

FY 2015-2016 Budget - Preliminary

Overview

The proposed Mendocino Coast Recreation and Park District (MCRPD or District) FY 15/16 Budget is prepared for the Mendocino Coast Recreation & Park District (MCRPD) Board in accordance with the District’s bylaws. The proposed FY 15/16 budget projects a \$3,344 net revenue for the year.

The proposed FY 15/16 budget has been assembled to best continue operation of the District with a focus on continuing current programs and level of service. Variances from the previous year’s budget are due to revenue and expenditure history being utilized to more accurately forecast revenues and costs. As a measure to lessen increasing costs, cost allocation has been utilized to optimize operational efficiency throughout the MCRPD agency, including the operation of the C.V. Starr Community Center (CVSCC).

Reserves funds have been introduced into the budget to strengthen the financial position of District. For this first year, an amount of 10% of the general fund (non-restricted) has been allocated to the general fund operating reserve.

Long-term liabilities continue to present a significant financial burden on the District, with a capital lease in default in an amount over \$2,000,000 for which the District has filed for bankruptcy. The District is also in default on another debt in the amount of \$150,000; a principal payment on this loan in the amount of \$20,000 is proposed as part of the FY 15/16 budget. As the District prepares its budget it is mindful of these obligations.

In accordance with the District bylaws and PRC 5788.1, the District Board shall adopt a preliminary budget. The adoption of a final budget shall take place at a subsequent meeting following the adoption of the preliminary budget and the publishing of a notice of the preliminary budget.

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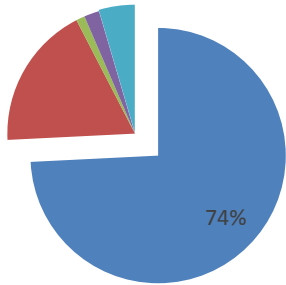
Summary of Revenues and Expenditures

Description	FY 15/16 Proposed
Operating Revenue	
Kudos and ASSETS	\$ 405,225
Program: Central	99,404
Program: North	6,000
Program: South	10,500
Miscellaneous	<u>24,899</u>
Total Operating Revenue	546,028
Other Revenue	
Property Tax	<u>255,692</u>
Total Other Income	255,692
Total Revenues	<u>801,720</u>
Operating Expense	
Wages and Benefits	607,361
Administrative	96,005
Kudos and ASSETS	11,100
Operations: Central	45,870
Operations: North	4,980
Operations: South	2,360
Other Expenses	<u>700</u>
Total Operating Expense	768,376
Other Expenses	
Classification/Comp. Plan	10,000
Loan Principal Payments	<u>20,000</u>
Total Other Expenses	30,000
Total Expenses	<u>798,376</u>
Net Revenue/(Expense)	<u><u>3,344</u></u>
Beginning Avail. Net Assets	153,000
Net Revenue/(Expense)	<u>3,344</u>
Available Net Assets	<u><u>156,344</u></u>
Operating Reserve	39,204
Capital Improvement Reserve	-
Unrestricted Net Assets	<u>117,140</u>
Available Net Assets	<u><u>156,344</u></u>

Operating Revenues

Revenue generated from operating the MCRPD is collected through user fees and other miscellaneous sources. Pie chart graphics represent the percentage of the proposed FY 15/16 operating revenues.

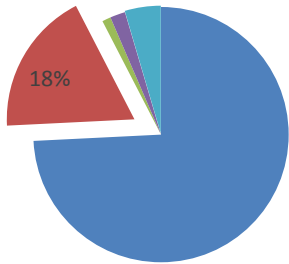
Kudos and ASSETS



Kudos and ASSETS revenue consists of California Department of Education After School Education and Safety (ASES) Program grant funds and 21st Century Community Learning Centers grant funds, both of which are managed and reimbursed by the Fort Bragg Unified School District. ASES funding supports the Kudos for Kids afterschool program and the 21st Century Community Learning Centers funding supports the After School Safety and Enrichment for Teens (ASSETS) program.

Proposed for FY 15/16 budget, Kudos and ASSETS revenue is \$405,225 and accounts for 74% of the District operating revenue.

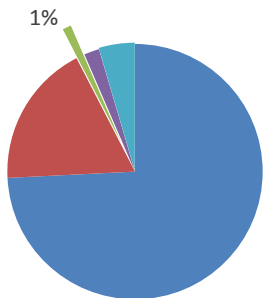
Program: Central



Program revenues for the central region include user fees collected for general admission, registration and rentals for the area of the District from Fort Bragg to Elk.

