u>	<u>2,458,392</u>	<u>-</u>	<u>1,032,484</u>
Total Primary Government	<u>\$ 18,155,016</u>	<u>\$ 15,252,180</u>	<u>\$ 293,841</u>	<u>\$ 2,601,027</u>	<u>(1,040,452)</u>	<u>1,032,484</u>
General Revenues						
Taxes:						
Property Taxes					910,682	-
Net Investment Income					54,646	659,877
Other Income					2,621	-
Transfers					179,302	(179,302)
Total General Revenues and Transfers					<u>1,147,251</u>	<u>480,575</u>
CHANGE IN NET POSITION					<u>106,799</u>	<u>1,513,059</u>
Net Position - Beginning of Year					<u>5,101,639</u>	<u>45,957,250</u>
NET POSITION - END OF YEAR					<u>\$ 5,208,438</u>	<u>\$ 47,470,309</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026**

Item F.1

	General Fund	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 101,561	\$ 1,402,448	\$ 212,578	\$ 1,716,587
Accounts Receivable	174,003	128,547	11,777	314,327
Prepaid Items	-	1,969	372	2,341
Advances on Taxes	-	868	-	868
Total Assets	<u>\$ 275,564</u>	<u>\$ 1,533,832</u>	<u>\$ 224,727</u>	<u>\$ 2,034,123</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 31,297	\$ 37,519	\$ 11,449	\$ 80,265
Unearned Revenue	-	96,430	-	96,430
Total Liabilities	<u>31,297</u>	<u>133,949</u>	<u>11,449</u>	<u>176,695</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepays	-	1,969	372	2,341
Restricted for:				
Lighting and Landscaping Zone 8	-	1,397,914	-	1,397,914
Lighting and Landscaping Zone 9	-	-	212,906	212,906
Unassigned	<u>244,267</u>	<u>-</u>	<u>-</u>	<u>244,267</u>
Total Fund Balances	<u>244,267</u>	<u>1,399,883</u>	<u>213,278</u>	<u>1,857,428</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 275,564</u>	<u>\$ 1,533,832</u>	<u>\$ 224,727</u>	<u>\$ 2,034,123</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, 2026**

Item F.1

Total Fund Balance - Governmental Funds \$ 1,857,428

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 unavailable revenue in the governmental funds

-

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

3,401,505

Compensated absences are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds.

(50,495)

Net Position of Governmental Activities

\$ 5,208,438

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, 2026

Item F.1

	General Fund	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
REVENUES				
Property Taxes	\$ -	\$ 910,682	\$ -	\$ 910,682
Assessment Income	-	-	173,171	173,171
Intergovernmental Revenues	645,140	101,760	25,440	772,340
Charges for Services	-	162,330	-	162,330
Developer Fees	-	142,635	-	142,635
Interest Income	2,908	43,750	7,988	54,646
Other	2,571	179,620	-	182,191
Total Revenues	<u>650,619</u>	<u>1,540,777</u>	<u>206,599</u>	<u>2,397,995</u>
EXPENDITURES				
Current:				
Payroll Expenses	116,796	626,801	79,496	823,093
Repairs and Maintenance	-	193,612	58,675	252,287
Utilities	-	192,286	29,028	221,314
Other	642,227	61,272	16,280	719,779
Insurance	-	15,680	3,920	19,600
Professional Fees	-	13,603	7,694	21,297
Capital Outlay	-	270,428	-	270,428
Total Expenditures	<u>759,023</u>	<u>1,373,682</u>	<u>195,093</u>	<u>2,327,798</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,404)	167,095	11,506	70,197
OTHER FINANCING SOURCES				
Transfers In	<u>179,302</u>	<u>-</u>	<u>-</u>	<u>179,302</u>
CHANGE IN FUND BALANCE	<u>70,898</u>	<u>167,095</u>	<u>11,506</u>	<u>249,499</u>
Fund Balances - Beginning	<u>173,369</u>	<u>1,232,788</u>	<u>201,772</u>	<u>1,607,929</u>
FUND BALANCES - END OF YEAR	<u>\$ 244,267</u>	<u>\$ 1,399,883</u>	<u>\$ 213,278</u>	<u>\$ 1,857,428</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, 2026**

Item F.1

Net Change in Fund Balances - Governmental Funds \$ 249,499

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.

