

REGULAR BOARD OF DIRECTORS MEETING
Mendocino Coast Recreation and Park District
401 North Harbor Drive Fort Bragg, CA 95437
Wednesday, March 20, 2024
5:30 P.M.

AGENDA

1.0 CALL TO ORDER

Call to order and roll call

2.0 APPROVAL AND ADOPTION OF AGENDA

Items to be removed from or changes to the agenda should be done at this time

3.0 PUBLIC PARTICIPATION, NON-AGENDA ITEMS

A maximum of 3 minutes is reserved for members of the public to address the Board on items not listed on the agenda and the total time for public input on a particular issue is limited to 20 minutes (Government Code 54954.3). The Board is prohibited from discussing or acting on matters not on the agenda but may briefly respond or ask a question for clarification (Government Code 54954.2).

4.0 STAFF REPORTS:

4.1 District Manager Report (Kylie Felicich) Pages 3-12

4.2 District Recreation Supervisor Report (Jennifer Saunders)
Pages 13,14

5.0 OTHER REPORTS:

5.1 Friends of MCRPD

5.2 South Coast

5.3 Mendocino Coast Botanical Gardens

5.4 Personnel Committee

5.5 District Services Committee

5.6 Finance Committee

5.7 Board of Directors

5.8 Transition Committee

Each DISCUSSION/ACTION item consists of the following steps to be carried out by the Board Chair in the subsequent order. 1) Announces agenda item by number and states the subject. 2) Staff and advisory committee reports. 3) Receive Board questions and requests for clarification 3) Receive public comments. 4) Motion and second from the Board. 5) Moderates a discussion of the item until a final motion is ready for a vote or other disposition

6.0 DISCUSSION/ACTION

- 6.1** Brett Jones of JJACPA will present the Fiscal Year 2021/2022 Audit via Teleconference Pages 15-60
- 6.2** Remove Transition Committee from future agendas
- 6.3** Introduction of new staff members
- 6.4** Bower Park update and information
- 6.5** 2150 Reserve Policy Pages 61,62
- 6.6** Tres Familias Softball Field in Manchester
- 6.7** Quote for Shed at Fort Bragg High School/Pavioni Field Page 63, 64
- 6.8** Aquathon Fund Allocation

7.0 CONSENT CALENDAR

All items under the consent calendar will be acted upon in one motion unless a board member requests that an individual item be taken up under DISCUSSION/ACTION

- 7.1** Approval of minutes for Regular Board Meeting Minutes, 1-17-2024, Approval of Finance committee minutes from 2-21-2024, approval of minutes from Regular meeting on 2-21-2024

8.0 ADJOURNMENT – Next MCRPD Regular Board of Directors Meeting will be held on April 17, 2024 at 5:30 at MCRPD office on 401 North Harbor Drive, Fort Bragg, CA 95437

NOTICE TO THE PUBLIC

All disabled persons requesting disability related modifications for accommodations including auxiliary aids or service may make such a request to ensure full participation in a MCRPD public meeting. Such a request should be made to Kylie Felicich, District Manager, MCRPD, 401 North Harbor Drive, Fort Bragg, CA 95437 707-409-2760

PLEASE NOTE: District agendas are posted at least 72 hours in advance of Regular Board of Director's meetings at the District Office, 401 North Harbor Drive Fort Bragg, CA 95437 and at mendocoastrec.org. District agendas are emailed to individuals upon request at least 72 hours in advance of regular meetings.

March 20, 2024

District Manager Board Report

We continue to settle into our new office. We have added a receptionist desk with a computer on the way. We have an open requisition for a part-time administrative helper. We have added a Recreation Coordinator on the South Coast, a substitute skate night staff member (Recreation Leader) and a gymnastics teacher.

We meet weekly with CFO Services and the financials and the financial organization for MCRPD are excellent. We meet weekly with Rick Wood, CSDA. Rick will be coming at the end of April to do the "True up" for the current fiscal year and new budget for the next fiscal year. The next audit for the 2022/2023 fiscal year begins the week of April 1.

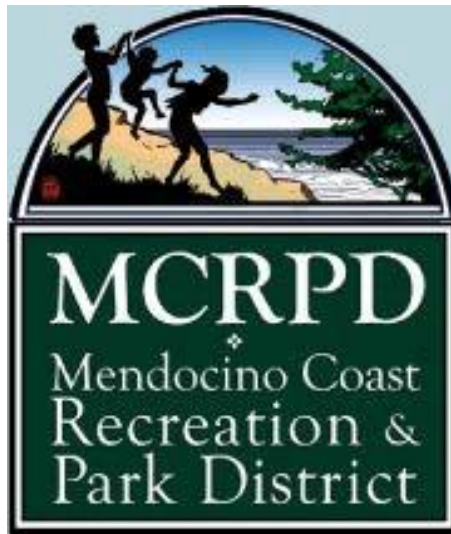
The RFP for District General Counsel is attached to this this report. We look forward to finalizing a legal firm by May.

We have been to the South Coast 2-3 times per month. We are working closely with the Manchester School, RCRC and Sea Ranch. We will go down again on March 26 to meet with RCRC and the staff at Sea Ranch to finalize details for the June 2024 swim program. The staff have been very kind and very eager to work with us. We have the outline for two frisbee golf clinics. One will be in Gualala and one at Mendocino College in Fort Bragg. We have two bilingual instructors coming to run the clinic.

Fort Bragg Unified School District has updated our MOU for facility use. This has not been updated since 2017. The monthly flat rate of \$250 per month will continue with an additional charge for staffing wages. FBUSD approved the utility shed on their property. We will keep the Polaris in the shed for use at Pavioni field for The Ales Tournament-ed softball, mens league softball and our upcoming program, Kick ball.

We are leaving the Reg Pack registration platform and going to Active:Camp and Class platform. There are no fees to get started. There are no subscription costs. They take 3-5% of every transaction and we will pass approximately half of that to the user. Active is the largest and most common platform for Park and Rec. in the country.

*MENDOCINO COAST RECREATION AND PARK DISTRICT
REQUEST FOR PROPOSALS FOR PROFESSIONAL LEGAL SERVICES*



MENDOCINO COAST RECREATION AND PARK DISTRICT
REQUEST FOR PROPOSALS
PROFESSIONAL LEGAL SERVICES
MARCH 15,2024

I. INTRODUCTION

A. General Information

Mendocino Coast Recreation and Park District (MCRPD) is requesting proposals (RFP) from qualified law firms to provide legal services and serve as Legal Counsel for MCRPD.

As District Legal Counsel, the firm will report to the Board of Directors, work under direction of and in concert with the District Manager and MCRPD staff and be expected to provide a broad range of general legal services to MCRPD, including those specific to a governmental recreation and park agency. Employment of the successful firm will be by way of MCRPD contract.

There is no expressed or implied obligation for MCRPD to reimburse the responding firms for any expenses incurred in preparing or submitting proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et set.), unless exempt. Additionally, MCRPD reserves the right to reject, at its sole discretion and for any reason, any or all proposals submitted.

MCRPD reserves the right to retain all proposals submitted and to use any/all ideas contained in a proposal regardless of whether the firm submitting that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless formally requested by the firm in its proposal and agreed to in advance by MCRPD.

Proposals submitted will be evaluated by the Board of Directors or a Subcommittee designated by the Board for such purpose. During the evaluation process, MCRPD reserves the right to request additional information and clarifications from candidate firms, or to allow corrections of errors or omissions. Oral presentations by any one or more firms may be requested during the week of May 1, 2024, at the MCRPD's discretion. After a period of evaluation, the Board of Directors or the Subcommittee of the Board will provide its recommendation of a law firm to the full Board of Directors at its May 15, 2024, meeting. The Board will make a final selection of a firm to serve as District Counsel.

Following notification of the selected firm, it is expected a contract will be executed between both parties by June 19, 2024.

II. DESCRIPTION OF THE MENDOCINO COAST RECREATION AND PARK DISTRICT

A. Background Information

Mendocino Coast Recreation and Park District, (MCRPD), is a special district in Mendocino County, California and was created by public vote in 1972. It is an Independent Special District governed by the State of California Public Resources Code. MCRPD provides recreation and park services and facilities for the 75 miles of coastline

in Mendocino County bounded approximately by Humboldt County to the north, Sonoma County to the south. MCRPD is governed by a five-person, elected Board of Directors, each of whom serves a four-year term.

MCRPD owns the property and acts as landlord for Mendocino Coast Botanical Gardens which is 47 acres in Fort Bragg, CA.

MCRPD runs recreation programs from Westport, California to Gualala, California.

MCRPD's Fiscal Year (FY) 2023-24 adopted operating budget reflects total revenues of \$444,983 of which \$340,000 of MCRPD's revenue comes from property taxes. The remaining \$104,983 of annual revenues is comprised of earned income from programs. More detailed information on MCRPD and its finances can be found in MCRPD's FY2023-24 Operating and CIP budget and the FY2021-22 Financial Audit, both of which may be obtained from MCRPD's website www.mendocoastrec.org

The staff currently consists of 12 year-round employees, of which 2 are full-time and 10 are part-time, none of whom receive perquisite benefits. MCRPD's employees are not represented by a union.

