

SPECIAL BOARD MEETING
CV Starr Community Center
300 S. Lincoln Street
Ft. Bragg, CA 95437
Friday, November 13th, 2009
11:00 a.m.

AGENDA

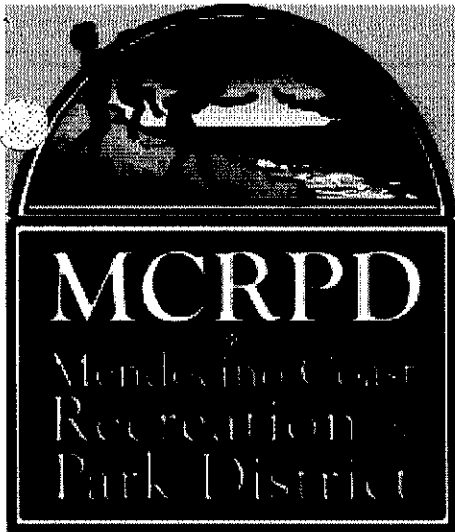
- 1.0. CALL TO ORDER**
Call to Order and Roll Call
- 2.0 APPROVAL AND ADOPTION OF AGENDA, November 13th, 2009**
Items to be removed from the agenda or changes to the agenda should be done at this time.
- 3.0 APPROVAL AND ADOPTION OF MINUTES**
Minutes of Finance Committee Meeting October 30th and November 6th, 2009
- 4.0. PUBLIC PARTICIPATION**
A maximum of 3 minutes is reserved for members of the public to address the Board on items not listed on the agenda. Law (Government Code 54954.3) prohibits the Board from taking action on matters not on the agenda. The board may briefly respond to such public comment by asking questions to clarify the speaker's comments. The total time for public input on each item is limited to 20 minutes (Government Code 54952).
- 5.0 CORRESPONDENCE, WRITTEN AND ORAL**
- 6.0 CONSENT CALENDAR**
These items are considered routine in nature and will be approved with one motion.
None
- 7.0 DISCUSSION/ACTION**
 - 7.1 Discussion/Action**
- 8.0 Approval of Facilitated Board Retreat**
Schedule Board Retreat
- 9.0 Resolution Defining Board Roles**

- 10.0 C.V. Starr Construction Report**
- 11.0 Kathie Ittel, Action Coach Report**
- 12.0 Cesar Yanez, Board Member-Reporting for the Marketing Committee Vision Statement**
- 13.0 Recommendation from Personnel Task Force
Bob Krebs and Jon McColley**
- 14.0 Staffing Structure-Organizational Chart
Re-Structure of Organizational Chart-Interim Administrator Process**
- 15.0 Approval of Audit 2008-09
Audit 2008-09 Approval**
- 14.0 Items for next Agenda**
 - 1.
 - 2.
 - 3.
 - 4.
- 15.0 ADJOURNMENT**

NOTICE TO THE PUBLIC

All disabled persons requesting disability related modifications for accommodations including auxiliary aids or service may make such a request in order to ensure full participation in a Recreation District public meeting. Such a request should be made to David Yeomans, Chairperson, 300 S. Lincoln St., and Ft. Bragg no later than seven days prior to the meeting.

PLEASE NOTE: District agendas are posted at least 72 hours in advance of regular meetings on the window at the District Office, CV Starr Community Center, 300 S. Lincoln Street, Ft. Bragg, California. District agendas are emailed to the Ft. Bragg Advocate and Mendocino Beacon at least 72 hours in advance of regular meetings.



Special Board Meeting
C.V. Starr Community Center
300 S. Lincoln Street, Fort Bragg, CA 95437
Friday, October 30th, 2009
Minutes

The meeting was called to order at 9:05 a.m. Roll Call – all present.

Comments by board members:

Board Chair Yeomans would like to thank Nice Alderman for the workshop she put on for the Board. It was very informative and very much appreciated.

Attorney, Jim Jackson, comments that he needs to leave by 11:00 a.m. so if there is anything the Board will need of him perhaps they should move it to earlier in the agenda.

Yeomans moves item 10.7 of the agenda to the beginning of the meeting.

Approval & Adoption of Agenda:

Director Krebs motions to accept the Agenda as modified above. Director McColley seconds it.

Approval & Adoption of Minutes :

Changes Notes:

page 3 para 10 line 2 – delete duplicate “and bruce”

page 4 para 3 all of the figures should have \$ inserted

page 4 para 7 Prop. 1A corrected (second ‘p’ was left off)

page 5 para 8 line 2 – the word ‘next’ to replace the word ‘last’

page 6 para 3 line 6 – space between 3rd & and

also please add footnote that a board advisory committee was brought up several times at the last meeting

Note from Yeomans – please put page numbers on minutes

Director Yanez motions to accept the Minutes from the October 21, 2009 as corrected. Seconded by Director Sipila.

Public comments on non-agenda items:

Public comment

non agenda items – Eileen wolfe would like to invite the board members to walk thru the women’s locker room to inspect the work being done on the floors. it is disgusting. Epoxy modification on floor near women’s. Skins from pool area. still standing water. not acceptable of this place. greg forwarded complaints to Gerard. yeomans will check with Gerard on Monday. Tessie comments that the tiles in showers are not replaced. Greg to forward to Gerard.

Eileen Wolfe thanks board for work they have been doing. Yeomans thanks her for that.

correspondence

None – Yeomans will bring one to next week’s meeting.

Consent calendar

no items

info & discussion

7.1 FB/CV Starr Management Structure

Yeomans -Irwin’s last day. working from home, need for someone daily is great. candidate declined. need temporary administrator. very important goal to get that in place. temporary is a team effort. Kathie Ittel is valuable part of the team. already been connecting with most people involved. Discussion regarding what ‘we’ want in an interim director. Yanez asks would they be performing ‘regular’ director jobs or would need special job description. Yeomans – different priorities but same tasks. community, board priorities need to be clear. sound financial footing, effective marketing top. also MUSD lease, golf course, south coast also very important. Yanez, how involved will the interm be in the long term. Yeomans – 6-9 months process in getting new administrator.