(23,000)

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.

223,823

Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.

(306,689)

Loss on disposal of capital assets is recognized in the statement of activities, but is not reported in the funds.

(34,684)

Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.

(2,150)

Change in Net Position of Governmental Activities

\$ 106,799

See accompanying Notes to Basic Financial Statements.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2026

Item F.1

	Water	Sewer	Financing Authority	Total
CURRENT ASSETS				
Cash and Investments	\$ 4,075,851	\$ 12,280,783	\$ -	\$ 16,356,634
Accounts Receivable, Net	671,166	275,027	-	946,193
Interest Receivable	-	-	116,630	116,630
Due from Other Funds	-	-	-	-
Prepaid Items	35,841	48,427	-	84,268
Advances on Taxes	333	499	-	832
Total Current Assets	4,783,191	12,604,736	116,630	17,504,557
NONCURRENT ASSETS				
Cash and Investments - Restricted	475,645	999	-	476,644
Interfund Receivable	-	-	33,002,000	33,002,000
Capital Assets, Nondepreciable	7,754,766	1,464,713	-	9,219,479
Capital Assets, Depreciable, Net	9,557,742	46,857,521	-	56,415,263
Total Noncurrent Assets	17,788,153	48,323,233	33,002,000	99,113,386
Total Assets	<u>\$ 22,571,344</u>	<u>\$ 60,927,969</u>	<u>\$ 33,118,630</u>	<u>\$ 116,617,943</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	723,123	542,331	-	1,265,454
Accrued Payroll	-	94,957	-	94,957
Deposits Payable	77,710	-	-	77,710
Interest Payable	22,322	94,308	116,230	232,860
Interfund Payable, Current	282,000	684,000	-	966,000
Compensated Absences, Current	36,062	30,456	-	66,518
Bonds Payable, Current	-	-	966,000	966,000
Total Current Liabilities	1,141,217	1,446,052	1,082,230	3,669,499
NONCURRENT LIABILITIES				
Interfund Payable	5,494,000	26,542,000	-	32,036,000
Compensated Absences	34,079	28,781	-	62,860
Bonds Payable	-	-	32,036,000	32,036,000
Unamortized Bond Premium	-	-	1,321,347	1,321,347
Total Noncurrent Liabilities	5,528,079	26,570,781	33,357,347	65,456,207
DEFERRED INFLOWS OF RESOURCES				
Deferred Gain on Refunding	-	-	21,928	21,928
NET POSITION				
Net Investment in Capital Assets	11,960,246	20,810,142	-	32,770,388
Unrestricted	3,941,802	12,100,994	(1,342,875)	14,699,921
Total Net Position	15,902,048	32,911,136	(1,342,875)	47,470,309
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,571,344</u>	<u>\$ 60,927,969</u>	<u>\$ 33,118,630</u>	<u>\$ 116,617,943</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, 2026