III. **SCOPE OF WORK**

Basic services, for the purpose of this proposal, shall include those legal services generally understood within the field of municipal law to fall within the category of "general counsel," and shall include, but not necessarily be limited to, the following:

1. Act as the confidential legal advisor to the Board of Directors, the District Manager and MCRPD staff.
2. Advise MCRPD regarding the conduct of all MCRPD Board meetings, elections and referenda, recalls and the initiative process.
3. Assist in the preparation and review of all general and specific legal documents related to the conduct of MCRPD's business affairs, including but not limited to the following: the Board's legislative or judicial actions or decisions, contracts, easements, deeds of trust, all forms of agreements, leases, ordinances, resolutions, notices, certificates, property acquisitions, disposition documents and other related documents.
4. Attend all regular Board meetings (typically held the third Wednesday of the month), and special Board meetings (called as needed) on request, and other meetings and conference calls as needed and/or as requested. Teleconference attendance is acceptable.
5. Attend, and prepare presentations and documents for, all Board Closed Sessions on legal or confidential matters and provide legal advice during those sessions. Teleconference attendance is acceptable.
6. Review and advise on Board Agendas as directed.
7. Monitor current, new and pending state and federal legislation, and case law as applicable to MCRPD, and inform and advise Board members and the District Manager regarding compliance issues and/or impacts to MCRPD.

8. Perform research and interpret laws, court decisions and other legal authorities in order to render legal opinions and advise the Board and District Manager on legal matters pertaining to MCRPD.
9. Provide legal counsel to MCRPD regarding Fire Code application, Land Development, Building Safety Laws, Public Works, Zoning and Planning laws, the state Public Resources Code, Local Agency Formation Commission actions, and the correct application of the California Environmental Quality Act.
10. Provide legal counsel to MCRPD for Human Resources policies and issues, including personnel actions and appeals.
11. Provide all ordinance enforcement legal services, including restraining orders, encroachment permits and rental agreements.
12. Respond to inquiries from MCRPD within 24 hours of the initial contact and maintain reasonable availability to respond to events of an emergent nature that expose MCRPD to potential legal liability.
13. Represent MCRPD in litigation and/or arbitration, administrative hearings, and court proceedings.
14. Negotiate and/or render advice with respect to negotiations pertaining to MCRPD contracts, joint powers agreements, leases and memoranda of understanding.
15. Advise MCRPD on all new laws and regulations with application to elected officials, Special District governance and operations, and recreation and park agency-related business.

IV. TIMING AND OTHER REOUIREMENTS

1. Key Dates for Proposals Evaluation and Selection:

| Time Table | |
|--------------------------------------|--------------------------|
| Distribution of RFP | <i>March 15, 2024</i> |
| Deadline for submission of questions | <i>March 29, 2024</i> |
| Proposal submission due date | <i>April 5, 2024</i> |
| Proposal review | <i>April 8-12, 2024</i> |
| Notification to all proposers | <i>April 17, 2024</i> |
| Oral presentations, as needed | <i>April 22-26, 2024</i> |
| Board approval | <i>May 15, 2024</i> |
| Notification to finalists | <i>May 16, 2024</i> |
| Expected signing of Contract | <i>June 19, 2024</i> |

The District has made every effort to include sufficient information within this Request for Proposals to enable as responsive, comprehensive, and competitive proposals.

The timing of the proposal process is as follows:

- A. **Distribution of Request for Proposals:** March 15, 2024.
- B. **Questions:** Inquiries concerning the RFP should be addressed Kylie Felicich, District Manager, kfelicich@mcrpd.us Additional information is available from the District's website at www.mendocoastrec.org

- C. **Proposal Submission:** An electronic proposal or hard copy must be received no later than 5:00 P.M. March 29, 2024

Proposals by mail should be sent to;
Mendocino Coast Recreation and Park District
P.O. Box 532 Fort Bragg, CA 95437
Attn. Kylie Felicich District Manager

Electronic proposals should be sent to:
Kylie Felicich, District Manager, kfelicich@mcrpd.us

- D. **Proposal Review:** The Board or Subcommittee will evaluate each proposal submitted. MCRPD expects that the review process will be completed by April 12, 2024
- E. **Notification to all proposers:** We anticipate sending written email notification to all proposing firms regarding the outcome of the review process April 17, 2024
- F. **Oral Presentations, if needed:** During the notification to all proposing firms, any finalists selected for an oral presentation will be so notified. Oral presentations, if conducted, will take place via teleconference April 22 through April 26, 2024
- G. **Notification to finalists:** The Board or review committee will forward its recommendation to Mendocino Coast Recreation and Park District Board of Directors for approval at the regularly scheduled meeting on May 15, 2024. All finalists will be notified of the final decision by email posted May 16, 2024. Upon written request, we will provide an electronic copy of the selected proposal after the contract is executed.
- H. **Contract Term:** The Legal Services contract will become effective on the execution of the contract for two (2) years with an option to extend the contract as agreed upon. An annual review by the Board of Directors will be stipulated in the contract for legal services.

MCRPD will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, MCRPD reserves the right to modify the proposal process and schedule at sole discretion and reserves the right to not award a contract. MCRPD assumes no obligation for any costs incurred by any proposer in preparing the response to this request, attending an interview, or any other activity prior to awarding the contract to the selected proposer.

V. **PROPOSAL REQUIREMENTS**

A. **Format of Proposal**

1. Title page
 - a) The RFP subject.

- b) The proposing firm's name.
 - c) Primary contact person's name, local address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to MCRPD.
 - d) The date of submission.
2. Table of Contents
- a) Identification of material submitted, by section and page number.
 - b) Cross reference to section and page number of RFP.
3. Transmittal Letter
- a) General introduction stating the proposer's understanding of the services to be provided.
 - b) A positive commitment to perform the service within the time period specified.
 - c) A statement explaining how the firm is the best qualified to perform the engagement.
 - d) A statement of tenure in business and description of clients similar to MCRPD that were served by your firm during the past five (5) years.
 - e) A statement that the proposal is a firm and irrevocable offer for the stated period of time.
 - f) Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, and email address.
 - g) Signature.
4. Detailed Proposal Following the Order Set Forth in Section B

B. Contents of Proposal

The purpose of the Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to provide legal services to MCRPD in conformity with the requirements of this RFP. The Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify how the firm will meet the RFP requirements.

The Proposal should address all the points in the order outlined in the RFP (exclude any cost information, which should only be included in the cost proposal section). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

1. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice law in California.

2. Independence

The firm should provide an affirmative statement that it is independent of the Mendocino Coast Recreation and Park District as defined by law.

The firm should also list and describe the firm's professional relationships involving MCRPD for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing MCRPD's legal services.

3. Insurance Requirements

In order to provide services to MCRPD, your organization must maintain the following insurance:

- A. Worker's Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state of California or in accordance with the applicable laws of the State in which the contractor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit shall not be less than five hundred thousand dollars (\$500,000) per occurrence with one million dollars (\$1,000,000) aggregate.
- B. Commercial General Liability and Bodily Injury Insurance. A commercial general liability insurance policy for at least two million dollars (\$2,000,000) combined limit for bodily injury and property damage.
- C. Professional liability (E&O) insurance covering the work, the performance of the work and everything incidental thereto, with limits of not less than two million dollars (\$2,000,000.00) per occurrence combined single limit, or in whatever higher amounts as may be required by MCRPD's insurer. The policy shall be on a claims-made basis and designated as such on the certificate.
- D. This policy shall be endorsed to cover Contractual liability assumed by the contractor under the indemnity agreement set forth below. If any of the work is sub-contracted, independent contractor's liability insurance must provide coverage in connection with such portion of the work, sub-contracted, broad form property damage liability, and personal injury liability.
- E. Automobile Liability and Property Damage Insurance, including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with bodily injury and property damage limits of not less than one million dollars (\$1,000,000.00) per person/per occurrence.
- F. Insurance covering loss of customer data and or data breach with limits of not less than one million dollars (\$1,000,000.00).

Prior to commencing any work hereunder, the firm shall provide to MCRPD proper certificates demonstrating that the types and amounts of insurance coverage specified above and any endorsements required hereunder are properly issued and in effect, and provide that MCRPD, its officers, employees and agents are named additional insureds under the policy. The policy shall state in writing either on the Certificate of Insurance or attached rider thereof that this insurance will operate as primary insurance for work performed by your organization, its employees, agents and sub-contractors, and that no other insurance carried by MCRPD, or other named insured

will be called on to cover a loss covered thereunder.

4. Firm Qualification and Experience

To qualify, the firm must have extensive experience in providing legal services to local governments, preferably special districts and ideally in service to public recreation and parks.

The proposal should briefly introduce your firm, indicating whether your firm is local, regional, national, or international. State the size of the firm, the size of the firm's governmental services staff, the location of the office from which the work on this contract is to be performed (MCRPD has a strong preference to work with a firm whose office and assigned staff are located in Northern California), the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Indicate the name of the person who will be authorized to answer questions and to bind the firm, the person's title, address, email, and telephone number.

The proposer should not be a joint venture or consortium.

5. Staff Qualifications and Experience

Identify the senior-level staff, including those who would be assigned to this contract on an ongoing basis. Please provide information on the governmental experience of these individuals. MCRPD reserves the right to approve or reject any replacements in the senior-level staff providing legal services to MCRPD.

Include resumes of those who will be providing legal services to MCRPD.

6. References

Please provide the name of all cities, counties, and special districts for which the firm has provided legal services during the past three (3) years. Indicate the scope of work, date, legal services client, total hours.

Please include reference contact information for at least three local government agencies, including the name, telephone number and email address of the principal client contact. MCRPD reserves the right to contact any or all of the listed references.

7. Delegation or sub-contract responsibilities

The proposer will not delegate or sub-contract its responsibilities without prior written consent of MCRPD.

