

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING AGENDA¹
DIABLO COUNTRY CLUB CURTOLA ROOM
MONDAY, NOVEMBER 10, 2025, 6:00 P.M.**

CALL TO ORDER:

President: Matt Cox

ROLL CALL:

Secretary: Alan Bonny

Directors: Cox, Lorenz, Slavonia, Luecht, Bonny

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

1. BOARD/STAFF COMMUNICATION AND ACTIONS

ADMINISTRATIVE: President Cox

- a) Announce the DCSD-DPOA Holiday party: December 2nd at 5:30 pm at the Diablo Country Club Carriage Lounge.
- b) General Counsel 3-foot setback ordinance code presentation.

FINANCE: Director Lorenz

- a) Present the District's Q1 2026 financials.

ROADS: President Cox

- a) Authorize President Cox and General Manager Torru to negotiate a contract with Marshall Brothers for storm patrol for 2025-2026 at a cost not to exceed \$14,430.
- b) Authorize President Cox and General Manager Torru to negotiate a contract with Marshall Brothers for the repair of the Casa Nuestra curb.

SECURITY: Director Slavonia

- a) Provide a security update since the last Regular Meeting.

GENERAL MANAGER: Kathy Torru

- a) Provide an update on District business since the last Regular Meeting.

2. CONSENT CALENDAR

- a) Approve minutes of the October 13, 2025, Regular Meeting.

3. REPORTS

CONTRA COSTA COUNTY:

Cameron Collins

¹ Agenda attachments are available on the DCSD's website (www.diablocsd.org) home page under Agenda.

DIABLO COUNTRY CLUB:

Hank Salvo

4. DIRECTOR COMMENTS

5. FUTURE AGENDA ITEM ANNOUNCEMENT

- a) EBMUD 2026 water pipeline replacement easement.
- b) District Ordinance Code update.
- c) Bridge Replacement Project.

6. CALL OF NEXT MEETING & ADJOURNMENT

The next DCSD Regular Board meeting is scheduled for January 12, 2026, at 6:00 p.m. at Diablo Country Club.

Diablo Community Services District by

Kathy Torru, General Manager

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

Diablo Community Services District
Financial Report
September 30, 2025

	July	August	September	Actual YTD	Budget YTD	Act vs Bud Variance
Beginning Cash	1,825,138	1,657,740	1,630,307	1,825,138	1,825,138	
Revenue						
Tax revenue	-	-	-	-	-	-
Other revenue	256	134	108	499	-	499
Total Income	256	134	108	499	-	499
Expenses						
Sheriff services	27,169	25,326	28,510	81,006	101,580	(20,574)
Road/bridge/culvert/trail	-	-	-	-	35,000	(35,000)
Professional services	8,708	14,184	7,409	30,301	25,051	5,250
Insurance	40,007	-	-	40,007	40,007	0
Administrative	192	87	-	279	2,550	(2,271)
Total Expenses	76,077	39,597	35,919	151,593	204,188	(52,595)
Net Income	(75,821)	(39,463)	(35,810)	(151,094)	(204,188)	53,093
Incr/(decr) in payable/prepaid	(91,577)	12,031	(5,521)	(85,068)	1,620,950	
Ending Cash	1,657,740	1,630,307	1,588,976	1,588,976		

Other Financial Data

Prepaid/deposit						
Reserves (bridge/culvert)*	958,705	963,705	968,705			
Accounts payable	54,736	66,767	61,245			
Other liabilities	457,878	457,878	457,878			

Notes

* reserves are unfunded

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
DIABLO COUNTRY CLUB BALLROOM
OCTOBER 13, 2025, 6:00 P.M.**

CALL TO ORDER: President Cox called the meeting to order at 6:00 pm

ROLL CALL: President Cox called the roll as follows:

Directors present: Cox, Lorenz, Slavonia, Luecht, Bonny

Directors absent: None

OFFICIALS/STAFF IN ATTENDANCE:

Cameron Collins (Contra Costa County Liaison)

Deputy Candace Kukla (Contra Costa County Sheriff's Department)

Hank Salvo (Diablo Country Club Liaison)

Kathy Torru (General Manager)

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

PUBLIC COMMENTS:

Maryann Cella expressed concern that Danville's Diablo Road Trail project will divert traffic through Diablo during construction. Maryann Cella expressed concern over the 3-foot setback ordinance code violation on Lower Alameda Diablo and the District's lack of enforcement.

