

MENDOCINO COAST RECREATION AND
PARK DISTRICT ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



Prepared by:

Kylie Felicich
General Manager

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Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

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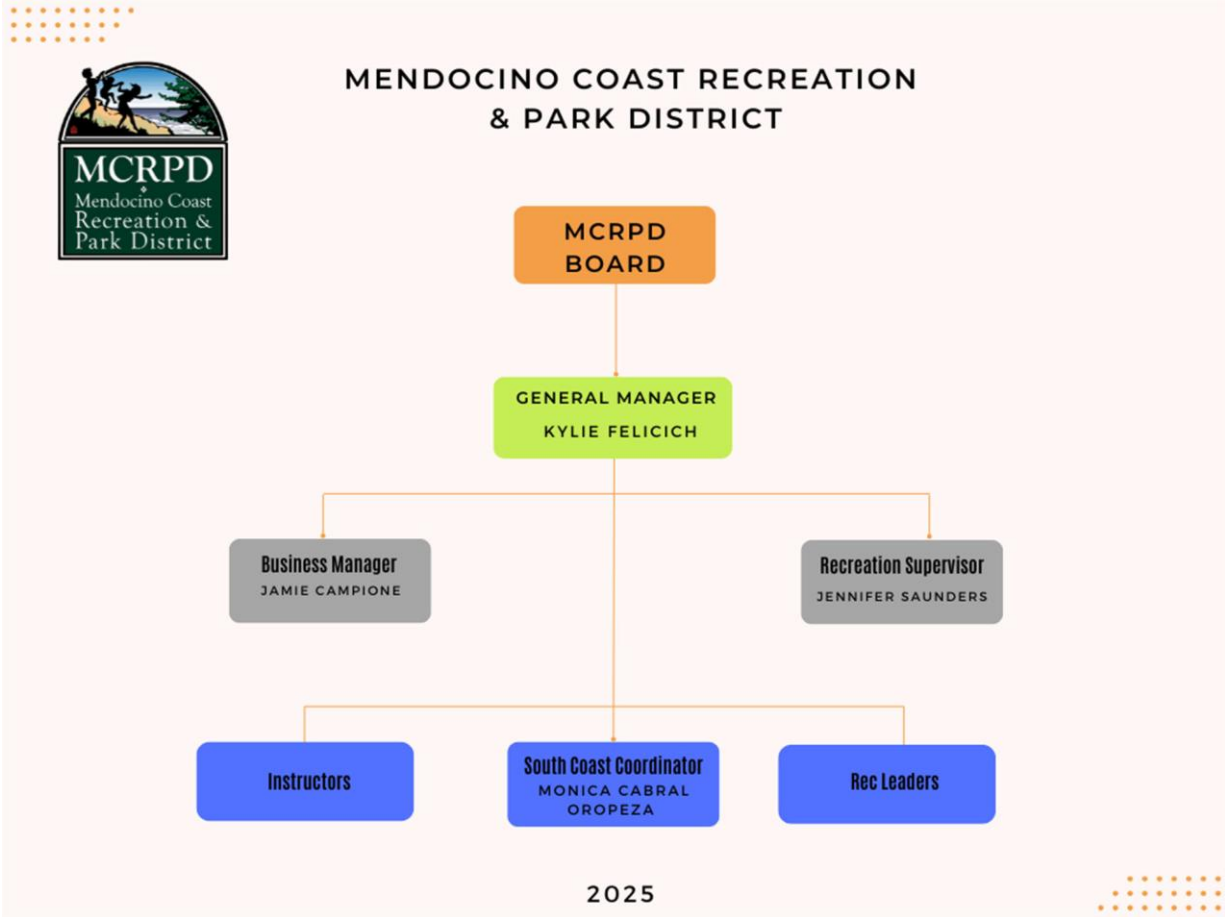
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Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Organization Chart



Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

List of Officials

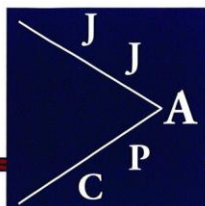
District Board

- Dave Shpak Chair
- Angela Dominguez Vice Chair
- Craig Comen Secretary
- Dana Vogele Director
- Zach Hayward Director

District Officials

- Kylie Felicich General Manager

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JJACPA, Inc.

A Professional Accounting Services Corp.

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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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.

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 4–13 and the budgetary comparison information on page 42 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 March 10, 2026 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. 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.

