

**TOWN OF DISCOVERY BAY  
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Town of Discovery Bay Community Services District ("District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2024, 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 City 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 City'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 November 19, 2024, 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  
November 19, 2024

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

This narrative overview and analysis of the Town of Discovery Bay Community Services District's (District) financial activities for the fiscal year ended June 30, 2024 has been provided by the management of the District. The management's discussion and analysis are intended to serve as an introduction to the District's financial statements which follow this section, and it is recommended to be reviewed in conjunction with them.

**Financial Highlights**

- The District's overall net position increased by \$137,544 over the prior year, including a \$240,639 increase in net position of governmental activities, and a \$(103,095) decrease in net position of business-type activities. The District's total net position is now \$51,510,535.
- Total assets of the District were \$90,600,321 with capital assets at \$62,206,748 net of accumulated depreciation. Current, non-current and other assets were \$28,393,573.
- Total liabilities were \$39,065,186 consisting of long-term liabilities of \$35,508,806 and other current liabilities of \$3,556,380.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$51,510,535 (net position). Of this amount, \$15,981,049 (unrestricted net position) may be used to meet the District's ongoing obligations, \$4,907,319 is restricted for capital projects, and \$30,622,167 is net investment in capital assets.
- On the current financial resource basis, the District's governmental fund expenditure exceeded revenues (including \$645,825 in capital outlay expenditures) by \$(186,955). The proprietary fund expenses exceeded revenues by \$(103,095).
- At year-end, there was \$2,421,104 in cash and investments to fund future governmental activities, and \$25,198,957 in cash and investments to fund future business-type activities.

**Overview of the Financial Statements**

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

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**Overview of the Financial Statements (Continued)**

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

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

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

A review of the net position over time may serve as a useful indicator of the District's financial position. Net position represents the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. As of June 30, 2024, the District's net position was \$51,510,535, an increase of \$137,544 from the previous year. The following table outlines the District's net position by function for the current and prior fiscal years.

Town of Discovery Bay Community Services District Net Position  
(rounded to the nearest dollar)  
As of June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total		Variance
	2024	2023	2024	2023	2024	2023	\$
<b>Assets</b>							
Current and Other Assets	2,597,872	2,637,365	\$ 25,795,701	\$ 29,096,989	\$ 28,393,573	\$ 31,734,354	\$ (3,340,781)
Capital Assets, Net	2,678,996	2,323,834	59,527,752	56,358,038	62,206,748	58,681,872	3,524,876
<b>Total Assets</b>	<u>5,276,868</u>	<u>4,961,199</u>	<u>85,323,453</u>	<u>85,455,027</u>	<u>90,600,321</u>	<u>90,416,226</u>	<u>184,095</u>
<b>Liabilities</b>							
Current Liabilities	242,078	165,893	3,314,302	2,374,322	3,556,380	2,540,215	1,016,165
Noncurrent Liabilities	29,123	30,278	35,479,683	36,446,806	35,508,806	36,477,084	(968,278)
<b>Total Liabilities</b>	<u>271,201</u>	<u>196,171</u>	<u>38,793,985</u>	<u>38,821,128</u>	<u>39,065,186</u>	<u>39,017,299</u>	<u>47,887</u>
Deferred Inflows of Resources	-	-	24,600	25,936	24,600	25,936	(1,336)
<b>Net Position</b>							
Invested in Capital Assets	2,678,996	2,323,834	27,943,171	20,702,038	30,622,167	23,025,872	7,596,295
Restricted	-	-	4,907,319	6,843,850	4,907,319	6,843,850	(1,936,531)
Unrestricted	2,326,671	2,441,194	13,654,378	19,062,075	15,981,049	21,503,269	(5,522,220)
<b>Total Net Position</b>	<u>\$ 5,005,667</u>	<u>\$ 4,765,028</u>	<u>\$ 46,504,868</u>	<u>\$ 46,607,963</u>	<u>\$ 51,510,535</u>	<u>\$ 51,372,991</u>	<u>\$ 137,544</u>

By far the largest portion of the District's net position, 59%, reflects its net investment in capital assets (e.g., land, buildings and improvements, equipment, etc.); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The second largest portion of the District's net position, 31%, reflects its unrestricted net position, which may be used to meet the government's ongoing obligations.

The restricted portion of the District's net position, \$4,907,319, is subject to constraints by bond financing agreements and enabling legislation.



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

The following table displays the change in the District's net position for the year ended June 30, 2024.  
Town of Discovery Bay Community Services District Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 399,777	\$ 313,727	\$ 11,643,402	\$ 11,345,674	\$ 12,043,179	\$ 11,659,401
Operating Grants and Contributions	463,561	-	132,640	2,970	596,201	2,970
General Revenues						
Property Taxes	856,834	828,881	-	-	856,834	828,881
Investment Income	108,945	21,435	1,143,948	512,429	1,252,893	533,864
Other	12,636	176,569	-	203,076	12,636	379,645
Total Revenues	<u>1,841,753</u>	<u>1,340,612</u>	<u>12,919,990</u>	<u>12,064,149</u>	<u>14,761,743</u>	<u>13,404,761</u>
<b>EXPENSES</b>						
General Government	209,602	78,675	-	-	209,602	78,675
Community Center	1,282	1,283	-	-	1,282	1,283
Lighting and Landscaping Zone 8	1,235,187	1,111,722	-	-	1,235,187	1,111,722
Lighting and Landscaping Zone 9	155,043	166,439	-	-	155,043	166,439
Water	-	-	4,887,622	4,859,577	4,887,622	4,859,577
Sewer	-	-	6,735,861	6,299,502	6,735,861	6,299,502
Financing Authority	-	-	1,399,602	1,544,204	1,399,602	1,544,204
Total Expenses	<u>1,601,114</u>	<u>1,358,119</u>	<u>13,023,085</u>	<u>12,703,283</u>	<u>14,624,199</u>	<u>14,061,402</u>
<b>CHANGE IN NET POSITION</b>	240,639	(17,507)	(103,095)	(639,134)	137,544	(656,641)
Net Position - Beginning of Year	<u>4,765,028</u>	<u>4,782,535</u>	<u>46,607,963</u>	<u>47,247,097</u>	<u>51,372,991</u>	<u>52,029,632</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,005,667</u>	<u>\$ 4,765,028</u>	<u>\$ 46,504,868</u>	<u>\$ 46,607,963</u>	<u>\$ 51,510,535</u>	<u>\$ 51,372,991</u>

