

**PLIOCENE RIDGE COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

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

Opinion

We have audited the accompanying financial statements of the governmental activities of Pliocene Ridge Community Services District (PRCSD) as of and for the year ended June 30, 2022, 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 of Pliocene Ridge Community Services District as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. 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 PRCSD, and to meet our other ethical responsibilities, in accordance with the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 PRCSD'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 not a guarantee that an audit conducted in accordance with generally accepted 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 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 PRCSD'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PRCSD's ability to continue as a going concern for a reasonable period of time.

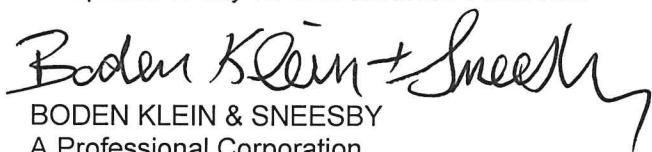
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the organization of PRCSD, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.



BODEN KLEIN & SNEESBY
A Professional Corporation
Roseville, California
December 14, 2022

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
JUNE 30, 2022

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 115 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 250 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 Public Benefit Non-Profit Corporations (volunteer fire departments) including a donation of startup revenues to fund the first six months of operation. 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 First Responders. These volunteers also staff a Basic Life Support 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 mutual aid operating agreements with USFS and California Office of Emergency Services (Cal OES).

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

Income: The District receives revenues from property taxes, donations, grants and mutual aid/emergency response compensation. Property taxes provide most of the annual revenue, but the district relies on grants and donations to cover a significant portion of operating costs.

Expenses: 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. Currently, there is one paid administrative position (Secretary/Treasurer at \$200 per month). First responders can be paid for certain mutual aid calls, but otherwise are 100% volunteer. For fiscal year '21 – '22 approximately 45% of the property tax revenue was needed to pay three mandated expense categories: Insurance, County Tax Distribution Fee, and Independent Audit.

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

For the fiscal year ended June 30, 2022 total revenue came in \$39,787 (104%) higher than projected primarily due to rent income of \$13,000 collected from PG&E for use of a firehouse for a Community Resource Center, and surplus sales income of \$13,418, along with \$5,000 in Covid relief money provided by the County. The district takes a conservative approach to income projections.

Overall, expenses came in \$21,726 higher than projected primarily due to expenses related to the purchase of a fire engine for the Alleghany Fire Dept for \$18,822*. This engine was paid for with a previous year \$8,000 donation from the AVFD non-profit corp. and existing funds from the sale of surplus equipment, plus \$2,621 from the general fund. Other expenses over-budget include grant expenditures of approximately \$10,000 (included in fire dept. operating expenses) set off by a 50% grant, county tax distribution fee over by \$1,730 (169%) set by State Mandate, administrative and professional fees over by \$1,165 (21%) due to firewise administration of \$1,613 reimbursed by the County, building repairs and maintenance over by \$2,079 (316%) due to the purchase of metal to repair a wall at Station 1 in Alleghany. The line item "Grant/Donation Expense" was set-up as a suspense account but is no longer in use. As noted above, the expenses related to the approximately \$10,000 in grant expenditures are included in "operations" for the fire departments.

* As a "non-enterprise" government entity, capital expenditures are shown as an expense, unlike enterprise entities.

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, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Assets			
Cash	\$ 102,046	\$ -	\$ 102,046
Accounts receivable	17,357	-	17,357
Capital assets, net	-	126,675	126,675
	\$ 119,403	\$ 126,675	\$ 246,078
LIABILITIES			
Liabilities			
Accounts payable	\$ 10,275	\$ -	\$ 10,275
	10,275	-	10,275
Fund Balance / Net Position			
Fund Balance			
Unassigned	109,128	(109,128)	-
	109,128	(109,128)	-
Total Liabilities and Fund Balance			
	\$ 119,403		
Net Position:			
Net investment in capital assets		126,675	126,675
Unrestricted		109,128	109,128
		126,675	126,675
		109,128	109,128
Total Net Position		\$ 235,803	\$ 235,803