Hank Salvo expressed concern over the 3-foot setback violation and the District's lack of enforcement.

BOARD/STAFF COMMUNICATION AND ACTIONS:

ADMINISTRATIVE:

President Cox introduced and welcomed DCSD Director Alan Bonny.

General Manager Torru presented the Directors with a list of District records that do not qualify for retention under the District's 2024 Records Retention Policy and the recommended disposition of the records. The presentation is attached as Exhibit A.

Director Luecht requested that the District's insurance policy declaration pages and contractor insurance certificates be digitized and retained permanently.

Maryann Cella requested that DMAC property files and Director's notes be retained.

On motion by President Cox and second by Director Luecht, General Manager Torru is instructed to dispose of the District's records that do not qualify for retention under the District's 2024 Records Retention Policy and the 2025 Records Retention Schedule A in the manner described in Exhibit A, except for the District insurance policy declaration pages and contractor insurance certificates which will be digitized and retained as permanent records. Motion passed 5-0.

President Cox presented the "Termination of Memorandum and Lease" agreements associated with the 1975 and 1977 real property lease agreements between the Diablo Community Services District (Lessee) and 2374 Alameda Diablo (Lessor) that expire in July 2026.

On motion by President Cox and second by Director Luecht, President Cox and General Manager Torru are authorized to execute the "Termination of Memorandum and Lease" agreements associated with the 1975 and 1977 real property lease agreements between the Diablo Community Services District (Lessee) and 2374 Alameda Diablo (Lessor). Motion passed 5-0.

FINANCES:

Vice President Lorenz presented the District's audited 2025 Annual Financial Report. The District was issued a clean opinion with no material internal control or governance weaknesses noted. The report is attached as Exhibit B and is available on the District's website under the Documents Tab.

ROADS:

President Cox reported that the culverts at 2298 Alameda Diablo and 1651 El Nido were assessed by GJR Development last month and require minor maintenance and debris cleanout.

On motion by Director Lorenz and second by Director Cox, President Cox and General Manager Torru are authorized to negotiate a contract with GJR Development for the maintenance and debris removal of the culverts at 2298 Alameda Diablo and 1651 El Nido at a cost not to exceed \$22,500. Motion passed 5-0.

SECURITY:

Director Slavonia reported that there were no major incidents since the Board's last meeting. Deputy Kukla reported that she is actively engaged with Diablo's minors and adults, educating them on the laws and hazards of e-bikes, e-scooters, and golf carts, and enforcing stop sign compliance and school bus passing laws.

GENERAL MANAGER:

General Manager Torru presented a list of District activities since the last meeting.

CONSENT CALENDAR:

On motion by Director Lorenz and second by Director Slavonia, the consent calendar was approved. Motion passed 3-0, with 2 abstentions.

REPORTS:

CONTRA COSTA COUNTY: Cameron Collins reported that the equipment for the Mt Diablo Scenic Blvd - Diablo Rd signalization project has been ordered. The project is scheduled for Spring 2026.

DIABLO COUNTRY CLUB: Hank Salvo reported that the Club will hold its annual meeting on November 16th.

DIRECTOR COMMENTS: No comments.

FUTURE AGENDA ITEMS:

Town of Danville Diablo Road Trail project.
3-foot setback ordinance code.
EBMUD 2026 water line replacement easement.
Bridge replacement project.

CALL OF NEXT MEETING/ADJOURNMENT:

President Cox called the next meeting for November 10, 2025, at 6:00 pm at Diablo Country Club. There being no further business, the meeting was adjourned at 7:12 p.m.

