



**MINUTES of the Regular Meeting of the
Pliocene Ridge CSD Board of Directors
Date: Thursday April 18, 2024 Time: 6:30 pm
Location: Pike City Firehouse.**

1. ESTABLISH QUORUM, CALL TO ORDER, FLAG SALUTE: The meeting was called to order at 6:30 pm by Vice President Bruce Coons. There was a moment of silence for President Larry Allen who passed away on April 5th. **Flag Salute.** Present: Board members, Bruce Coons, Chris Mills and Pam Davis. Grace Lundeen had notified the Secretary in advance that she could not attend. Also in attendance: Alleghany Assistant Chiefs David Arbogast and Ned Cusato, Pike Community Support Foundation President Roland Robertson and Treasurer Denise Ruane. Public: Burns and Vicky Tenney. Pliocene Ridge CSD Secretary Rae Bell Arbogast was present and took the minutes. (nobody dialed in, so call was disconnected)

2. CONSENT CALENDAR:

Approval of current Agenda, Minutes for regular meeting held March 21, 2024, and the Treasurer's report for March 2024. **A motion was made to approve the consent calendar by Chris Mills, seconded by Pam Davis Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none ~ Vacant: one Motion carried.**

3. PUBLIC COMMENT: Denise stated that Larry Allen will be missed, all concurred. Burns stated that he will be applying for the vacant position. It was noted that the vacancy has already been posted by the County and the deadline to apply is May 10th, with appointment scheduled for May 21st.

4. INFORMATION/DISCUSSION ITEMS

a) *Correspondence* **Incoming** Letter from State Controller's Office regarding annual compensation report due by end of April. **Outgoing** Additional form 700s sent to Clerk Recorders office **Email topics (in & out):** Sierra County and PRCSD Chief Officers re: emergency preparedness grant, PRCSD Chief Officers and Sierra County re Form 700s, GSRMA re: insurance indication for FY 24/25, Sierra County Auditor Van Maddox re: title III billing for firewise admin, Blain Boden re audit engagement letter, PCSF re architect's executed contract, Robin with USDA re vehicle grant, GSRMA re: training grant, Cal fire re grant opportunities.

b) *Committee/Member/Business Reports:*

1. *Chief's Report* ~ David Arbogast and Ned Cusato reported that the new water tender is stationed in Pike now and went on its first call right before the board meeting but was cancelled. Rescue 7145 is back in Station 2 in Alleghany. There was only one call for an 1144 (death) since the last meeting. For the weekly trainings they've been doing ropes training and had a medical training on the prior Monday. Since the last board meeting it was decided to put a new engine in the old rescue truck 6740. The engine has been ordered and the fire dept. crew is going to install it. Ned explained that even if it ends up being surplussed, it will be easier to sell running than not. The end of May is the soonest that we'll know if the USDA grant has been approved and fixing 6740 will provide more time to look for a new vehicle if the grant is awarded.

2. *Assistant Chiefs' Report:* ABOVE

3. *Alleghany Fire Department Auxiliary*: ~ Rae Bell reported that they had their annual membership meeting on Friday April 12th and out of 17 ballots received, 15 voted in favor of changing the name to Alleghany Fire Department Auxiliary. They are starting the process for the name change. [The purpose was also updated by the membership to read: The purpose of this organization is to support the Alleghany Fire Department and Fire Hazard Mitigation Efforts in Alleghany, California.]

4. *Pike Community Support Foundation* ~ Roland Roberston reported that they have scheduled a Town Hall meeting for Saturday May 4th. Supervisor Lee Adams will be there, a representative from the Forest Service and SPI. The cemetery clean-up is scheduled for May 18th. They are still looking for a Secretary and Vice President but they have four board members.

5. *Board Member/Staff Reports* ~ Secretary/Treasurer report provided in writing.

6. *Firewise Community Projects* ~ Rae Bell reported that the check from the County to cover firewise admin. costs had been received and would appear on the April Treasurer's report.