8. Cost Proposal and Additional Services

- A. **Monthly Retainer.** Proposals shall include a cost per month flat-fee retainer for basic services to include preparation for and attendance at two regular Board meetings each month and legal advice to Board and staff. If only one Board meeting is held in the month, the cost would be reduced proportionately.
- B. **Hourly Litigation and Other Services.** Any such additional work agreed to between MCRPD and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Cost Proposal section. Any and all additional work as agreed in advance by MCRPD shall be compensated for at the same rate quoted in the schedule submitted in the proposal. Firms may propose an alternative to this method of compensation.

VI. EVALUATION PROCEDURES

Proposals will be evaluated using the following criteria: compliance with the specifications of this RFP, past experience that demonstrates the firm's ability to meet MCRPD's scope of work for legal services, qualifications of staff that would work on MCRPD's legal services, references, and price. The top candidates may be invited to make an oral presentation to a committee representing the Board of Directors.

MCRPD anticipates that the Board of Directors will select a firm on May 17, 2024. Following notification of the firm selected, MCRPD expects a contract will be executed between both parties by June 19, 2024.

Kylie Felicich

District Manager

Mendocino Coast Recreation and Park District

707-409-2760

kfelicich@mcrpd.us

Jennifer Saunders-MCRPD Recreation Supervisor
March 2024 Board Report
03/14/24

In the last month we have settled quite nicely into our spot in the Harbor. We are excited about the future of MCRPD! Much of our attention this month has been on focusing on the South Coast

- We were able to travel to the South Coast and develop possible facilities for programs along the way we were able to get Manchester relations solid with efforts to develop a softball program for the youth. Forming relationships has been very positive on the South Coast as the youth and community is in dire need of development
- I was able to introduce a very talented Point Arena community member, Nizzar Badgett to Kylie with hopes to have him run things as a coordinator in the south with a coaching and administrative degree and a high IQ in sports, we welcomed Nizzar to the team. Nizz is going to be a very important element to the success on the South Coast
- Youth basketball came to an end for MCRPD and it was quite the success! SO many parents and athletes were very pleased with the program this year. I was able to have a coaches “sit-down” with all 14 of them and get important and detailed feedback about the program, things that they would like to see changed and things that they really appreciated. The overall skill level and development of the youth in the league was incredibly heightened and the love of the sport redefined.
- I created the Hoopstar program and implemented another great basketball guru from the Ukiah area, Miles Hayes, to run the program. Miles was also an outstanding referee in the youth league and we even had parents shockingly say, “We love that referee!” In the development of the Hoopstar program, I developed a clinic style setup in the morning for the kids with a rotation of drills, and then in the afternoon, I developed games for the youngsters, something they have not been a part of before. The added game like scenarios will help them adjust to what a game “feeling” might be but also understanding more of the court, the rules, and skills needed so that when they come to the league in 3rd grade, they are somewhat more familiar. The ultimate goal of redefining the sport in this community and getting more youth to enjoy the sport will increase with these types of programs. I have put in time to research good sports products for each program which is essential for success
- I helped develop an adult volleyball night which allows the community to play game-like scrimmages in volleyball
- We continue to put on futsal and the indoor soccer seems to be gaining momentum
- I developed the CO-ed softball program and currently we have 5 team captains working on rosters and sponsors to get going by April 7th.
- I have been working hard on the website for MCRPD-developing more graphics, informational efforts with a calendar and detailed information of the programs
- I have put in a ton of time of the posters and graphics for the sports programs which has played a huge role in increasing the attention to the programs

- I have been active on social media and making great efforts to get the word out of the community about the programs
- We concluded Aquathon with the development of the aquathon t-shirts that I helped design and order with Tessie and Jane
- I was able to “sub” for Bob Rodriguez for the 2nd grade swim lessons with Tessie, helping the young swimmers learn swim techniques and survival
- I helped with moving more of the MCRPD equipment out of the sheds at CV Starr, moving ourselves into our own storage units
- I have used my community connections to help MCRPD develop reliable resources for secretarial help and recreation leader help so that we can progress and along the way I have participated in the interview process with Kylie

MENDOCINO COAST RECREATION AND
PARK DISTRICT ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



Prepared by:

Kylie Felicich
District Administrator

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Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

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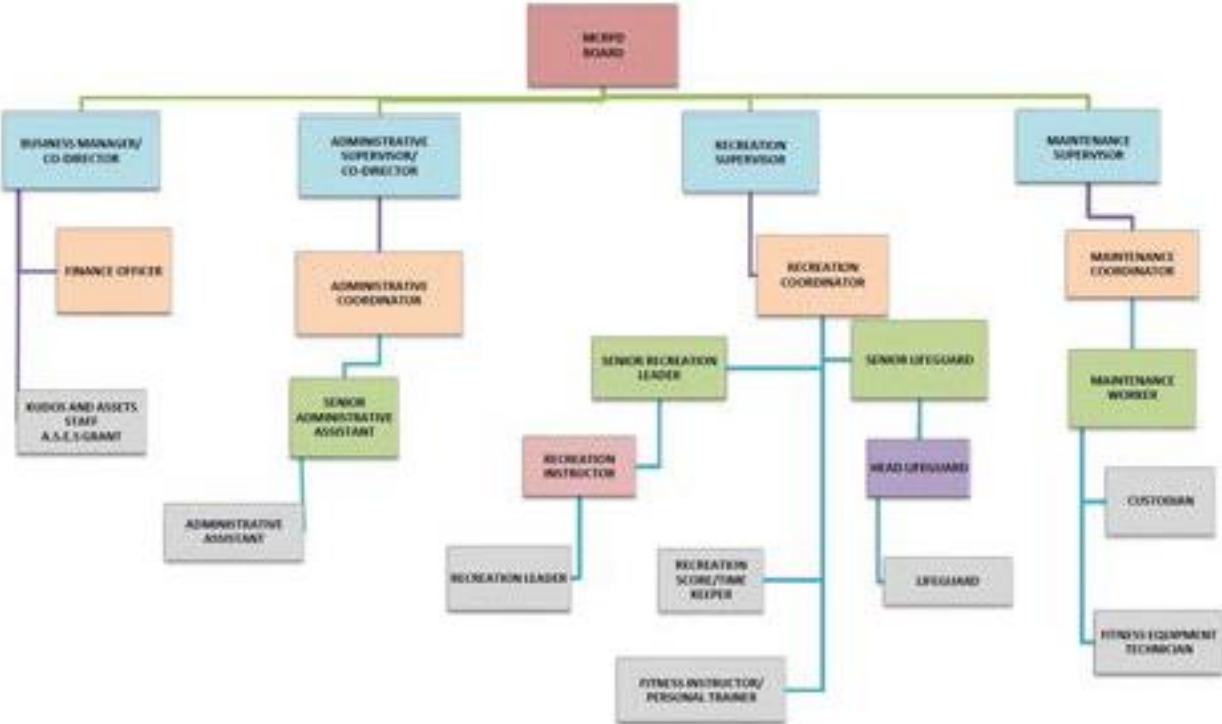
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**Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022**

Organization Chart

MCRPD Staff Organization Chart



Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

List of Officials

District Board

- Barbara Burkey 2026 Chair
- Dave Shpak 2024 Secretary
- Craig Comen 2026
- Angela Dominguez 2024
- John Huff 2024

District Officials

- Kylie Felicich District Supervisor

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Mendocino Coast Recreation and Park District
Fort Bragg, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Mendocino Recreation and Park District (District), 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 the District 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 8 to the financial statements, the District is currently delinquent on a capital lease. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 the District'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 GAAS 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 GAAS, 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 the District'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 the District'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 on pages 4–15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 audit 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.¹² The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

February 2, 2024

JJACPA | *Co. PA*
JJACPA, INC.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis

As management for the Mendocino Coast Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider this document in conjunction with the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

◆ Government-Wide – Assets, Liabilities and Net Position

- The assets of the District exceeded its liabilities by about \$1.63 million at the end of the 2022 fiscal year. The District's total net position increased by \$15452.
- The District's net investment in capital assets for its governmental activities as of June 30, 2022 was \$995,125.

◆ Government-Wide – Revenues and Expenses

Overall District-wide revenues from all governmental activities increased by \$90,987, compared to the 2021 fiscal year.

- The District wide expenditures from all governmental activities decreased by \$86,938, compared to the 2021 fiscal year.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report has two major parts:

- 1) **Introductory section**, which includes general information;
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements.

The Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the government-wide financial statements, the fund financial statements, and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the District consist of community services/recreation and services and supplies.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about the District's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities.

For the fiscal year ended June 30, 2022, the District has one major fund:

GOVERNMENTAL FUNDS:

- General Fund

The District maintains one individual governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for this fund.