Rodriguez- how can community best help the board in this time of need. Yeomans – re-framing the committee work. ongoing committees which need shifting to involve community & staff to utilize talents & expertise. one board member should be on each committee. effective way to use help being offered. administrative advisory group for board. many many needs, using committee structure makes sense.

Krebs asks – 6-9 month interim. yeomans- in my mind, yes. given the economy, there are more candidates with high skill sets. perhaps faster, but prepare for 9 months. not offering payscale that is attractive. krebs – beautiful facility will hopefully attract. We need interim SOON. Yeomans- anyone

considered should be asked, not in a public meeting. need certain skill set. Yeomans- quotes his skill set.

King offered suggestion in splitting the the role, grant writing vs. ED. she also offers her services. Yeomans- we have existing, albeit neglected, fundraising system. endowment needed.

Mc Colley – grant writer and ED not necessarily same person. need someone soon. use current staff and deligated. need leadership. Yeomans- currently directing staff. managers are coming to yeomans directly. very temporary. not a solution.

Weg- development director and ED needed. running the district vs future needs. bigger job than simply grant writing.

Mc Colley- has to get our house in order. policies and procedures need updating. staff needs direction. sipila agrees that that is priority.

Greg – overview of policies & procedures. staff put it together. need to put in what we have learned. see attached. work in progress. would like to move on it very soon.

Glusker asked if community involvement is desired. and could copies be made. Mc Colley will be on committee. meet with key staff this coming week. Approval at next board meeting. Weg asks if Ittel would be helpful with this. dunsing- kid drop off should be publicized more.

Krebs- wants to know board meeting for next week. (Special board meetings) Friday, Nov 6th 9am. skipped to item 7.3, nov 13th fri, weds 18th regular meeting at 530pm. Motion Krebs, 2nd Mc Colley.

Can policies & procedures committee meet Wednesday, November 4th at 9am CV Starr. public welcome.

Mc Colley – limited time, don't want to rush it but need soon... as soon as possible but within reason. Yanez- what is next step. Yeomans – identify characteristics, brainstorm. city administration wants to help with recruitment, etc. also will help with candidate ideas, use as a resource. King- asking about limited opportunities to discuss as a board. 2 members can meet with any candidate. Yeomans comments that the candidate needs to want us as well. Yanez- pick community brain, previous staff then to person, then ask for letter of interest. Jackson suggests letter of interest to be dealt with as communication item. previously suggested person is not as interested as lead to believe. Wolfe asks if the letter of interest can be discussed at public meeting vs. personnel matter. Jackson says 'letter of interest' is limited. not details which are personnel matters. King – asks if Charlie Boise is not interested. Yeomans- he is not interested in administrator. he will do anything to help us. Rodriguez reminds board that there was a group willing to help temporarily. would board be willing to utilize that. Yeomans – advisory group is welcome but board would like to pick, not have it handed to them. Glusker- Charlie Boise's name was included because he was willing to serve as a coordinator of experienced staff members. Yeomans says message was twisted, unintentionally. Glusker – grey zone with what the role would be. Boise willing to coordinate, but not do day to day. day to day left to team of leaders. mc colley – key decisions very difficult by committee. we need leadership. glusker comments that the team could appoint a leader. Ken Susman – has a person in mind and how could he put that forward. Send to Yeomans.

Yeomans – to be clear. advisory group great. day to day operations can't be done by group. team administrating is chaos. board can't manage volunteer committee. in unmanageable. Krebs – interim using team to help would be great. expanding work of committees is best way to use talents of community. Kathie Ittel- board needs to identify critical issues, and then reach out to community for help. identify, prioritize, then assign. time to move forward. Rodriguez – board chooses interim and then the volunteer group would be utilized.

7.2 -

spending controls. Yeomans - idea not actual document. we need to start discussing. requests need to go thru Vivian and then the board. no one can order anything without Vivian and then board, includes office supplies. Rodseth asks if her programs are included in that. Supply money from Kudos is earmarked, but has it been lost. everyone needs to understand cash flow crisis. Dunsing comments that she has a program happening. Yeomans says apply for it. make sure it goes thru Vivian. use in place requisition process in place. Greg asks about Braggadoon outstanding invoice, and Advent furniture. have signed purchase orders with these two, we have made by commitments. ittel asks if we know all of the outstanding commitments. michelle says she will get info to board.

7.4-

amount from \$350 to \$400. after okayed then she will take to theater company. will have to be revisited prior to june. peg says once the long term lease is done we can revisit this one. krebs motions, yanez 2nd, Jackson would like to change the language of the lease. Jackson giving peg a copy of his version. yeomans – 20% of that room. could there be a different use. peg says we use during the day. and theater group is very generous and flexible with their use in terms of sharing. peg recommends continuing the lease. passed as corrected by legal council.

10.8 –

MUSD meeting nov 3rd at K-8 school multipurpose room... 5p-7p. please come and show support. 7-11 committee report hoping to be accepted. discussion about long term arrangement with MSUD. packet was given to the super last Tuesday. documents are public information. no action needed

reports –

none

discussion/action

10.7 jackson reports 1A recapturing property tax revenue (8% with-held). district would sell its right to recoup to an entity in trade to recouping earlier (jan 2010 & may 2010). we lose 2% interest. zero cost to district other than staff time. estimated total \$35,000 approx. city of fb is doing this. jackson recommends going ahead with it. yeomans will follow up.

resolution 2009-02

yanez motions , sipila 2nds.