7. *Firehouse Projects & ADA Compliance*:~ Re: Pike City Firehouse, Roland reported that the committee had met prior to the meeting and gone over a list from the architect of potential items to include in the "new firehouse" option. The committee came up with a response to the architect.

8. *Pending Grants* _ Report provided in writing.

5. ACTION ITEMS

a) Unfinished Business

1. *Appoint Risk Manager*. Rae Bell reported that they had asked at fire dept training and nobody was interested in the position. She stated that she could dovetail it into her duties and offered to take the position. **A motion was made to appoint Rae Bell as Risk Manager by Chris Mills, seconded by Pam Davis Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none Vacant: one~ Motion carried.** [Later learned that Cameron Shay had volunteered at training but it was missed!]

b) New Business

1. *Consider proposed budget changes*: (Report provided in writing) **A motion was made to authorize the treasurer to combine training expenses for both fire departments into one expense category and to also combine medical supplies into one category (no longer tracked by fire department) by Chris Mills, seconded by Pam Davis Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none Vacant: one~ Motion carried.**

2. *Consider increasing credit card balances for Chief and Assistant Chiefs*. After discussion **A motion was made to remove the cap on the District Chief's card and to raise the limit on the assistant chiefs cards to \$5,000 each by Chris Mills, seconded by Pam Davis Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none Vacant: one~ Motion carried.**

3. *Adopt Directors' Handbook*. Copies of the handbook were given to all directors in March to provide plenty of time to look it over. **A motion was made to approve the directors' handbook by Pam Davis, seconded by Chris Mills Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none Vacant: one~ Motion carried.**

4. *Accept audit engagement letter*. **A motion was made to accept the audit engagement letter by Chris Mills, seconded by Pam Davis Ayes: Davis, Coons, Mills Noes: none Absent: Lundeen Abstain: none Vacant: one~ Motion carried.**

6. ANNOUNCEMENTS, NEXT MEETING DATE & AGENDA ITEMS: The next regular meeting is scheduled for May 16, 2024 in Alleghany.

7. ADJOURNMENT:

There being no further business before the board, the meeting was adjourned at 7:02 PM.

Respectfully submitted,



Rae Bell Arbogast, Secretary



Pliocene Ridge Community Services District

100 Pike City Road
Pike City, CA 95960

plioceneridge.org

plioceneridge@gmail.com

CERTIFICATE OF POSTING

I, Rae Bell Arbogast certify that the following document was posted on behalf of Pliocene Ridge CSD, Sierra County California:

Regular Meeting Agenda Meeting date: 4/18/24


In the following location(s):

Alleghany Post Office Bulletin Board, , plioceneridge.org, emailed to agenda list, 2+ Pike F.H.

On 4/15/24 (date)

A copy of which is attached hereto and by reference made a part herof.

Signed under penalty of perjury: X



Rae Bell Arbogast



Pliocene Ridge Community Services District

100 Pike City Road
Pike City, CA 95960

plioceneridge.org

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NOTICE OF REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday April 18, 2024, 6:30 pm

Location: Pike City Firehouse

VIA Phone Conference available for non-board members call 978-990-5144 Access code 6919768#