The District adopts an annual appropriated budget for the General fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26-37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$1.63M as of June 30, 2022. The Summary of Net Position as of June 30, 2022, and 2021, follows:

| | <u>Summary of Net Position</u> | | |
|-------------------------------------|--|--|------------------|
| | <u>2022</u> | <u>2021</u> | |
| | <u>Govern- mental Activities</u> | <u>Govern- mental Activities</u> | <u>Change</u> |
| Current and other assets | \$ 697,330 | \$ 626,900 | \$ 70,430 |
| Noncurrent assets | 4,150,135 | 4,127,565 | 22,570 |
| Total assets | <u>4,847,465</u> | <u>4,754,465</u> | <u>93,000</u> |
| Current and other liabilities | 2,251,340 | 2,043,939 | 207,401 |
| Long-term liabilities | 965,298 | 1,095,151 | (129,853) |
| Total liabilities | <u>3,216,638</u> | <u>3,139,090</u> | <u>77,548</u> |
| Net position: | | | |
| Net investment in capital assets | 995,125 | 1,025,178 | (30,053) |
| Restricted | 100,000 | 100,000 | - |
| Unrestricted | <u>535,702</u> | <u>490,197</u> | <u>45,505</u> |
| Total net position | <u>\$ 1,630,827</u> | <u>\$ 1,615,375</u> | <u>\$ 15,452</u> |

Overall, total net position increased by \$15,452. The majority of the net position of the District is represented by the District’s net investment in its capital assets such as land, surplus property, buildings and improvements, leasehold improvements, and equipment.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2022, and 2021, follows:

| | <u>Changes in Net Position</u> | |
|---|--------------------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Revenues: | | |
| Program revenues: | | |
| Charges for services: | \$ 70,525 | \$ 18,549 |
| General revenues: | | |
| Property taxes | 351,093 | 298,229 |
| Intergovernmental | - | 15,473 |
| Other general revenues | 1,874 | 254 |
| Total revenues | <u>423,492</u> | <u>332,505</u> |
| Expenses: | | |
| Governmental activities: | | |
| Salaries and benefits | 285,437 | 177,836 |
| Programs | 6,046 | 80,270 |
| Sports | 3,008 | - |
| Marketing | 918 | 655 |
| Operations | 45,775 | 100,371 |
| Events | 7,733 | 1,032 |
| Other | 6,500 | 11,274 |
| Interest | 52,623 | 123,540 |
| Total expenses | <u>408,040</u> | <u>494,978</u> |
| Excess (Deficiency) of revenues over expenditures | <u>15,452</u> | <u>(162,473)</u> |
| Change in net position | 15,452 | (162,473) |
| Net position: | | |
| Beginning of year | 1,615,375 | 1,777,848 |
| End of year | <u>\$ 1,630,827</u> | <u>\$ 1,615,375</u> |

Revenues

The District’s total revenues for governmental activities were \$423,492 for the fiscal year ended June 30, 2022. Most the District’s key revenues are generated in FY 2021-2022 are from three major sources.

1. **Charges for services** – FY 2021-2022 had an increase of \$51,976 in total cost of services from the previous fiscal year.
2. **Property Taxes** – FY 2021-2022 Property taxes increase \$52,864 from FY 2020-2021.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

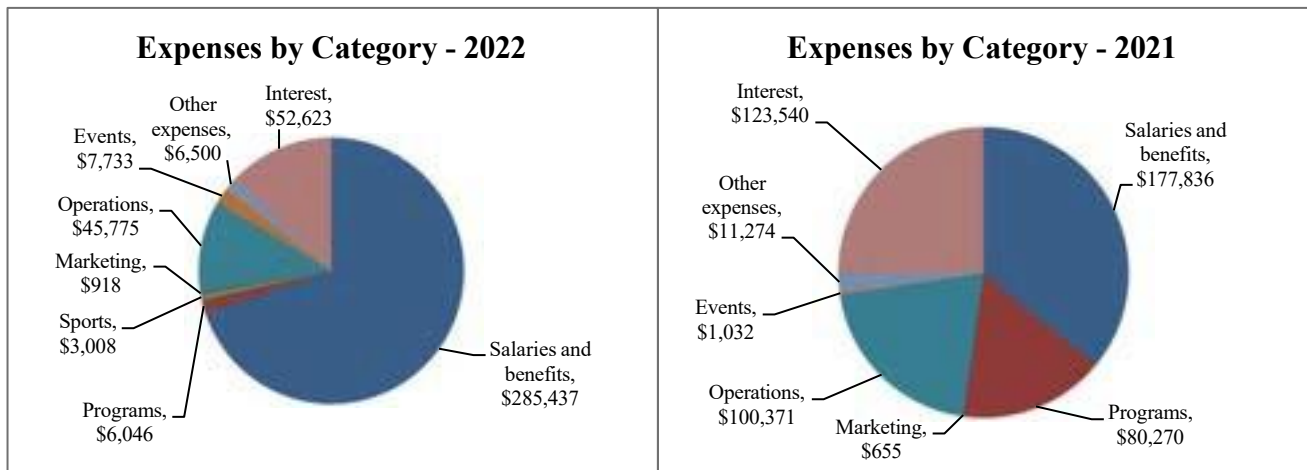
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Below is the breakdown of the overall expenditures:

The following table shows the cost of each of the District’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the District’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2022, and 2021, are as follows:

| | 2022 | | 2021 | |
|-----------------------|------------------------|----------------------|------------------------|----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Salaries and benefits | \$ 285,437 | \$ (285,437) | \$ 177,836 | \$ (177,836) |
| Programs | 6,046 | (6,046) | 80,270 | (80,270) |
| Sports | 3,008 | (3,008) | - | - |
| Marketing | 918 | (918) | 655 | (655) |
| Operations | 45,775 | 24,750 | 100,371 | (81,822) |
| Events | 7,733 | (7,733) | 1,032 | (1,032) |
| Other expenses | 6,500 | (6,500) | 11,274 | (11,274) |
| Interest | 52,623 | (52,623) | 123,540 | (123,540) |
| Total | \$ 408,040 | \$ (337,515) | \$ 494,978 | \$ (476,429) |



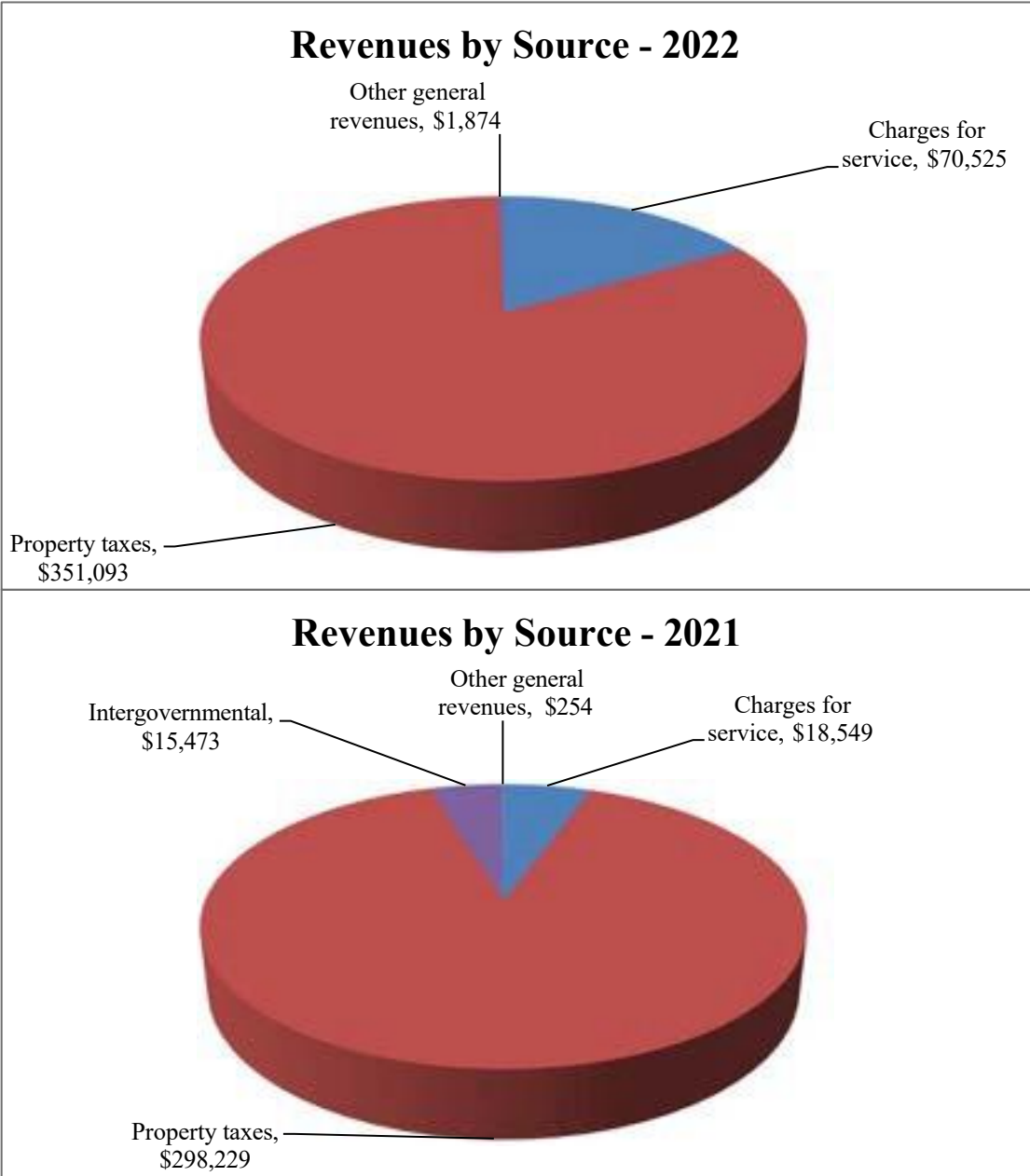
**Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022**

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

Revenues by source for the fiscal years ended June 30, 2022, and 2021, are as follows:



Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government’s Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District government, reporting the District’s operations in more detail than the government-wide financial statements.

Governmental funds

The District’s governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2022, the District’s governmental funds reported combined fund balances of \$635,702.

