

**PLIOCENE RIDGE COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pliocene Ridge Community Services District
100 Pike City Road
Pike City, California 95960

We have audited the accompanying financial statements of the governmental activities of Pliocene Ridge Community Services District as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Pliocene Ridge Community Services District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

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 on pages 3-4 and 12, respectively, be presented to supplement the basic financial statements. Such information, although not 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 audits 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pliocene Ridge Community Service District's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on them.


BODEN KLEIN & SNEESBY
A Professional Corporation

Roseville, California
January 31, 2020

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
JUNE 30, 2019

Background/History

Pliocene Ridge Community Services District (PRCSD) was established by the Sierra County Board of Supervisors on February 3, 2004, Resolution 2004-013; approved by the Sierra County Local Agency Formation Commission on February 26, 2004, Resolution 2004-01; and recognized by the California State Board of Equalization Notice of Formation dated December 1, 2004. PRCSD began operations on July 1, 2005.

The District encompasses approximately 130 square miles of southwestern Sierra County and includes the communities of Alleghany, Forest City and Pike City and lies within the boundaries of the Tahoe National Forest. These three communities are divided by 13 miles of mountainous terrain and have a total population of approximately 200 people. The District includes industrial forest lands, gold mining properties (both active and inactive) as well as an influx of recreational land users.

The District came into being after many years of struggle to meet the continually increasing insurance costs to the Volunteer Fire Departments of both Alleghany and Pike City. In its formation PRCSD provided some financial relief by combining resources and personnel. The District was established to provide fire protection and emergency medical services, management of street lighting in Alleghany and Forest City, and to develop park and recreation services. At its formation, the District received the fire/EMS resources of both existing volunteer departments including a donation of startup revenues to fund the first six months of operation. Both Volunteer Fire Departments chose not to dissolve at the time of District formation; maintaining their 501 (c) 3 non-profit status as fire protection fundraising entities for their respective communities. PRCSD received its first designated tax revenues in January of 2006 to fund the operations of the fire/EMS and street lighting components of the District.

Fire/EMS Services

The District is a mid-mountain rural region with mixed conifer forest along the ridges and hardwood forest/chaparral vegetation along the steep canyon walls and ravines. There is a mixture of Federal Responsibility Areas (FRA) and State Responsibility Areas (SRA) within the District; however, the Tahoe National Forest (USFS) provides both FRA and SRA wildfire suppression services. There are no "Local Responsibility Area" (LRA) services provided by Cal Fire in the District. The District maintains three fire stations staffed entirely by Volunteer Firefighters and First Responders, including two certified EMT providers. These volunteers also staff a BLS ambulance stationed in Alleghany but owned and maintained by the Downieville Fire Protection District. The Pike City Station has automatic aid agreements with the neighboring communities of North San Juan and Camptonville. The District also has a mutual aid operating agreement with the Tahoe National Forest, which generates some revenue on an annual basis.

Street lighting

The District includes street lighting services in Alleghany and Forest City. The tax revenues to fund the street lights are a fixed percentage of the tax base coincident with the Alleghany County Water District tax rate area. This fixed percentage was initially calculated based on historical data provided by Sierra County at the time of formation. The street lighting revenues and expenses are kept in a separate fund.

Parks/Recreation Services

At this time, the District is not providing any Parks or Recreation Services.

Finances

The District receives revenues from several sources, including property taxes, donations, grants and mutual aid/emergency response compensation. Property taxes provide the bulk of the annual revenue and were originally established using the historical contracted amount paid by the County to the original Volunteer Fire Departments (VFD) as well as the amount historically paid for Streetlights in Alleghany and Forest City. Donations include cash donations and equipment donations primarily from the local VFD associations but also from residents. A significant amount of labor is donated by volunteers to maintain the facilities and equipment and to handle administrative tasks associated with operating the district. Revenues quoted below include amounts from various Grants. Finally, the District is compensated for some wildfire suppression activities by the U.S.

Analysis of budgeted vs actual results (see page 12 of supplementary information)

For the fiscal year ended June 30, 2019 total revenue came in \$23,401 (69%) higher than projected primarily due to donations from the Alleghany VFD Auxiliary in the amount of \$11,187 (\$8,000 earmarked for the purchase of a new engine and the remainder for supplies and equipment) and the donation of a back-up generator for the Pike Firehouse from a private individual valued at \$4,544. Property tax revenue came in \$3,262 (12.5%) higher than projected and Emergency Services income came in \$2,198 (98%) higher than projected; the district takes a conservative approach to income projections, preferring to err on the side of having a surplus rather than a shortage at year-end.

