



# City of Fort Bragg

416 N Franklin Street  
Fort Bragg, CA 95437  
Phone: (707) 961-2823  
Fax: (707) 961-2802

## Meeting Agenda Special City Council

**THE FORT BRAGG CITY COUNCIL MEETS CONCURRENTLY  
AS THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT  
NO. 1 AND THE FORT BRAGG REDEVELOPMENT SUCCESSOR  
AGENCY**

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Wednesday, March 22, 2023

1:30 PM

Town Hall, 363 N Main Street  
and Via Video Conference

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### Joint City Council/MCRPD Special Meeting - CV Starr Mid-Year Budget Workshop

#### CALL TO ORDER

#### ROLL CALL

#### COUNCILMEMBERS PLEASE TAKE NOTICE

*Councilmembers are reminded that pursuant to the Council policy regarding use of electronic devices during public meetings adopted on November 28, 2022, all cell phones are to be turned off and there shall be no electronic communications during the meeting. All e-communications such as texts or emails from members of the public received during a meeting are to be forwarded to the City Clerk after the meeting is adjourned.*

#### ZOOM WEBINAR INVITATION

*This meeting is being presented in a hybrid format, both in person at Town Hall and via Zoom. Hi there,*

*You are invited to a Zoom webinar.*

*When: Mar 22, 2023 01:30 PM Pacific Time (US and Canada)*

*Topic: Joint City Council/MCRPD Special Meeting - CV Starr Mid-Year Budget Workshop*

*Please click the link below to join the webinar:*

*<https://us06web.zoom.us/j/84992269227>*

*Or Telephone: +1 669 444 9171 or +1 719 359 4580 (\*6 unmute/mute, \*9 raise hand)*

*Webinar ID: 849 9226 9227*

*To speak during public comment portions of the agenda via zoom, please join the meeting and use the raise hand feature when the Mayor or Acting Mayor calls for public comment on the item you wish to address.*

#### **1. PUBLIC COMMENTS ON THIS SPECIAL MEETING AGENDA**

*Public comments may be made on the matters described in this Special Meeting Notice (Government Code Section 54954.3).*

#### **2. CONDUCT OF BUSINESS**

**2A. [23-088](#)** Conduct Joint City Council/Mendocino Coast Recreation & Park District Board Work Session for C.V. Starr Community Center FY 2022/23 Mid-Year Budget Review

**Attachments:** [FY2022/23 CVSCC Budget Report](#)  
[CV Starr Financial Statements FY 2021/22](#)

**ADJOURNMENT**

STATE OF CALIFORNIA        )  
   )ss.  
 COUNTY OF MENDOCINO    )

I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on March 20, 2023.

\_\_\_\_\_  
 Diana Sanchez  
 Administrative Assistant

**NOTICE TO THE PUBLIC:**

**DISTRIBUTION OF ADDITIONAL INFORMATION FOLLOWING AGENDA PACKET DISTRIBUTION:**

- *Materials related to an item on this Agenda submitted to the Council/District/Agency after distribution of the agenda packet are available for public inspection upon making reasonable arrangements with the City Clerk for viewing same during normal business hours.*
- *Such documents are also available on the City of Fort Bragg’s website at <https://city.fortbragg.com> subject to staff’s ability to post the documents before the meeting.*

**ADA NOTICE AND HEARING IMPAIRED PROVISIONS:**

*It is the policy of the City of Fort Bragg to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities.*

*If you need assistance to ensure your full participation, please contact the City Clerk at (707) 961-2823. Notification 48 hours in advance of any need for assistance will enable the City to make reasonable arrangements to ensure accessibility.*

*This notice is in compliance with the Americans with Disabilities Act (28 CFR, 35.102-35.104 ADA Title II).*



# City of Fort Bragg

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## Text File

File Number: 23-088

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**Agenda Date:** 3/22/2023

**Version:** 1

**Status:** Business

**In Control:** Special City Council

**File Type:** Staff Report

**Agenda Number:** 2A.

Conduct Joint City Council/Mendocino Coast Recreation & Park District Board Work Session for C.V. Starr Community Center FY 2022/23 Mid-Year Budget Review

C.V. Starr Community Center



Sigrid & Harry Spath Aquatic Facility



# Mid-Year BUDGET REPORT FY2022-2023

March 22, 2023

## C.V. STARR COMMUNITY CENTER

[www.mendocoastrec.org](http://www.mendocoastrec.org)

300 S Lincoln Street, Fort Bragg, CA 95437

The C. V. Starr Community Center (CVSCC) FY2022-2023 Annual Budget Report is prepared for the Fort Bragg City Council and Mendocino Coast Recreation & Park District (MCRPD) Board in accordance with the operating agreement between the two associated entities.