Item F.1

	Water	Sewer	Financing Authority	Total
OPERATING REVENUES				
Charges for Services	\$ 6,118,051	\$ 7,104,428	\$ -	\$ 13,222,479
Connection Fees	281,840	680,440	-	962,280
Other	65,025	31,826	-	96,851
Total Operating Revenues	<u>6,464,916</u>	<u>7,816,694</u>		<u>14,281,610</u>
OPERATING EXPENSES				
Depreciation	1,144,612	3,402,345	-	4,546,957
Contract Services	870,934	1,338,577	-	2,209,511
Repairs and Maintenance	2,009,223	813,935	-	2,823,158
Payroll Expenses	867,104	555,614	-	1,422,718
Utilities	755,664	793,010	-	1,548,674
Insurance	194,308	269,287	-	463,595
Professional Fees	464,187	182,563	-	646,750
Miscellaneous	96,371	73,859	-	170,230
Permits and Fees	66,802	64,008	-	130,810
Chemicals	122,569	-	-	122,569
Telephone and Communications	16,125	23,826	-	39,951
Supplies	12,260	14,185	-	26,445
Contract Mailings	55,024	-	-	55,024
Rent	16,500	16,500	-	33,000
Directors' Expenses	12,478	12,478	-	24,956
Bank Fees and Merchant Charges	67,660	-	-	67,660
Memberships	9,764	13,270	-	23,034
Total Operating Expenses	<u>6,781,585</u>	<u>7,573,457</u>	<u>-</u>	<u>14,355,042</u>
OPERATING INCOME (LOSS)	<u>(316,669)</u>	<u>243,237</u>	<u>-</u>	<u>(73,432)</u>
NONCAPITAL SUBSIDIES				
Intergovernmental Revenues	-	-	-	-
Interest Expense	-	-	-	-
Bond Issuance Cost	-	-	-	-
Transfers Out	(179,302)	-	-	(179,302)
Total Noncapital Subsidies	<u>(179,302)</u>	<u>-</u>	<u>-</u>	<u>(179,302)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	223,371	436,506	1,413,437	2,073,314
Interest Expense	(269,364)	(1,144,073)	(1,328,377)	(2,741,814)
Capital Contributions	-	2,458,392	-	2,458,392
Bond Issuance Cost	-	-	-	-
Loss on Disposal of Capital Asset	(11,888)	(12,211)	-	(24,099)
Total Nonoperating Revenues (Expenses)	<u>(57,881)</u>	<u>1,738,614</u>	<u>85,060</u>	<u>1,765,793</u>
CHANGES IN NET POSITION	<u>(553,852)</u>	<u>1,981,851</u>	<u>85,060</u>	<u>1,513,059</u>
Net Position - Beginning of Year	<u>16,455,900</u>	<u>30,929,285</u>	<u>(1,427,935)</u>	<u>45,957,250</u>
NET POSITION - END OF YEAR	<u>\$ 15,902,048</u>	<u>\$ 32,911,136</u>	<u>\$ (1,342,875)</u>	<u>\$ 47,470,309</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, 2026**