**Governmental Activities**

The \$240,639 increase in net position is attributed to each function as follows:

- Charges for services increased by \$86,050 due to an increase in Community Center program fees.
- Proposition 68 Grant Funding for the Cornell Park enhancements.
- Expenses increased \$242,995 due to additional expenditures towards landscape projects through the Town and County zones.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

***Business-type Activities***

- Charges for services increased \$297,728 due increase in rates during the fiscal year.
- Investment income increased \$631,519 due to the District utilizing commercial bank accounts earning greater interest on funds held during the year.
- Expenses increased \$319,802 primarily due to increases in contract services, insurance, utilities, repairs and maintenance.

**Financial Analysis of the District's Funds**

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

***Governmental Funds***

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

As of the end of the current fiscal year, the District's combined governmental fund expenditure exceeded revenues by \$(186,955) primarily due to expenditures exceeding revenues. The fund balance of the Lighting and Landscaping Zone 8 fund decreased by \$(190,892), the fund balance of the Lighting and Landscaping Zone 9 fund increased by \$45,754, the fund balance of the community center fund increased by \$17,729, and the fund balance of the general fund decreased by \$59,546. At year-end, the combined fund balance of the governmental funds was \$2,266,505, consisting of committed and unassigned funds.

Governmental funds saw an increase in revenues from charges for services, investment income, and an operating grant. Those revenues were offset by an increase in operating expenditure for an increased effort in landscape services throughout the District.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

***Proprietary Funds***

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

The net position of the proprietary funds decreased by \$(103,095) from \$46,607,963 to \$46,504,868. The net position included \$13,654,378 in unrestricted net position which has decreased by \$5,522,220 from the previous year. There was a corresponding increase in the Net Investment in Capital Assets increasing from \$7,241,133, to \$27,943,171 due to the completion of capital projects. The change in net position is due to lower charges of services being offset by increases in operating expenses.

**Capital Asset and Debt Administration**

***Capital Assets***

At the end of fiscal year 2024, the District's investment in capital assets amounted to \$62,206,748 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, structures and improvements, and treatment and collection.

The District's total investment in capital assets before depreciation increased by \$7,162,567 from \$91,560,660 to \$98,723,233. Significant additions to capital assets included:

- Denitrification Facility - \$18,346,873
- Sewer System Improvements - \$411,745
- Sewer Pump Station Y - \$1,100,000
- Sewer Lagoon - \$57,743
- Sewer System Bar Screens - \$501,673
- Sewer Outfall diffuser - \$382,656
- Construction Vehicles and Equipment - \$257,674
- Boardroom Audio Visual - \$32,195
- Waster Treatment Pumps - \$74,073
- Landscape Mowers and Dump Truck - \$50,583
- Community Center Patio Enhancement - \$102,393
- Cornell Park Enhancement Project - \$220,583
- Clipper Drive Enhancement - \$221,573

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

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

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 415,930	\$ 415,930	\$ 456,896	\$ 456,896	\$ 872,826	\$ 872,826
Buildings and Improvements	4,518,443	3,923,200	794,471	772,294	5,312,914	4,695,494
Treatment and Collection	-	-	58,397,009	56,280,864	58,397,009	56,280,864
Structure and Improvements	-	-	28,215,253	9,193,131	28,215,253	9,193,131
Equipment	655,379	604,797	1,104,311	1,041,906	1,759,690	1,646,703
Office Furniture and Equipment	25,665	25,665	185,205	153,009	210,870	178,674
Vehicles	80,133	80,133	1,236,396	1,112,905	1,316,529	1,193,038
Construction in Progress	-	-	2,638,142	17,499,936	2,638,142	17,499,936
Total	5,695,550	5,049,725	93,027,683	86,510,941	98,723,233	91,560,666
Less: Accumulated Depreciation	(3,016,554)	(2,725,891)	(33,499,931)	(30,152,903)	(36,516,485)	(32,878,794)
Net Capital Assets	<u>\$ 2,678,996</u>	<u>\$ 2,323,834</u>	<u>\$ 59,527,752</u>	<u>\$ 56,358,038</u>	<u>\$ 62,206,748</u>	<u>\$ 58,681,872</u>

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

***Debt Administration***

On June 30, 2024, the District had \$34,808,000 in outstanding debt as compared to \$35,656,000 for the prior year. During fiscal year 2014, the District received Series 2012 Enterprise Revenue Bonds to finance the acquisition and construction of certain improvements to the water and wastewater systems. During fiscal year 2018, the District received series 2017 Enterprise Revenue Bonds to finance the costs of certain improvements to the water and wastewater enterprise systems. During the fiscal year 2022, the District received Series 2022 Enterprise Revenue Bonds to finance the costs of certain improvements to the water and wastewater enterprise system. During the fiscal year 2023, the District issued \$11,650,000 Discovery Bay Public Financing Authority Enterprise Revenue Refunding Bonds, Series 2022B. The bonds were issued to refinance the Series 2012 Enterprise Revenue Bonds.

