

Pliocene Ridge Community Services District

Director's Handbook

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Not ready for adoption.

RESPONSIBILITIES

Board Members (Directors) are expected to familiarize themselves with the District's Bylaws and Policies & Procedures. These can be accessed online, or a hard copy may be requested. They are updated regularly. A document explaining the purpose of and difference between Bylaws and Policies & Procedures is attached as Exhibit A at the end of this document.

What is the difference between a Director and an Officer?

This is a common area of confusion. Directors are appointed to four-year terms by the Sierra County Board of Supervisors. The District's Directors then appoint the Officers annually, usually in January. The officer positions are President, Vice President, Secretary and Treasurer. Directors also serve as Officers, but the Officer Positions of Secretary and Treasurer may be held by individuals who are not Directors. Officers who are not Directors do not participate in the process of making motions and voting at meetings.

The District's Bylaws explain most of the responsibilities and expectations for directors and officers. The Directors have a fiduciary responsibility for managing the district's money. A major part of this is establishing procedures to prevent fraudulent financial activity. This is referred to as establishing "internal accounting controls". In larger organizations this is accomplished by splitting up financial tasks between different individuals or departments. Smaller organizations such as PRCSD are not able to do that.

There are three tools that are used by the district to aid the Directors in their fiduciary responsibilities. The monthly treasurer's report does not require accounting experience to understand. It is the responsibility of the directors to examine this document every month. The "beginning balances" for each month should match the "ending balances" for the previous month's report. All check numbers should be accounted for. There are two sets of check numbers, one for manual checks and one for checks that are printed directly out of the accounting program.

The treasurer is required to show a copy of the bank statements and reconciliation reports printed from the accounting program to a Director for comparison against the monthly treasurer reports. The Director then signs off on the treasurer's report. It is

important to follow these procedures even if you trust the treasurer implicitly. The treasurer may make a mistake and the sooner these are caught the better. The second tool is the annual budget. Policy # 2020 outlines the Budget Policies and Procedures.

The third tool is the annual independent audit. The audit is conducted by an outside accounting firm certified in Governmental Accounting. The auditors compare the accounting program (Quickbooks) records and bank statements to the accounting records (receipts, deposits, check stubs etc) and form an opinion about if the accounting is being done in compliance with Generally accepted accounting procedures (GAAP) and fairly represent the financial position of the district.

It should be noted that there are both governmental and non-governmental accounting standards. Pliocene Ridge CSD lacks the expertise and software to keep the books in the Governmental Form of accounting. The auditors convert the Quickbooks data into GASB (Government Accounting Standards Board) compliant financial statements at the end of each fiscal year. These financial statements are an integral part of the annual audit report and are the only "official" (non-managerial) financial statements published for the district.

DISTRICT STRUCTURE

The district is set up with two "ZONES" or "FUNDS" these are Fire and Streetlights.

When the district was formed, the amount of money that had been historically paid to the two non-profit fire departments plus the amount historically paid for the streetlights for Alleghany and Forest City per year, was converted into a percentage of the tax base (property valuations) within the new district's boundaries.

The original dollar amount of \$28,444, was arrived at as follows: historical amount paid to each fire dept. (AVFD & PCVFD) \$10,000 **each** = \$20,000 for Fire Department Services plus \$5,162 in streetlight expense for Alleghany and Forest City, \$3,000 in estimated tax admin. fees and \$282 in indirect costs. The last two amounts cover State Mandated fees that the County charges for distributing the tax revenue. Those fees are subtracted before the money is sent to the district.

Moving forward, after district formation, the percentage of the tax base stays the same, but the dollar amount fluctuates from year-to-year as property values change.

With district formation, the PRCSD Directors decided that the best way to keep the streetlight income and expense separate from the fire income and expense was to create a ZONE for the streetlights. The original streetlight allocation of \$5,162 was converted into a percentage of the Alleghany County Water District tax rate area. Going forward, that formula is used to determine the streetlight revenue each year. The

County Auditor provides the dollar figure annually. Additionally, the streetlights are charged an equivalent portion of the County Management Fee each year.

The Streetlight Fund or Zone has its own budget section and a reserve fund that is used to capture any extra income at the end of each year, or conversely that can be used to make up any budget shortfalls. This ensures that Fire Fund money is not used to cover the streetlights.

The other Fund or Zone is FIRE. Most of the expenses for the two departments are tracked separately for informational purposes. Several expenses cannot be tracked by department, these include the cost of insurance, the independent audit and district administration.

Pliocene Ridge CSD's Directors are fiscally responsible for managing the district as a single entity. The formation of a district represents a pooling of resources. Even with the drawing of such a large (115 square mile) district boundary, at the time of formation the district did not generate the tax revenue required to support the original allocation of \$28,444. This is because about 66% of the land within the district's boundaries is Forest Service Land that does not generate tax revenue.

Within the district the Board is responsible for spending funds where they are needed. The property that generates the funds does not get a prorated share. Generally speaking, if taxes were divided up by the properties that generated them, then critical infrastructure would not exist within the State of California. The purpose of pooling resources is to take advantage of that structure. The district's budget has two main sections: Fire and Streetlights. Exhibit B explains more about tax allocations.

Are the Fire Departments Separate or not?

There has been disagreement about whether the fire departments are separate entities. Both answers are right depending on how you look at it.

From a strictly legal perspective, the Alleghany and Pike City Fire Departments are not separate entities because they operate under the sole authority of Pliocene Ridge CSD, sharing the same tax ID #, bank accounts, main income source and administration.

Additionally, all operating agreements with other agencies (Mutual Aid and MOUs) are between Pliocene Ridge CSD and the other agencies. This is because the fire departments do not have individual authority to enter into agreements. They are not separate legal entities from the district, they are departments within the district.

That being said, the departments do have different names attached to their respective communities and are separate in certain ways, much in the same way that Forest Service Battalions are separate. They have their own call numbers, stations, apparatus and crew. They are paged out separately for certain calls outside of the district.

Additionally, Pliocene Ridge CSD earmarks money for the individual fire departments under certain circumstances including if a donor wishes to designate their donation to a specific department.

LIST OF EDUCATIONAL RESOURCES, REFERENCES and EXHIBITS TO BE ADDED HERE