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, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
General revenues			
Property taxes-fire	\$ 30,848	\$ -	\$ 30,848
Rent income	13,000	-	13,000
Donations	3,372	-	3,372
Grant	7,414	-	7,414
Other	5,026	-	5,026
Gain on sale of assets	13,418	-	13,418
	<u>73,078</u>	<u>-</u>	<u>73,078</u>
Total general revenues			
Program expenditures/expenses			
Public protection	34,209	-	34,209
Support services	7,291	-	7,291
Capital outlay	18,822	(18,822)	-
Depreciation	-	10,352	10,352
	<u>60,322</u>	<u>(8,470)</u>	<u>51,852</u>
Total program expenditures / expenses			
Excess of revenues over / (under) expenditures - fire	<u>12,756</u>	<u>8,470</u>	<u>21,226</u>
Street lights			
Revenue	4,818	-	4,818
Expenditures	(3,916)	-	(3,916)
	<u>902</u>	<u>-</u>	<u>902</u>
Excess of revenues over expenditures - street lights			
Changes in Fund Balance / Net Position	13,658	8,470	22,128
Fund Balance / Net Position			
Beginning of year	<u>95,470</u>	<u>118,205</u>	<u>213,675</u>
Fund Balance / Net Position			
End of year	<u>\$ 109,128</u>	<u>\$ 126,675</u>	<u>\$ 235,803</u>

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

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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 are 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, 2022

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, 2022 consisted of the following:

	<u>General Fund</u>
Unassigned	<u>\$109,128</u>
Total Fund Balance	<u>\$109,128</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, 2022

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	\$ 6,118
Savings	<u>95,928</u>
Total	<u>\$ 102,046</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	124,099	-	-	124,099
Structures	140,309	-	-	140,309
Vehicles	<u>99,905</u>	<u>18,822</u>	<u>25,000</u>	<u>92,727</u>
	<u>\$379,153</u>	<u>\$ 18,822</u>	<u>\$ 25,000</u>	<u>\$ 372,975</u>
Accumulated Depreciation	<u>\$260,948</u>	<u>\$ 10,352</u>	<u>\$ 25,000</u>	<u>\$ 246,300</u>
Net Investment in capital assets:				<u>\$ 126,675</u>
Depreciation expense for the year ended June 30, 2022:				<u>\$ 10,352</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 2021/2022 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, 2022

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, December 14, 2022.

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2022

PLIOCENE RIDSG COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Property taxes- fire	\$ 28,000	\$ 28,000	\$ 30,848	\$ 2,848
Rental income	-	-	13,000	13,000
Donations	-	-	3,372	3,372
Grants	5,291	5,291	7,414	2,123
Other	-	-	5,026	5,026
Property Taxes- street lights	4,818	4,818	4,818	-
Gain on sale of assets	-	-	13,418	13,418
Total Revenues	38,109	38,109	77,896	39,787
District Overhead:				
Utilities	4,596	4,596	4,208	388
Insurance	6,513	6,513	6,513	-
County tax distribution fee	2,968	2,968	4,698	(1,730)
Operating compliance board/admin	150	150	245	(95)
Administration & professional fees	5,548	5,548	6,713	(1,165)
Public relations	500	500	531	(31)
Building repair & maintenance	658	658	2,737	(2,079)
Grant/donation expense	10,584	10,584	-	10,584
Office expense	541	541	1,424	(883)
Subtotal	32,058	32,058	27,069	4,989
Alleghany Fire Operations:	3,461	3,461	7,802	(4,341)
Pike City Fire Operations:	3,961	3,961	7,063	(3,102)
Fixed asset expenditure - Alleghany (capital outlay)			18,822	(18,822)
Street lights	3,032	3,032	3,482	(450)
Subtotal	3,032	3,032	22,304	(19,272)
Total Expenditures	42,512	42,512	64,238	(21,726)
Excess of Revenues Over (Under)				
Expenditures	(4,403)	(4,403)	13,658	18,061
Fund Balance, Beginning of Year,	95,470	95,470	95,470	-
Fund Balance End of Year	\$ 91,067	\$ 91,067	\$ 109,128	\$ 18,061

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

PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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 INFORMATION

JUNE 30, 2022

**PLIOCENE RIDGE COMMUNITY SERVICES DISTRICT
ORGANIZATION
JUNE 30, 2022**

BOARD OF DIRECTORS

Lawrence Allen	President
Bruce Coons	Vice-President
Grace Lundeen	Director
Pam Davis	Director
Chris Mills	Director/Deputy Secretary
Rae Bell Arbogast	Secretary/Treasurer