District overhead and operational expenses came in approximately as projected.

Streetlights, income and expense were as projected.

Capital outlay came in \$3,544 (354%) higher than projected due to the Pike Firehouse generator project which was offset by the donation as noted above under "revenue".

Request for Information

This financial report is designed to provide a general overview of the PRCSD's finances. Questions concerning any of the information in the report or requests for additional information should be addressed to PRCSD, 100 Pike City Road, Pike City, CA 95960 or emailed to plioceneridge@gmail.com. Interim managerial financial reports and meeting notices are regularly posted on the district's website: plioceneridge.org.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
JUNE 30, 2019

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Assets			
Cash	\$ 92,742	\$ -	\$ 92,742
Accounts receivable	7,148	-	7,148
Capital assets, net	-	120,848	120,848
Total Assets	\$ 99,890	\$ 120,848	\$ 220,738
 LIABILITIES			
Liabilities			
Accounts payable	\$ 912	\$ -	\$ 912
Total Liabilities	912	-	912
 Fund Balance / Net Position			
Fund Balance			
Unassigned	98,978	(98,978)	-
Total Fund Balance	98,978	(98,978)	-
Total Liabilities and Fund Balance	\$ 99,890		
 Net Position:			
Net investment in capital assets		120,848	120,848
Unrestricted		98,978	98,978
Total Net Position		\$ 219,826	\$ 219,826

The accompany notes are an integral part of these financial statements.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
STATEMENT OF GOVERNMENTAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
General revenues			
Property taxes-fire	\$ 29,262	\$ -	\$ 29,262
Donations	18,833	-	18,833
Mutual aid	4,448	-	4,448
Other	108	-	108
	<u>52,651</u>	<u>-</u>	<u>52,651</u>
Total general revenues			
Program expenditures/expenses			
Public protection	23,371	-	23,371
Support services	5,398	-	5,398
Capital outlay	4,544	(4,544)	-
Depreciation	-	14,216	14,216
	<u>33,313</u>	<u>9,672</u>	<u>42,985</u>
Total program expenditures / expenses			
Excess of revenues over / (under) expenditures - fire	19,338	(9,672)	9,666
Street lights			
Revenue	4,739	-	4,739
Expenditures	(4,187)	-	(4,187)
	<u>19,890</u>	<u>(19,890)</u>	<u>10,218</u>
Excess of revenues over / (under) expenditures			
Changes in Net Position		10,218	10,218
Fund Balance / Net Position			
Beginning of year	<u>79,088</u>	<u>-</u>	<u>209,608</u>
Fund Balance/Net Position			
End of year	<u>\$ 98,978</u>	<u>\$ -</u>	<u>\$ 219,826</u>

The accompanying notes are an integral part of these financial statements.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 ORGANIZATION

Pliocene Ridge Community Services District (the District) was organized in 2004 to provide fire protection services, emergency medical services and street lighting. The District merged the volunteer fire departments of Alleghany and Pike City.

The District's financial and administrative functions are governed by a five member Board of Directors appointed by the Sierra County Board of Supervisors.

Note 2 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 (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donations of capital assets are recorded at their fair values in the period received. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final budget for each fiscal year.

Property Taxes

The District's principal source of revenue is derived from property taxes levied by the county. All funds collected by Sierra County. Property taxes are apportioned to the District. All property taxes are levied as of July 1 for the fiscal year ending June 30. Property taxes and overrides attach as an enforceable lien on property as of January 1. Taxes are due and payable and delinquent as follows:

	<u>First Installment</u>	<u>Second Installment</u>
Due Date	November 1	February 1, following year
Delinquent Date	December 10	April 10, following year

Cash

The District maintains a checking and 2 (two) savings accounts with West America. The savings accounts earn interest. Such cash deposits are fully collateralized by federal depository insurance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts are to be spent:

Non-spendable Fund Balance – Includes the portions of fund balance not appropriable for expenditures.

Restricted Fund Balance – Includes amounts subject to externally imposed and legally enforceable constraints.

Committed Fund Balance – Includes amounts subject to District constraints self-imposed by formal action of the District Governing Board.

Assigned Fund Balance – Includes amounts the District intends to use for a specific purpose. Assignments may be established by the District Governing Board.