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2022, amount to \$4,150,135. This investment in capital assets includes land, surplus property, buildings and improvements, leasehold improvements, and equipment.

| | Capital Assets | |
|--------------------------------|--------------------------------|---------------------|
| | <u>Governmental Activities</u> | |
| | <u>2022</u> | <u>2021</u> |
| Land | \$ 2,519,977 | \$ 2,519,977 |
| Surplus Property | 1,500,000 | 1,500,000 |
| Buildings and Improvements | 46,952 | 46,953 |
| Leasehold improvements | 489,853 | 489,853 |
| Equipment | 28,110 | 19,916 |
| Less: Accumulated Depreciation | (434,757) | (449,134) |
| Total | <u>\$ 4,150,135</u> | <u>\$ 4,127,565</u> |

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 28-29 for significant accounting policies and note 3 on page 34 for other capital asset information.

General Fund Budgetary Highlights

The difference between the final budget and actual revenues differs unfavorably by \$-13,686.

The difference between the final budget and actual expenses differs favorably by \$47,007.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Economic Outlook

- Per projections provided by the County of Mendocino, property tax revenue for FY 2022-2023 is estimated to be \$340,545.
- For FY2022-2023, the District projects operating revenue of \$90,578 collected for services. This is highly unfavorable compared to recent years due to the COVID-19 pandemic halting recreation programming for nearly the entire fiscal year.
- The District's December 29, 2011 bankruptcy filing is pending. West America Bank filed an appeal that was lost at the District Court and filed a further appeal with the Ninth Circuit Court of Appeals in November of 2013. That appeal is pending, but the briefing is stayed while the District and West America Bank attempt to reach a consensual resolution to the District's financial obligations. The most likely scenario for a resolution to the bankruptcy filing includes the sale of the District's surplus property, but no timeline for such a sale can be anticipated at this time.
- The District is participating in City of Fort Bragg planning activity for one capital project: the renovation of Fort Bragg Unified School District athletic fields. This project is managed by the city and has no financial impact to the District.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have any questions about this report, or need additional financial information, contact the Mendocino Coast Recreation and Park District, Finance Department, P.O. Box 532, Fort Bragg, CA 95437. Our telephone number is (707) 734-3319.

BASIC FINANCIAL STATEMENTS

Mendocino Coast Recreation and Park District

Statements of Net Position

June 30, 2022

| | <u>Governmental</u> <u>Activities</u> |
|---|--|
| | <u>2022</u> |
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 636,095 |
| Receivables: | |
| Accounts | 61,235 |
| Total current assets | <u>697,330</u> |
| Noncurrent assets: | |
| Land | 2,519,977 |
| Surplus property | 1,500,000 |
| Other capital assets, net | 130,158 |
| Total noncurrent assets | <u>4,150,135</u> |
| Total assets | <u>\$ 4,847,465</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 42,387 |
| Accrued liabilities | 19,241 |
| Interest payable | 981,881 |
| Due within one year | 1,207,831 |
| Total current liabilities | <u>2,251,340</u> |
| Noncurrent liabilities: | |
| Long-term debt: | |
| Due after one year | 965,298 |
| Total noncurrent liabilities | <u>965,298</u> |
| Total liabilities | <u>3,216,638</u> |
| NET POSITION | |
| Net investment in capital assets | 995,125 |
| Restricted | 100,000 |
| Unrestricted (Deficit) | 535,702 |
| Total net position | <u>1,630,827</u> |
| Total liabilities and net position | <u>\$ 4,847,465</u> |

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

Mendocino Coast Recreation and Park District

Statement of Activities

For the year ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---------------------------------|-------------------|-------------------------|--|---|
| | | Charges for Services | | Governmental Activities |
| | | | | 2022 |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Salaries and benefits | \$ 285,437 | \$ - | | \$ (285,437) |
| Programs | 6,046 | - | | (6,046) |
| Sports | 3,008 | - | | (3,008) |
| Marketing | 918 | - | | (918) |
| Operations | 45,775 | 70,525 | | 24,750 |
| Events | 7,733 | - | | (7,733) |
| Other expenses | 6,500 | - | | (6,500) |
| Interest | 52,623 | - | | (52,623) |
| Total governmental activities | 408,040 | 70,525 | | (337,515) |
| Total primary government | \$ 408,040 | \$ 70,525 | | (337,515) |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | 351,093 |
| Intergovernmental | | | | - |
| Other revenues | | | | 1,874 |
| Total general revenues | | | | 352,967 |
| Change in net position | | | | 15,452 |
| Net position: | | | | |
| Beginning of year | | | | 1,615,375 |
| End of year | | | | \$ 1,630,827 |

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

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FUND FINANCIAL STATEMENTS

| Fund | Description |
|--------------|--|
| General Fund | This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists of general government type activities. |

Mendocino Coast Recreation and Park District

Balance Sheet

General Fund

June 30, 2022

| | <u>General Fund</u> |
|--|---------------------|
| ASSETS | |
| Cash and investments | \$ 636,095 |
| Receivables: | |
| Accounts | 61,235 |
| Total assets | <u>\$ 697,330</u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 42,387 |
| Accrued liabilities | 19,241 |
| Total liabilities | <u>61,628</u> |
| Fund balances: | |
| Restricted | 100,000 |
| Unassigned (Deficit) | 535,702 |
| Total fund balances | <u>635,702</u> |
| Total liabilities and fund balances | <u>\$ 697,330</u> |

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

Mendocino Coast Recreation and Park District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balances - total governmental funds \$ 635,702

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 4,150,135

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

| | | |
|---------------------|-------------|-------------|
| Interest payable | (981,881) | |
| Due within one year | (1,207,831) | |
| Due after one year | (965,298) | |
| | (3,155,010) | (3,155,010) |

Net position of governmental activities \$ 1,630,827

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

Mendocino Coast Recreation and Park District
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2022

| | General Fund Balance Sheet | Reclassifications | Changes in GAAP | Statement of Position |
|---|----------------------------------|-------------------|---------------------|--------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 636,095 | \$ - | \$ - | \$ 636,095 |
| Receivables: | | | | |
| Accounts | 61,235 | - | - | 61,235 |
| Total current assets | <u>697,330</u> | <u>-</u> | <u>-</u> | <u>697,330</u> |
| Noncurrent assets: | | | | |
| Land | - | - | 2,519,977 | 2,519,977 |
| Surplus assets | - | - | 1,500,000 | 1,500,000 |
| Other capital assets, net | - | - | 130,158 | 130,158 |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>4,150,135</u> | <u>4,150,135</u> |
| Total assets | <u>\$ 697,330</u> | <u>\$ -</u> | <u>\$ 4,150,135</u> | <u>\$ 4,847,465</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 42,387 | \$ - | \$ - | \$ 42,387 |
| Accrued liabilities | 19,241 | - | - | 19,241 |
| Interest payable | - | - | 981,881 | 981,881 |
| Due within one year | - | - | 1,207,831 | 1,207,831 |
| Total current liabilities | <u>61,628</u> | <u>-</u> | <u>2,189,712</u> | <u>2,251,340</u> |
| Noncurrent liabilities: | | | | |
| Long-term liabilities: | | | | |
| Due after one year | - | - | 965,298 | 965,298 |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>965,298</u> | <u>965,298</u> |
| Total liabilities | <u>61,628</u> | <u>-</u> | <u>3,155,010</u> | <u>3,216,638</u> |
| FUND BALANCES/NET POSITION | | | | |
| Fund balances: | | | | |
| Restricted | 100,000 | (100,000) | - | - |
| Unassigned (Deficit) | 535,702 | (535,702) | - | - |
| Net position: | | | | |
| Net investment in capital assets | - | - | 995,125 | 995,125 |
| Restricted | - | 100,000 | - | 100,000 |
| Unrestricted | - | 535,702 | - | 535,702 |
| Total fund balances/ net position | <u>635,702</u> | <u>-</u> | <u>995,125</u> | <u>1,630,827</u> |
| Total liabilities and net position | <u>\$ 697,330</u> | <u>\$ -</u> | <u>\$ 4,150,135</u> | <u>\$ 4,847,465</u> |

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

Mendocino Coast Recreation and Park District
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund

For the year ended June 30, 2022

| | <u>General Fund</u> |
|------------------------------------|---------------------|
| REVENUES: | |
| Property taxes | \$ 351,093 |
| Charges for services: | |
| Enrichment | 22,601 |
| Youth sports | 5,236 |
| Special Events | 20,073 |
| Adult Sports | 7,808 |
| Drop in | 14,807 |
| Other revenues | 1,874 |
| Total revenues | <u>423,492</u> |
| EXPENDITURES: | |
| Current: | |
| Salaries and benefits | 285,437 |
| Programs | 6,046 |
| Sports | 3,008 |
| Marketing | 918 |
| Operations | 68,345 |
| Events | 7,733 |
| Other expenses | 6,500 |
| Total expenditures | <u>377,987</u> |
| REVENUES OVER (UNDER) | |
| EXPENDITURES | <u>45,505</u> |
| Net change in fund balances | 45,505 |
| FUND BALANCES (DEFICIT): | |
| Beginning of year | <u>590,197</u> |
| End of year | <u>\$ 635,702</u> |