March 10, 2026

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JJACPA, INC.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

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, 2025. 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 \$3,066,739 at the end of the 2025 fiscal year. The District's total net position decreased by \$310,017.
- The District's net investment in capital assets for its governmental activities as of June 30, 2025 was \$2,632,066.

◆ Government-Wide – Revenues and Expenses

- The District wide revenue from property taxes increased by \$29,745 due to an increase in property values from real estate turnover in recent years.
- The revenue from all programs increased by \$25,848 from the previous year increase in gymnastics and MCRPD Studios.
- The District had an increase in salary and wages of \$243,171 due to an increase in program delivery which resulted in expansion of staff.
- The District had an increase of \$39,854 in equipment and supplies due to purchasing of office furniture and equipment and recreation equipment and startup for the studios.
- The District experienced an increase in professional services due to a one-time expense for accounting and legal in 2024 and 2025.
- The District wide expenditures from all governmental activities increased by \$460,497, compared to the 2024 fiscal year.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

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, 2025

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, 2025, 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 20-25 of this report.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

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 28-40 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 \$3,066,739 as of June 30, 2025. The Summary of Net Position as of June 30, 2025, and 2024, follows:

	Summary of Net Position		
	2025	2024	
	Govern- mental Activities	Govern- mental Activities	Change
Current and other assets	\$ 537,550	\$ 813,565	\$ (276,015)
Noncurrent assets	2,980,573	2,741,813	238,760
Total assets	3,518,123	3,555,378	(37,255)
Current and other liabilities	167,675	70,264	97,411
Long-term liabilities	283,709	108,358	175,351
Total liabilities	451,384	178,622	272,762
Net position:			
Net investment in			
capital assets	2,632,066	2,611,867	20,199
Restricted	-	100,000	(100,000)
Unrestricted	434,673	664,889	(230,216)
Total net position	\$ 3,066,739	\$ 3,376,756	\$ (310,017)

Overall, total net position decreased by (\$310,017). 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, 2025

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2025, and 2024, follows:

	Changes in Net Position	
	2025	2024
Revenues:		
Program revenues:		
Charges for services:	\$ 257,724	\$ 231,876
General revenues:		
Property taxes	408,963	379,218
Use of money and property	24,851	13,451
Intergovernmental	-	8,531
Other general revenues	2,795	1,487
Total revenues	<u>694,333</u>	<u>634,563</u>
Expenses:		
Governmental activities:		
Salaries and benefits	499,081	255,910
Programs	48,333	8,479
Sports	713	2,326
Marketing	13,840	2,888
Operations	325,205	291,274
Events	560	2,208
Other	100,690	768
Interest	15,928	-
Total expenses	<u>1,004,350</u>	<u>563,853</u>
Excess (Deficiency) of revenues over expenditures	<u>(310,017)</u>	<u>70,710</u>
Change in net position	(310,017)	70,710
Net position:		
Beginning of year	3,376,756	3,306,046
End of year	<u>\$ 3,066,739</u>	<u>\$ 3,376,756</u>

Revenues

The District’s total revenues for governmental activities were \$694,333 for the fiscal year ended June 30, 2025. Most of the District’s key revenues are generated in FY 2024-2025 are from two major sources.

- 1. Charges for services** – FY 2024-2025 had an increase of \$25,848.
- 2. Property Taxes** – FY 2024-2025 Property taxes increased by \$29,745 from FY 2023-2024.