Item F.1

	Water	Sewer	Financing Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 6,420,497	\$ 7,600,278	\$ -	\$ 14,020,775
Payments to Vendors and Suppliers	(4,986,640)	(3,303,148)	-	(8,289,788)
Payments to Employees and Directors	(854,143)	(461,521)	-	(1,315,664)
Net Cash Provided by Operating Activities	579,714	3,835,609	-	4,415,323
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In (Out)	(179,302)	-	-	(179,302)
Net Cash Provided (Used) by Noncapital Financing Activities	(179,302)	-	-	(179,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Interfund Payable	(265,000)	(655,000)	-	(920,000)
Interest Payments on Interfund Payable	(269,499)	(1,145,200)	-	(1,414,699)
Principal Payments Received on Interfund Receivable	-	-	920,000	920,000
Interest Payments Received on Interfund Receivable	-	-	1,414,699	1,414,699
Principal Payments on Bonds Payable	-	-	(920,000)	(920,000)
Interest Payments on Bonds Payable	-	-	(1,414,699)	(1,414,699)
Proceeds from Sale of Capital Assets	-	6,784	-	6,784
Acquisition of Capital Assets	(4,273,374)	(2,834,252)	-	(7,107,626)
Net Cash Used by Capital and Related Financing Activities	(4,807,873)	(4,627,668)	-	(9,435,541)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	223,371	436,506	-	659,877
Net Cash Provided by Investing Activities	223,371	436,506	-	659,877
NET CHANGE IN CASH AND INVESTMENTS	(4,184,090)	(355,553)	-	(4,539,643)
Cash and Investments - Beginning of Year	8,735,586	12,637,335	-	21,372,921
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 4,551,496</u>	<u>\$ 12,281,782</u>	<u>\$ -</u>	<u>\$ 16,833,278</u>
FINANCIAL STATEMENT PRESENTATION				
Cash and Investments	\$ 4,075,851	\$ 12,280,783	\$ -	\$ 16,356,634
Cash and Investments - Restricted Assets	475,645	999	-	476,644
Total Cash and Cash Equivalents	<u>\$ 4,551,496</u>	<u>\$ 12,281,782</u>	<u>\$ -</u>	<u>\$ 16,833,278</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (316,669)	\$ 243,237	\$ -	\$ (73,432)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,144,612	3,402,345	-	4,546,957
Change in Assets and Liabilities:				
Accounts Receivable	(44,419)	(216,416)	-	(260,835)
Due From Other Funds	12,056	57,725	-	69,781
Prepaid Expenses	6,795	1,489	-	8,284
Accounts Payable	202,686	253,136	-	455,822
Accrued Payroll	-	87,125	-	87,125
Deposits	(438,308)	-	-	(438,308)
Compensated Absences	12,961	6,968	-	19,929
Net Cash Provided by Operating Activities	<u>\$ 579,714</u>	<u>\$ 3,835,609</u>	<u>\$ -</u>	<u>\$ 4,415,323</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

Item F.1

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, 2026**

Item F.1

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, 2026**

Item F.1

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 within 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, 2026**

Item F.1

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 District's collection and treatment of wastewater. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Financing Authority Fund	Accounts for facilitating the financing of public capital improvements and facilities for the District's water and wastewater system.

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.

C. 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, 2026**

Item F.1

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

D. 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, 2026

Item F.1

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 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 a 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, 2026**

Item F.1

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. The District had no deferred inflows of resources related to unavailable revenues as of June 30, 2026.

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, 2026, \$_____ of the water fund's unrestricted net position and \$_____ of the sewer fund's unrestricted net position are 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.

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 whose use is constrained to specific purposes by formal action of the District's highest 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, 2026**

Item F.1

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.

14. Recently Implemented Accounting Pronouncements

During the year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. GASB 103 modifies certain financial reporting requirements, including management's discussion and analysis, presentation of proprietary fund revenues and expenses, reporting of unusual or infrequent items, and budgetary comparison information.

The District adopted the provisions of GASB Statement No. 103 effective July 1, 2025. The implementation of this statement resulted in changes to the presentation and classification of certain financial statement amounts and related disclosures. The adoption of GASB Statement No. 103 did not have a material effect on the District's beginning net position, change in net position, or cash flows.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

Item F.1

NOTE 2 CASH AND INVESTMENTS

Cash

Cash and investments as of June 30, 2026 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 1,716,587	\$ 16,356,634	\$ 18,073,221
Cash and Investments - Restricted	-	476,644	476,644
Total Cash and Investments	<u>\$ 1,716,587</u>	<u>\$ 16,833,278</u>	<u>\$ 18,549,865</u>

At June 30, 2026, the District's total cash and investments at fair value were as follows:

Cash:	
Cash on Hand	\$ 200
Deposits with Financial Institutions	6,576,113
Total Cash	<u>6,576,313</u>
Investments:	
California CLASS	11,357,758
Contra Costa County Treasurer	139,150
Investments Held by Bond Trustee -	
Money Market Mutual Funds	476,644
Total Investments	<u>11,973,552</u>
Total Cash and Investments	<u>\$ 18,549,865</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 an investment policy approved by the board of directors 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 the District's debt agreements rather than the general provisions of the California Government Code.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

Item F.1

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment Policy (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