There was no new debt issued during the fiscal year, and the District made debt service payments of \$538,350 for the Water System and \$17,797,077 for Wastewater System.

Additional information regarding the District's debt can be found in Note 6 of this report.

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**Contacting the District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 2,421,104	\$ 20,291,638	\$22,712,742
Accounts Receivable, Net of Allowance for Doubtful Accounts	171,039	499,575	670,614
Advances on Taxes	5,272	832	6,104
Prepaid Expenses	457	96,337	96,794
Total Current Assets	<u>2,597,872</u>	<u>20,888,382</u>	<u>23,486,254</u>
Noncurrent Assets:			
Cash and Investments - Restricted	-	4,907,319	4,907,319
Capital Assets, Non-depreciable	415,930	3,095,038	3,510,968
Capital Assets, Depreciable, Net	2,263,066	56,432,714	58,695,780
Total Noncurrent Assets	<u>2,678,996</u>	<u>64,435,071</u>	<u>67,114,067</u>
Total Assets	<u>5,276,868</u>	<u>85,323,453</u>	<u>90,600,321</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	242,078	1,719,828	1,961,906
Interest Payable	-	122,751	122,751
Other Accrued Liabilities	-	59,367	59,367
Deposits	-	526,356	526,356
Bonds Payable-Current	-	886,000	886,000
Total Current Liabilities	<u>242,078</u>	<u>3,314,302</u>	<u>3,556,380</u>
Noncurrent Liabilities:			
Compensated Absences	29,123	68,197	97,320
Bonds Payable	-	33,922,000	33,922,000
Unamortized Bond Premium	-	1,489,486	1,489,486
Total Noncurrent Liabilities	<u>29,123</u>	<u>35,479,683</u>	<u>35,508,806</u>
Total Liabilities	<u>271,201</u>	<u>38,793,985</u>	<u>39,065,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>24,600</u>	<u>24,600</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,678,996	27,943,171	30,622,167
Restricted for:			
Capital Projects	-	4,907,319	4,907,319
Unrestricted	2,326,671	13,654,378	15,981,049
Total Net Position	<u>\$ 5,005,667</u>	<u>\$ 46,504,868</u>	<u>\$51,510,535</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 209,602	\$ -	\$ 209,808	\$ -	\$ 206	\$ -	\$ 206
Community Center	1,282	-	-	-	(1,282)	-	(1,282)
Lighting and Landscaping Zone 8	1,235,187	234,986	237,760	-	(762,441)	-	(762,441)
Lighting and Landscaping Zone 9	155,043	164,791	15,993	-	25,741	-	25,741
Total Governmental Activities	<u>1,601,114</u>	<u>399,777</u>	<u>463,561</u>	<u>-</u>	<u>(737,776)</u>	<u>-</u>	<u>(737,776)</u>
Business-Type Activities:							
Water	4,887,622	4,848,601	79,402	-	-	40,381	40,381
Sewer	6,735,861	6,794,801	53,238	-	-	112,178	112,178
Financing Authority	1,399,602	-	-	-	-	(1,399,602)	(1,399,602)
Total Business-Type Activities	<u>13,023,085</u>	<u>11,643,402</u>	<u>132,640</u>	<u>-</u>	<u>-</u>	<u>(1,247,043)</u>	<u>(1,247,043)</u>
Total Primary Government	<u>\$ 14,624,199</u>	<u>\$ 12,043,179</u>	<u>\$ 596,201</u>	<u>\$ -</u>	<u>\$ (737,776)</u>	<u>\$ (1,247,043)</u>	<u>\$ (1,984,819)</u>
<b>General Revenues</b>							
Taxes:							
Property Taxes					856,834	-	856,834
Net Investment Income					108,945	1,143,948	1,252,893
Other Income					12,636	-	12,636
Total General Revenues and Transfers					<u>978,415</u>	<u>1,143,948</u>	<u>2,122,363</u>
<b>CHANGE IN NET POSITION</b>					<u>240,639</u>	<u>(103,095)</u>	<u>137,544</u>
Net Position - Beginning of Year					<u>4,765,028</u>	<u>46,607,963</u>	<u>51,372,991</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 5,005,667</u>	<u>\$ 46,504,868</u>	<u>\$ 51,510,535</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund	Community Center	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 134,638	\$ 360,095	\$ 1,513,452	\$ 412,919	\$ 2,421,104
Accounts Receivable	90,805	-	77,332	2,902	171,039
Advances on Taxes	-	-	5,272	-	5,272
Prepays	-	-	457	-	457
Total Assets	<u>\$ 225,443</u>	<u>\$ 360,095</u>	<u>\$ 1,596,513</u>	<u>\$ 415,821</u>	<u>\$ 2,597,872</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 50,003	\$ -	\$ 159,784	\$ 32,291	\$ 242,078
Total Liabilities	<u>50,003</u>	<u>-</u>	<u>159,784</u>	<u>32,291</u>	<u>242,078</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable Revenues	89,289	-	-	-	89,289
Total Deferred Inflow of Resources	<u>89,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,289</u>
<b>FUND BALANCES</b>					
Nonspendable					
Prepays	-	-	457	-	457
Restricted for:					
Community Center	-	360,095	-	-	360,095
Lighting and Landscaping Zone 8	-	-	1,436,729	-	1,436,729
Lighting and Landscaping Zone 9	-	-	-	383,530	383,530
Unassigned	86,151	-	-	-	86,151
Total Fund Balances	<u>86,151</u>	<u>360,095</u>	<u>1,436,729</u>	<u>383,530</u>	<u>2,266,505</u>
Total Liabilities and Fund Balances	<u>\$ 225,443</u>	<u>\$ 360,095</u>	<u>\$ 1,596,513</u>	<u>\$ 415,821</u>	<u>\$ 2,597,872</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, 2024**