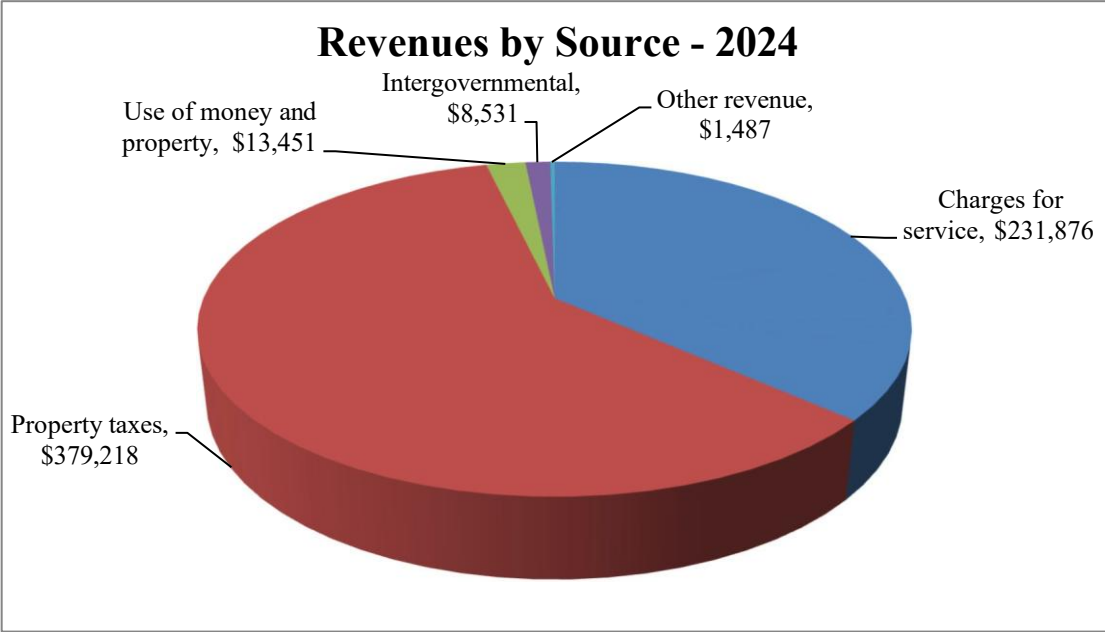
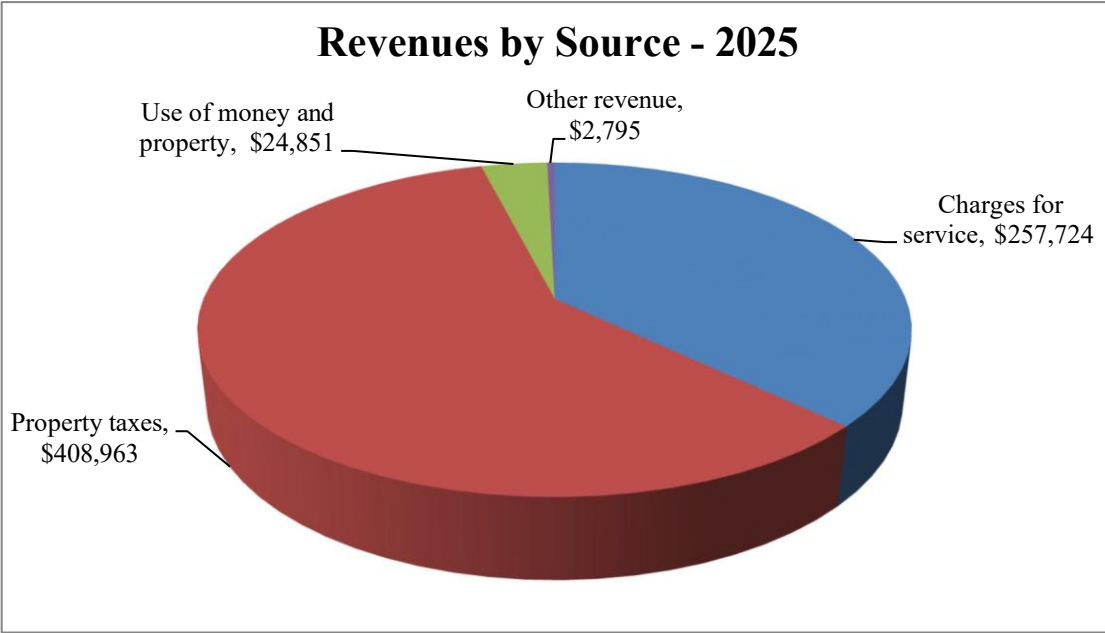
**Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025**

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues, Continued

Revenues by source for the fiscal years ended June 30, 2025, and 2024, are as follows:



Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Below is the breakdown of the overall expenditure:

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, 2025, and 2024, are as follows:

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Salaries and benefits	\$ 499,081	\$ (499,081)	\$ 255,910	\$ (255,910)
Programs	48,333	(48,333)	8,479	(8,479)
Sports	713	60,528	2,326	27,434
Marketing	13,840	(13,840)	2,888	(2,888)
Operations	325,205	(131,245)	291,274	(89,159)
Events	560	1,963	2,208	(2,208)
Other expenses	100,690	(100,690)	-	-
Interest	15,928	(15,928)	768	(768)
Total	<u>\$ 1,004,350</u>	<u>\$ (746,626)</u>	<u>\$ 563,853</u>	<u>\$ (331,978)</u>

1. **Salaries and benefits** – Shows an increase of \$243,171 due to an increase in program delivery and expansion of staff for gymnastics and MCRPD Studios.
2. **Programs** – Shows an increase in expenses of \$39,854 due to purchasing of equipment for new programs and setting up MCRPD Studios.
3. **Sports** – Shows a decrease of \$1,613.
4. **Marketing** – Shows an increase of \$10,952 due to increase in marketing and activity and rebranding of the District.
5. **Operations** – Shows an increase of \$33,931 due to accounting and legal.
6. **Events** – Shows a decrease of \$1,648 due to change in chart of accounts.