	Total	12 Months or less
California CLASS	\$ 11,357,758	\$ 11,357,758
Contra Costa County Treasurer Investments Held by Bond Trustee -	139,150	139,150
Money Market Mutual Funds	476,644	476,644
Total Cash and Investments	<u>\$ 11,973,552</u>	<u>\$ 11,973,552</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

Item F.1

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. The District's investment in California CLASS was rated AA+ by Fitch, Money Market Mutual Funds held by bond trustee was rated AAA by S&P Global Ratings and investment with the 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, 2026, 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, 2026, 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, 2026

Item F.1

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 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, 2026:

	General	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Water	Sewer	Total
Accounts Receivable	\$ 174,003	\$ 128,547	\$ 11,777	\$ 718,357	\$ 275,435	\$ 1,308,119
Allowance for Uncollectible	-	-	-	(47,191)	(408)	(47,599)
Accounts Receivable, Net	<u>\$ 174,003</u>	<u>\$ 128,547</u>	<u>\$ 11,777</u>	<u>\$ 671,166</u>	<u>\$ 275,027</u>	<u>\$ 1,260,520</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

Item F.1

NOTE 4 INTERFUND TRANSACTIONS

Interfund receivable and payable balances as of June 30, 2026 were as follows:

Fund	Interfund Receivable	Interfund Payable
Major Proprietary Funds:		
Water Fund	\$ -	\$ 5,776,000
Sewer Fund	-	27,226,000
Financing Authority	33,002,000	-
Total	<u>\$ 33,002,000</u>	<u>\$ 33,002,000</u>

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

Transfers between funds during fiscal year ended June 30, 2026 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 179,302	\$ -
Major Proprietary Funds:		
Water Fund	-	179,302
Total Interfund Transfers	<u>\$ 179,302</u>	<u>\$ 179,302</u>

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

Item F.1

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026, is as follows:

	Balance June 30, 2025	Additions	Deletions	Transfers	Balance June 30, 2026
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Total Nondepreciable Capital Assets	415,930	-	-	-	415,930
Depreciable Capital Assets					
Equipment	655,379	-	(50,244)	-	605,135
Buildings and Improvements	5,418,215	223,823	(123,437)	-	5,518,601
Office Furniture and Equipment	25,665	-	(11,457)	-	14,208
Vehicles	80,133	-	-	-	80,133
Total Depreciable Capital Assets	6,179,392	223,823	(185,138)	-	6,218,077
Less: Accumulated Depreciation					
Equipment	(407,592)	(32,082)	47,763	-	(391,911)
Buildings and Improvements	(2,563,510)	(274,403)	91,699	-	(2,746,214)
Office Furniture and Equipment	(25,032)	(204)	10,992	-	(14,244)
Vehicles	(80,133)	-	-	-	(80,133)
Total Accumulated Depreciation	(3,076,267)	(306,689)	150,454	-	(3,232,502)
Net Depreciable Capital Assets	3,103,125	(82,866)	(34,684)	-	2,985,575
Net Capital Assets	\$ 3,519,055	\$ (82,866)	\$ (34,684)	\$ -	\$ 3,401,505
Business-Type Activities					
Nondepreciable Capital Assets					
Land	\$ 456,896	\$ -	\$ -	\$ -	\$ 456,896
Construction in Progress	4,460,238	6,003,133	-	(1,700,788)	8,762,583
Total Nondepreciable Capital Assets	4,917,134	6,003,133	-	(1,700,788)	9,219,479
Depreciable Capital Assets					
Buildings and Improvements	818,921	667,274	-	-	1,486,195
Treatment and Collection	58,454,386	2,717,649	(6,783)	32,343,574	93,508,826
Structures and Improvements	30,642,786	-	-	(30,642,786)	-
Equipment	1,212,696	177,962	(238,355)	-	1,152,303
Office Equipment	185,205	-	(126,717)	-	58,488
Vehicles	1,301,063	-	(27,795)	-	1,273,268
Total Depreciable Capital Assets	92,615,057	3,562,885	(399,650)	1,700,788	97,479,080
Less: Accumulated Depreciation					
Buildings and Improvements	(458,835)	(39,639)	-	-	(498,474)
Treatment and Collection	(29,031,966)	(4,209,875)	-	(5,508,610)	(38,750,451)
Structures and Improvements	(5,508,610)	-	-	5,508,610	-
Equipment	(949,287)	(52,995)	217,800	-	(784,482)
Office Equipment	(161,531)	(7,188)	122,685	-	(46,034)
Vehicles	(775,398)	(237,260)	28,282	-	(984,376)
Total Accumulated Depreciation	(36,885,627)	(4,546,957)	368,767	-	(41,063,817)
Net Depreciable Capital Assets	55,729,430	(984,072)	(30,883)	1,700,788	56,415,263
Net Capital Assets	\$ 60,646,564	\$ 5,019,061	\$ (30,883)	\$ -	\$ 65,634,742