10.6

jacksons concerns regarded insurance language. our insurance is the main insurance and exceeds necessary limits. krebs – is it clear in this document who is constructing the facility. we understand that they are building, we are providing the site. yeomans believes this is covered in section 5. jackson comments that we are paying \$1000/month and site. king comments that we also pay for maintenance. krebs- skate park does fall under our scope. his concerns is that our staff & maintenance people will be overwhelmed trying to keep the park clean in addition to maintaining the CV starr facility. yeomans comments that it was discussed. our maintenance people are here. the city will be taking on maintenance, we only open the gates and take out trash. king asks if the city pays for garbage receptacle. yeomans – once we agreed it is on our site, it is covered under our insurance. it is OUR skate park. there is no half way doing that. beth pine – reminds staff to include skate park in policies and procedures. yeomans agrees. mc colley – has concerns that this is a big service we are providing and worries that over time we will have it ‘dumped in our lap’. yanez asks if they would compensate us. sipila agrees that it is not simply emptying trash cans. advisory group has said they will run it. it is on our property, we insure it but users are supposed to be keeping it clean or it will close. yeomans reminds us that this is a community skate park, the city and us are both working toward getting it done. pine suggests it be considered similar to the dog park. sipila agrees. krebs comments that the police will be policing it, not us. krebs will volunteer to pick up trash in future. yeomans understands some of the reticent. king comments that there is vagueness. jackson agrees whole hearted, he is concerned about language. he is concerned about the future. yeomans says again that this document is holding up the funding source. jackson comments that there is an escape clause. jackson also adds that we are responsible for utilities, to cover lighting.

krebs moves for acceptance, 2nd yanez. mc colley notes there will be a lot of happy people. yeomans comments that the city is not our enemy. passed.

8.0

aquathon. need swimmers and need donations for silent auction.

10.1

financial statements for sept 2009. yeomans would like a finance committee meeting to digest this information, including Kathie ittel. need to learn to fit finances into budget. right now they are two different formats. pine has question on financials. there is no subtotal. ittel comments that the board should figure out what format they want and move to that. jerry Thomas (?) suggests that making financials need to be in order with the budget. must be in place at next finance committee meeting, goal for next week’s meeting. beth is a valuable asset to be welcomed to the table and yeomans asks for her procedure expertise. weds morning meeting 11am. jerry Thomas is welcome to the table to help.

10.2

mou-kudos

motion krebs as changed, yanez 2nd, passed

10.3

action coach agreement

Jerry Thomas – 1) sees the need for kathie's involvement. 2) we have kathie's agreement but the board has not come up with a 'standards of accountability' for what is expected of Kathie. 3) Don't know how this will work without an Administrator. The DA is responsible for implementation of the changes. The new DA should be involved in the process, at least the interim.

King agrees that the new or interim DA is going to need involvement.

Yeomans agrees that this is a very difficult situation.

Ittel says again she works under an agreement which can be ended by either party at any point. The organization needs to move forward regardless of the person who is chosen to take the lead. We can't just stop until we find such a person. Part of her goal is to figure out what the role of the DA is, which is also very useful. KPI – Key performance indicators. board needs to establish the vision for this organization.

beth pine notes we are having the people we contract with write the contracts, whereas she sees the district should be writing the contracts with whoever we are contracting with.... consultants, etc.

Kathie says the board needs to sit down with her right away. There will be a meeting at 3pm with the board and Kathie to continue the agenda item **10.3**.

10.4

facilitated board retreat, to have working meetings outside scheduled board meetings. scheduling one will be discussed during the 3pm meeting. board members have to make some tough choices and consensus management won't work for some of these choices. **10.4** will carry over to 3pm meeting.

10.5

budget. motion yanez with the stipulation that it be reviewed and changed as needed, 2nd krebs. king asks if the raises will be retroactive and changes in job status will happen. yeomans states cash flow crisis is dictating some of those choices. beth says the budget is a guideline and approving the budget does not approve the retroactive raises or changes in job status. yeomans thinks the board approved the salary changes in august. he will investigate that. king points out that many staff believe that approving the budget doesn't mean everyone gets their raises. note on approval – guideline, salary raises, etc. pending finance committee meeting. passed

capital budget – yeomans says he did his best with this.

piners brings up the audit not being approved yet, although it has been submitted. needs to be on finance committee agenda for next week.

mc colley motion to approve capital budget – yanez 2nd, passed with same note on approval...

11.0

finance –

audit

sept financials

reconcile current financial structure with budget

Mendocino budget discussion

BOARD –

closed session for personnel, contract review 8:30am

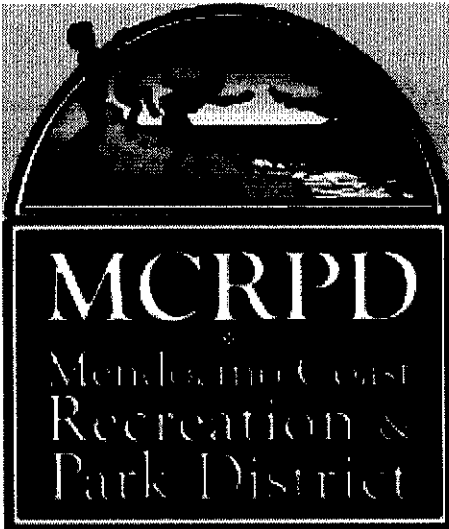
formalize CV starr operational procedures

Calendar for meeting adjourned until 3pm (11:55am)

Returned from break and met with Kathie Ittel to formalize her contract. Bob Krebs motioned to accept and Jon McColley second. Passed 5-0.