The Center is operating in accordance with the approved FY2022-2023 budget. The proposed Mid-Year FY2022-2023 budget has been developed to provide the most realistic forecast possible, given the information available to staff at the time.



Mendocino Coast Recreation and Park District  
Board of Directors and Term Expires:

Barbara Burkey, Board Chair - December 2026  
Bob Bushansky, Board Vice Chair - December 2026  
Kylie Felicich, Board Secretary - December 2026  
Angela Dominguez, Board Member - December 2024  
John Huff, Board Member - December 2024

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# BUDGET SUMMARY

CV STARR ENTERPRISE							
	Amended Budget	Pro Rated Budget as of 12/31/2022	YTD Actual 12/31/2022	Mid-Year Variance %	Variance Budget vs. Actual	Estimated Year End	Forecast Surplus/ (Shortfall)
Operating Revenue	\$ 578,882	\$ 289,441	\$ 302,861	52%	\$ 13,420	\$ 578,882	\$ -
Sales Tax	1,257,000	628,500	609,098	48%	(19,402)	1,257,000	-
Property Tax	272,625	136,312	169,765	62%	33,452	272,625	-
Other Income	20,000	10,000	383	2%	(9,617)	20,000	-
<b>Total Revenue</b>	<b>2,128,507</b>	<b>1,064,253</b>	<b>1,082,107</b>	<b>51%</b>	<b>17,853</b>	<b>2,128,507</b>	<b>-</b>
Personnel Costs	1,182,621	591,310	574,152	49%	(17,158)	1,052,351	130,270
Operations	325,683	162,842	56,502	17%	(106,340)	236,536	89,147
Repairs & maintenance	125,635	62,818	27,344	22%	(35,474)	76,132	49,503
Capital Improvements	435,359	217,680	38,920	9%	(178,760)	277,000	158,359
Utilities	373,100	186,550	186,406	50%	(144)	373,100	-
Professional Services	52,399	26,200	17,910	34%	(8,289)	35,696	16,703
Insurance	65,836	32,918	29,621	45%	(3,297)	65,836	-
<b>Total Expenditures</b>	<b>2,560,633</b>	<b>1,280,316</b>	<b>930,854</b>	<b>36%</b>	<b>(349,462)</b>	<b>2,116,651</b>	<b>443,982</b>
<b>Net Revenue/(Expense)</b>	<b>\$ (432,126)</b>	<b>\$ (216,063)</b>	<b>\$ 151,252</b>	<b>-35%</b>	<b>\$ 367,315</b>	<b>\$ 11,856</b>	<b>443,982</b>

# REVENUES

## Operating Revenue

Operating Revenue consists of three main categories. General admission, Rentals and Registrations. End of FY 2022-2023 Operating Revenue is estimated at \$578,882. Operating Revenue is expected to increase by approximately \$179,000 over the last fiscal year. This is Great news, as it means the Center is getting closer to its pre-pandemic levels.

**General admission** revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. As the year moves forward and winter sets in, we are seeing a steady increase in both drop-ins and memberships. We were also able to add two new spin-instructors whose classes are increasingly filling up. Beginning April 7, 2023, the Center will be opening up on Friday's with limited hours on the gym side. By adding Friday's, we have also been able to add three more fitness classes. This should help with bringing in more members and make our existing members very happy.

**Rental** revenue is collected for private rentals of facilities, such as birthday party room rentals and pool rentals. The Mendocino Coast Sea Dragons Swim Team, Fort Bragg High School Swim Team, Mendocino High School Swim Team, and Tidal Waves (Special Olympics) Swim Team all rent lanes in the Lap Pool during weekday evenings for practice. Other schools and clubs, some from out of the area, rent the leisure pool by the hour. The Center is also a popular place to have a Birthday Party.

**Registration** revenue is collected for registered activities, such as enrichment programs or swimming lessons. The Center has found that the community is ready to come back to registered programs. The Center offers many enrichment programs, such as: swim lessons, dance classes, kayaking in the pool, kids' night out, and art classes as staffing allows. Programs fill very quickly once registration is open. Swim lessons have been notorious for filling in minutes after registration opens.

## Other income

Other income revenue is collected for the sale of retail items such as goggles, ear plugs, towels, and swim caps. Other income also includes items such as vending machine commissions and other miscellaneous revenue. Other Income is expected to end the year at \$20,000.



# EXPENSES

## Personnel Costs

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. The projected FY2022-2023 wages and benefits are \$1,052,351.

## Operations

Operations includes all items and services needed for the day-to-day operation and upkeep of the facility. These items include pool supplies and chemicals, janitorial supplies, office supplies, permits, postage/shipping, program supplies, recruitment, training, uniforms, and other miscellaneous costs as needed. Marketing and outreach also fall under this category. Operations are forecasted to end the fiscal year at \$236,536. This is a decrease in cost from first anticipated.