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

Item F.1

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions 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	\$ 270,873
Lighting and Landscaping Zone 9	35,816
Total Depreciation Expense - Governmental Activities	<u>\$ 306,689</u>

Business-Type Activities:

Water	\$ 1,144,612
Sewer	3,402,345
Total Depreciation Expense - Business-Type Activities	<u>\$ 4,546,957</u>

NOTE 6 LONG-TERM DEBT

A summary of the changes in the District's long-term liabilities for the year ended June 30, 2026, is as follows:

	Original Amount	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Business-Type Activity:						
Discovery Bay Public Financing Authority Series 2017 Enterprise Revenue Bonds	\$ 8,825,000	\$ 7,425,000	\$ -	\$ (225,000)	\$ 7,200,000	\$ 240,000
Discovery Bay Public Financing Authority Series 2022 Enterprise Revenue Bonds	16,860,000	16,135,000	-	(275,000)	15,860,000	290,000
Discovery Bay Public Financing Authority Series 2022B Enterprise Revenue Bonds	11,650,000	10,362,000	-	(420,000)	9,942,000	436,000
Unamortized Premiums	2,105,577	1,404,671	-	(83,324)	1,321,347	-
Totals	<u>\$ 39,440,577</u>	<u>\$ 35,326,671</u>	<u>\$ -</u>	<u>\$ (1,003,324)</u>	<u>\$ 34,323,347</u>	<u>\$ 966,000</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, 2026

Item F.1

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:

Year Ending June 30,	Business-Type Activities	
	Principal	Interest
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	956,000	1,215,549
2032-2036	5,395,000	5,451,291
2037-2041	6,591,000	4,224,336
2042-2046	8,026,000	2,713,778
2047-2051	6,285,000	1,104,850
2052-2056	1,975,000	99,875
Total	<u>\$ 33,002,000</u>	<u>\$ 20,059,224</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

Item F.1

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, 2026 were \$52,427.

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 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.

Defined 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, 2026 were \$35,118.

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, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Compensated Absences:					
Governmental Activity	\$ 48,345	\$ 2,150 *	\$ -	\$ 50,495	\$ 25,961
Business-Type Activity	109,449	19,929 *	-	129,378	66,518
Total	<u>\$ 157,794</u>	<u>\$ 22,079</u>	<u>\$ -</u>	<u>\$ 179,873</u>	<u>\$ 92,479</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, 2026

Item F.1

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, 2026, 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 2026, 2025, and 2024. 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, 2026:

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 (insured value \$32,688,937)	1,250,000,000
Boiler and Machinery	200,000,000
Property Coverage (insured value \$587,445)	1,250,000,000
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.