Topics of discussion with Kathie Ittel:

1. Special Meetings
2. Memo that stops all spending
3. Define temporary and permanent Management Structure
4. Accounting Software discussion
5. Rules and Boundaries around Finance
6. 3 Districts that mirror us



Special Board of Directors Meeting
C.V. Starr Community Center
300 S. Lincoln Street, Fort Bragg, CA 95437
Friday, November 6, 2009

The meeting began at 9AM with the following items discussed:

1.0 Closed session - personnel matters

2.0 Call to Order

- Roll call: Yanez, McColley, Sipila, Krebs, Yeomans – all present

3.0 Approval and Adoption of Agenda

- McColley motioned to approve, Krebs second the motion, all-in-favor 5-0.

4.0 Approval and Adoption of Minutes

- Note: Yanez arrived just a few minutes after role call on November 6, 2009.
- Krebs motioned to approve with correction noted, Yanez second the motion, all in favor 5-0.

5.0 Public Participation

- Kelly King accepted a board position with the Friends of MCPD with focus on community special events
- Eileen Wolfe suggested saving on paper and office supplies by using laptops and electronically sending information for future board meetings.

6.0 Correspondence, Written and Oral

- No action

7.0 Consent Calendar

- No Action

8.0 Discussion / Action

- McColley announced Colombi's as the food supply company selected for the vending machines at the C.V. Starr Community Center
-
- Yeomans suggested a policy and written document be created for vendor and MCRPD's expectations and types of food and/or beverage offered.
-
- Yeomans announced Vivian is working on a model and information for a volunteer and docents program for the facility.
- Yeomans suggested a revised format for public comment at future board meeting in order to keep the meeting more efficient and effective.

8.1 Recommendations from Finance Committee

- Yeomans discussed recommendations from the finance committee and evaluation of staff operating efficiency in order to reduce spending.
- 15% reduction in spending based on current actual expenses (not including payroll)
- Request for volunteer help in completing facility maintenance

8.2 Discussion of Facility Guidelines

- Information not included in board packet
- No discussion

8.3 Recommendations from Personnel Task force

- Cross training of staff needed for flexibility in providing services

8.4 Review and Approval of Audit 2008-09

- More review needed, item tabled
- McColley motioned to approve, Sipila second the motion, all in favor 5-0

8.5 Staffing structure – Organizational Chart

- Yeomans identified roles of committees and day-to-day operations as follows:

Acquisition and Development* – Jon and Harold
Personnel* – Jon and Bob
Finance* – David and Harold
District Services* – David and Cesar
District Master Plan* – Bob and Jon
Standing – David (Temporary Administrator)
Botanical Garden – David
MECCA – Jon

*Public notice process required for these committees.

- Yeomans identified the following Ad Hoc Committees

Communications – vacant
Regional Park and Golf Course – David, Harold, Jon (one to be eliminated)
Aquatic Center Construction – Bob and Cesar
Fee Schedule – Bob and Cesar
Friends of MCRPD – Cesar and Jon
Fund Raising – Cesar and Harold
Marketing and Publicity – Cesar and Bob

- Organizational Chart
Item tabled, Yeomans motioned to approve, McColley second the motion, all in favor 5-0

8.6 Approval of board having a facility retreat

- No action taken.

9.0 Items for Agenda-Review Schedule of Meetings

- Friday, November 13, 9AM – Finance meeting
- Friday, November 13, 11AM – Special board meeting

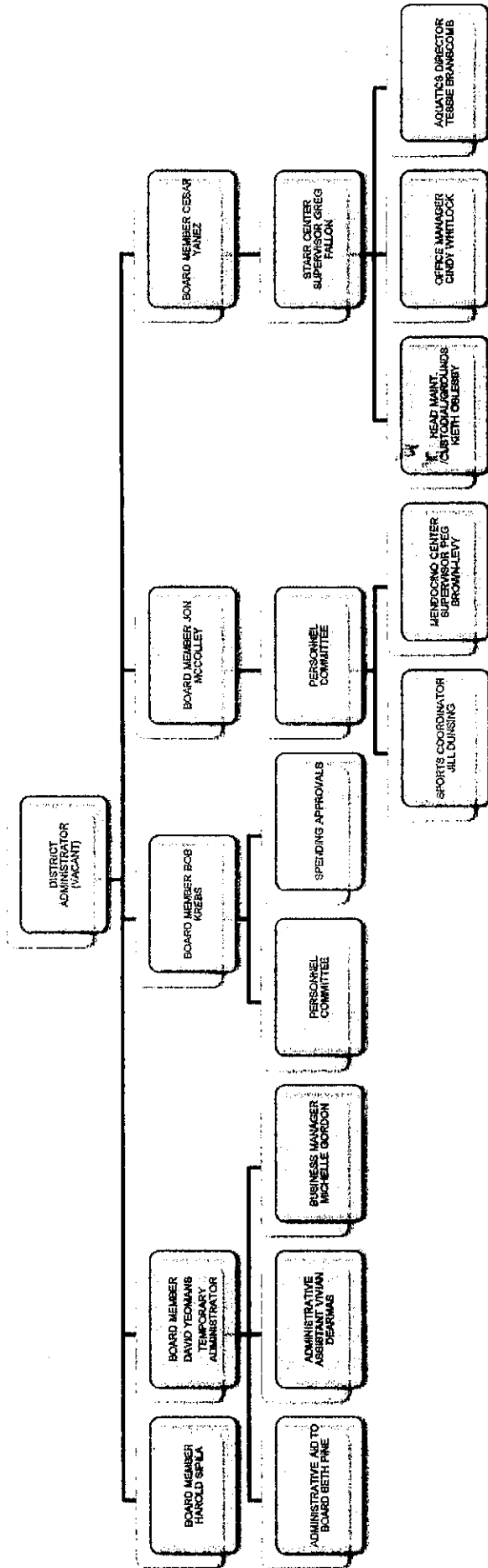
- Wednesday, November 18, 5:30PM – Regular monthly board meeting (Mendocino)
- Friday, December 4th, 9AM – Special board meeting

10.0 Adjournment

- Meeting adjourned at 11:15AM.