Diablo Community Services District by

Kathy Torru, General Manager

Exhibit A

DCSD Non-Compliant Records Review
October 13, 2025

Box #	*	Box Label	Description of Contents	Disposal Recommendation
Mar-25				
1		Insurance	Insurance policies 1981, 1985, 1988-1995, 1998-1999, 2001-2003, 2005-2013, Misc correspondence 1996-2015, and Insur audits 2013, 2015, 2016,	Shred
2		Insurance	1970-1977 policy files, 1997-2001 policy files, 1978-1991 D&O policy files 2016-17 policy files, 2009-11 policy files	Shred
3		Assessment	Tax revenue assessment files 1972-73, 1977-78, 1986-88, 1999-2000, 2005, 06, 2009-2018.	Shred
4		Financial	Audit workpapers 1988-1993, 2009-2018, Auditor correspondence 1992-1998 Xmas Holiday Party files - 1995, 2008, 2011-2016	Shred
5		Financial	Check stubs 1994-2018, bank statements	Shred
6		Financial	Bank statements	Shred
7		Financial	Return to sender mailings from 2016, Misc financial summaries, Misc invoices from the 2000s	Shred
8		Financial	Budget files 1995, 1996, 2002, 2008-2018, State Transact. Reports 1992, 1994, 1996, 1998, 2004, 2008, 2010, 2011, 2012, 2016, County and state filings 1972-1978, Augmentation fund files (precursor to ad valorem type funding) 1988-1992, Property tax settlement 2011	Shred
9		Financial	Invoice files 1986-2000	Shred
10		Financial	Invoice files 2000-2009, capitalized expenses, 2016 invoices	Shred
Apr-25				
11		Meetings	Meeting prep files 1999-2010	Shred

* Reviewed by Board Committee

EXHIBIT A

DCSD Non-Compliant Records Review
October 13, 2025

Box #	*	Box Label	Description of Contents	Disposal Recommendation
12		Meetings	Meeting prep files 1999-2010	Shred
13	*	Meetings	Minutes and agendas drafts, duplicates and shorthand notes 1969-2017	Shred
14	*	Meetings	Minutes and agendas drafts, duplicates and shorthand notes 1969-2017	Shred
15		Director Form 700	Director conflict of interest (Form 700s) and Oath of Office forms	Shred
16		Directors Elections	District election and appointment documents; Election notices, election communications with County. County election documents sent all agencies, Ethics certificates, election law printouts	Shred
17		Director Binders	MH: 1995-1997 binder, 2001-2002 binder, 2002-2003 binder, 2003 binder, 2003-2005 binder; <i>Cream binder</i> : 1992-1995 binder,	Shred
18		Director Binders	MH: 2005-2007 binder, 2007-2008 binder, 2008 binder, 2008-2009 binder,	Shred
19		Director Binders	MH: 2010 binder, 2011 binder, 2012 binder; <i>Blue binder</i> : 1991 minutes, copies of bylaws, security contract, 1980 list of roads, 1990 mission statement.	Shred
20		Director Binders	MH: 2009-2012 misc. meeting material	Shred
Aug-25				
21	*	Roads/Bridges	Proof of RFP publication, proof of insurance, TINs for District and subcontractors, project proposals, draft agreements, invoice duplicates, email correspondence printouts, govt code sections, duplicate hydrology and bridge engineering reports	Shred
22	*	Roads/Bridges	Individual street files with multiple copies of invoices, contractor correspondence, proposals for different projects. Mt Diablo Scenic-Amgen	Shred