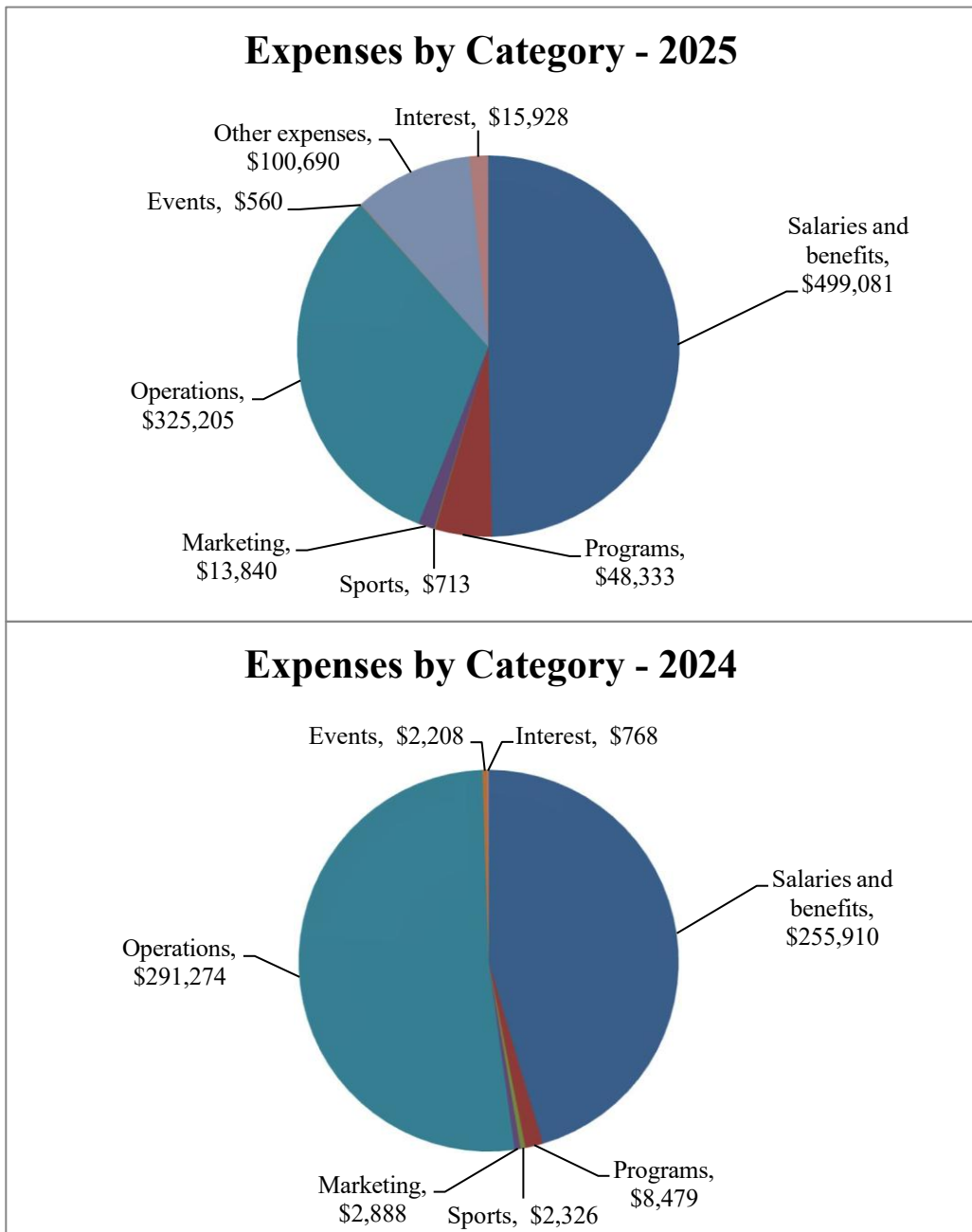
**Mendocino Coast Recreation and Park District
 Basic Financial Statements
 For the year ended June 30, 2025**

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses, Continued

Expenses by category for the fiscal years ended June 30, 2025, and 2024, are as follows:



Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

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, 2025, the District’s governmental funds reported combined fund balances of \$434,673.