ALL MEETING DOCUMENTS ARE POSTED ONLINE plioceneridge.org

1. ESTABLISH QUORUM, CALL TO ORDER, MOMENT OF SILENCE FOR LARRY ALLEN
2. CONSENT CALENDAR
 - a) Approval of Agenda b) Approve Minutes for regular meeting held March 21, 2024 c) Ratify Treasurer's report & bill payments for March 2024
3. PUBLIC COMMENT: Complaints about individuals are to be submitted in writing per Article II section 15 of the bylaws. The public may be heard before or during the consideration of any agenda item to be considered by the board, subject to reasonable time limitations for each speaker. Members of the public may address matters under the jurisdiction of the Board of Directors, and not on the posted agenda, provided that no action shall be taken by the board unless the matter is deemed urgent by a 2/3 vote.
4. INFORMATION/DISCUSSION ITEMS, STAFF &/OR COMMITTEE REPORTS
 - a) Correspondence since last meeting –
 - b) Committee/Member/Business Reports:
 1. District Chief's report
 2. Assistant Chiefs' reports
 3. Alleghany Fire Department Auxiliary
 4. Pike Community Support Foundation
 5. Board Member/Staff Reports ~
 6. Firewise Communities –
 7. Firehouse Projects & ADA Compliance ~ Both Departments
 8. Pending Grants – USDA Vehicle Reimbursement Grant
5. DISCUSSION and POSSIBLE ACTION ITEMS:
 - a) Unfinished business:
 1. Appoint Risk Manager per policy #1030
 - b) New business
 1. Consider Proposed Budget changes (2)
 2. Consider increasing credit card balances for Chief and Assistant Chiefs
 3. Adopt Board of Directors Handbook
 4. Accept audit engagement letter for Fiscal Year 23-24
6. ANNOUNCEMENTS, NEXT MEETING DATE & AGENDA ITEMS ~ The next regular meeting is scheduled for May 16, 2024 in Alleghany. Preliminary Budget to be provided for June adoption.
7. ADJOURNMENT

Upon request, agendas will be made available in alternative formats to accommodate persons with disabilities. Please make your request to District Secretary, 100 Pike City Rd, Pike CA 95960 or plioceneridge@gmail.com specifying your disability and the format in which you would like to receive this agenda and future agendas. SEND AN EMAIL TO plioceneridge@gmail.com to be added to the email list for meeting notices.



Pliocene Ridge Community Services District

Serving the Communities of Allegheny, Forest City and Pike City
 100 Pike City Road
 Pike City, CA 95960
 plioceneridge.org

Treasurer's Report for March 2024

				Beginning Checking Account Balance	\$ 3,125.71
DEPOSITS					
Date	From:	For:			Amount
3/19	Camptonville Comm.	Amber Merhman Red Cross fees for 2/18 class		\$	44.00
3/29	Savings			\$	3,000.00

				Deposits Total	\$ 3,044.00
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EXPENDITURES					
Ck #	Date	To:	For:		
EFT	3/4	PG&E		details below	\$ 857.49
				Allegheny Firehouse	\$ 153.45
				Pike Firehouse	\$ 375.96
				Allegheny Streetlights	\$ 307.03
				Forest City Streetlights	\$ 21.05
EFT	3/1	West America Bank CC Card			\$ 984.82
				OTC graphics decals for water tender 67	\$ 387.23
				Harbor freight rescue truck pike	\$ 80.43
				Life assist BP cuff Pike and pen light Allegheny	\$ 85.42
				Suburban Propane Allegheny Station 1	\$ 365.30
				B&C key box and broom for Station 2 Allegheny	\$ 60.87
				USPS postage	\$ 5.57
2699	3/21	AT&T	phones		\$ 68.73
2700	3/21	James Buckbee	Kilham Fire 4 hours gross \$170.16		\$ 157.14
2701	3/21	Zack Kostik	Kilham Fire 4 hours gross \$170.16		\$ 157.14
807	3/25	Chris Mills	Mileage reimbursement for BOD meeting in Allegheny		\$ 20.10
				Expenditures/transfers Total	\$ 2,245.42

Reserve Account Detail				
Contingency	\$	24,500.00		
Allegheny Fire Unallocated	\$	8,000.00		
Pike City Fire Unallocated	\$	12,950.00		
Allegheny Firehouses	\$	11,409.37		
Pike City Firehouse	\$	3,064.76		
Allegheny Fleet	\$	4,588.78		
Pike City Fleet	\$	1,202.95		
Allegheny Dispatch Office	\$	700.00		
Streetlights	\$	8,213.38		
EMS Vehicle Fund	\$	250.00		
Interest Earned	\$	18.73		
Reserve Account Total	\$	74,897.97		
			Ending Checking Account Balance	\$ 3,924.29
			Starting Savings account balance	\$ 20,938.35
			transfer to checking	\$ (3,000.00)
			interest earned	\$ 1.68
			Ending Savings Account Balance	\$ 17,940.03
			General Fire Fund Total	\$ 21,864.32
			All Fire Funds (including reserves)	\$ 88,548.91
Note: A small amount of streetlight funds are comingled with general fund during the year.				
			Reserve account Starting Balance	\$ 74,892.37
			Interest earned	\$ 5.60
			deposits	
			Reserve account Ending Balance	\$ 74,897.97

Report prepared by Rae Bell, Treasurer

Verified against bank statement and QB balances by: X
 Note: Savings and Reserve account reconciled quarterly.