MENDOCINO COAST RECREATION AND PARK DISTRICT ORGANIZATION CHART 2009-10

District Administrator works under the direction of the elected District Board of Directors who serve the citizens within the District Boundaries in Mendocino County



MENDOCINO COAST RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2008

Rick Bowers, CPA, PFS, CMA
A Professional Corporation

MENDOCINO COAST RECREATION AND PARK DISTRICT

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June 30, 2008

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Independent Auditor's Report

Certified Public Accountant
Personal Financial Specialist
Certified Management Accountant

The Board of Directors
Mendocino Coast Recreation and Park District
300 S. Lincoln St.
Fort Bragg, CA 95437

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mendocino Coast Recreation and Park District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mendocino Coast Recreation and Park District management. My responsibility is to express an opinion on these financial statements based on my audit.

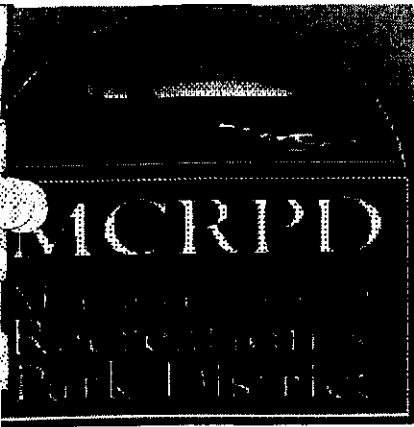
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mendocino Coast Recreation and Park District as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages mda is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Page 1

June 3, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the Mendocino Coast Recreation and Park District (District) is prepared for the fiscal year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

The District's unrestricted net assets have increased \$7,874 or 5.6% over the prior year. Unrestricted net assets may be used for the District's ongoing obligations to its ratepayers and vendors. Total current assets have increased \$229,000 and current liabilities have increased \$291,000 over the fiscal year ended June 30, 2007 primarily due to increases in restricted cash and related deferred revenue liabilities.

OVERVIEW OF THE FINANCIAL STATEMENT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant expenses.

The statement of Net Assets and Statement of Activities reports information about the District as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The District's services are reported in governmental funds which focus on how money flows into and out of the fund, and also the balances left at year-end available for spending. Governmental funds use a current financial resources measurement focus and modified accrual basis of accounting to measure cash and all other financial assets that can easily be converted to cash. The governmental fund statement provides a detailed short-term view of the District operations and the services it provides. Governmental fund information is useful in determining whether there are more or fewer dollars that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (*reported in the Statement of

Net Assets and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statements.

The Statement of revenues, Expenditures and Changes in the Fund Balance-Governmental Fund Budget and Actual provides an opportunity to compare planned budget activity for the year against actual financial activity and is a beneficial tool in guiding the following year's budget decisions.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to obtaining a full understanding of the data provided in the District's fund financial statements.

FINANCIAL ANALYSIS

As noted earlier, the value remaining after subtracting the liabilities from the assets is net assets and that figure, over time, may serve as a useful indicator of financial position.

Of the District's \$15.9 million net assets as of June 30, 2008, capital assets (buildings, land and equipment) make up the majority (99 percent). The District devotes its capital assets to District services for its local residential supporters. Capital assets are not available to repay outstanding liabilities.

NET ASSET COMPARISON (2008-2007)

In 2008, Unrestricted Net Assets increased by \$7,874. Factors contributing to the increase include an increase in services revenue in both Fort Bragg and Mendocino of \$135,000, and increases in property taxes and assessments of \$29,000. These increases have been offset by increases in payroll and payroll tax expenses of \$148,000 and increased program expenses of \$23,000. Net Capital Assets have increased \$2.49 million, due to on-going expenditures on our two major construction projects, the Regional Park and Golf Course Project and the C.V. Starr Community Center and Spath Aquatics Facility.

FRIENDS OF THE MCRPD

The Friends of the MCRPD is a non-profit organization (501 (C) (3) that was created for the purpose of supporting the Mendocino Coast Recreation and Park District's programs, activities and projects. The main emphasis for Friends of MCRPD in 2007-08 supporting fund raising efforts for the C.V. Starr Community Center and Sigrid and Harry Spath Aquatic Facility.

CAPITAL PROJECTS

MCRPD submitted to the County of Mendocino a Capital Improvement Plan. The following are excerpts from that document providing updated details regarding the current capital projects.

C.V. Starr Community Center and Spath Aquatics Facility: |

In June 2008 MCRPD was able to announce to our community another gift from the STARR Foundation. This gift was a result of eighteen months of negotiations with our staff, fund raising consultant and the STARR Foundation representatives. The gift is for \$13.1 million dollars and is expected to be enough to finish both the Natatorium Building and to construct the support facility that will house the locker rooms, bathrooms, exercise and fitness rooms, community rooms and the administrative offices for the District. It is incredibly exciting to be able to complete this long awaited project; our community has been given an unbelievable gift. Construction is scheduled to proceed this summer with an opening date of early summer 2009.

REGIONAL PARK AND GOLF COURSE

In April 2008 MCRPD was able to refinance the \$2.3 million dollar short term mortgage that was held by the Friends of Mendocino Coast Recreation and Park District. The term of the note had come due and MCRPD began to look for long term options. We were able to secure a fully amortized 20 year lease at an interest rate of 4%. The agreement is with a public finance company called Municipal Finance Corporation that specializes in special district projects. This long term financing will give the district the breathing room it will need in the near future to determine the options it has for development of the regional park and golf course. The prospect of both of our large capital projects moving forward concurrently has always been daunting. With the recent understanding that the golf course project is not financially feasible as planned we have moved into a holding pattern and are trying to look at long term preservation of the property and its recreation.