Unassigned Fund Balance – Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

Fund Balance

The District's fund balance at June 30, 2019 consisted of the following:

	<u>General Fund</u>
Unassigned	<u>\$98,978</u>
Total Fund Balance	<u>\$98,978</u>

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity (cont'd)

The District does not have a formal minimum fund balance requirement. The District's policy is that committed, assigned, or unassigned amounts are considered to have been spent when the expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. This policy also applies to restricted and unrestricted fund balances.

Note 3 CASH

Cash in bank consists of:

Checking	\$ 4,755
Savings	<u>87,987</u>
Total	<u>\$ 92,742</u>

Note 4 CHANGES IN CAPITAL ASSETS

	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year
Land	\$ 14,840	\$ -	\$ -	\$ 14,840
Equipment	115,647	4,544	-	120,191
Structures	140,309	-	-	140,309
Vehicles	<u>83,680</u>	<u>-</u>	<u>-</u>	<u>83,680</u>
	<u>\$354,476</u>	<u>\$ 4,544</u>	<u>\$ -</u>	<u>\$359,020</u>
Accumulated Depreciation	<u>\$223,956</u>	<u>\$ 14,216</u>	<u>\$ -</u>	<u>\$238,172</u>

Depreciation expense for the year ended June 30, 2019 was \$14,216.

Note 5 RISK OF LOSS

Pliocene Ridge Community Services District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2018/2019 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6 CONCENTRATION OF CREDIT RISK

The Pliocene Ridge Community Services District maintains bank accounts at West America Bank. The accounts are covered by FDIC insurance and are fully collateralized.

Note 7 SUBSEQUENT EVENTS

The District's management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, January 31, 2020.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2019

PLIOCENE RIDSG COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Property taxes- fire	\$ 26,000	\$ 26,000	\$ 29,262	\$ 3,262
Property Taxes- street lights	4,739	4,739	4,739	-
Donations	1,000	1,000	18,833	17,833
EMS	2,250	2,250	4,448	2,198
Other	-	-	108	108
Total Revenues	33,989	33,989	57,390	23,401
District Overhead:				
PG&E	2,400	2,400	2,720	(320)
Telephone	432	432	460	(28)
Water	480	480	480	-
Propane	375	375	503	(128)
Insurance	4,219	4,219	4,451	(232)
County fee	3,146	3,146	3,146	-
Operating compliance	150	150	207	(57)
Professional fees	2,500	2,500	2,500	-
Public relations	430	430	498	(68)
Solid waste	258	258	257	1
Building repair & maintenance	-	-	190	(190)
Bank charges	-	-	44	(44)
Administration	2,400	2,400	2,400	-
Office supplies	250	250	277	(27)
Subtotal	17,040	17,040	18,133	(1,093)
Alleghany Fire Operational:				
Equipment and repairs	850	850	-	850
Fuel	300	300	97	203
Operating Compliance	600	600	821	(221)
Vehicle maintenance	827	827	494	333
Supplies	300	300	657	(357)
Small equipment	1,000	1,000	1,995	(995)
Subtotal	3,877	3,877	4,064	(187)
Pike City Fire Operational:				
Equipment and repairs	850	850	49	801
Fuel	756	756	545	211
Operating compliance	600	600	1,231	(631)
Vehicle maintenance	827	827	2,608	(1,781)
Small equipment	2,000	2,000	390	1,610
Supplies	300	300	329	(29)
Subtotal	5,333	5,333	5,152	181
Fixed asset expenditure - Alleghany	2,000	2,000	1,420	580
Fixed asset expenditure - Pike City (capital outlay)	1,000	1,000	4,544	(3,544)
Street lights	4,379	4,379	4,187	192
Total Expenditures	33,629	33,629	37,500	(3,871)
Excess of Revenues Over (Under)				
Expenditures	360	360	19,890	19,530
Fund Balance, Beginning of Year,	79,088	79,088	79,088	-
Fund Balance End of Year	\$ 79,448	\$ 79,448	\$ 98,978	\$ 19,530

The accompanying notes are an integral part of these financial statements.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Note 1 PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the authority is required to present a Schedule of Revenues, Expenditures and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget and the actual revenue and expenditures of the General Fund.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2019

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

BOARD OF DIRECTORS

Dan Guyer	President
Bruce Coons	Director
Gracie Knowles	Director
Chris Mills	Director/Deputy Secretary
Rae Bell Arbogast	Secretary/Treasurer