Total Fund Balance - Governmental Funds	\$	2,266,505
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Amounts reported for governmental activities in the statement of net position are different because:

Revenues not collected within availability period are not available soon enough to pay for the current period's expenditures and, therefore are reported as unavailble revenue in the governmental funds		89,289
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,678,996
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Compensated absences are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds.		<u>(29,123)</u>
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Net Position of Governmental Activities	\$	<u>5,005,667</u>
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*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, 2024**

	General Fund	Community Center	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ 856,834	\$ -	\$ 856,834
Assessment Income	-	-	-	164,791	164,791
Intergovernmental Revenues	138,531	-	237,760	15,993	392,284
Charges for services	3,628	-	234,986	-	238,614
Interest Income	7,897	17,729	71,888	11,431	108,945
Other	-	-	9,008	-	9,008
Total Revenues	<u>150,056</u>	<u>17,729</u>	<u>1,410,476</u>	<u>192,215</u>	<u>1,770,476</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
Payroll Expenses	-	-	355,274	34,438	389,712
Repairs and Maintenance	-	-	247,273	53,770	301,043
Utilities	-	-	192,386	19,957	212,343
Other	209,602	-	157,465	14,039	381,106
Insurance	-	-	12,370	3,300	15,670
Professional Fees	-	-	7,707	4,025	11,732
Capital Outlay	-	-	628,893	16,932	645,825
Total Expenditures	<u>209,602</u>	<u>-</u>	<u>1,601,368</u>	<u>146,461</u>	<u>1,957,431</u>
<b>NET CHANGE IN FUND BALANCES</b>	(59,546)	17,729	(190,892)	45,754	(186,955)
Fund Balances - Beginning of Year	<u>145,697</u>	<u>342,366</u>	<u>1,627,621</u>	<u>337,776</u>	<u>2,453,460</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 86,151</u>	<u>\$ 360,095</u>	<u>\$ 1,436,729</u>	<u>\$ 383,530</u>	<u>\$ 2,266,505</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, 2024**

Net Change in Fund Balances - Governmental Funds	\$	(186,955)
<p>Amounts reported for governmental activities in the statement of activities are different because of the following:</p>		
<p>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.</p>		71,277
<p>Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.</p>		(290,663)
<p>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.</p>		645,825
<p>Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.</p>		<u>1,155</u>
Change in Net Position of Governmental Activities	\$	<u><u>240,639</u></u>

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024**

	Water Fund	Sewer Fund	Financing Authority Fund	Total
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 7,361,933	\$ 12,929,705	\$ -	\$ 20,291,638
Accounts Receivable, Net	380,536	119,039	-	499,575
Prepaid Expenses	44,983	51,354	-	96,337
Advances on Taxes	333	499	-	832
Total Current Assets	<u>7,787,785</u>	<u>13,100,597</u>	<u>-</u>	<u>20,888,382</u>
<b>NONCURRENT ASSETS</b>				
Cash and Investments - Restricted	-	-	4,907,319	4,907,319
Interfund Receivable	-	-	34,930,751	34,930,751
Capital Assets, Non-Depreciable	2,250,675	199,000	645,363	3,095,038
Capital Assets, Depreciable, Net	8,842,258	47,590,456	-	56,432,714
Total Noncurrent Assets	<u>11,092,933</u>	<u>47,789,456</u>	<u>40,483,433</u>	<u>99,365,822</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 18,880,718</u>	 <u>\$ 60,890,053</u>	 <u>\$ 40,483,433</u>	 <u>\$ 120,254,204</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	585,971	964,043	169,814	1,719,828
Accrued payroll	-	59,367	-	59,367
Deposits liability	526,356	-	-	526,356
Interest Payable	-	-	122,751	122,751
Bonds Payable - Current	-	-	886,000	886,000
Total Current Liabilities	<u>1,112,327</u>	<u>1,023,410</u>	<u>1,178,565</u>	<u>3,314,302</u>
<b>NONCURRENT LIABILITIES</b>				
Interfund Receivables	6,323,004	28,607,747	-	34,930,751
Compensated Absences	29,126	39,071	-	68,197
Bonds Payable	-	-	33,922,000	33,922,000
Unamortized Bond Premium	-	-	1,489,486	1,489,486
Total Noncurrent Liabilities	<u>6,352,130</u>	<u>28,646,818</u>	<u>35,411,486</u>	<u>70,410,434</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>24,600</u>	 <u>24,600</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,793,933	19,280,456	475,549	24,549,938
Restricted for Capital Projects	-	-	4,907,319	4,907,319
Unrestricted	6,622,328	11,939,369	(1,514,086)	17,047,611
Total Net Position	<u>11,416,261</u>	<u>31,219,825</u>	<u>3,868,782</u>	<u>46,504,868</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 18,880,718</u>	 <u>\$ 60,890,053</u>	 <u>\$ 40,483,433</u>	 <u>\$ 120,254,204</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, 2024**

