

**PLIOCENE RIDGE COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS AND
INDIPENDENT AUDITORS' REPORT

JUNE 30, 2012

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
TABLE OF CONTENTS
JUNE 30, 2012

<u>Page Number</u>	<u>Title</u>
1 - 2	Independent auditors' report
3 - 4	Management discussion and analysis, June 30, 2012
5	Governmental funds balance sheets/statements of net assets, June 30, 2012
6	Statements of governmental revenues, expenditures and changes in fund balance / statement of activities for the year ended June 30, 2012
7 - 11	Notes to the financial statements, June 30, 2012
	<u>Required Supplementary Information</u>
12	Budgetary comparison schedules, for the year ended June 30, 2012
13	Notes to supplementary information, for the year ended June 30, 2012
	<u>Other Supplementary Information</u>
14	Organization



3005 Douglas Blvd., Ste. 115

Roseville, CA 95661

(916) 774-1040

(916) 774-1177 Fax

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pliocene Ridge Community Services District
Pike, 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, 2012 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pliocene Ridge Community Services District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 17-18, 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.

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
BODEN KLEIN & SNEESBY
A Professional Corporation

Roseville, California
October 16, 2012

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
JUNE 30, 2012

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 two fire stations staffed entirely by Volunteer Firefighters and First Responders, including four certified EMT providers. These volunteers also staff a BLS ambulance stationed in Alleghany but owned and maintained by the Downieville Fire Protection District. The two stations, one in Pike City and one in Alleghany have automatic Fire and Medical response agreements with each other, and 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. The community of Pike City has an ISO rating of 9 due to its lack of any hydrant system. The community of Alleghany has an ISO rating of 7 and has a water hydrant system owned and operated by the "Alleghany County Water District", an agency not affiliated with PRCSD.

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. 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 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 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. Forest Service.

For the fiscal year ended June 30, 2012 compared to the prior fiscal year, revenue increased overall by \$8,192 (25%). This was primarily due to an increase in donations of \$4,010 (148%), mutual aid income increased by \$1,724 (none in the previous year) and grant revenue increased by \$3,046 (300%).

Expenditures increased overall by \$8,629 (32%), but due to a mild winter, electrical utilities decreased by \$708 (39%) and propane decreased by \$250 (32%). Fuel expense for Alleghany increased by \$452 (119%) due to increased mutual aid responses to Pike. Supplies for Alleghany increased by \$444 (none in the previous year). Vehicle maintenance for Pike increased by \$2,283 (590%) due to a major repair. Small equipment Pike increased by \$6,592 (2,526%) due to expenditures associated with corresponding grant revenue (none in the previous year). Firefighter compensation increased by \$889 (none previous year) and is associated with the corresponding mutual aid 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.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Assets			
Cash	\$ 39,173	\$ -	\$ 39,173
Accounts receivable	970	-	970
Capital assets	-	338,535	338,535
Less accumulated depreciation	-	(144,715)	(144,715)
 Total Assets	 <u>\$ 40,143</u>	 <u>\$ 193,820</u>	 <u>\$ 233,963</u>
 LIABILITIES			
Liabilities			
Accounts payable	\$ 3,747	\$ -	\$ 3,747
 Total Liabilities	 <u>3,747</u>	 <u>-</u>	 <u>3,747</u>
 Fund Balance / Net assets			
Fund Balance			
Uassigned	<u>36,396</u>	<u>(36,396)</u>	<u>-</u>
 Total Fund Balance	 <u>36,396</u>	 <u>(36,396)</u>	 <u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 40,143</u>	 <u>-</u>	 <u>-</u>
 Net Assets:			
Invested in capital assets, net of related debt		193,820	193,820
Unrestricted		<u>36,396</u>	<u>36,396</u>
 Total Net Assets		 <u>\$ 230,216</u>	 <u>\$ 230,216</u>

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, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses			
Public protection	\$ 30,626	\$ -	\$ 30,626
Support services	970	-	970
Capital outlay	-	-	-
Depreciation	-	20,431	20,431
	<u>31,596</u>	<u>20,431</u>	<u>52,027</u>
Total program expenditures/expenses			
General revenues			
Property taxes-fire	22,921	-	22,921
Donations	6,713	-	6,713
Mutual aid	1,724	-	1,724
Fire grants	4,046	-	4,046
Other	130	-	130
	<u>35,534</u>	<u>-</u>	<u>35,534</u>
Total general revenues			
Excess of revenues (expenditures)/ changes in net assets--fire	3,938	-	3,938
Street lights:			
Revenue	4,969	-	4,969
Expenditures	(4,360)	-	(4,360)
Excess of revenues (expenditures)/ changes in net assets	4,547	(20,431)	(15,884)
Fund Balance/Net Assets			
Beginning of year	<u>31,849</u>	<u>214,251</u>	<u>246,100</u>
Fund Balance/Net Assets			
End of year	<u>\$ 36,396</u>	<u>\$ 193,820</u>	<u>\$ 230,216</u>

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

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Measurement Focus and Basis of Accounting (cont'd)

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 a contradict guidance of the Governmental Accounting Standards Board.