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2025, amount to \$2,980,573. This investment in capital assets includes land, surplus property, buildings and improvements, leasehold improvements, and equipment.

	Capital Assets	
	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 2,519,977	\$ 2,519,977
Buildings and Improvements	46,952	46,952
Leasehold improvements	489,853	489,853
Equipment	131,294	28,110
Right to use asset	340,005	131,678
Less: Accumulated Depreciation	(547,508)	(474,757)
Total	<u>\$ 2,980,573</u>	<u>\$ 2,741,813</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements on pages 30-31 for significant accounting policies and note 3 on page 36 for other capital asset information.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

General Fund Budgetary Highlights

	<u>FY 2025-26</u>	<u>FY 2024-25</u>	<u>Percentage change</u>
Revenues:			
Property taxes	\$ 452,000	\$ 407,000	11.1%
Intergovernmental	5,000	-	100.0%
Charges for services	229,800	288,300	-20.3%
Interest	<u>23,000</u>	<u>25,000</u>	-8.0%
Total revenues	<u>\$ 709,800</u>	<u>\$ 720,300</u>	-1.5%
Expenditures:			
Current:			
Programs	\$ 192,800	\$ 156,800	23.0%
Youth sports	10,000	16,500	-39.4%
Adult sports	3,000	6,000	-50.0%
Drop in/new activities	2,000	12,800	-84.4%
Marketing	10,500	-	100.0%
Operations	424,500	436,328	-2.7%
Events	4,000	15,000	-73.3%
Other expenses	<u>21,500</u>	<u>6,000</u>	258.3%
Total expenditures	<u>\$ 668,300</u>	<u>\$ 649,428</u>	2.9%

The difference between the final budget and actual revenues differs by (\$25,967).
The difference between the final budget and actual expenses differs by (\$324,479).

Economic Outlook

- Per The County of Mendocino, property tax revenue for FY 2024-2025 was \$408,963.
- For FY2024-2025, the District’s operating revenue of \$257,724 was collected for services.
- FY2025-2026, total expenses are forecast to be far below budget due to changes in professional services and decreasing part-time payroll.

Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management's Discussion and Analysis, Continued

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) 409-0760.

BASIC FINANCIAL STATEMENTS

Mendocino Coast Recreation and Park District

Statements of Net Position

June 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 466,084
Receivables:	
Accounts	48,291
Prepaid expenses	23,175
Total current assets	<u>537,550</u>
Noncurrent assets:	
Land	2,519,977
Other capital assets, net	460,596
Total noncurrent assets	<u>2,980,573</u>
Total assets	<u>\$ 3,518,123</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 33,790
Accrued liabilities	45,575
Unearned revenue	23,512
Due within one year	64,798
Total current liabilities	<u>167,675</u>
Noncurrent liabilities:	
Long-term debt:	
Due after one year	283,709
Total noncurrent liabilities	<u>283,709</u>
Total liabilities	<u>451,384</u>
NET POSITION	
Net investment in capital assets	2,632,066
Unrestricted (Deficit)	434,673
Total net position	<u>3,066,739</u>
Total liabilities and net position	<u>\$ 3,518,123</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, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Primary government:			
Governmental activities:			
Salaries and benefits	\$ 499,081	\$ -	\$ (499,081)
Programs	48,333	-	(48,333)
Sports	713	61,241	60,528
Marketing	13,840	-	(13,840)
Operations	325,205	193,960	(131,245)
Events	560	2,523	1,963
Other expenses	100,690	-	(100,690)
Interest	15,928	-	(15,928)
Total governmental activities	1,004,350	257,724	(746,626)
Total primary government	\$ 1,004,350	\$ 257,724	(746,626)
General revenues:			
Taxes:			
Property taxes			408,963
Use of money and property			24,851
Other revenues			2,795
Total general revenues			436,609
Change in net position			(310,017)
Net position:			
Beginning of year			3,376,756
End of year			\$ 3,066,739

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, 2025

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 466,084
Receivables:	
Accounts	48,291
Prepaid expenses	23,175
Total assets	<u>\$ 537,550</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	33,790
Accrued liabilities	45,575
Unearned revenue	23,512
Total liabilities	<u>102,877</u>
Fund balances:	
Unassigned	434,673
Total fund balances	<u>434,673</u>
Total liabilities and fund balances	<u>\$ 537,550</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, 2025