	Water Fund	Sewer Fund	Financing Authority Fund	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 4,553,543	\$ 6,442,073	\$ -	\$ 10,995,616
Connection Fees	183,872	352,728	-	536,600
Other	162,416	53,238	-	215,654
Grants	28,172	-	-	28,172
Total Operating Revenues	<u>4,928,003</u>	<u>6,848,039</u>	<u>-</u>	<u>11,776,042</u>
<b>OPERATING EXPENSES</b>				
Depreciation	799,540	2,550,539	-	3,350,079
Contract Services	1,007,162	1,691,145	-	2,698,307
Repairs and Maintenance	970,888	482,968	-	1,453,856
Payroll Expenses	588,522	667,806	-	1,256,328
Utilities	624,666	711,157	-	1,335,823
Insurance	248,846	353,022	-	601,868
Professional Fees	234,476	107,508	-	341,984
Miscellaneous	109,247	50,282	-	159,529
Permits and Fees	43,148	23,919	-	67,067
Chemicals	106,146	-	-	106,146
Telephone and Communications	23,136	38,901	-	62,037
Supplies	17,050	18,782	-	35,832
Contract Mailings	48,597	-	-	48,597
Rent	15,510	17,490	-	33,000
Directors' Expenses	11,656	13,989	-	25,645
Bank Fees and Merchant Charges	27,906	-	-	27,906
Memberships	11,126	8,353	-	19,479
Total Operating Expenses	<u>4,887,622</u>	<u>6,735,861</u>	<u>-</u>	<u>11,623,483</u>
<b>OPERATING INCOME (LOSS)</b>	40,381	112,178	-	152,559
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	426,184	395,522	1,809,670	2,631,376
Interest Expense	(292,351)	(1,195,077)	(1,399,602)	(2,887,030)
Total Nonoperating Revenues (Expenses)	<u>133,833</u>	<u>(799,555)</u>	<u>410,068</u>	<u>(255,654)</u>
<b>OPERATING TRANSFERS IN (OUT)</b>	<u>1,817</u>	<u>13,284,473</u>	<u>(13,286,290)</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	176,031	12,597,096	(12,876,222)	(103,095)
Net Position - Beginning of Year	<u>11,240,230</u>	<u>18,622,729</u>	<u>16,745,004</u>	<u>46,607,963</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,416,261</u>	<u>\$ 31,219,825</u>	<u>\$ 3,868,782</u>	<u>\$ 46,504,868</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, 2024**

	Water Fund	Sewer Fund	Financing Authority Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 5,646,535	\$ 6,817,672	\$ -	\$ 12,464,207
Payments to Vendors and Suppliers	(3,348,262)	(3,130,317)	-	(6,478,579)
Payments to Employees and Directors	(586,616)	(609,461)	-	(1,196,077)
Net Cash Provided by Operating Activities	<u>1,711,657</u>	<u>3,077,894</u>	<u>-</u>	<u>4,789,551</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In (Out)	1,817	6,507	(8,324)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,817</u>	<u>6,507</u>	<u>(8,324)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Interfund Receivable	(246,000)	(602,000)	-	(848,000)
Interest Payments on Interfund Receivable	(293,214)	(1,197,100)	-	(1,490,314)
Principal Payments Received on Installment Receivable	-	-	848,000	848,000
Interest Payments Received on Installment Receivable	-	-	1,490,314	1,490,314
Principal Payments on Bonds Payable	-	-	(848,000)	(848,000)
Interest Payments on Bonds Payable	-	-	(1,490,314)	(1,490,314)
Acquisition of Capital Assets	(1,829,100)	(668,518)	(4,253,341)	(6,750,959)
Net Cash Used by Capital and Related Financing Activities	<u>(2,368,314)</u>	<u>(2,467,618)</u>	<u>(4,253,341)</u>	<u>(9,089,273)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	426,184	395,522	322,243	1,143,949
Net Cash Provided by Investing Activities	<u>426,184</u>	<u>395,522</u>	<u>322,243</u>	<u>1,143,949</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	(228,656)	1,012,305	(3,939,422)	(3,155,773)
Cash and Investments - Beginning of Year	7,590,589	11,917,400	8,846,741	28,354,730
<b>CASH AND INVESTMENTS - END OF YEAR</b>	<u>\$ 7,361,933</u>	<u>\$ 12,929,705</u>	<u>\$ 4,907,319</u>	<u>\$ 25,198,957</u>
<b>FINANCIAL STATEMENT PRESENTATION</b>				
Cash and Investments	\$ 7,361,933	\$ 12,929,705	\$ -	\$ 20,291,638
Cash and Investments - Restricted Assets	-	-	4,907,319	4,907,319
Total Cash and Cash Equivalents	<u>\$ 7,361,933</u>	<u>\$ 12,929,705</u>	<u>\$ 4,907,319</u>	<u>\$ 25,198,957</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income	\$ 40,381	\$ 112,178	\$ -	\$ 152,559
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	799,540	2,550,539	-	3,350,079
Change in Assets and Liabilities:				
Accounts Receivable	220,056	(30,367)	-	189,689
Prepaid Expenses	(24,118)	(20,056)	-	(44,174)
Accounts Payable	175,416	407,255	-	582,671
Accrued Payroll	-	54,885	-	54,885
Deposits	498,476	-	-	498,476
Compensated Absences	1,906	3,460	-	5,366
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,711,657</u>	<u>\$ 3,077,894</u>	<u>\$ -</u>	<u>\$ 4,789,551</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**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.