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

Mendocino Coast Recreation and Park District
Reconciliation of Fund Based Statements to Government-wide Statement of Activities
For the year ended June 30, 2022

| Functions/Programs | Fund Based Totals | Debt/ Compensated Absences | Depreciation | Capital Asset (Additions)/ Retirements | Government- wide Totals |
|--------------------------------------|----------------------|----------------------------------|--------------|---|-------------------------------|
| Governmental activities: | | | | | |
| Salaries and benefits | \$ 285,437 | \$ - | \$ - | \$ - | \$ 285,437 |
| Programs | 6,046 | - | - | - | 6,046 |
| Marketing | 918 | - | - | - | 918 |
| Operations | 68,345 | - | 23,521 | (46,091) | 45,775 |
| Other expenses | 6,500 | - | - | - | 6,500 |
| Debt service: | | | | | |
| Interest | - | 52,623 | - | - | 52,623 |
| Total governmental activities | \$ 377,987 | \$ 52,623 | \$ 23,521 | \$ (46,091) | \$ 408,040 |

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

Mendocino Coast Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

Net change in fund balances - total governmental funds \$ 45,505

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

| | | |
|-------------------------------------|----------|--------|
| Capital asset purchases capitalized | 46,091 | |
| Depreciation expense | (23,521) | 22,570 |

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | | |
|--------------------------|----------|----------|
| Accrued interest expense | (52,623) | (52,623) |
|--------------------------|----------|----------|

Change in net position of governmental activities \$ 15,452

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

Mendocino Coast Recreation and Park District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - General Fund
 For the year ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance w/Final Positive (Negative) |
|------------------------------------|--------------------|-------------------|-------------------|--|
| REVENUES: | | | | |
| Property taxes | \$ 324,328 | \$ 324,328 | \$ 351,093 | \$ 26,765 |
| Charges for services | | | | |
| Enrichment | 50,656 | 50,656 | 22,601 | (28,055) |
| Youth sports | 9,633 | 9,633 | 5,236 | (4,397) |
| Special Events | 12,397 | 12,397 | 20,073 | 7,676 |
| Adult Sports | 13,955 | 13,955 | 7,808 | (6,147) |
| Drop in | 11,287 | 11,287 | 14,807 | 3,520 |
| Other revenues | 14,922 | 14,922 | 1,874 | (13,048) |
| Total revenues | <u>437,178</u> | <u>437,178</u> | <u>423,492</u> | <u>(13,686)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 313,843 | 313,843 | 285,437 | 28,406 |
| Programs | 3,225 | 3,225 | 6,046 | (2,821) |
| Sports | 9,700 | 9,700 | 3,008 | 6,692 |
| Marketing | 3,000 | 3,000 | 918 | 2,082 |
| Operations | 76,614 | 76,614 | 68,345 | 8,269 |
| Events | 6,782 | 6,782 | 7,733 | (951) |
| Other expenses | 11,830 | 11,830 | 6,500 | 5,330 |
| Total expenditures | <u>424,994</u> | <u>424,994</u> | <u>377,987</u> | <u>47,007</u> |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | <u>12,184</u> | <u>12,184</u> | <u>45,505</u> | <u>33,321</u> |
| Net change in fund balances | 12,184 | 12,184 | 45,505 | 33,321 |
| FUND BALANCES (DEFICIT): | | | | |
| Beginning of year | 590,197 | 590,197 | 590,197 | - |
| End of year | <u>\$ 602,381</u> | <u>\$ 602,381</u> | <u>\$ 635,702</u> | <u>\$ 33,321</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Mendocino Coast Recreation and Park District (the "District") was formed in May of 1973 under provisions of the State of California Public Resources Code Section 5780. The District provides and coordinates recreational facilities and activities for the Mendocino County coastal areas. The reporting entity is comprised of the District as the oversight and only component unit.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. As of June 30, 2022, the District only reports charges for services as program revenues. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Governmental Funds

The following are the District's major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists only of general government type activities.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Position, which serves as an indicator of financial position.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange- like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity

Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include accounts and intergovernmental receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as accounts receivable and intergovernmental receivables since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The District's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

Inventories

The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the District has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the governmental activities and business-type activities columns of the government-wide financial statements. Capital assets include land, buildings and site improvements and equipment and machinery. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Capital Assets, continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

| | |
|------------------------|---------------|
| Building improvements | 30 – 50 years |
| Leasehold improvements | 15 – 30 years |
| Equipment | 5 – 7 years |

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of compensated absences and a capital lease are presented as intangible assets and amortized on a straight-line basis over the life of the debt in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The District's policies regarding vacation time and compensatory time permit employees to accumulate earned but unused leave, up to limits established by individual employee bargaining units. This debt is estimated based on historical trend analysis, the current portion of which is reported in the General Fund and the remaining balance is shown in the government-wide financial statements.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity, Continued

Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “*net investment in capital assets*.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as restricted or unrestricted as provided in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the District:

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of restricted fund balance (surplus).
- Excess of restricted fund balance over total fund balance (deficit).

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Expenditures, and Expenses

Property Tax

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities in accordance with statutory regulations.

The District receives property taxes from the County of Mendocino, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. The secured property taxes are assessed on July 1 and the lien date is January 1. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

On February 29, 2012 the District and the City of Fort Bragg entered into a Property Tax Exchange Agreement where the District assigns 45% of its allocable share of property tax revenue and all revenues that the District receives from the Successor Agency to the Fort Bragg Redevelopment Agency.

Stewardship, Compliance, and Accountability

It is the District's policy to adopt annual budgets. The District Board may amend the budget by motion during the fiscal year. The District Administrator is authorized to transfer budgeted amounts within any single fund. However, any revisions that alter total expenditures of any fund must be approved by the District Board.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year.

Budget information is presented for governmental fund types on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget and all approved budget amendments.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Public meetings are conducted to obtain public comments. The District Board annually adopts the budget for the ensuing fiscal year prior to July 1st.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Stewardship, Compliance, and Accountability, Continued

2. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all Governmental, Proprietary and Fiduciary Fund Types.
3. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2023, based on the calculations by District Management, proceeds of taxes did not exceed the appropriations limit.
4. Budgeted appropriations for the various governmental funds become effective each July 1st.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Comparative Data

Comparative data for the prior year has been presented in the accompanying Management, Discussion, and Analysis in order to provide an understanding of changes in the government's financial position and operations.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS

The District had the following cash and investments at June 30, 2022:

| | <u>Deposits</u> | <u>Fair Value</u> |
|--|-------------------|-------------------|
| Cash deposits - Savings Bank of Mendocino County | \$ 636,095 | \$ 636,095 |
| Total | <u>\$ 636,095</u> | <u>\$ 636,095</u> |

Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Custodial credit risk – deposits. For deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2022, the balances in financial institutions were \$636,095. Of the balance in financial institutions, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) and \$386,095 was collateralized as required by State law (Government Code Section 53630).

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

| | Balance <u>July 1, 2021</u> | <u>Additions</u> | Adjustments/ <u>Deletions</u> | Balance <u>June 30, 2022</u> |
|----------------------------|--------------------------------|--------------------|----------------------------------|---------------------------------|
| Land | \$ 2,519,977 | \$ - | \$ - | \$ 2,519,977 |
| Surplus Property | 1,500,000 | - | - | 1,500,000 |
| Buildings and improvements | 46,953 | - | (1) | 46,952 |
| Leashold improvements | 489,853 | - | - | 489,853 |
| Equipment | <u>19,916</u> | - | <u>8,194</u> | <u>28,110</u> |
| Total capital assets | <u>4,576,699</u> | - | <u>8,193</u> | <u>4,584,892</u> |
| Accumulated depreciation | <u>(449,134)</u> | <u>(23,521)</u> | <u>37,898</u> | <u>(434,757)</u> |
| Net capital assets | <u>\$ 4,127,565</u> | <u>\$ (23,521)</u> | <u>\$ 46,091</u> | <u>\$ 4,150,135</u> |

Depreciation expense for governmental activities was charged to the general services function for \$23,521.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

| | <u>Governmental Activities</u> |
|------------------|------------------------------------|
| Accounts payable | \$ 42,387 |
| Accrued payroll | <u>19,241</u> |
| Total | <u>\$ 61,628</u> |

These amounts resulted in the following concentrations in payables:

Vendors 69 % Employees 31%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2022:

| | Balance July 1, 2021 | Additions | Retirements | Balance June 30, 2022 | Due Within One Year |
|-----------------------------|-------------------------|-------------|-------------|--------------------------|------------------------|
| Capital Lease - WestAmerica | \$ 2,173,129 | \$ - | \$ - | \$ 2,173,129 | \$1,207,831 |
| Total | <u>\$ 2,173,129</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,173,129</u> | <u>\$ 1,207,831</u> |

Capital Lease – WestAmerica Bank

The District entered into a lease with WestAmerica Bank secured by real property to be used for the contribution of the regional park/golf course. The capital lease is payable in installments of \$91,238 including interest at 4.95% per annum through November 2028. This capital lease is currently in default.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, are as follows:

| Year Ending June 30, | Capital Lease - WestAmerica Bank | |
|-------------------------|-------------------------------------|---------------------|
| | Principal | Interest |
| 2023 | \$ 1,207,831 | \$ 981,881 |
| 2024 | 136,361 | 46,115 |
| 2025 | 143,194 | 39,282 |
| 2026 | 150,370 | 32,106 |
| 2027 | 157,905 | 24,571 |
| 2028-2029 | 377,468 | 21,896 |
| Total | <u>\$ 2,173,129</u> | <u>\$ 1,145,851</u> |
| Due within one year | \$ 1,207,831 | \$ 981,881 |
| Due after one year | 965,298 | 163,970 |
| Total | <u>\$ 2,173,129</u> | <u>\$ 1,145,851</u> |

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

6. NET POSITION/ FUND BALANCES

Net Position

| | Governmental Activities |
|----------------------------------|----------------------------|
| Net investment in capital assets | \$ 995,125 |
| Restricted: | |
| Aquatics | 100,000 |
| Unrestricted | <u>535,702</u> |
| Total | <u>\$ 1,630,827</u> |

Fund Balance

Fund balances consisted of the following:

| | |
|--------------------|-------------------|
| Major Fund: | |
| General Fund: | |
| Restricted: | |
| Aquatics | \$ 100,000 |
| Unassigned | <u>535,702</u> |
| Total | <u>\$ 635,702</u> |

Restricted:

Aquatics – represents amounts restricted for aquatics programs.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry California Association For Park And Recreation Insurance (CAPRI), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The District pays an annual premium to CAPRI for its general insurance coverage. Furthermore the District carries workers compensation coverage with other districts in the State through CAPRI. Membership in the California Association of Recreation and Park Districts is required when applying for CAPRI.