Proposed for FY 15/16 budget, program revenue for the central region is \$99,404 and accounts for 18% of the District operating revenue.

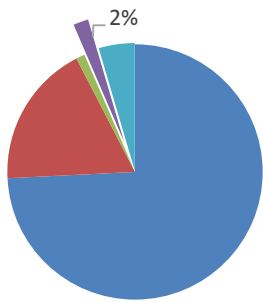
Program: North



Program revenues for the north region include user fees collected for general admission, registration and rentals for the Westport area of the District.

Proposed for FY 15/16 budget, program revenue for the north region is \$6,000 and accounts for 1% of the District operating revenue.

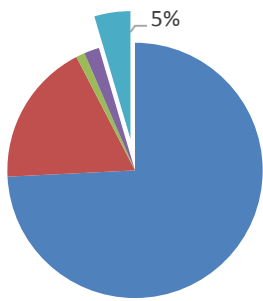
Program: South



Program revenues for the south region include user fees collected for general admission, registration and rentals for the area of the District from Manchester to Gualala.

Proposed for FY 15/16 budget, program revenue for the south region is \$10,500 and accounts for 2% of the District operating revenue.

Miscellaneous



Miscellaneous revenues include funds collected from the C.V. Starr Community Center Operating Agreement, fundraising, and interest income.

Proposed for FY 15/16 budget, miscellaneous revenue is \$24,899 and accounts for 5% of the District operating revenue.

Other Revenue

Property Tax

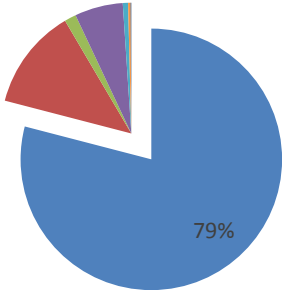
The District collects property tax to support recreation and park activities. A tax sharing agreement allocates 45% of the property tax and 100% of Redevelopment Agency Pass-Through funds to the City of Fort Bragg to support C.V. Starr Community Center and Fort Bragg recreation. The remaining 55% of collected property tax supports the District's general fund.

Proposed for the FY 15/16 budget, property tax revenue is \$255,692.

Operating Expenditures

Operating expenditures are costs directly related to the operation of the District. Pie chart graphics represent the percentage of the proposed FY 15/16 operating expenditures.