* Reviewed by Board Committee

DCSD Non-Compliant Records Review
October 13, 2025

Box #	*	Box Label	Description of Contents	Disposal Recommendation
23	*	Roads/Bridges	Project proposals, multiple copies of invoices, proof of RFP publications, insurance certifications, contractor correspondence, govt code printouts, speed hump correspondence with residents from 1990s, animal control services correspondence, bidding process codes and sample documents (1/3 of the box)	Shred
24		Agency Filings	County communications to taxing jurisdictions, Statement of Facts Roster filings with State, state instructions for annual financial report filing and compensation report filing, LAFCO information requests and Municipal Review filings, CSDA publications and notices to members.	Shred
25	*	Miscellaneous	Misc email printouts, invoices, prevailing wage regs, Tel events-cable tv docs, prop 13 ruling, multiple boundary maps, prop 218 code	Shred
26	*	Miscellaneous	No folders, just loose papers... Washom claim, dupe audit reports, sheriff reports, email printouts, resident correspondence, assessment role docs,	Shred
27		Miscellaneous	SB135 regs, Brown Act, tree trimming, state regs, EBPark joint powers docs, animal control, County filing reqs, County proposed ordinances, coyote hunting permit inquiries	Shred
28		Miscellaneous	1980 Bond for GM/legal counsel, County forms, MDS ruling dupes, conflict of interest forms, County cannabis ordinance, Diablo Ranch Estates draft road maint agmt	Shred
Oct-25				
29		Bylaws, Ordinances & Records Retention	Published notices, copies, county/state regs, drafts and notes relating to ordinances, bylaws and records retention.	Hold
30		Legal/Lawsuits	Internal documents, i.e. attorney communications re lawsuits and claims.	Retain by GC
31		Correspondence	GM Correspondence 1968-1987 (missing 1974-1976)	Digitize
32		Correspondence	GM Correspondence 1988-1992	Digitize

* Reviewed by Board Committee

DCSD Non-Compliant Records Review
October 13, 2025

Box #	*	Box Label	Description of Contents	Disposal Recommendation
33		Correspondence	GM Correspondence 1992-1996	Digitize
34		Correspondence	GM Correspondence 1997-1999	Digitize
35	*	Miscellaneous	2005-2018 - files of papers received/printed - emails, invoices, mail	Hold
36		Sheriff	Patrol vehicles owner manuals, auto purchase details/correspondence, traffic enforcement documents, traffic survey discussions, Club parking plan, internal memos concerning the addition of a second deputy, monthly security reports, camera discussions from 2008 and 2016, sheriff invoices	Shred
37		DMAC	County permitting codes, formation correspondence, duplicate correspondence, County-MAC correspondence, DMAC policies, project review forms, design guidelines, minute and agenda drafts and notes.	Shred
38		DMAC	Property files	Give to HPC
39		DMAC	Property files	Give to HPC
40		Historical	District formation documents late 1960s, Thiele/Oliver annexation - Caballo Ranchero Ct late 1980s, Curtola/Smiley Calle Arroyo annexation mid 1970s, Subdivision correspondence and maps from 1970s, Pacini subdivision Caballo Ranchero Ct late 1970s, Ferreira/Mainhardt - Athens Development - Upper El Nido early 1980s, Upper El Nido Road abandonment late 1980s, Marathon Partners Upper Alameda Diablo development late 1980s, Equestrian Trail and Upper Alameda Diablo Gate early 1980s	Give to HPC
41		Historical	Pashby-Hull subdivision (upper Caballo Ranchero Dr) late 1970s, 1975 Diablo incorporation study, Blackhawk development late 1970s, Summerhill/Magee Preserve development mid 2010s, Alamo incorporation late 2000s, Traffic surveys 1970s and 1980s, Keep Diablo Open Petition (cyclist) mid 2010s, Misc: Directories, maps	Give to HPC

* Reviewed by Board Committee

Exhibit B

DIABLO COMMUNITY SERVICES DISTRICT
Annual Financial Report
June 30, 2025

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DIABLO COMMUNITY SERVICES DISTRICT

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June 30, 2025

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550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

Independent Auditor's Report

Board of Directors
Diablo Community Services District
Diablo, California

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Diablo Community Services District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District as of June 30, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

To the Board of Directors
Diablo Community Services District

not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness

To the Board of Directors
Diablo Community Services District

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

Richardson & Company, LLP

October 1, 2025

DIABLO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2025

The following discussion and analysis of the Diablo Community Services District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District financial statements.

Highlights

Financial Highlights

The Diablo Community Services District (District) is a California Special District established in 1969 to provide security services to the residents of Diablo and maintain the roads, bridges, specific culverts, and Kay's trail within Diablo. The District contracts with the Contra Costa County Sheriff's Department for security and contracts with third-party contractors to provide road maintenance. Security costs are consistent from one year to the next and road maintenance costs fluctuate year to year depending on the maintenance needs.

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

Using this Annual Report

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

Required Financial Statements

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

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

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

DIABLO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2025

This statement measures the success of District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its property taxes, special tax, and traffic fines.