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies for general and automobile liability excess claims and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible occurrence payable by the District. Financial statements for CAPRI are available at the District’s office for fiscal year ending June 30, 2022.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

8. GOING CONCERN

The Mendocino Coast Recreation and Park District entered leasing arrangements with Municipal Finance Corporation in April 2008. The District received "advance rental" of \$2.3 million for leasing the Municipal Finance Corporation's the proposed golf course property. The District then subleased the property back for bi-annual lease payments of \$91,238 to MFC for 20 years. The MFC assigned all of its rights under the sublease to Westamerica Bank the same day.

The District did not generate enough revenues to make the bi-annual \$91,238 payments to Westamerica Bank. As the District continued to experience budget shortfalls, it unsuccessfully tried to negotiate with Westamerica Bank. The District filed for relief under Chapter 9 on December 29, 2011. The Bank challenged the Chapter 9 filing claiming the District had not satisfied the pre-Chapter 9 filing negotiation requirement. The Bank appealed and the District Court affirmed the Bankruptcy Court in September 2013. The District Court agreed with the Bank that before filing a Chapter 9 a debtor must make a specific proposal to the creditor. The Court then went on to say, since the Bank was unwilling to respond to the District, the negotiation requirement was futile, and the Chapter 9 may proceed. The Bank appealed this decision in October 2013. This appeal has been placed on hold and the matter referred to mediation. The Appeals court has continued the mediation since December 2013.

Over the years the Ninth Circuit appeal has been pending, the Bank and District have continued to discuss potential resolutions of the problem. The Bank realizes the difficulty with the property and the fact that the District has no feasible way to pay the Bank back.

On March 1, 2021, at the request of the District and with consent of Westamerica Bank, the Chapter 9 case was dismissed without prejudice. On March 31, 2023, the District agreed to terms on the sale of the property and payoff of the site lease to Westamerica Bank.

9. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, on March 31, 2023, the District completed the sale of the golf course property for a total consideration of \$2,420,579 and the proceeds were used to payoff the site lease to Westamerica Bank. This transaction resulted in a gain of \$1,655,010, which has not been reflected in the accompanying financial statements.

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JJACPA, Inc.

A Professional Accounting Services Corp.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Directors of the
Mendocino Coast Recreation and Park District
Fort Bragg, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparison information of Mendocino Coast Recreation and Park District (District), 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, and have issued our report thereon dated February 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the separate Schedule of Findings and Responses as item 2022-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

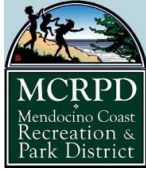
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 2, 2024

JJACPA | C.A.
JJACPA, INC.



POLICY TITLE: Reserve Policy
POLICY NUMBER: 2150

2150.1 Purpose: Mendocino Coast Recreation and Park District shall maintain reserve funds from ~~un-~~ restricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by ~~or~~ requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

The District shall account for reserves as required by Governmental Accounting Standards Board Statement ~~154~~, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

2150.2 Policy: Use of District reserves is limited to available "unrestricted" funds (not obligated by ~~by~~ contract or agreement), including donations, interest earned, fees for service, or other non-grant earnings. All special use funds will be designated by formal action of the Board.

- a) Vehicle Fleet Reserve:
Vehicle Fleet Reserves will accumulate from existing unrestricted funds, at a rate of ~~\$100,000~~ annually. The maximum amount of Vehicle Fleet Reserves will be \$100,000. When the annual accumulation would increase the Reserve beyond \$100,000, only the amount required to reach the maximum will be reserved.
- b) Technology Reserve:
Technology Reserves will accumulate from existing unrestricted funds at a rate of \$5,000 ~~and~~ annually. The maximum amount of Technology Reserves will be \$50,000. When the annual accumulation would increase the Reserve beyond \$50,000, only the amount required to reach the maximum will be reserved.
- c) Designated Project/Special Use Reserve:
Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of \$10,000 annually. The maximum amount of Designated Project/Special Use Reserve ~~will be~~ \$250,000. When the annual accumulation would increase the Reserve beyond \$250,000, only the amount required to reach the maximum will be reserved.

- d) Capital Improvement Reserve: Capital Improvements Reserve will accumulate from ~~city~~ restricted funds at a rate of \$25,000 annually. The maximum amount of Capital Improvement Reserves will be \$5,000,000. When the annual accumulation would increase the Reserve beyond \$5,000,000, only the amount required to reach the maximum will be reserved.
- e) Operational Reserves: Operational reserves shall be utilized to support: Administrative ~~and~~ functions, including minimal staffing levels and administrative/office expenses due to an economic event or uncertainty will be \$25,000 annually. The maximum amount of Operational Reserves ~~in~~ existing unrestricted funds would be \$250,000. When the annual accumulation would increase the Reserve beyond the \$250,000, only the amount required to reach the maximum will be reserved.
- f) Total All Reserve Funds:
The total amount of Reserves designated annually from all funds shall be \$75,000 with a ~~an~~ accrual cap of \$5,650,000

2150.4 Monitoring Reserve Levels: The District Manager, in collaboration with the Finance ~~Officer~~ shall perform a reserve status analysis annually, to be provided to the Board' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls ~~it~~ question the effectiveness of this policy;
- b) Upon District Manager and/or Board request.



TUFF SHED

Quote

Location: ROHNERT PARK | #180 | 707-586-8833

Scheduled Date:

Factory Location: ROHNERT PARK | #180 | 707-586-8833

Created Date: 03/13/2024

Prepared by: Richard Koch | (707) 586-3136 | rkoch@tuffshed.com

Customer: Mendocino Coast Rec & Park District
p. 707-684-1822 | c. 707-684-1822
kfelicich@mcrpd.us

Special Instructions:

JDE SO
SF Quote Q-2587103

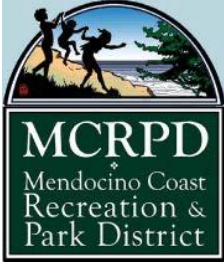
Ship to Address: 300 Dana Street
Fort Bragg, CA 95437

| Line Item Description | Sales Price | Quantity | Promo | Add'l Disc | Total Price |
|---|-------------|----------|------------|------------|-------------|
| Premier Tall Ranch 12 x 16 | \$7,398.00 | 1.00 | (\$650.00) | \$0.00 | \$6,748.00 |
| Full Service Paint Application | \$740.00 | 1.00 | (\$0.00) | \$0.00 | \$740.00 |
| 3' x 6'7" Double Shed Door (6') | \$529.00 | 1.00 | (\$0.00) | \$0.00 | \$529.00 |
| Custom Services: Additional delivery fee to Ft. Bragg | \$400.00 | 1.00 | (\$0.00) | \$0.00 | \$400.00 |
| 16" OC Joist Spacing | \$2.00 | 192.00 | (\$0.00) | \$0.00 | \$384.00 |
| Pair of Heavy Duty Ramps | \$349.00 | 1.00 | (\$0.00) | \$0.00 | \$349.00 |
| 6" Gable EW Eave Upgrade | \$12.50 | 24.00 | (\$0.00) | \$0.00 | \$300.00 |
| Shelving - 24" deep | \$6.25 | 24.00 | (\$0.00) | \$0.00 | \$150.00 |
| Security Package (double) | \$79.00 | 1.00 | (\$0.00) | \$0.00 | \$79.00 |
| Security Package (single) | \$59.00 | 1.00 | (\$0.00) | \$0.00 | \$59.00 |
| Door - Drip Cap (6') | \$57.00 | 1.00 | (\$0.00) | \$0.00 | \$57.00 |
| 16"x8" Wall Vent - White | \$23.00 | 2.00 | (\$0.00) | \$0.00 | \$46.00 |
| Door - Drip Cap (4') | \$42.00 | 1.00 | (\$0.00) | \$0.00 | \$42.00 |
| Floor Track Vent Screen | \$2.00 | 16.00 | (\$0.00) | \$0.00 | \$32.00 |
| 4' x 6'7" Single Shed Door | \$0.00 | 1.00 | (\$0.00) | \$0.00 | \$0.00 |
| Paint - Delicate White | \$0.00 | 1.00 | (\$0.00) | \$0.00 | \$0.00 |
| Paint - Seastone | \$0.00 | 454.00 | (\$0.00) | \$0.00 | \$0.00 |
| Leveling 0"-4" | \$0.00 | 1.00 | (\$0.00) | \$0.00 | \$0.00 |
| Charcoal 3 Tab | \$0.00 | 233.00 | (\$0.00) | \$0.00 | \$0.00 |
| Delivery Fee | \$99.00 | 1.00 | () | \$0.00 | \$99.00 |

| | |
|------------------|--------------------|
| Gross Total | \$10,664.00 |
| Discount | (\$650.00) |
| Net Total | \$10,014.00 |

| | |
|---------------|-------------|
| Estimated Tax | \$888.78 |
| Grand Total | \$10,902.78 |

The price quoted is valid through the expiration date of the promotion, but in no case shall be valid longer than seven days. Once an order has been placed, pricing is guaranteed for up to 6 months. If the installation is not completed within 6 months for any reason, Tuff Shed has the right to modify the order pricing. You will be notified regarding any price adjustment prior to installation or incurring any additional charges.



