

**PLIOCENE RIDGE COMMUNITY  
SERVICES DISTRICT**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2008

**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT**  
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**JUNE 30, 2008**

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## 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, 2008 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, 2008 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, 2008

**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 five 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, 2008 compared to the prior fiscal year total revenue increased by \$23,190 (48%). This was primarily due to an increase in grant income of \$20,788 (28%) most of which was an equipment grant awarded to the Alleghany Department from Fireman's Fund Insurance Company. Expenses increased overall by \$26,641 (63%) primarily due to an increase in capital outlay of \$18,102 (905%) for the equipment acquired via the Fireman Fund Grant. Increases in the equipment and repairs category for both departments came to \$1,621 (62%) for Alleghany and \$2,739 (48%) for Pike. Both of these increases are primarily tied to grant expenditures.

### **Major Accomplishments for Fiscal Year 2007/2008**

- The District continued to operate fiscally solvent
- A thermal imaging camera was acquired via grant funding
- Building repairs were started on the Alleghany Firehouse

### **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, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Assets			
Cash and investments	\$ 17,730	\$ -	\$ 17,730
Accounts receivable	8,649	-	8,649
Capital assets		306,735	306,735
Less accumulated depreciation	-	<u>(64,431)</u>	<u>(64,431)</u>
 Total Assets	 <u>\$ 26,379</u>	 <u>\$ 242,304</u>	 <u>\$ 268,683</u>
 <b>LIABILITIES</b>			
Liabilities			
Accounts payable	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 813</u>
 Total Liabilities	 <u>813</u>	 <u>-</u>	 <u>813</u>
 Fund Balance / Net assets			
Fund Balance			
Unreserved			
Undesignated	<u>25,566</u>	<u>(25,566)</u>	<u>-</u>
 Total Fund Balance	 <u>25,566</u>	 <u>(25,566)</u>	 <u>-</u>
 <b>Total Liabilities and Fund Balance</b>	 <b><u>\$ 26,379</u></b>	 <b><u>-</u></b>	 <b><u>-</u></b>
 Net Assets:			
Invested in capital assets, net of related debt		242,304	242,304
Unrestricted		<u>25,566</u>	<u>25,566</u>
 <b>Total Net Assets</b>		 <b><u>\$ 267,870</u></b>	 <b><u>\$ 267,870</u></b>

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, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses			
Public protection	\$ 42,787	\$ -	\$ 42,787
Support services	1,642	-	1,642
Capital outlay	20,102	(20,102)	-
Depreciation	-	15,142	15,142
	<u>64,531</u>	<u>(4,960)</u>	<u>59,571</u>
Total program expenditures/expenses			
	<u>64,531</u>	<u>(4,960)</u>	<u>59,571</u>
General revenues			
Property taxes-fire	23,632	-	-
Donations	7,779	-	-
Mutual aid	5,204	-	-
Fire grants	28,231	-	-
Other	2,027	-	-
	<u>66,873</u>	<u>-</u>	<u>66,873</u>
Total general revenues			
	<u>66,873</u>	<u>-</u>	<u>66,873</u>
Excess of revenues (expenditures)/ changes in net assets--fire	2,342	4,960	7,302
Street lights:			
Revenue	5,042	-	5,042
Expenditures	(4,574)	-	(4,574)
	<u>2,810</u>	<u>4,960</u>	<u>7,770</u>
Excess of revenues (expenditures)/ changes in net assets			
	<u>2,810</u>	<u>4,960</u>	<u>7,770</u>
Fund Balance/Net Assets			
Beginning of year	22,756	232,261	255,017
Prior Year Adjustment	-	5,083	5,083
Fund Balance/Net Assets			
Beginning of Year, Restated	<u>22,756</u>	<u>237,344</u>	<u>260,100</u>
<b>Fund Balance/Net Assets</b>			
<b>End of year</b>	<u><b>\$ 25,566</b></u>	<u><b>\$ 242,304</b></u>	<u><b>\$ 267,870</b></u>

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



**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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, 2008**

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, 2008**

Note 3 CASH

Cash in bank consists of:

Checking	\$15,318
Savings	<u>2,412</u>
Total	<u>\$17,730</u>

Note 4 CHANGES IN CAPITAL ASSETS

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, End of Year</u>
Land	\$ 14,840	\$ -	\$ -	\$ 14,840
Equipment	57,000	46,027	-	103,027
Structures	119,868	-	-	119,868
Vehicles	<u>69,000</u>	<u>-</u>	<u>-</u>	<u>69,000</u>
	<u>\$260,708</u>	<u>\$46,027</u>	<u>\$</u>	<u>\$306,735</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.

**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT**

**SUPPLEMENTAL INFORMATION**

**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes- fire	\$ 23,538	\$ 23,538	\$ 23,632	\$ 94
Property Taxes- street lights	5,042	5,042	5,042	-
Donations		1,875	7,779	5,904
Mutual aid	1,200	4,348	5,204	856
Fire grants		11,655	28,231	16,576
Other		2,027	2,027	-
<b>Total Revenues</b>	<u>29,780</u>	<u>48,485</u>	<u>71,915</u>	<u>23,430</u>
<b>Expenditures:</b>				
PG&E	1,750	1,750	2,189	(439)
Telephone	910	910	983	(73)
Water	396	396	396	-
Miscellaneous	40	138	231	(93)
Postage	150	150		
Propane	600	600	555	
Insurance	8,050	8,050	8,050	-
Licenses & fees	40	40		
County fee	3,000	3,000	3,854	(854)
Operating compliance			98	(98)
Professional fees	1,000	1,000	1,500	(500)
Solid waste	635	635	555	80
Building repair & maintenance	1,100	1,948	2,962	(1,014)
Copies	50	50	29	21
Office supplies	50	50	112	(62)
<b>AVFD</b>				
Equipment and repairs	500	8,013	4,233	3,780
Fuel	650	650	508	142
Operating Compliance	500	500	514	(14)
Vehicle maintenance	725	1,294	1,269	25
Supplies	200	200	1,115	(915)
<b>PCVFD</b>				
Equipment and repairs	500	6,923	8,395	(1,472)
Fuel	1,200	2,035	2,182	(147)
Operating compliance	500	500	261	239
Vehicle maintenance	725	725	1,887	(1,162)
Supplies	200	200	131	69
EMT training			345	(345)
Capital outlay	-	-	20,102	(20,102)
Street lights	4,500	4,500	4,574	(74)
Salaries- fire	360	360	2,075	(1,715)
Contingency	1,449	1,449	-	1,449
<b>Total Expenditures</b>	<u>29,780</u>	<u>46,066</u>	<u>69,105</u>	<u>(23,274)</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	-	2,419	2,810	156
<b>Fund Balance, Beginning of Year,</b>	<u>22,756</u>	<u>22,756</u>	<u>22,756</u>	<u>-</u>
<b>Fund Balance End of Year</b>	<u>\$ 22,756</u>	<u>\$ 25,175</u>	<u>\$ 25,566</u>	<u>\$ 156</u>

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

**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2008**

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 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, 2008**

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT  
PRINCIPAL OFFICIALS  
JUNE 30, 2008

BOARD OF DIRECTORS

Rae Bell Arbogast	President
Wayne Babros	Vice President
Maris Womack	Secretary
Kyle S. Hall	Treasurer
Dan Guyer	Director