REQUIRED SUPPLEMENTARY INFORMATION

Preliminary Draft

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026**

Item F.1

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Intergovernmental Revenues	\$ 272,500	\$ 645,140	\$ 372,640
Interest Income	6,000	2,908	(3,092)
Other	-	2,571	2,571
Total Revenues	<u>278,500</u>	<u>650,619</u>	<u>372,119</u>
EXPENDITURES			
Current:			
General Government:			
Payroll Expenses	200,000	116,796	83,204
Other	72,500	642,227	(569,727)
Capital Outlay	495,000	-	495,000
Total Expenditures	<u>767,500</u>	<u>759,023</u>	<u>8,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(489,000)	(108,404)	380,596
OTHER FINANCING SOURCES			
Transfers In	-	179,302	179,302
NET CHANGE IN FUND BALANCES	(489,000)	70,898	559,898
Fund Balances - Beginning of Year	<u>173,369</u>	<u>173,369</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (315,631)</u>	<u>\$ 244,267</u>	<u>\$ 559,898</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, 2026**

Item F.1

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Property Taxes	\$ 906,400	\$ 910,682	\$ 4,282
Intergovernmental Revenues	72,000	101,760	29,760
Charges for Services	115,500	162,330	46,830
Developer Fees	-	142,635	142,635
Interest Income	51,000	43,750	(7,250)
Other	15,000	179,620	164,620
Total Revenues	<u>1,159,900</u>	<u>1,540,777</u>	<u>380,877</u>
EXPENDITURES			
Current:			
General Government:			
Payroll Expenses	673,800	626,801	46,999
Repairs and Maintenance	161,500	193,612	(32,112)
Utilities	207,000	192,286	14,714
Other	110,800	61,272	49,528
Insurance	23,000	15,680	7,320
Professional Fees	10,500	13,603	(3,103)
Capital Outlay	495,000	270,428	224,572
Total Expenditures	<u>1,681,600</u>	<u>1,373,682</u>	<u>307,918</u>
NET CHANGE IN FUND BALANCES	(521,700)	167,095	688,795
Fund Balances - Beginning	<u>1,232,788</u>	<u>1,232,788</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 711,088</u>	<u>\$ 1,399,883</u>	<u>\$ 688,795</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, 2026**

Item F.1

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
REVENUES			
Assessment Income	\$ 173,100	\$ 173,171	\$ 71
Intergovernmental Revenues	18,000	25,440	7,440
Interest Income	11,000	7,988	(3,012)
Total Revenues	<u>202,100</u>	<u>206,599</u>	<u>4,499</u>
EXPENDITURES			
Current:			
General Government:			
Payroll Expenses	56,500	79,496	(22,996)
Repairs and Maintenance	58,200	58,675	(475)
Utilities	24,200	29,028	(4,828)
Other	17,600	16,280	1,320
Insurance	13,500	3,920	9,580
Professional Fees	5,700	7,694	(1,994)
Capital Outlay	-	-	-
Total Expenditures	<u>175,700</u>	<u>195,093</u>	<u>(19,393)</u>
NET CHANGE IN FUND BALANCES	26,400	11,506	(14,894)
Fund Balances - Beginning of Year	<u>201,772</u>	<u>201,772</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 228,172</u>	<u>\$ 213,278</u>	<u>\$ (14,894)</u>

See accompanying Notes to Required Supplementary Information.

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026

Item F.1

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 budgetary comparison schedules 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, 2026. 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 the year ended June 30, 2026, expenditures exceeded budgeted appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Other	\$ 72,500	\$ 642,227	\$ (569,727)
Lighting and Landscaping Zone 8			
Special Revenue Fund:			
Repairs and Maintenance	161,500	193,612	(32,112)
Professional Fees	10,500	13,603	(3,103)
Lighting and Landscaping Zone 9			
Special Revenue Fund:			
Payroll Expenses	56,500	79,496	(22,996)
Repairs and Maintenance	58,200	58,675	(475)
Utilities	24,200	29,028	(4,828)
Professional Fees	5,700	7,694	(1,994)