Total fund balances - total governmental funds \$ 434,673

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. 2,980,573

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

Due within one year	(64,798)	
Due after one year	(283,709)	(348,507)

Net position of governmental activities \$ 3,066,739

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, 2025

	General Fund Balance Sheet	Reclassifications	Changes in GAAP	Statement of Position
ASSETS				
Current assets:				
Cash and investments	\$ 466,084	\$ -	\$ -	\$ 466,084
Prepaid expenses	23,175	-	-	23,175
Receivables:				
Accounts	48,291	-	-	48,291
Total current assets	<u>537,550</u>	<u>-</u>	<u>-</u>	<u>537,550</u>
Noncurrent assets:				
Land	-	-	2,519,977	2,519,977
Other capital assets, net	-	-	460,596	460,596
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>2,980,573</u>	<u>2,980,573</u>
Total assets	<u>\$ 537,550</u>	<u>\$ -</u>	<u>\$ 2,980,573</u>	<u>\$ 3,518,123</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 33,790	\$ -	\$ -	\$ 33,790
Accrued liabilities	45,575	-	-	45,575
Due within one year	-	-	64,798	64,798
Total current liabilities	<u>102,877</u>	<u>-</u>	<u>64,798</u>	<u>167,675</u>
Noncurrent liabilities:				
Long-term liabilities:				
Due after one year	-	-	283,709	283,709
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>283,709</u>	<u>283,709</u>
Total liabilities	<u>102,877</u>	<u>-</u>	<u>348,507</u>	<u>451,384</u>
FUND BALANCES/NET POSITION				
Fund balances:				
Unassigned (Deficit)	434,673	(434,673)	-	-
Net position:				
Net investment in capital assets	-	-	2,632,066	2,632,066
Restricted	-	-	-	-
Unrestricted	-	434,673	-	434,673
Total fund balances/ net position	<u>434,673</u>	<u>-</u>	<u>2,632,066</u>	<u>3,066,739</u>
Total liabilities and net position	<u>\$ 537,550</u>	<u>\$ -</u>	<u>\$ 2,980,573</u>	<u>\$ 3,518,123</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, 2025

	General Fund
REVENUES:	
Property taxes	\$ 408,963
Charges for services:	
Enrichment	109,628
Youth sports	48,649
Special Events	2,523
Adult Sports	12,592
Drop in	84,332
Use of money and property	24,851
Other revenues	2,795
Total revenues	694,333
EXPENDITURES:	
Current:	
Salaries and benefits	499,081
Programs	48,333
Sports	713
Marketing	13,840
Operations	252,454
Events	560
Other expenses	690
Capital outlay	103,184
Debt service:	
Principal	39,124
Interest	15,928
Total expenditures	973,907
REVENUES OVER (UNDER)	
EXPENDITURES	(279,574)
OTHER FINANCING SOURCES (USES):	
Payments to the City of Fort Bragg	(100,000)
Loan proceeds	49,358
Total other financing sources (uses)	(50,642)
Net change in fund balances	(330,216)
FUND BALANCES:	
Beginning of year	764,889
End of year	\$ 434,673

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, 2025

Functions/Programs	Fund Based Totals	Debt	Depreciation	Capital Asset (Additions)/ Retirements	Payments to City of Fort Bragg	Government- wide Totals
Governmental activities:						
Salaries and benefits	\$ 499,081	\$ -	\$ -	\$ -	\$ -	499,081
Programs	48,333	-	-	-	-	48,333
Sports	713	-	-	-	-	713
Marketing	13,840	-	-	-	-	13,840
Operations	252,454	-	72,751	-	-	325,205
Events	560	-	-	-	-	560
Other expenses	690	-	-	-	100,000	100,690
Capital outlay	103,184	-	-	(103,184)	-	-
Debt service:						
Principal	39,124	(39,124)	-	-	-	-
Interest	15,928	-	-	-	-	15,928
Total governmental activities	\$ 973,907	\$ (39,124)	\$ 72,751	\$ (103,184)	\$ 100,000	\$ 1,004,350

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, 2025

Net change in fund balances - total governmental funds \$ (330,216)

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	103,184	
Depreciation expense	(72,751)	<u>30,433</u>

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

Lease payments		39,124
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Debt issuance is accounted for as an other financing source in the governmental funds and as a liability in the Statement of Net Position:

Loan proceeds		<u>(49,358)</u>
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Change in net position of governmental activities \$ (310,017)

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

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NOTES TO BASIC FINANCIAL STATEMENTS

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements
For the year ended June 30, 2025

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 most 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, 2025, 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 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Governmental Funds

The following is the District's major governmental fund:

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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, Liabilities, and Equity

Cash Deposits and Investments

The District's cash and cash equivalents are 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 expenditure/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, 2025

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 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, 2025

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 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, 2025

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.