MCDOG

Mendocino Coast Dog Owners Group has developed a very nice off leash dog park at the C.V. Starr Community Center site. There are separate areas for small dogs and large dogs. MCDOG continues to improve the area adding a water station, bulletin board and pet waste stations. MCDOG has approached the district with the goal of making the dog park a permanent feature. Very early discussions have produced conceptual redesign of the combined parking lot and dog park.



Bruce Irwin, MCRPD Administrator

MENDOCINO COAST RECREATION AND PARK DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS

Current Assets:

Cash	\$ 141,091
Accounts Receivable	62,155
Interest Receivable	154
Taxes Receivable	33,899

Restricted:

Cash	248,960
Investments	30,430

Total Current Assets 516,689

Capital Assets:

Land	4,885,399
Construction in Progress	12,796,809
Buildings and Improvements	47,595
Leasehold Improvements	862,969
Equipment	60,917
Total	<u>971,481</u>
Less: Accumulated Depreciation	(537,666)
Total	<u>433,815</u>

Total Net Capital Assets 18,116,023

TOTAL ASSETS 18,632,712

LIABILITIES

Current Liabilities:

Accounts Payable	36,583
Accrued Expenses	16,350
Accrued Interest	28,463
Deferred Revenue	288,062
Current Maturities of Capital Lease	69,475

Total Current Liabilities 438,933

Long-Term Capital Lease 2,230,525

TOTAL LIABILITIES 2,669,458

NET ASSETS

Invested in Capital Assets - Net of Related Debt	15,816,023
Restricted	0
Unrestricted	147,231

TOTAL NET ASSETS \$ 15,963,254

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008

Functions / Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 463,395	\$ 4,029	\$ 19,754	\$ (439,612)
Depreciation	40,923			(40,923)
Fort Bragg	472,847	473,313		466
Mendocino	172,685	172,785		100
Total Primary Government	<u>\$ 1,149,850</u>	<u>\$ 650,127</u>	<u>\$ 19,754</u>	<u>(479,969)</u>
General Revenues:				
Taxes and Assessments				438,543
Grants and Contributions				2,483,546
Unrestricted Investment Earnings				6,071
Miscellaneous				4,681
Total General Revenues				<u>2,932,841</u>
Change in Net Assets				2,452,872
Net Assets - Beginning				<u>13,510,382</u>
Net Assets - Ending				<u>\$ 15,963,254</u>

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2008

	General Fund	Capital Projects	Total Governmental Funds
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 141,091	\$ 248,960	\$ 390,051
Investments		30,430	30,430
Accounts Receivable	60,367	1,788	62,155
Interest Receivable		154	154
Taxes Receivable	33,899		33,899
Due From Other Fund - Net		8,110	8,110
TOTAL ASSETS	<u>\$ 235,357</u>	<u>\$ 289,442</u>	<u>\$ 524,799</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 35,203	\$ 1,380	\$ 36,583
Accrued Expenses	16,350		16,350
Accrued Interest	28,463		28,463
Deferred Revenue		288,062	288,062
Due To Other Fund - Net	8,110		8,110
TOTAL LIABILITIES	<u>88,126</u>	<u>289,442</u>	<u>377,568</u>
<u>FUND BALANCE</u>			
Reserved		0	0
Unreserved	147,231		147,231
TOTAL FUND BALANCE	<u>147,231</u>	<u>0</u>	<u>147,231</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 235,357</u>	<u>\$ 289,442</u>	<u>\$ 524,799</u>

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total Fund Balances - Governmental Funds	\$ 147,231
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.	18,653,689
Accumulated depreciation has not been included in the governmental fund financial statements.	(537,666)
Capital lease for the purchase of capital assets is not a use of financial resources and is not reported in governmental fund financial statements.	<u>(2,300,000)</u>
Total Net Assets - Governmental Activities	<u>\$ 15,963,254</u>

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2008

	General Government	Fort Bragg	Mendocino	Capital Projects	Total Governmental Funds
Revenues:					
Taxes and Assessments	\$ 438,543	\$ -	\$ -	\$ -	\$ 438,543
Redevelopment Funds	19,754				19,754
Contributions & Grants				2,483,546	2,483,546
Services and Concessions	4,029	473,313	172,785		650,127
Interest Income	3,696			2,375	6,071
Miscellaneous	4,681				4,681
Total Revenues	470,703	473,313	172,785	2,485,921	3,602,722
Expenditures:					
Salaries & Wages	686,198				686,198
Payroll Taxes	63,700				63,700
Audit Fees	4,200				4,200
Communication		7,183	689		7,872
District Special Expense	2,952				2,952
Dues and Publications / Adv.		9,242			9,242
Finance Charges	891				891
Insurance	11,863				11,863
Insurance - Health	45,987				45,987
Insurance - Workmen's Comp	11,898				11,898
Legal Fees	10,976				10,976
Maintenance		4,958	2,333		7,291
Office Expense		7,884	1,751		9,635
Professional Services	3,975				3,975
Program Expenses		61,367	18,949		80,316
Refunds	2,158				2,158
Rent		306	3,517		3,823
Small Tools & Equipment			399		399
Supplies	1,203	2,776			3,979
Taxes and Assessments	8,343				8,343
Transportation and Travel	3,488			4,110	7,598
Utilities		54,631	17,437		72,068
Annexation Costs	25,100				25,100
Construction in Progress				2,484,680	2,484,680
Leasehold Improvements				842	842
Equipment				399	399
Interest on Capital Lease	28,463				28,463
General and Admin. Allocation	(448,000)	324,500	123,500		0
Total Expenditures	463,395	472,847	172,685	2,485,921	3,594,848
Excess of Revenues Over Expenditures	\$ 7,308	\$ 466	\$ 100	\$ -	7,874
Fund Balance - Beginning					139,357
Fund Balance - Ending					\$ 147,231

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008

Excess of Revenues Over Expenditures - Governmental Fund \$ 7,874

Current year capital outlays are expenditures in the governmental fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. 2,485,921