Name Printed

title

Total All Funds	\$ 96,762.29
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Staff report for meeting date 4/18/2024

Prepared by Secretary/Treasurer Rae Bell Arbogast— *disclaimer: any opinions expressed in this document belong to the author and do not represent the official stance of the district.*

Agenda item 4. a) Correspondence since last meeting.

Incoming Letter from State Controller's Office regarding annual compensation report due by end of April. **Outgoing** Additional form 700s sent to Clerk Recorders office **Email topics (in & out):** Sierra County and PRCSD Chief Officers re: emergency preparedness grant, PRCSD Chief Officers and Sierra County re Form 700s, GSRMA re: insurance indication for FY 24/25, Sierra County Auditor Van Maddox re: title III billing for firewise admin, Blain Boden re audit engagement letter, PCSF re architect's executed contract, Robin with USDA re vehicle grant, GSRMA re: training grant, Cal fire re grant opportunities.

Agenda item 4. b) 5 Staff Reports. A person has been scheduled to weed whack at the Alleghany firehouse Station 1 on June 1st.

Agenda item 4. b) 8 Pending Grants The district was awarded the \$1,000 training grant from Golden State Risk Management Authority (GSRMA) that was applied for to help cover the Public Safety First Aid Class held in February and March.

Re: USDA vehicle reimbursement grant: according to Robin Yaso with USDA we should know by the end of May if the grant has been awarded.

Sierra County OES is administering an emergency preparedness grant and PRCSD was allocated \$6,000. The district applied for medical bags, medical supplies and equipment plus a set of 4 CPR training mannequins. The deadline to submit the request was April 15th.

Agenda Item 5. B) 1. Proposed Budget Changes

1. I am seeking board approval to combine the expenses for Fire Dept. Trainings into a single category (no longer tracked by fire department). Often, PRCSD gets grants to cover most of the training costs and the grant income is not split between fire departments. I see no reason to track the corresponding training expenses by department. This will simplify the bookkeeping.

2. I would also like to combine medical supplies into one expense category (no longer tracked by fire department). The reality is that we are already sharing medical supplies between fire departments. Many medical supplies have expiration dates, so it makes sense to use the older stuff before more is purchased. It is more efficient from both a bookkeeping standpoint and an operational standpoint to have a single budget category for Medical Supplies and to share the supplies between the fire departments on an "as needed" basis.

Agenda Item 5. B) 2. Consider increasing credit card balances for District Chief and dept. assistant chiefs as well. Currently (per previous board action) the Treasurer's credit card is the only card that has the full line of credit of \$17,500 available on it. The Chief and 3 assistant chiefs all have \$1,000 available on their cards. A situation came up this month wherein the Chief was exploring the options for purchasing an engine for the Pike Rescue truck and his card balance was not adequate to execute one of the options under consideration. (Another solution was found)

Considering the fact that PRCSD has accounting controls in place requiring receipts be submitted for all purchases, and all purchases are listed on the monthly treasurer's report, I don't see any reason not to increase the balances on the three cards. The chiefs are responsible for immediately reporting if a card is lost or stolen and that would probably be the greatest risk for fraudulent activity.

Pliocene Ridge Community Services District Directors' Handbook

BASIC RESPONSIBILITIES

Board Members (Directors) are expected to read the monthly meeting packets before each month's meeting and to arrive on time and prepared. The Secretary or President should be notified in advance if unable to attend.