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, 2024**

**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, 2024**

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Funds**

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Funds (Continued)**

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

**B. Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and asset retirement obligations are recognized based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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

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

**1. Cash and Investments**

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

Restricted cash and investments include proceeds 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 at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and management’s evaluation of outstanding accounts receivable.

**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 certain minimum thresholds and with useful lives exceeding two years.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. Capital Assets (Continued)**

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

Land and construction in progress are not depreciated. The other tangible property, plant, equipment and improvements are depreciated/amortized using the straight-line the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Buildings and Improvements	7 to 40 Years
Equipment	5 to 25 Years
Structures and Improvements	10 to 50 Years
Treatment and Collection	5 to 40 Years
Office Furniture and Equipment	5 to 25 Years
Vehicles	5 Years

**5. Deferred Outflows/Inflows of Resources**

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

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Deferred Outflows/Inflows of Resources (Continued)**

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

**6. Amortization**

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

**7. Unearned Revenues**

Unearned revenues are reported in connection with resources that have been received but not yet earned.

**8. 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. Bonds payable are reported net of the applicable bond premium or discount.

**9. Compensated Absences**

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

**10. 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.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Net Position (Continued)**

*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, 2024, \$1,478,400 of water fund's unrestricted net position and \$2,054,412 of sewer fund's unrestricted net position, is designated for capital reserve.

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

**11. Fund Balances**

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

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

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

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

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

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



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Fund Balance (Continued)**

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.

**12. 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."

**13. Property Taxes**

Property taxes and property assessments were levied January 1, 2023, assessed July 1, 2023 and were payable in two installments on December 10, 2023 and April 10, 2024. The County of Contra Costa bills and collects property taxes on behalf of the District.

**14. 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.

**15. Estimates**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS**

**Cash**

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 2,421,104	\$ 20,291,638	\$ 22,712,742
Cash and Investments - restricted	-	4,907,319	4,907,319
Total Cash and Investments	\$ 2,421,104	\$ 25,198,957	\$ 27,620,061

At June 30, 2024, the District's total cash and investments at fair value were as follows:

Cash:	
Cash on Hand	\$ 200
Deposits with Financial Institutions	6,946,814
Total Cash	6,947,014
Investments:	
California CLASS	15,630,453
Contra Costa County Treasurer	135,275
Investments Held by Bond Trustee - Money Market Mutual Funds	4,907,319
Total Investments	20,673,047
Total Cash and Investments	\$ 27,620,061

**Investment Policy**

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

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investment Policy (Continued)**

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

**Disclosures Relating to Interest Rate Risk**

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

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

	<u>Total</u>	<u>12 Months or less</u>
California CLASS	\$ 15,630,453	\$ 15,630,453
Contra Costa County Treasurer Investments Held by Bond Trustee - Money Market Mutual Funds	135,275	135,275
	<u>4,907,319</u>	<u>4,907,319</u>
Total Cash and Investments	<u>\$ 20,673,047</u>	<u>\$ 20,673,047</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments with California CLASS was rated AAf by Fitch, Money Market Mutual Funds held by bond trustee was rated AAA by Standard and Poors and investments with Contra Contra Costa County Treasurer is not rated.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, 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 fair value or amortized cost, which approximates fair value. Cash held by the Contra Costa County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.contra-costa.ca.us/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, 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, 2024, 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, 2024**

**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 four 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 is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of Contra Costa, which is calculated as the fair value divided by the amortized cost of the investment pool. The District's investment in 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, 2024:

	General	Lighting and Landscaping Zone 8	Lighting and Landscaping Zone 9	Water	Sewer	Total
Accounts Receivable	\$ 90,805	\$ 77,332	\$ 2,902	\$ 446,810	\$ 121,641	\$ 739,490
Allowance for Uncollectible	-	-	-	(66,274)	(2,602)	(68,876)
Accounts Receivable, Net	<u>\$ 90,805</u>	<u>\$ 77,332</u>	<u>\$ 2,902</u>	<u>\$ 380,536</u>	<u>\$ 119,039</u>	<u>\$ 670,614</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 INTERFUND TRANSACTIONS**

**Interfund Receivable**

Interfund receivable balances at year ended June 30, 2024 were as follows:

Fund	Interfund Receivable	Interfund Payable
Major Proprietary Funds:		
Water Fund	\$ -	\$ 6,323,004
Sewer Fund	-	28,607,747
Financing Authority	34,930,751	-
Total Interfund Transfers	<u>\$ 34,930,751</u>	<u>\$ 34,930,751</u>

The interfund receivable represents the amount due from the District to meet the Authority's debt service requirements, which includes principal and accrued interest.