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of current year's depreciation is to decrease net assets. (40,923)

Change in Net Assets - Statement of Activities \$ 2,452,872

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

MENDOCINO COAST RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
BUDGET TO ACTUAL
For The Year Ended June 30, 2008

Revenues:	Budget	General Government	Fort Bragg	Mendocino	Variance
Taxes and Assessments	\$ 425,700	\$ 438,543			\$ 12,843
Redevelopment Funds	10,000	19,754			9,754
Services and Concessions	608,800	4,029	473,313	172,785	41,327
Interest Income	1,500	3,696			2,196
Miscellaneous	4,000	4,681			681
Overhead Allocation	171,000				(171,000)
Total Revenues	1,221,000	470,703	473,313	172,785	(104,199)
Expenditures:					
Salaries & Wages	664,000	686,198			(22,198)
Payroll Taxes	55,000	63,700			(8,700)
Audit Fees		4,200			(4,200)
Communication	9,200		7,183	689	1,328
Dues and Publication / Adv.	7,200		9,242		(2,042)
Finance Charges	1,000	891			109
Insurance	15,000	11,863			3,137
Insurance - Health	44,000	45,987			(1,987)
Insurance - Workmen's Comp	20,000	11,898			8,102
Legal Fees	10,000	10,976			(976)
Maintenance	8,000		4,958	2,333	709
Miscellaneous Expense	2,000				2,000
Office Expense	13,000		7,884	1,751	3,365
Professional Services	3,800	3,975			(175)
Program Expenses	78,900		61,367	18,949	(1,416)
Refunds / Returned Checks	4,000	2,158			1,842
Rent	3,100		306	3,517	(723)
Small Tools & Equipment	5,300			399	4,901
Special Department Expense	1,500	2,952			(1,452)
Supplies	1,000	1,203	2,776		(2,979)
Taxes and Assessments	8,000	8,343			(343)
Transportation and Travel	4,000	3,488		4,110	(3,598)
Utilities	62,000		54,631	17,437	(10,068)
Annexation Costs	30,000	25,100			4,900
Interest on Capital Lease		28,463			(28,463)
General and Admin. Allocation		(448,000)	324,500	123,500	0
Appropriation for Contingency	171,000				171,000
Total Expenditures	1,221,000	463,395	472,847	172,685	112,073
Excess of Revenues Over Expenditures	\$ -	\$ 7,308	\$ 466	\$ 100	7,874
Fund Balance - Beginning					139,357
Fund Balance - Ending					\$ 147,231

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

**MENDOCINO COAST RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization

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.

b. Government-Wide Financial Statements

The government-wide financial statements (the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges for services rendered, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental activities and funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America, as defined by the Government Accounting Standards Board (GASB), the independent and ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The District's reporting entity applies all relevant GASB pronouncements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District only uses governmental funds and reports the following major governmental fund types:

General Fund – Comprised of three major divisions; general government, Fort Bragg and Mendocino, the General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund is the District's primary operating fund.

Capital Projects Fund – The Capital Projects Fund is used to account for improvements and construction of recreational facilities financed by grants and private donations.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

d. Reporting Entity

Criteria used in determining the scope of the reporting entity includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The reporting entity consists of the District as the primary, and sole, reporting entity.

e. Budgetary Accounting

An annual budget is adopted by the Board of Directors. The budget is used for operating management and internal accounting control, and may be revised during the year for unanticipated revenues or expenditures.

f. Cash and Investments

Cash and investments consist of short-term highly liquid investments with maturities of ninety days or less from the date of purchase. These include cash in financial institutions, cash on hand, cash held in the restricted asset accounts, and the Local Agency Investment Fund.

g. Receivables and Revenues

Accounts receivable, interest, and taxes associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available when the District receives the cash.

General property tax revenue represents the portion of ad valorem taxes received as determined by their allocation factor. The tax revenue is available for general district use. Tax allocation factors represent each agency's pro rata share of the total ad valorem taxes collected countywide. This allocation is calculated by the county under provisions of Proposition 13, as revised by Assembly Bill 8, by adjustment of "base year" total taxes received, and is modified annually by an adjustment for:

- Increases and decreases in "full cash value" of property within the District's boundaries,
- Increases and decreases resulting from boundary annexations,
- State mandated property tax shifts to fund education.

The County of Mendocino collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to adjustments for voter-approved debt. Property taxes are levied March 1, are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives special taxes pursuant to an arrangement with the County known as the "Teeter Plan", whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

h. Deferred Revenue

The District maintains an ongoing effort in fund raising for its capital projects. Most of the proceeds from fund raising events and activities are donations or grants that are restricted for capital project expenditures. The District records all restricted donations and grants received as deferred revenue until the specific terms of the restriction are met. Once the terms of the restriction are met the District records the revenue and reduces the deferred account accordingly.

i. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund balance sheet.

Capital assets are recorded at cost. Major improvements and additions are charged to the related capital asset accounts. Improvements and additions which do not significantly improve or extend the life of the asset are charged against earnings in the period incurred.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30
Leasehold Improvements	15 - 30
Equipment	5 - 7

j. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by creditors, laws or regulations.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

Cash consists of amounts on deposit in financial institutions. Individual accounts with financial institutions have balances of less than \$250,000 and are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Cash of the District is classified as *Category 1*, indicating that their exposure to potential custodial risk is low. *Category 1* are funds insured by the FDIC or collateralized with securities held by the county or by its agent in its name. These funds are considered "active" and are required to be kept in "cash" or "near cash" status for immediate use by the District.

Restricted cash consists of amounts on deposit with financial institutions. State Statutes require deposits be insured or collateralized. Depositories holding public funds on deposit are required to maintain collateral in the form of a pool of securities with the agent of the depository having a market value of at least 110% of the total amount of all public funds on deposit.