Directors should familiarize themselves with the District's Bylaws and Policies & Procedures. These can be accessed online at plioceneridge.org (link in center of page), or a hard copy may be requested. Policies & Procedures should be reviewed regularly.

A document explaining the purpose of and difference between Bylaws and Policies & Procedures is attached as **Exhibit A** at the end of this document. The District's Bylaws explain most of the responsibilities and expectations for directors and officers. **Exhibit B** explains the difference between Directors and Officers (a common area of confusion).

The Directors have a fiduciary responsibility to protect the district's assets. Establishing policies and procedures to prevent fraudulent financial activity is the main tool for accomplishing this. This is referred to as establishing "internal accounting controls". In larger organizations this is accomplished by splitting up financial tasks between different individuals or departments. Smaller organizations such as PRCSD are limited in their ability to separate duties.

There are several tools that are used by PRCSD to aid the Directors in their fiduciary responsibilities.

- The monthly treasurer's report does not require accounting experience to understand. It is the responsibility of the directors to examine this document every month. The "beginning balances" for each month should match the "ending balances" for the previous month's report. All check numbers should be listed, i.e. the first check number(s) each month should be sequential to the last numbers on the prior month's report. There are two sets of check numbers, one for hand-written checks and one for checks that are printed directly out of the accounting program.
- The treasurer is required to provide a copy of the bank statements and reconciliation reports printed from the accounting program to a Director for comparison against the monthly treasurer reports every month. The Director then signs off on the treasurer's report. It is important to follow these procedures even if you trust the treasurer implicitly. The treasurer may make a mistake and the sooner that it is caught the better.

- Accounting Policies and Procedures (2000 series) are an important aspect of PRCSD's internal controls. Directors should be familiar with them.
- The annual independent audit is a legal requirement for Special Districts such as Community Services Districts. The audit is conducted by an outside accounting firm certified in Governmental Accounting. The auditors compare the accounting program (Quickbooks) records and bank statements to the accounting records (receipts, deposits, check stubs etc) and form an opinion if the accounting is being done in compliance with Generally accepted accounting procedures (GAAP) and fairly represent the financial position of the district. The audit is a "spot check" and does not examine every single financial transaction. Usually, the larger transactions are examined closely and a few smaller transactions are checked. The directors should not rely on the annual audit to uncover fraudulent activity. The monthly comparison by a person other than the bookkeeper of the treasurer's report, bank reconciliation report from Quickbooks and the bank statements from the bank are just as likely to pick up a problem than the audit.

It should be noted that there are both governmental and non-governmental accounting standards. Pliocene Ridge CSD lacks staff with the expertise and software designed to keep the books in the Governmental Form of accounting. The auditors convert the Quickbooks data into GASB (Government Accounting Standards Board) compliant financial statements at the end of each fiscal year. These financial statements are an integral part of the annual audit report and are the only official financial statements published for the district. All other financial statements are for managerial purposes. See **Exhibit C** for more information on GAAP, GASB and Managerial Accounting.

PLIOCENE RIDGE CSD Accounting Structure

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

When the district was formed, the amount of money that had been historically paid to the two non-profit fire departments plus the amount historically paid for the streetlights for Alleghany and Forest City per year, was converted into a percentage of the tax base (property valuations) within the new district's boundaries. Moving forward, after district formation, the percentage of the tax base stays the same, but the dollar amount fluctuates from year-to-year as property values change.

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

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

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

The other Fund or Zone is FIRE/EMS. All monies allocated to the management of the Fire Departments is run through this section of the books. This is the main activity of the district.

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

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

Are the Fire Departments Separate or not?

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

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

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

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

Additionally, Pliocene Ridge CSD earmarks money for the individual fire departments under certain circumstances including if a donor wishes to designate their donation to a specific department. (see Policy # 2010 FUNDS)

Excerpt for the California Special Districts Association Board Member Handbook

Required Trainings

Every special district board member is required by law to complete ethics training and sexual harassment prevention training at least once every two years.