**Transfers Between Funds**

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

Transfers between funds during the year ended June 30, 2024 were as follows:

Fund	Transfers In	Transfers Out
Major Proprietary Funds:		
Water Fund	\$ 1,817	\$ -
Sewer Fund	13,284,473	-
Financing Authority	-	13,286,290
Total Interfund Transfers	<u>\$ 13,286,290</u>	<u>\$ 13,286,290</u>

In general, the District uses interfund transfers to:

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
<b>Governmental Activities</b>					
Nondepreciable Capital Assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Total Nondepreciable Capital Assets	<u>415,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>415,930</u>
Depreciable Capital Assets					
Equipment	604,797	50,582	-	-	655,379
Buildings and Improvements	3,923,200	595,243	-	-	4,518,443
Office Furniture and Equipment	25,665	-	-	-	25,665
Vehicles	80,133	-	-	-	80,133
Total Depreciable Capital Assets	<u>4,633,795</u>	<u>645,825</u>	<u>-</u>	<u>-</u>	<u>5,279,620</u>
Less: Accumulated Depreciation					
Equipment	(322,555)	(45,656)	-	-	(368,211)
Buildings and Improvements	(2,301,586)	(242,936)	-	-	(2,544,522)
Office Furniture and Equipment	(21,617)	(2,071)	-	-	(23,688)
Vehicles	(80,133)	-	-	-	(80,133)
Less: Accumulated Depreciation	<u>(2,725,891)</u>	<u>(290,663)</u>	<u>-</u>	<u>-</u>	<u>(3,016,554)</u>
Net Depreciable Capital Assets	<u>1,907,904</u>	<u>355,162</u>	<u>-</u>	<u>-</u>	<u>2,263,066</u>
Net Capital Assets	<u>\$ 2,323,834</u>	<u>\$ 355,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,678,996</u>

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
<b>Business-Type Activities</b>					
Nondepreciable Capital Assets					
Land	\$ 456,896	\$ -	\$ -	\$ -	\$ 456,896
Construction in Progress	17,499,936	6,600,357	(356,427)	(21,105,724)	2,638,142
Total Nondepreciable Capital Assets	<u>17,956,832</u>	<u>6,600,357</u>	<u>(356,427)</u>	<u>(21,105,724)</u>	<u>3,095,038</u>
Depreciable Capital Assets					
Buildings and Improvements	772,294	22,177	-	-	794,471
Treatment and Collection	56,280,864	32,543	-	2,083,602	58,397,009
Structures and Improvements	9,193,131	-	-	19,022,122	28,215,253
Equipment	1,041,906	62,405	-	-	1,104,311
Office Equipment	153,009	32,196	-	-	185,205
Vehicles	1,112,905	215,000	(91,509)	-	1,236,396
Total Depreciable Capital Assets	<u>68,554,109</u>	<u>364,321</u>	<u>(91,509)</u>	<u>21,105,724</u>	<u>89,932,645</u>
Less: Accumulated Depreciation					
Buildings and Improvements	(384,622)	(36,516)	-	-	(421,138)
Treatment and Collection	(24,045,057)	(2,530,563)	-	-	(26,575,620)
Structures and Improvements	(4,252,375)	(582,391)	-	-	(4,834,766)
Equipment	(849,015)	(44,653)	-	-	(893,668)
Office Equipment	(127,590)	(19,423)	-	-	(147,013)
Vehicles	(494,244)	(136,533)	3,051	-	(627,726)
Less: Accumulated Depreciation	<u>(30,152,903)</u>	<u>(3,350,079)</u>	<u>3,051</u>	<u>-</u>	<u>(33,499,931)</u>
Net Depreciable Capital Assets	<u>38,401,206</u>	<u>(2,985,758)</u>	<u>(88,458)</u>	<u>21,105,724</u>	<u>56,432,714</u>
Net Capital Assets	<u>\$ 56,358,038</u>	<u>\$ 3,614,599</u>	<u>\$ (444,885)</u>	<u>\$ -</u>	<u>\$ 59,527,752</u>

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

**Governmental Activities:**

Lighting and Landscaping Zone 8	\$ 262,859
Lighting and Landscaping Zone 8	26,522
Community Center	1,282
Total Depreciation Expense - Governmental Activities	<u>\$ 290,663</u>

**Business-Type Activities:**

Water	\$ 799,540
Sewer	2,550,539
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,350,079</u>



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 LONG-TERM DEBT**

A summary of the changes in the District's long-term liabilities for the year ended June 30, 2024, are as follows:

	Original Amount	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Business-Type Activity Debt						
Discovery Bay Public						
Financing Authority						
Series 2017						
Enterprise Revenue Bonds	\$ 8,825,000	\$ 7,850,000	\$ -	\$ (210,000)	\$ 7,640,000	\$ 215,000
Discovery Bay Public						
Financing Authority						
Series 2022						
Enterprise Revenue Bonds	16,860,000	16,650,000	-	(250,000)	16,400,000	265,000
Discovery Bay Public						
Financing Authority						
Series 2022B						
Enterprise Revenue Bonds	11,650,000	11,156,000	-	(388,000)	10,768,000	406,000
Unamortized Premiums	2,105,577	1,575,975	-	(86,489)	1,489,486	-
Totals	<u>\$ 39,440,577</u>	<u>\$ 37,231,975</u>	<u>\$ -</u>	<u>\$ (934,489)</u>	<u>\$ 36,297,486</u>	<u>\$ 886,000</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.

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

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

2022B Enterprise Revenue Refunding Bonds

In September 2022, the Discovery Bay Public Financing Authority issued \$11,650,000 in enterprise revenue refunding bonds Series 2022B for the purpose of providing funds to enable the District to refinance the acquisition and construction of the 2012 Wastewater Project and the 2012 Water Project. The bonds carry a coupon interest rate of 3.54% and are scheduled to mature in fiscal year 2043. Interest is payable semi-annually on December 1st and June 1st each year, while principal installments ranging from \$494,000 to \$763,000 are payable each year on December 1st.