The Local Agency Investment Fund securities are not used as evidence of the investment and include ownership interests in pooled investment funds. These funds are invested in accordance with Government Code Sections 16430 and 16480, the stated investment authority for the pooled money investment account.

Cash and investments as of June 30, 2008 consisted of the following:

Cash:	
Cash in Banks and On Hand	\$ 141,091
Restricted Cash	<u>248,960</u>
Total Cash	<u>\$ 390,051</u>
Investments:	
Edward Jones	<u>\$ 30,430</u>

NOTE 3. CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 2,585,399	\$ 2,300,000	\$ -	\$ 4,885,399
Construction in Progress:				
Fort Bragg Facility	8,682,408	2,456,892		11,139,300
Regional Park	<u>1,629,721</u>	<u>27,788</u>		<u>1,657,509</u>
	<u>10,312,129</u>	<u>2,484,680</u>		<u>12,796,809</u>
Buildings & Improvements	47,595			47,595
Leasehold Improvements	862,127	842		862,969
Equipment	<u>84,368</u>	<u>399</u>	<u>23,850</u>	<u>60,917</u>
Total	994,090	1,241	23,850	971,481
Less: Accumulated Depreciation	<u>520,593</u>	<u>40,923</u>	<u>23,850</u>	<u>537,666</u>
Total	<u>473,497</u>			<u>433,815</u>
Total Net Capital Assets	<u>\$13,371,025</u>			<u>\$18,116,023</u>

NOTE 4. ACCRUED EXPENSES

Certain full-time employees of the District are eligible for paid vacation and sick leave. Employees with less than five years service are allowed a maximum of 20 days vacation time; those having five or more service years are allowed a maximum accrual of 30 days. Sick leave may be accrued to a maximum of 90 days. Total accrued compensation as of June 30, 2008 is \$16,350.

NOTE 5. DEFERRED REVENUE

The District is involved in two significant projects – the new CV Starr Community Center/Sigrid and Harry Spath Aquatic Facility, and the Regional Park/Golf Course project. The district has received grants and donations to help fund these projects.

All restricted funds are recorded as deferred revenue when received, and revenue is recognized as construction costs are incurred. The District has also received pledges from *Friends of MCRPD*, which is not recorded as deferred revenue or recognized in the District's books until receipt.

NOTE 6. LEASE COMMITMENTS

Lease Commitments of the District as of June 30, 2008:
As Lessee:

Fort Bragg Recreation Center Building – This facility is leased from the City of Ft. Bragg for an annual rent of \$1. The term of the lease is for 3 years from July 1, 2007 through June 30, 2009. The District is billed for its share of utilities at 70% of the total rates for gas and electricity, and agrees to keep in good repair and maintenance, excluding the roof and exterior walls.

Mendocino Recreation Center Building – This facility is leased from the Mendocino Unified School District for an annual rent of \$2,220, payable in monthly installments of \$185 per month. The District signed a new lease on June 26, 2008 for the period July 1, 2008 to June 30, 2018. However, at the School District's option, the Lease shall end on June 30, 2010, if the School District determines in its discretion that insufficient progress has been achieved between the parties in reaching a long-term solution to the use and occupancy of the premises.

As Lessor:

Mendocino Coast Botanical Gardens – Land and Buildings are leased to the Mendocino Coast Botanical Gardens Preservation Corporation (a non-profit organization) that operates and maintains the premises. The lease rate is \$1 per year and the term of the lease is for 25 years from October 1, 1991 through September 30, 2016.

NOTE 7. JOINT POWERS AND USE AGREEMENTS

Joint Powers Agreement – A joint powers agreement between the District and Mendocino Unified School District was established to provide for construction and maintenance of joint use recreation facilities and equipment on the Mendocino High School Site. The joint project was completed in 1986. Under the agreement the High School will maintain the facilities and equipment and provide utilities for the events and activities at the site conducted by the District. The District agrees to supervise all recreational activities it conducts at the site.

Each entity shall provide its own liability insurance and will hold each other harmless from liabilities or claims arising from each others' use of the facilities. The agreement is dated April 18, 1985 and extends for 25 years from that date at which time all existing improvements become the sole property of Mendocino Unified School District.

Use Agreements – The District has entered into use agreements for land and facilities for recreational purposes with the Fort Bragg Unified School District and Mendocino Youth Ballpark Association. The agreements are for various terms. They specify that each party is to provide its own supervision and liability insurance for recreational activities conducted and further agree to hold the other party harmless from liabilities or claims arising from each others' use of the facilities.

NOTE 8. CAPITAL LEASE

The District entered into a capital lease for real property dated April 1, 2008, included in the balance sheet as land for \$2.3 million. The lease is payable semi-annually in October and April at \$91,238 over 20 years, which includes principal and interest at 4.95%.

Future principal payments on the capital lease are as follows:

Fiscal year ended June 30, 2009	\$ 69,475
2010	72,957
2011	76,613
2012	80,452
2013	84,484
Thereafter	<u>1,916,019</u>
	\$2,300,000

NOTE 9. CONSTRUCTION COMMITMENTS

The District has several outstanding contracts for services that are funded as construction progresses. The estimated cost to be incurred to complete the Community Center is approximately \$13.6 million, with a 5% contingency built into the project.

The *Friends of MCRPD* has received a gift authorization dated July 22, 2008 from The Starr Foundation for up to \$13.15 million, payable over a period of 18 months for the completion of the C.V. Starr Community Center.

NOTE 10. CONTINGENCIES

Mendocino Redwood Company committed \$150,000 to be used toward the completion of the environmental impact report (EIR) on the Regional Park and Golf Course project. The loan will not accrue interest, and will not be repaid if the EIR is not approved or the project is otherwise abandoned. Funds from the loan are paid to the District as expenses are incurred. If the loan becomes due it will be recorded as a liability and be repaid out of future revenues.