Ethics training is mandated by Government Code Section 53235 et. seq., which is popularly referred to by its enacting legislation, AB 1234 (Salinas) of 2005. Special district board members must receive the required two-hour training within one year of their first day of service, and then every two years thereafter. A board member who serves more than one agency shall satisfy the requirements once every two years, regardless of how many boards they serve on.

Sexual harassment prevention training is mandated by Government Code 53237 et. seq., which was enacted by AB 1661 (McCarty) of 2016. Special district board members must receive the required two-hour training within the first six months of taking office, and then at least once every two years thereafter. End excerpt.

PRCSD's insurance company GSRMA offers these training online.

Directors are also required to fill out A Statement of Economic Interest Form every year. It is due by April 1st of each year, for the preceding calendar year.

EXHIBIT A

Bylaws, Policies, Procedures, Ordinances, Motions, Resolutions

All six of these things are ways that the Board of Directors of a Special District can take action and/or give direction. If you are confused by these terms you are not alone!

Bylaws:

- Pertain specifically to the organization itself.
- Define the organization: what it is, its authority, what it does in the broadest terms.
- Lay-out the governing rules of the organization and method of proceedings.
- Explain the roles and duties of the Directors and Officers.
- May also include things such as: code of conduct and conflict of interest code.

Policies:

- Pertain to specific duties or situations
- Define a desired or required course of action.
- Allows the board and management to operate efficiently by making a single decision (policy) that applies across time, situations and individuals.
- Provide guidance regarding applicable laws and mandated requirements.
- Delegate responsibility/authority or provide the means to do so.

Procedures:

- Procedures explain how the corresponding policy will be implemented.
- In other words: Procedures are the “instructions” that go with the Policy.

Ordinances:

- Formal regulations that apply to the residents/customers and/or constituents of the District.
- Carry more weight than Policies, as they are “law” (violation is a misdemeanor in most cases).
- Similar to policies, they often contain “procedures” or instructions as to how they will be carried out.
- The process for adoption and repeal requires two meetings and public postings. (Requirements vary by the type of district and may also vary depending on the subject of the ordinance. For example: Calif. prop. 218 regulates changes to water rates).
- They require two signatures and document the vote of the board similar to resolutions.

All four things listed above are important because they help the District establish consistency and fairness both within the organization and in its dealings with the public.

Motion: A motion is the process by which a Board Member submits a proposed action for deliberation and voting during a board meeting.

Resolution: “A formal expression of the opinion or will of an official body” *Black’s Law Dictionary*. A resolution provides documentation as to why the action is necessary or desired in addition to documenting the action itself. They usually require the signature of both the Presiding Officer and the Clerk-of-the-Board. Legal council may sign as well.

Resolutions are often required in specific situations such as: signing leases or executing contracts. They are also often used for things such as showing appreciation, making an appointment, adopting policies or amending bylaws.

A resolution provides a stand-alone document; whereas, motions are incorporated into the entity’s meeting minutes.

EXHIBIT B

What is the difference between a Director and an Officer?

This is a common area of confusion. PRCSD Directors are appointed to a four-year term by the Sierra County Board of Supervisors. The PRCSD Board has five members.

The PRCSD Board of Directors then appoints the Officers annually, usually in January. The officer positions are President, Vice President, Secretary and Treasurer (Sometimes a Deputy Secretary is also appointed).

Directors may serve as Officers. The positions of Secretary and Treasurer may be held by individuals who are not Directors. Officers who are not Directors do not participate in the process of making motions and voting at meetings and are not board members.

EXHIBIT C

GAAP Vs. Governmental Auditing Standards by John Cromwell

Generally Accepted Accounting Principles and Governmental Auditing Standards differ and cover different aspects of the financial reporting process. GAAP defines how businesses, both public and private, prepare their financial statements. Governmental Auditing Standards are a series of rules that define how an independent agent is supposed to review a government agency's financial statements and internal processes.