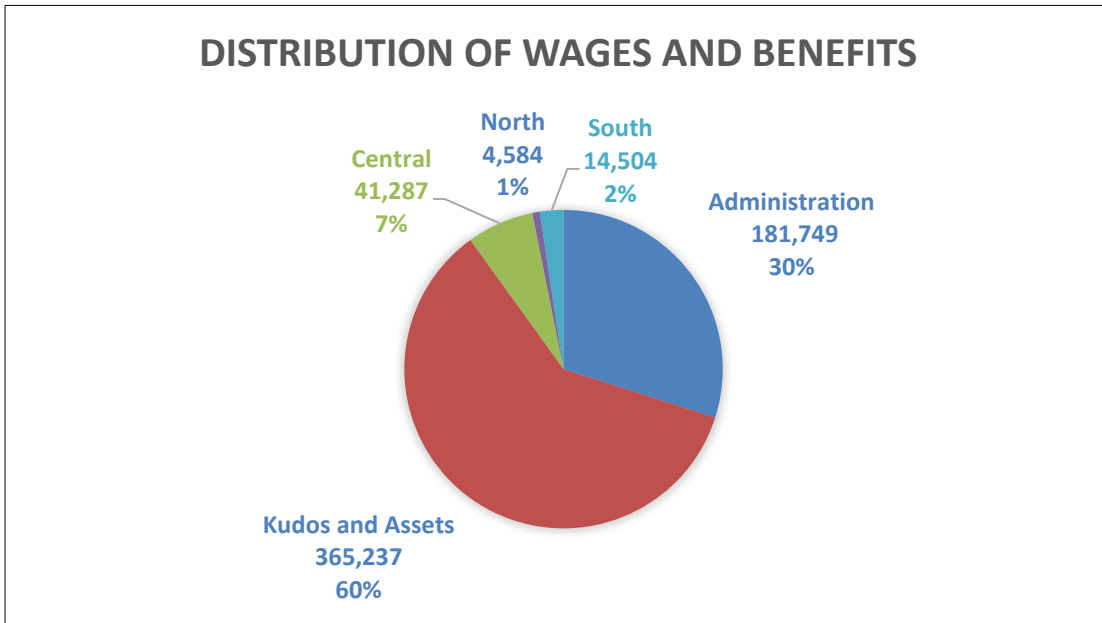
Wages and Benefits



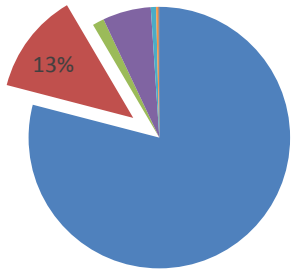
Wages and benefits account for the monetary compensation paid to employees, healthcare benefits, workers compensation insurance, state unemployment insurance, state employment training tax, federal insurance contribution act tax (FICA), and federal Medicare tax.

Proposed FY 15/16 wages and benefits total \$607,361 and account for 79% of the District operating expenditures and include:

- performance qualifying step increases (1.5% of wages)
- adjustment to Kudos and ASSETS staff levels to meet program demand
- adjustment to a staff allocation plan; the following allocated positions are included in administration wages and benefits expenditures:
 - Director (0.37 FTE)
 - Business Manager (1.00 FTE)
 - Aquatic and Program Coordinator (0.09 FTE)
 - Recreation Specialist (1.00 FTE)
 - Guest Service Coordinator (0.09 FTE)
 - Assistant Coordinator – Guest Services (0.09 FTE)
 - Guest Service Representative (0.16 FTE)
 - Maintenance Coordinator (0.05 FTE)
 - Custodial/Maintenance Worker (0.10 FTE)



Administrative

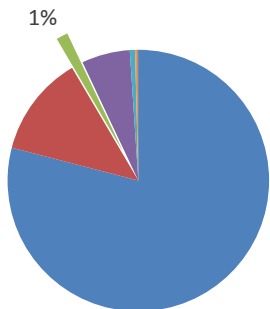


Administrative expenditures include advertising, attorney services, auditor services, bank fees, communications, insurance, interest expenses, LAFCO, office supplies/equipment, professional services, property tax administration, recruitment, training, travel expenses, uniforms and utilities. Administrative expenditures support the following District administration, business, and centralized activities:

- Accounting/bookkeeping
- Board of Directors
- Budget administration
- Contract management
- Customer service
- Financial reporting
- Human resource management
- Information technologies
- Legal
- Marketing
- Payroll
- Planning and development
- Purchasing
- Risk management
- Grant management

Proposed FY 15/16 administrative expenditures total \$96,005 and account for 13% of the District operating expenditures.

Kudos and ASSETS

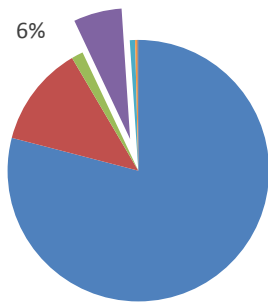


Kudos and ASSETS expenditures include supplies and services that support the Kudos and ASSETS program.

The Kudos for Kids afterschool program supports up to 120 children at each of the three school sites: Redwood Elementary School, Dana Gray Elementary School, and Fort Bragg Middle School. The After School Safety and Enrichment for Teens (ASSETS) program supports approximately 150 students at the Fort Bragg High School.

Proposed FY 15/16 Kudos and ASSETS expenditures total \$11,100 and account for 1% of the District operating expenditures.

Operations: Central

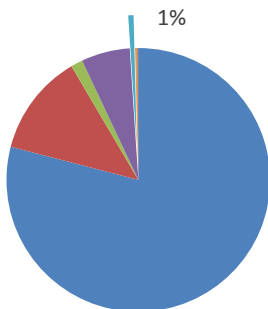


Operation expenditures for the central region (area of the District from Fort Bragg to Elk) include supplies and services that support central region programs. Central region programs include the following:

- Flynn Creek Circus Camp (summer)
- Gymnastics (year-round)
- Hoopstars Basketball (fall and winter)
- Junior Giants (summer)
- Just for Kids Summer Day Camp
- Just for Kids Vacation Day Camp
- Second Grade Swim Lessons
- Skate Night (year-round)
- Youth Basketball League (winter)
- Youth Golf Clinics (summer)
- Coed Softball League (spring)
- Drop-in basketball
- Drop-in volleyball
- Coast Cup Soccer Tournament
- Men's Basketball League (winter)
- Men's Softball League (summer)
- Jesse Ales Men's Softball Tournament
- Ricky Del Fiorentino Coed Softball Tournament
- Aquathon / Silent Auction
- Interactive Underwater Program
- Steam Donkey Mile Run/Walk

Proposed FY 15/16 operation expenditures for the central region total \$45,870 and account for 6% of the District operating expenditures.