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

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

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 886,000	\$ 1,453,820
2026	920,000	1,414,700
2027	966,000	1,373,798
2028	1,006,000	1,330,973
2029	881,000	1,290,968
2040-2034	4,987,000	5,872,892
2035-2039	6,075,000	4,747,602
2040-2044	7,437,000	3,348,566
2045-2049	7,885,000	1,706,300
2050-2053	3,765,000	388,125
Total	<u>\$ 34,808,000</u>	<u>\$ 22,927,744</u>

**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, 2024 were \$108,100.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 DEFERRED COMPENSATION PLAN AND DEFINED CONTRIBUTION PLAN  
(CONTINUED)**

**Deferred Compensation Plan (Continued)**

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

**Deferred Contribution Plan**

The District has also established a defined contribution plan in accordance with Internal Revenue Code Section 401(a). The employer will match employee contributions 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, 2024 were \$68,502.

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**

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2024, the District's accrued liability for accumulated unused vacation leave is \$97,320. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024, 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 2024, 2023, and 2022. 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, 2024:

Coverage	Limits of Liability
General Liability	\$ 10,000,000
Public Officials and Employees Errors	10,000,000
Elected Officials Personal Liability	500,000
Employment Practices Liability	10,000,000
Employee Benefits Liability	10,000,000
Employee and Public Officials Dishonesty Coverage	1,000,000
Auto Liability	10,000,000
Uninsured/Underinsured Motorists	1,000,000
Property Coverage	1,000,000,000
Boiler and Machinery	100,000,000
Statutory Workers' Compensation	Statutory

**NOTE 10 CONTINGENCIES AND COMMITMENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 42,300	\$ 138,531	\$ 96,231
Charges for services	-	3,628	3,628
Interest Income	-	7,897	7,897
Total Revenues	<u>42,300</u>	<u>150,056</u>	<u>107,756</u>
<b>EXPENDITURES</b>			
Other	42,300	209,602	(167,302)
Total Expenditures	<u>42,300</u>	<u>209,602</u>	<u>167,302</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(59,546)	(59,546)
Fund Balances - Beginning of Year	<u>145,697</u>	<u>145,697</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 145,697</u>	<u>\$ 86,151</u>	<u>\$ (59,546)</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, 2024**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
<b>REVENUES</b>			
Property Taxes	\$ 820,310	\$ 856,834	\$ 36,524
Intergovernmental Revenues	-	237,760	237,760
Charges for services	93,500	234,986	141,486
Reimbursements	60,000	-	(60,000)
Interest Income	-	71,888	71,888
Other	24,000	9,008	(14,992)
Total Revenues	<u>997,810</u>	<u>1,410,476</u>	<u>412,666</u>
<b>EXPENDITURES</b>			
Payroll Expenses	453,778	355,274	98,504
Repairs and Maintenance	131,600	247,273	(115,673)
Utilities	200,500	192,386	8,114
Other	150,814	157,465	(6,651)
Insurance	12,370	12,370	-
Professional Fees	7,200	7,707	(507)
Capital Outlay	-	628,893	(628,893)
Total Expenditures	<u>956,262</u>	<u>1,601,368</u>	<u>645,106</u>
<b>NET CHANGE IN FUND BALANCES</b>	41,548	(190,892)	(232,440)
Fund Balances - Beginning of Year	<u>1,627,621</u>	<u>1,627,621</u>	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,669,169</u>	<u>\$ 1,436,729</u>	<u>\$ (232,440)</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, 2024**

	Budgeted Amounts Original/Final	Actual Amounts	Variance With Final Budget Positive/ Negative
<b>REVENUES</b>			
Assessment Income	\$ 156,720	\$ 164,791	\$ 8,071
Reimbursements	13,000	-	(13,000)
Interest Income	4,200	11,431	7,231
Total Revenues	<u>173,920</u>	<u>192,215</u>	<u>18,295</u>
<b>EXPENDITURES</b>			
Payroll Expenses	60,045	34,438	25,607
Repairs and Maintenance	36,850	53,770	(16,920)
Utilities	28,600	19,957	8,643
Other	22,550	14,039	8,511
Insurance	3,300	3,300	-
Professional Fees	5,500	4,025	1,475
Capital Outlay	-	16,932	(16,932)
Total Expenditures	<u>156,845</u>	<u>146,461</u>	<u>(10,384)</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,075	45,754	28,679
Fund Balances - Beginning of Year	<u>337,776</u>	<u>337,776</u>	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 354,851</u>	<u>\$ 383,530</u>	<u>\$ 28,679</u>

See accompanying Notes to Required Supplementary Information.



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

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

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the budget during the year ended June 30, 2024. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for capital outlay, debt service and contingencies may vary significantly from budget due to timing of such expenditures.

During year ended June 30, 2024, expenditures exceeded budgeted appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Other	\$ 42,300	\$ 209,602	\$ (167,302)
Lighting and Landscaping Zone 8			
Special Revenue Fund			
Repairs and Maintenance	131,600	247,273	(115,673)
Other	150,814	157,465	(6,651)
Professional Fees	7,200	7,707	(507)
Capital Outlay	-	628,893	(628,893)
Lighting and Landscaping Zone 8			
Special Revenue Fund			
Repairs and Maintenance	36,850	53,770	(16,920)
Capital Outlay	-	16,932	(16,932)



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