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

Financial Analysis of the District

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

Changes in Net Position

The District's total net position increased by \$231 thousand in FY2025 as a result of lower road maintenance costs. The following includes figures from the statements of net position.

Statement of Net Position

	<u>2025</u>	<u>2024</u>
Assets		
Deposits and investments	\$ 1,825,138	\$ 1,579,333
Prepaid expenses	-	40,497
ROU asset, net	<u>15,847</u>	<u>-</u>
Total assets	<u>1,840,985</u>	<u>1,619,830</u>
Liabilities		
Accounts payable	31,859	115,170
Accrued liabilities	114,455	56,988
Lease liability	15,847	-
Unearned revenue	<u>457,878</u>	<u>457,878</u>
Total liabilities	<u>620,039</u>	<u>630,036</u>
Net position		
Unrestricted	<u>1,220,946</u>	<u>989,794</u>
Total net position	<u>\$ 1,220,946</u>	<u>\$ 989,794</u>

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

DIABLO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2025

Statement of Activities

	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues		
Charge for services	\$ 9,348	\$ 462
Operating grants		324,337
General revenues		
Ad valorem taxes	622,966	598,090
Measure B special tax	340,195	329,664
Interest income	<u>146</u>	<u>69</u>
Total revenues	<u>972,655</u>	<u>1,252,622</u>
Expenses		
General government	162,712	153,353
Public safety	361,592	371,258
Public works	<u>217,199</u>	<u>195,663</u>
Total expenses	<u>741,503</u>	<u>720,274</u>
Changes in Net Position	<u>\$ 231,152</u>	<u>\$ 532,348</u>

Budgetary Highlights

Because of the consistency and predictability in the District's revenues and expenditures, the District is able to establish a budget and mostly operate within that budget. From time to time, there are items that must be addressed that do not appear in the budget such as additional road maintenance costs resulting from storms, flooding and fallen trees, and additional security costs in response to temporary spikes in vandalism or burglaries or traffic violations. In 2025 there was a budget vs actual difference of \$652 thousand which was primarily due to lower than expected road maintenance costs of \$601 thousand and lower sheriff overtime costs of \$57 thousand. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received is provided in our annual report on page 19.

Capital Assets

At the end of fiscal year 2025, the District had no (net of accumulated depreciation) capital assets. The following table summarizes District capital assets at historical costs for the fiscal year ended June 30, 2025.

	<u>2025</u>	<u>2024</u>
Equipment and computers	\$ 2,500	\$ 2,500
Accumulated depreciation	<u>(2,500)</u>	<u>(2,500)</u>
Total capital assets	<u>\$ -</u>	<u>\$ -</u>

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

DIABLO COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2025

Significant Accomplishments of Fiscal Year 2024-25 are Noted Below:

The primary functions of the District are to maintain the roads, bridges, and culverts (that lie under the District's maintained roads) in Diablo and provide security patrols within its boundaries. Both of these purposes were fulfilled. The District also has recreation powers and the power to install and maintain street lighting. However, this last power has never been exercised. The reasons for not exercising this power include resident reluctance to street lighting, cost, and lack of need. The recreation power was added in 1999 to provide maintenance of a pedestrian/equestrian (Kay's Trail) between Alameda Diablo and Mt. Diablo Scenic Blvd. The Trail (Kay's Trail) is maintained on an "as needed" basis.

Economic Factors and Next Year's Budgets and Rates

In considering the District's budget for the 2024-2025 year, the Board and management used the following criteria:

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

The District held a special all mailed ballot election in March 2018. The ballot asked voters to approve a proposed Measure B special tax to replace the current security and road maintenance fees and to provide for road, bridge, culvert and trail maintenance and improvements, and security/police protection for the Diablo community. The annual special tax amount approved was \$745.39 per improved parcel, \$144.14 per unimproved parcel and \$26,387.20 for the Diablo Country Club parcels, including an annual inflation adjustment. The ballot measure was approved by the voters and was effective FY2019. In 2025 revenue from the Measure B Special Tax was \$340 thousand.