REGULAR BOARD OF DIRECTORS MEETING
Mendocino Coast Botanical Gardens Meeting Room
18220 North Highway 1
Fort Bragg, CA. 95437
Wednesday, January 17, 2024
5:30 P.M.

Minutes

1.0 CALL TO ORDER

- Call to order 5:31 P.M.
- Angela Dominguez, Dave Shpak, Craig Comen Present. Barbara Burkey and John Huff absent

2.0 APPROVAL AND ADOPTION OF AGENDA

- Dominguez Motioned, Comen Seconded. AYES: Dominguez, Shpak, Comen. Absent: Burkey and Huff

3.0 PUBLIC PARTICIPATION, NON-AGENDA ITEMS

Bob Rodriguez and Tessie Branscomb asked about The City of Fort Bragg meeting. They were told it is on January 22, 2024

4.0 STAFF REPORTS:

4.1 District Supervisor Report (Kylie Felicich)

4.2 District Recreation Report (Jennifer Saunders)

5.0 OTHER REPORTS:

- Friends of MCRPD - Dominguez updated on Friends of giving vouchers for Skate Night to FBMS.
- South Coast – No update
- Mendocino Coast Botanical Gardens – Felicich stated we were hoping to hear back from Gardens on leasing the Polaris.
- Personnel Committee – No update
- District Services Committee – No update
- Finance Committee – No update
- Board of Directors – Shpak noted he finished required trainings and Comen is working on his
- Transition Committee – Shpak disclosed that the District will be pursuing the unraveling of the 45% property tax allocation.

6.0 DISCUSSION/ACTION

- Contract agreement with North Coast Pack and Ship for storage.
 - Shpak Moved to direct Kylie to sign contract with the North Coast Pack and Ship to accommodate gear, material and storage for \$379/month on a month-to-month basis. Comen seconded
 - Ayes: Dominguez, Shpak, Comen Absent: Huff and Burkey

- MCRPD Recreation Services Grant Program
 - Comen motioned that applications will be available on April 1, 2024, due on April 22, 2024 and Board will vote for grantees on May 15, 2024 for a total of \$5,000. Shpak seconded.
 - Ayes: Dominguez, Shpak and Comen. Absent: Huff and Burkey

- 2023 MCRPD District Volunteer Service Award
 - The previously nominated person, Moneque Wooden, turned down the award due to having been an employee.
It was proposed that Dawn Ferreira get the award due to her stellar work and generous volunteering for the 2023 Aquathon.
 - Shpak motioned, Comen Seconded
 - Ayes: Dominguez, Shpak and Comen Absent: Huff and Burkey

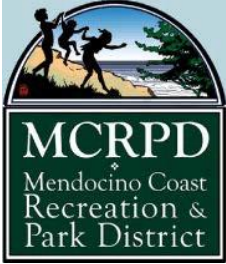
- Resolution No. 24-01 authorizing lay off of C.V. Starr Community Center employees due to transfer of C.V. Starr to the City of Fort Bragg
 - Shpak motioned, Comen seconded
 - Ayes: Dominguez, Shpak, Comen. Absent: Huff and Burkey

7.0 CONSENT CALENDAR

- Approval of minutes for Regular Board Meeting Minutes, 12-20-2023
 - Comen Motioned, Shpak Seconded.
 - Ayes: Dominguez, Comen, Shpak. Absent: Huff and Burkey

8.0 ADJOURNMENT –

- Comen motioned to adjourn. Dominguz seconded
 - Ayes: Dominguez, Shpak, Comen Absent: Huff and Burkey



**FINANCE COMMITTEE MEETING
MINUTES
Mendocino K-8 School
44261 Little Lake Road
Mendocino, CA 95460
Wednesday, February 21, 2024
4:00 P.M.**

AGENDA

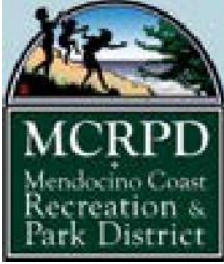
1.0. CALL TO ORDER

- 4:01 Call to Order
- Dave Shpak, Barbara Burkey, Kylie Felicich Present
- No public present

3.0 INFORMATION/DISCUSSION

- 3.1 Review California Class Statements
 - Discussed interest earned since inception of opening account
- 3.2 Review CBC Summary Analysis
 - Reviewed and discussed balances
- 3.3 Review Savings Bank of Mendocino Summary Analysis
 - Keeping \$5,000 in cash account at Savings Bank of Mendocino and moving balance to CBC
- 3.4 Discuss and plan Reserve Policy
 - Made changes to draft of reserve policy, will present at next board meeting on March 21
- 3.5 Review CFO financial reports
 - Statements look good and promising

4.0 ADJOURNMENT 4:59 P.M.



REGULAR BOARD OF DIRECTORS MEETING
Mendocino K-8 Cafeteria
44261 Little Lake Road Mendocino, CA 95460
Wednesday, February 21, 2024
5:00 P.M.

MINUTES

1.0 CALL TO ORDER

- 5:00
- Barbara Burkey, Dave Shpak, Angela Dominguez, Kylie Felicich, Absent: Craig Comen and John Huff
- Burkey amended agenda to move 4:0 to 2:0
 - Dominguez motioned, Shpak Seconded
 - Ayes: Shpak, Burkey, Dominguez
 - Absent: Huff, Comen

2.0 APPROVAL AND ADOPTION OF AGENDA

- Dominguez motioned, Shpak Seconded
 - Ayes: Shpak, Burkey, Dominguez
 - Absent: Huff, Comen

3.0 PUBLIC PARTICIPATION-CLOSED SESSION

- No Public Present

**4.0 CLOSED SESSION
PERSONNEL:**

- Report out:
- Dominguez motioned, Shpak seconded to promote Kylie Felicich to District Manager, contract will be updated and reviewed again in 6 months
 - Ayes: Shpak, Dominguez, Burkey
 - Absent : Huff, Comen

5.0 STAFF REPORTS:

5.1 District Supervisor Report (Kylie Felicich)

5.2 District Recreation Report (Jennifer Saunders)

- John Huff, Kirk Marshall, Susan Larkin, Tessie Branscomb, Sherri Lyons, Bob Rodriguez arrived. They had issues finding the cafeteria at the K-8.

6.0 OTHER REPORTS:

6.1 Friends of MCRPD

- Sherry Lyons, Bob Rodriguez and Susan Larkin from Friends of MCRPD in attendance
- Dominguez updated on new scholarship recipients due to Bob Rodriguez' outreach
- MCRPD is now a vendor for Sequoia Grove Charter schools and many

families are now receiving funding/vouchers through that program which has reduced some of the recurring scholarship

- Friends of clarified that they are still working through the MCRPD request to manage Aquathon donations

6.2 South Coast

- Dave Shpak updated on RCRC's work with the County planning commission for \$3M in facility improvements needed for facility and roads.

6.3 Mendocino Coast Botanical Gardens

- Barbara Burkey reported on workshops, fundraising, succession planning

6.4 Personnel Committee

- No update

6.5 District Services Committee

- No update

6.6 Finance Committee

- Met at 5:00 and reviewed financials, financials provided to the rest of the board and public, Reserve fund will be on next meeting agenda

6.7 Board of Directors

- Dave Shpak emphasized the importance of board members getting their 700 forms in
- Dave Shpak pointed out the website is getting there but needs a lot more work to update removal of CVSCC and update community partners

6.8 Transition Committee

- Next meeting will vote to remove this committee

7.0 DISCUSSION/ACTION

6.1 Resolution 24-02 Per Capita Grant Application

- Board discussed need for 2-3 hour planning meeting to determine what project should be initiated with prospective funding
- Angela Dominguez motioned, Dave Shpak seconded,
 - Ayes: Dominguez, Shpak, Huff, Burkey. Absent: Comen

6.2 District Assets

- Polaris and Trailer
 - Dominguez motioned, Huff Seconded to declare the Polaris and Trailer to be excess inventory
 - Ayes: Dominguez, Shpak, Huff, Burkey Absent: Comen
- Ford E250 2008
 - Dominguez motioned, Huff seconded to declare the Van excess inventory
 - Ayes: Dominguez, Shpak, Huff, Burkey Absent: Comen
- Dive Equipment in Trailer
 - Discussion and board wants trailer inventoried, items that are broken or obsolete to be thrown out

6.3 Girls' Softball Program Manchester School

- Board requesting more details regarding exemptions, how to build,

more exploration needed, Huff stated Stephanie needs to provide a more flushed out plan, Shpak said make sure approved by Coastal Commission, Burkey suggested this is where to use Per Capita funding

6.4 South Coast Swim Program – Private Pool and/or Manchester

- Discussed plans in the works, Red Cross training needed

8.0 CONSENT CALENDAR

6.1 Approval of minutes for Regular Board Meeting Minutes, 1-17-2024, Pages 10,11

- Dominguez motioned, Huff seconded
 - Ayes: Shpak, Dominguez Abstention: Burkey, Huff Absent: Comen
- Minutes for 1/17/24 will carry to next board meeting

9.0 ADJOURNMENT – 7:14 P.M.