Operations: North

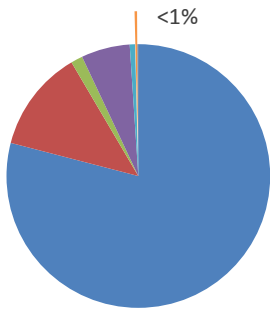


Operation expenditures for the north region (Westport area of the District) include supplies and services that support north region programs. North region programs include the following:

- Adult drop-in fitness classes (4 classes/week)
- Monthly family movie nights
- Youth enrichment classes (summer)
- Disc golf course maintenance
- Disc golf tournament

Proposed FY 15/16 operation expenditures for the north region total \$4,980 and account for 1% of the District operating expenditures.

Operations: South

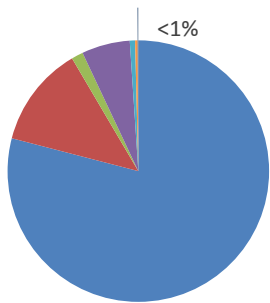


Operation expenditures for the south region (area of the District from Manchester to Gualala) include supplies and services that support south region programs. South region programs include the following:

- Junior Giants (summer)
- Just for Kids Summer Day Camp
- Redwood Coast Recreation Center (RCRC) development
- RCRC Rec Rally
- Swimming lessons (during summer)

Proposed FY 15/16 operation expenditures for the south region total \$2,360 and account for less than 1% of the District operating expenditures.

Other Expenses



Other expenses include fundraising expenditures. Proposed for FY 15/16 other expenses total \$700 and account for less than 1% of the District operating expenditures.

Other Income and Expenses

Classification/Compensation Plan

As the District's staff organization evolves, especially in respect to cost allocating for "shared" employees with CVSCC operation, the completion of a classification and compensation plan is proposed. As recommended in a recent operational assessment completed by consultant Mike Shellito, the MCRPD and CVSCC have "an inconsistent approach to the use of position titles, salary ranges and benefits. The [MCRPD and CVSCC] would benefit from a comprehensive classification and compensation plan." A consultant or outside human resource firm would be used to complete the classification and compensation plan. The estimated total cost to complete the plan is \$20,000 of which \$10,000 is attributed to the District's proposed FY 15/16 budget based on District and CVSCC having an equal number of classifications (job descriptions).

Loan Principle Payments

The District entered into a lease with WestAmerica Bank secured by real property. This capital lease is currently in default in the amount of \$2,173,130. The District has filed for bankruptcy to resolve this debt, which has been appealed by WestAmerica Bank and has yet to be resolved. Repayment of this debt has not been included in the proposed FY 15/16 budget.

The District entered into a note with Ray Roeder Living Trust in 2010. The note is currently in default in the amount of \$150,000. Proposed in the FY 15/16 budget is the continuation of monthly interest payments (10% per annum) and a single principal payment of \$20,000.

MCRPD Reserve Funds

Adequate reserve levels are a necessary component of the District's overall financial management strategy and key factor in external agencies' measurement of the District's financial strength.

General Fund Operating Reserve

The District shall strive to maintain an Operating Reserve with a target balance of 10% of the District general fund operating budget (unrestricted funds). This operating reserve is maintained to address temporary revenue shortfalls; payment of approved expenditures due to cash flow shortage; approved expenditures deemed necessary by the District Board; and other unanticipated expenses as approved by the District Board. An annual contribution shall be included in the annual budget to maintain the target reserve level.

The District's budget is presented as a single fund, however, the Kudos and Assets are restricted use funds and not included in the calculation of the District's General Fund Operating Reserve. The General Fund Operating Budget (not including Kudos and Assets) totals \$392,039 for FY 15/16. The amount budgeted for this reserve is \$39,204.

Capital Improvement Reserve: It will be the policy of the District to maintain a Capital Improvement Reserve Fund to provide funding for capital improvements including debt repayment. This capital reserve is maintained to address payment of approved capital improvement expenditures and any other unanticipated expenses as approved by the District Board.

This reserve fund has just recently been recognized by the District as a reserve to fund, but still requires capital improvement planning to properly determine the appropriate level of funding. Building this reserve shall take place once this planning work has been completed.