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 expenditure 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.
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.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Stewardship, Compliance, and Accountability, Continued

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, 2025, 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.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

2. CASH AND INVESTMENTS

The District had the following cash and investments at June 30, 2025:

	Maturities (in years)			Deposits	Fair Market Value
	< 1	1 to 2	> 2		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank - Checking	\$ -	\$ -	\$ -	\$ 68,500	\$ 68,500
Cash held in California CLASS	-	-	-	397,584	397,584
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,084</u>	<u>\$ 466,084</u>
Financial Statement presentation:					
Cash					\$ 466,084
Total					<u>\$ 466,084</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 the fiscal year end, the District’s carrying amount of demand deposits was \$68,500 and the bank account balance was \$96,273. The difference of \$27,773 represented outstanding checks and deposits in transit. Of the total deposit balance, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC). On June 30, 2025, the District did not have any deposit accounts that exceeded federally insured limits.

Investments in Cooperative Liquid Assets Securities System

The City is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS), a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is overseen and governed by a Board of Trustees, which consists of four members who are public agency finance professionals. The fund is audited annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance <u>July 1, 2024</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>June 30, 2025</u>
Land	\$ 2,519,977	\$ -	\$ -	\$ 2,519,977
Buildings and improvements	46,952	-	-	46,952
Leasehold improvements	489,853	-	-	489,853
Equipment	28,110	103,184	-	131,294
Right to use asset	<u>131,678</u>	<u>208,327</u>	-	<u>340,005</u>
Total capital assets	<u>3,216,570</u>	<u>311,511</u>	-	<u>3,528,081</u>
Accumulated depreciation and amortization	<u>(474,757)</u>	<u>(72,751)</u>	-	<u>(547,508)</u>
Net capital assets	<u>\$ 2,741,813</u>	<u>\$ 238,760</u>	<u>\$ -</u>	<u>\$ 2,980,573</u>

Depreciation expense for governmental activities was charged to the operations function for \$72,751.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2025:

	<u>Governmental Activities</u>
Accounts payable	\$ 33,790
Accrued payroll	<u>45,575</u>
Total	<u>\$ 79,365</u>

These amounts resulted in the following concentrations in payables:

Vendors 43% Employees 57%

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, 2025

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Lease liability	\$ 129,947	\$ 208,326	\$ (38,162)	\$ 300,111	\$ 58,831
Loan Payable	-	49,358	(962)	48,396	5,967
Total	\$ 129,947	\$ 257,684	\$ (39,124)	\$ 348,507	\$ 64,798

Lease Liability

On May 16, 2024 the District entered into a lease agreement for a building at 579 South Franklin Street to be used as a recreational facility. The District is required to make principal and interest payments through May 2029. The lease agreement has an interest rate of 7% which is the incremental borrowing rate to discount the future payments. The total amount of right to use leased asset, and the related accumulated amortization on right to use leased asset was \$131,678 and \$28,530, as of June 30, 2025, respectively.

On January 1, 2025 the District entered into a lease agreement for a building at 100 N. Main Street to be used as an administrative building and gymnastics studio. The District is required to make principal and interest payments through January 2030. The lease agreement has an interest rate of 7% which is the incremental borrowing rate to discount the future payments. The total amount of right to use leased asset, and the related accumulated amortization on right to use leased asset was \$208,327 and \$20,833, as of June 30, 2025, respectively.

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 58,831	\$ 19,159	\$ 77,990
2027	66,028	14,809	80,837
2028	72,067	9,995	82,062
2029	77,633	4,686	82,319
2030	<u>25,552</u>	<u>524</u>	<u>26,076</u>
	<u>\$ 300,111</u>	<u>\$ 49,173</u>	<u>\$ 349,284</u>

Loan Payable

On April 4, 2025 the District entered into a loan agreement for the purchase of a vehicle. The District is required to make principal and interest payments through April 2032. The loan agreement has an interest rate of 6.02%.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