Requests for Information

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

DIABLO COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,825,138
ROU asset, net	<u>15,847</u>
Total assets	<u>1,840,985</u>
Liabilities	
Accounts payable	31,859
Accrued liabilities	114,455
Lease liability	15,847
Unearned revenue	<u>457,878</u>
Total liabilities	<u>620,039</u>
Net Position	
Unrestricted	<u>1,220,946</u>
Total net position	<u>\$ 1,220,946</u>

DIABLO COMMUNITY SERVICES DISTRICT

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General government	\$ 162,712	\$ 8,200		\$ (154,512)
Public safety	361,592	1,148		(360,444)
Public works	217,199			(217,199)
Total governmental activities	<u>\$ 741,503</u>	<u>\$ 9,348</u>	<u>\$ -</u>	<u>(732,155)</u>
General revenues and subventions				
Property taxes, levied for general purposes				963,161
Interest and investment earnings				<u>146</u>
Total, general revenues				<u>963,307</u>
Change in Net Position				231,152
Net Position - Beginning				<u>989,794</u>
Net Position - Ending				<u>\$ 1,220,946</u>

DIABLO COMMUNITY SERVICES DISTRICT

Balance Sheet – Governmental Fund

June 30, 2025

	General Fund
Assets	
Cash and cash equivalents	\$ 1,825,138
Total assets	\$ 1,825,138
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 31,859
Accrued liabilities	114,455
Unearned revenue	457,878
Total liabilities	604,192
Fund Balances	
Unassigned	1,220,946
Total fund balances	1,220,946
Total liabilities and fund balances	\$ 1,825,138

Total Fund Balance - Governmental Fund \$ 1,220,946

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

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

Cost of capital assets	\$ 2,500	
Accumulated depreciation	(2,500)	
Total capital assets - net	-	-

ROU asset and lease liability used in governmental activities are not financial resources and, therefore, are not reported as assets and liabilities in governmental funds.

ROU asset, net	15,847	
Lease liability	(15,847)	
Total net position - governmental activities	-	-

Total net position - governmental activities \$ 1,220,946

DIABLO COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2025

	<u>General Fund</u>
Revenues	
Property taxes	\$ 622,966
Measure B special tax	340,195
Traffic fines	1,148
Interest income	146
Contract reimbursements	<u>8,200</u>
Total revenues	<u>972,655</u>
Expenditures	
Current	
General government	162,712
Public safety	361,592
Public works	<u>217,199</u>
Total expenditures	<u>741,503</u>
Net Change in Fund Balance	231,152
Fund Balance - Beginning	<u>989,794</u>
Fund Balance - Ending	<u>\$ 1,220,946</u>
 Total Net Change in Fund Balances - Governmental Fund	 \$ 231,152
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because	
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities	
Depreciation expense	<u>\$ -</u>
Total capital assets - net	<u>-</u>
 The net effect of transactions involving capital assets (i.e., disposal of assets) is to decrease net position.	 <u>-</u>
 Change in Net Position of Governmental Activities	 <u>\$ 231,152</u>

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 1 - Summary of Significant Accounting Policies

General

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

The function of the District is to provide security and the maintenance of roads, bridges and specific culverts within the unincorporated community of Diablo, which is located at the foot of Mount Diablo, northeast of the Town of Danville. The District also has the power to install and maintain street lighting, and recreation powers. Recreation powers were added in 1999 to allow the District to own and maintain the pedestrian/equestrian (Kay's Trail) between Alameda Diablo and Mt. Diablo Scenic Blvd. Kay's Trail is maintained on an "as needed" basis.

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

Reporting Entity

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

Measurement Focus and Basis of Accounting

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

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

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

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

Basis of Presentation - Government-Wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

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

Capital Assets and Depreciation

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

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

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

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

Accrued Liabilities

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

Net Position

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

Fund Balance

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

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

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Spending Order Policy

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

Property Tax

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

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

Leases

The District determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The District does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

New Pronouncements

In April 2024, the GASB issued Statements No. 103, Financial Reporting Model Improvements. The objective of this statement is to provide key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District is currently analyzing the impact of the required implementation of these new statements.