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.

Cash

The District maintains a checking and a savings account with a bank. The savings account earns 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, 2012

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

Measurement Focus and Basis of Accounting (cont'd)

a. New GASB Accounting Standard Adoption

In March, 2009 the Governmental Accounting Standards Board (GASB) issued GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. The classification requirements in GASB 54 improve financial reporting by providing fund balance categories and classifications that are more easily understood. The requirements of GASB 54 are effective for financial statements for period beginning after June 15, 2010 making the new standard effective for the year ending June 30, 2011. The District implemented the standard for the fiscal 2011-2012 year.

b. 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 appropriate 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 with the recommendation of the Treasurer and confirmed by the 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.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Measurement Focus and Basis of Accounting (cont'd)

b. Fund Equity (cont'd)

Fund Balance

The District's fund balances at June 30, 2012 consisted of the following:

	<u>General Fund</u>
Unassigned	<u>\$36,396</u>
Total Fund Balance	<u>\$36,396</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.

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 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.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 3 CASH

Cash in bank consists of:

Checking	\$5,240
Savings	<u>33,933</u>
Total	<u>\$39,173</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	-	-	115,647
Structures	119,868	-	-	119,868
Vehicles	<u>88,180</u>	<u>-</u>	<u>-</u>	<u>88,180</u>
	<u>\$338,535</u>	<u>\$</u>	<u>\$</u>	<u>\$338,535</u>

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 2008 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

Note 6 CONCENTRATION OF CREDIT RISK

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

Note 7 SUBSEQUENT EVENTS

The Authority's management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, October 16, 2012.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2012

PLIOCENE RIDSG COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Property taxes- fire	\$ 23,161	\$ 23,161	\$ 22,921	\$ (240)
Property Taxes- street lights	4,969	4,969	4,969	-
Donations	3,128	6,358	6,713	355
Mutual aid	-	1,724	1,724	-
Fire grants	-	4,046	4,046	-
Other	2,324	126	130	4
Total Revenues	33,582	40,384	40,503	119
Expenditures:				
PG&E	1,900	1,594	1,120	474
Telephone	400	325	309	16
Water	396	396	363	33
Propane	800	530	527	3
Insurance	9,238	9,238	9,238	-
County fee	3,000	3,000	2,780	220
Operating compliance	100	100	-	100
Professional fees	800	1,550	-	1,550
Solid waste	721	721	720	1
Building repair & maintenance	-	681	681	-
Bank charges	-	30	30	-
Bookkeeping	750	750	730	20
Office supplies	200	100	97	3
Board development	-	114	113	1
AVFD				
Equipment and repairs	300	100	-	100
Fuel	500	600	833	(233)
Operating Compliance	500	709	708	1
Vehicle maintenance	1,500	1,100	1,001	99
Supplies	600	450	444	6
Small equipment	500	700	675	25
PCVFD				
Equipment and repairs	300	100	-	100
Fuel	1,000	1,000	372	628
Operating compliance	500	400	391	9
Vehicle maintenance	1,500	2,700	2,670	30
Small equipment	3,149	6,478	6,853	(375)
Supplies	100	100	52	48
Capital outlay				
Street lights	4,452	4,360	4,360	-
Salaries- fire	-	889	889	-
Contingency	-	-	-	-
Total Expenditures	33,206	38,815	35,956	2,859
Excess of Revenues Over (Under) Expenditures	376	1,569	4,547	2,978
Fund Balance, Beginning of Year,	31,849	31,849	31,849	-
Fund Balance End of Year	\$ 32,225	\$ 33,418	\$ 36,396	\$ 2,978

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

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012

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

SUPPLEMENTAL INFORMATION

JUNE 30, 2012

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
ORGANIZATION
JUNE 30, 2012

BOARD OF DIRECTORS

Wayne Babros	President
Dan Guyerl	Vice President
Maris Womack	Secretary
Tosha Buckbee	Director
Larry Vieirra	Director