Financial Reporting

Many businesses and governmental agencies issue financial statements at least once a year. Financial reports provide interested parties information about the issuing entity's financial condition and how it used its assets in the past year. These statements summarize the business's earnings, expenses, assets and liabilities. The three components of financial statements are the balance sheet, income statement and cash flow statement.

Audit Defined

An audit is a type of third-party review meant to assure the entity's management and outside concerned parties. An audit may focus on ensuring that the entity's financial records are accurate and complete. Another focus of an audit may be on the entity's internal controls. The internal controls are a set of procedures applied to all of the business's actions. These practices are meant to promote efficiency, prevent fraud and generate accurate financial information.

GAAP Explained

GAAP contain a series of guidelines that define how American companies are supposed to record their accounting data and present their financial statements. GAAP has been defined by the Financial Accounting Standards Board since 1973. The U.S. Securities and Exchange Commission requires that all American publicly-traded companies prepare their financial statements in accordance with GAAP. The American Institute of Certified Public Accountants requires that all CPAs prepare financial statements in accordance with GAAP. FASB statements are the current authority in GAAP. However, opinions by FASB's predecessor, the Accounting Principles Board, and the AICPA Accounting Research Bulletins that are not in conflict with FASB statements are authoritative as well.

GAS Defined

Government Auditing Standards determine how performance and financial audits of government offices are to be conducted. Also known as the Yellow Book, these rules are determined by the Government Accountability Office. In addition to government agencies, organizations that receive federal funding are required to participate in audits that are conducted in accordance with GAS. A GAS audit must be executed with due care by independent auditors. GAS covers audits of financial statements as well as audits of an entity's internal controls.

GAAP vs. GAS

Since GAAP defines financial reporting standards and GAS defines how government entities are audited, you may think that the two frameworks are closely related. However, GAAP does not apply to government entities. The Governmental Accounting Standards Board determines the financial reporting standards for state and local government entities. The Federal Accounting Standards Advisory Board determines the financial reporting standards for federal government agencies.

References (8) Business Dictionary: Financial Statement, Audit, Internal Control, Government Auditing Standards Accounting for Management: Generally Accepted Accounting Principles (GAAP): Financial Accounting Standards Board: Facts About FASB American Institute of CPAs: Audits Performed Under Government Auditing Standards US Government Accountability Office: Government Auditing Standards

EXHIBIT C continued

Managerial Accounting

As the name implies, Managerial Accounting is geared towards managing an entity's finances. It is not bound by GAAP or GAS (as outlined above) but is developed by financial managers to aid others in understanding and managing an entity's financial resources.

Governmental Accounting is more difficult for most people to analyze than regular business accounting. PRCSD board members often do not have a financial accounting background or education. Managerial accounting is geared towards helping board members, staff and the public understand the financial activities of the district.

In the case of Pliocene Ridge CSD, the budget, the monthly treasurer's report and to a lesser extent the financial statements that are generated from Quickbooks are all "managerial" in nature. (Quickbooks data is entered in compliance with GAAP and is modified to GAS by an outside accountant annually after year-end).

Both the budget worksheet and the monthly treasurer's report have been developed over a period of twenty years to present the district's financial data in an easy-to-understand format (development ongoing).

To-date, management has not found a Quickbooks report that presents the financial information as simply and clearly as the monthly treasurer's report. Based upon our experience, printing out reams of financial data from quickbooks has the opposite effect of that intended by overwhelming the recipient and making it impossibly tedious for them to understand let alone analyze what they are seeing.

The treasure's report is "cash based" and is limited by that. For example, there are financial transactions that do not directly involve cash, such as the County Administrative Fee that is taken before the funds are sent to PRCSD. That transaction is entered in Quickbooks as a Journal Entry (to both revenue & expense) and will not appear on the monthly treasurer's report but will be reflected on the interim financial statements printed from Quickbooks. The interim financial statements are printed on an accrual basis (vs cash basis).

EXHIBIT D

More information re: PRCSD property tax valuations & revenue

There are exceptions to the statement that “Federal land does not generate tax revenue” these include: mining claims that generate “unsecured” tax revenue and logging operations that generate timber tax.