5. LONG-TERM LIABILITIES, Continued

Loan Payable, Continued

Future debt service on June 30, 2025 for the loan payable is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	\$ 5,967	\$ 2,594	\$ 8,561
2027	6,315	2,247	8,562
2028	6,683	1,879	8,562
2029	7,073	1,489	8,562
2030	7,485	1,077	8,562
2031-2032	14,873	822	15,695
	<u>\$ 48,396</u>	<u>\$ 10,108</u>	<u>\$ 58,504</u>
Due within one year	\$ 5,967	\$ 2,594	\$ 8,561
Due after one year	42,429	7,514	49,943
	<u>\$ 48,396</u>	<u>\$ 10,108</u>	<u>\$ 58,504</u>

6. NET POSITION/ FUND BALANCES

Net Position

	Governmental Activities
Net investment in capital assets	\$ 2,632,066
Unrestricted	434,673
Total	<u>\$ 3,066,739</u>

Fund Balance

Fund balances consisted of the following:

Major Fund:	
General Fund:	
Unassigned	\$ 434,673
Total	<u>\$ 434,673</u>

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

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, 2025.

8. RELATED PARTY TRANSACTIONS

Mendocino Coast Botanical Gardens

The Mendocino Coast Botanical Garden rents a 47-acre site from the District, for \$1.00 per year. The present rental agreement was renewed on September 30, 2016 and expires in 2041. The Mendocino Botanical Garden is responsible for all up-keep, maintenance, insurance, and improvements to buildings, systems and land. There is also a provision in the agreement to maintain the site for public use.

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to fulfill grant requirements, which are not reflected in the financial statements. Management believes that such commitments or contingencies will not have a material adverse effect on the financial statements.

10. SUBSEQUENT EVENTS

The Council's management has evaluated subsequent events through March 10, 2026, which is the date the financial statements were available to be issued and noted no significant subsequent events that could impact the understanding of the users of the financial statements. No material subsequent events were noted.

Mendocino Coast Recreation and Park District, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

11. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.*" The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 101, "*Compensated Absences.*" The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 102, "*Certain Risk Disclosures.*" The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 103, "*Financial Reporting Model Improvements.*" The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

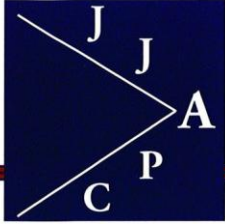
The GASB has issued Statement No. 104, "*Disclosure of Certain Capital Assets.*" The objective of this Statement is to improve the clarity and consistency of note disclosures related to capital assets by requiring governments to separately disclose certain types of capital assets, including lease assets, intangible right-to-use assets, subscription assets, and capital assets held for sale. These enhanced disclosures are intended to provide financial statement users with more decision-useful information about the nature and composition of a government's capital assets. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2025

	Original Budget	Final Budget	Actual	Variance w/Final
REVENUES:				
Property taxes	\$ 407,000	\$ 407,000	\$ 408,963	\$ 1,963
Charges for services				
Enrichment	196,500	196,500	109,628	(86,872)
Youth sports	32,500	32,500	48,649	16,149
Special Events	15,000	15,000	2,523	(12,477)
Adult Sports	7,500	7,500	12,592	5,092
Drop in	16,800	16,800	84,332	67,532
Use of money and property	25,000	25,000	24,851	(149)
Other revenues	20,000	20,000	2,795	(17,205)
Total revenues	<u>720,300</u>	<u>720,300</u>	<u>694,333</u>	<u>(25,967)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	-	-	499,081	499,081
Programs	156,800	156,800	48,333	(108,467)
Sports	35,300	35,300	713	(34,587)
Marketing	-	-	13,840	13,840
Operations	436,328	436,328	410,690	(25,638)
Events	15,000	15,000	560	(14,440)
Other expenses	6,000	6,000	690	(5,310)
Total expenditures	<u>649,428</u>	<u>649,428</u>	<u>973,907</u>	<u>324,479</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>70,872</u>	<u>70,872</u>	<u>(279,574)</u>	<u>(350,446)</u>
OTHER FINANCING SOURCES (USES):				
Payments to the City of Fort Bragg	-	-	(100,000)	(100,000)
Loan proceeds	-	-	49,358	49,358
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(50,642)</u>	<u>(50,642)</u>
Net change in fund balances	<u>70,872</u>	<u>70,872</u>	<u>(330,216)</u>	<u>(401,088)</u>
FUND BALANCES (DEFICIT):				
Beginning of year	764,889	764,889	764,889	-
End of year	<u>\$ 835,761</u>	<u>\$ 835,761</u>	<u>\$ 434,673</u>	<u>\$ (401,088)</u>

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



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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2026.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

March 10, 2026

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JJACPA, INC.