Estimates

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

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 3 - Cash and Cash Equivalents

Summary of Deposits

Cash and cash equivalents as of June 30, 2025 consist of \$1,825,138 of deposits with financial institutions. \$457,878 represents an advance payment from FEMA for 2023 Winter Storm repairs that will be expended in 2026.

General Authorizations

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

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, District's total bank balance was \$1,825,138, of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and \$1,575,138 was collateralized, but not in the name of the District.

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 5 - Capital Assets

Changes in capital assets for the year ended June 30, 2025 were as follows:

	Balance June 30, 2024	Additions	Dispositions	Balance June 30, 2025
Capital assets being depreciated				
Equipment and computers	\$ 2,500	\$ -	\$ -	\$ 2,500
Total capital assets being depreciated	2,500	-	-	2,500
Less accumulated depreciation				
Equipment and computers	(2,500)			(2,500)
Total accumulated depreciation	(2,500)	-	-	(2,500)
Total capital assets	\$ -	\$ -	\$ -	\$ -

Note 6 - LEASES

The District evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the District's right to use underlying assets for the lease term, and the lease liability represent the District's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms and discounted using the District's estimated incremental borrowing rate.

The District leases cameras under an operating lease through November 2026. The ROU asset is recorded net of accumulated amortization at \$15,618, at June 30, 2025. The weighted-average discount rate applies to calculate the lease liability as of June 30, 2025, was 9.5%. As of June 30, 2025, the weighted-average remaining lease term for the District's operating lease was approximately 1.42 years. Total expense under operating lease was \$12,000 for 2025.

The future minimum lease payments under noncancelable operating lease with terms greater than one year are listed below as of June 30, 2025:

	June 30,	
	2026	\$ 12,000
	2027	5,000
Total lease payments		\$ 17,000
Less interest		(1,153)
Present value of lease liabilities		\$ 15,847

DIABLO COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 7 - Commitments and Contingent Liabilities

Litigation

The District may from time to time be involved in litigation arising from the normal course of business. The District is a defendant in a lawsuit filed by a nonresident due to property damage caused by the 2023 Winter Storms. Plaintiffs allege damages to their property in connection with the District's maintenance of culverts and trash racks. Trial is scheduled for March 9, 2026. At this stage, no provision for loss has been recorded in the financial statements, as the outcome of the litigation cannot be reasonably estimated.

Note 8 - Risk Management

The District participates in the Golden State Risk Management Authority (GSRMA), a joint powers agency comprised of California governmental agencies for general, property, automobile, employment practices and public officials' errors and omissions. Loss contingency reserves established by the GSRMA are funded by contributions from member agencies. The District pays an annual contribution to the GSRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the GSRMA. Annual contribution for fiscal year 2025 amounted to \$40,497. GSRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

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

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

Required Supplementary Information
June 30, 2025

DIABLO COMMUNITY SERVICES DISTRICT
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

Note to Budgetary Comparison Schedule – General Fund

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

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances
	Original	Final		Final to Actual
Revenues				
Property taxes	\$ 605,918	\$ 605,918	\$ 622,966	\$ 17,048
Measure B Special Tax	339,554	339,554	340,195	641
Contract reimbursements			8,200	8,200
Traffic fines	-	-	1,148	1,148
Interest income	-	-	146	146
	<u>945,472</u>	<u>945,472</u>	<u>972,655</u>	<u>27,183</u>
Total revenues				
Expenditures				
General government	156,997	156,997	162,712	(5,715)
Public safety	418,264	418,264	361,592	56,672
Public works	810,000	810,000	217,199	592,801
	<u>1,385,261</u>	<u>1,385,261</u>	<u>741,503</u>	<u>643,758</u>
Total expenditures				
Net Change in Fund Balances	(439,789)	(439,789)	231,152	670,941
Fund Balance - Beginning	<u>989,794</u>	<u>989,794</u>	<u>989,794</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 550,005</u>	<u>\$ 550,005</u>	<u>\$ 1,220,946</u>	<u>\$ 670,941</u>



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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

Board of Directors
Diablo Community Services District
Diablo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Diablo Community Services District (District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2025.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Diablo Community Services District

Compliance and Other Matters

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

Purpose of This Report

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

Richardson & Company, LLP

October 1, 2025