Over the years, there has been considerable confusion about the tax valuations that fund Pliocene Ridge CSD. A quick glance at the LAFCO district formation documents gives the impression that at the time of district formation Pike’s Tax rate area generated 68% of local property tax revenue while Alleghany’s Tax rate area generated 15%. However, that is not correct. The 15% figure above represents only Alleghany proper (Alleghany Water District tax rate area 052-001) whereas the 68% figure represents tax rate area 052-000 which includes Pike but is much larger than the residential area of Pike alone. In fact, it stretches all the way to the eastern boundary of the district and includes Forest City. This is because Pike and Forest City do not have their own tax rate areas. Alleghany’s tax rate area is tied to the formation of the water district in 1939.

6/14/2023 Email from Sierra County Auditor Van Maddox

“Attached is the certified and recorded LAFCO document creating the tax shift. Page 9 of the pdf shows that Pike is in area 0 on the map. It stretches from the southern border of the county all the way to Milton Reservoir. Alleghany Water is area 1 on the map in the middle of tax rate area 0.

*I asked the Assessor to look at area 0 on the map and see how the taxable values are spread across the tax rate area 052-000. Pike encompasses most of the residential structures, but the rest of the area has large and small mining claims, also Sierra Pacific owns a lot of parcels all throughout tax rate 052-000, (on the map area 0). Forest City is also part of this area. **As far as taxable property both secured and unsecured the values in tax rate 052-000 (shown on the map as 0) is spread evenly across the tax rate area. Meaning as much is up around Alleghany’s end of the district as down in Pike.”***

In other words: The western half of PRCSD generates about the same amount of tax revenue as the eastern half. While the Pike area has more private residences, the Alleghany/Forest area has more mining properties and timberland. The bottom line is that it doesn’t matter where the tax revenue is generated. The board is responsible for managing the district as a single entity.

DISCLAIMER: This handbook was written and compiled by PRCSD Secretary/Treasurer Rae Bell Arbogast in 2023/2024. Its contents do not represent legal advice. Laws and Codes change regularly.

Version 1 approved by the PRCSD Board of Directors on -----



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Roseville, CA 95661
(916) 774-1040
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April 5, 2024

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

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for Pliocene Ridge Community Services District (PRCSD) for the year ended June 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities and the disclosures, which collectively comprise the basic financial statements of Pliocene Ridge Community Services District (PRCSD) as of and for the year ended June 30, 2024. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement PRCSD's basic financial statements. Such information, although not a 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. As part of our engagement, we will apply certain limited procedures to PRCSD's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding 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 audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Budgetary Comparison Schedule

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether the financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of PRCS D's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of PRCS D in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to

refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting PRCSO involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that PRCSO complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information

You agree to assume all management responsibilities for financial statement preparation services and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Audit Administration, Fees, and Other

As part of our engagement, we will also prepare the annual state controller's report for your District for the year ended June 30, 2024 and the GCC (Government Compensation in California) report for the year ended December 31, 2023.

The fees for the above professional services will not exceed \$3,250.00.

Any additional service that you may require from time to time will also be provided under separate engagement at our regular rates. The above fees do not include the cost of any materials which may be purchased by us on your behalf or any reasonable or necessary traveling expenses including mileage from our office to any of your operating offices at the prevailing rate approved by the Internal Revenue Service.

Reporting

We will issue a written report upon completion of our audit of PRCSD's financial statements. Our report will be addressed to Board of Directors of PRCSD. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

If the foregoing arrangements are satisfactory, please indicate your acceptance by signing this letter in the space below and returning it to our office. A duplicate copy is enclosed for your records. Should you desire a change in any of the provisions of this agreement, please contact our office at your earliest possible convenience. This agreement will remain in effect until revisions, thereof, are submitted by us or is cancelled by you in writing. We appreciate the opportunity to serve you.

Very truly yours,



BODEN KLEIN & SNEESBY
A Professional Corporation

APPROVED:

Signature/Title

Date