## Repairs & Maintenance

Repairs and maintenance include: repair parts, ground keeping, small tools, equipment and other maintenance related supplies and services. Repairs and maintenance are expected to be \$76,132.

## Utilities

Utilities include propane, electricity, telephone, water, and sewer service. The proposed FY2022-2023 budget and mid-year adjustment amount for utility expense is expected to be \$373,100. The cost of utilities has in some instances doubled in price.

## Professional Services

These expenses include interest payments, consultants, legal fees, property tax administration, LAFCO, (Local Agency Formation Commission), and COFB administration fee. These expenses for the end of FY2022-2023, are estimated at \$35,696.

# CAPITAL IMPROVEMENTS

The Center currently requires an array of projects to be completed that is expected to cost \$259,632. Listed below are the capital improvements for the FY2022-2023 budget cycle. Following that is the Capital Improvement Schedule through FY2025-2026.

## Domestic Hot Water System

The domestic hot water system consists of two domestic hot water boilers and a 500-gallon storage tank. Both boilers have reached their life expectancy and the storage tank is also showing signs of corrosion. The steel tank will be replaced with a stainless-steel tank to avoid this problem in the future. The new boilers have an internal combustion chamber that should help combat corrosive issues as well. Both these improvements should provide longevity and efficiency. The domestic boilers are expected to be \$67,500 each and the stainless-steel water tank \$5,000 for a total of \$140,000 to repair the system.

## UV System – Leisure and Competition Pool

The UV Systems are responsible for disinfecting the pool water. The UV bulbs kill any unwanted contaminants that come in contact with them. Both the leisure and competition pool UV systems were installed with the inception of the facility, roughly 14 years ago. Newer models are far more efficient than the originally installed systems we currently have. The replacement parts are becoming sparse for the aging units and before it becomes impossible to find parts, the units need to be replaced. This project is expected to cost \$100,000.

## VFD Replacement

There are two Variable Frequency Drives (VFD's). One on the north and one on the south end of the facility. Both desperately need to be upgraded. The VFD's have been ordered, unfortunately the expected delivery is 20-25 weeks. The cost is \$19,632.00.

CV STARR COMMUNITY CENTER CAPITAL IMPROVEMENTS -	FY 22-23	FY 23-24	FY 24-25	FY 25-26
DOMESTIC HOT WATER 1	67,500.00			
DOMESTIC HOT WATER 2	67,500.00			
HOT WATER STORAGE TANK	5,000.00			
UV SYSTEM - COMP AND LEISURE	100,000.00			
VFD REPLACEMENT	19,632.00			
WOMENS LOCKER ROOM FLOORING			50,000.00	
FACILITY ROOF REPAIR - FLAT ROOF		187,500.00		
AIR INTAKE PROJECT		1,300,000.00		
PARKING LOTS SEAL COAT		25,000.00		
FIRE PROGRAMMER BOX		20,800.00		
SKYLIGHTS			250,000.00	
SUMP PUMP			8,000.00	
WATER SLIDE STAIRCASE			300,000.00	
LEISURE POOL BOILER				80,000.00
COMPETITION POOL BOILER				80,000.00
SOLAR SYSTEM CONVERSRION - POOL HEATER				250,000.00
<b>TOTAL</b>	<b>259,632.00</b>	<b>1,533,300.00</b>	<b>608,000.00</b>	<b>410,000.00</b>

# OTHER REVENUES – C.V. STARR ENTERPRISE FUND

## **Sales Tax**

The CVSCC receives from the State Board of Equalization a voter approved half-cent sales tax that is held by the City of Fort Bragg in the C.V. Starr Enterprise Fund, per the operating agreement between MCRPD and the City. All proceeds from the sales tax are dedicated to operation, maintenance, and capital improvements at the C.V. Starr Community Center in compliance with the Fort Bragg Municipal Code Chapter 3.11 (Ordinance No. 902, passed 03-06-2012). Sales tax revenues are estimated to end the FY2022-2023 at \$1,257,000.

## **Property Tax**

Pursuant to the Property Tax Exchange Agreement between the MCRPD and the City of Fort Bragg, property taxes received from the Mendocino County Tax Collector with 45% of the District's allocable share being entitled to the City to be used solely for parks and recreation purposes with the City (including CVSCC). The property tax revenue is expected to come in at \$272,625 for FY2022-2023.

## **Net Revenue/(Expense)**

Given the proposed Mid-Year FY2022-2023 budget, operating revenues, expenditures, capital improvements and estimated tax revenue, the CV Starr is expected to end the fiscal year with a net revenue of \$11,856.00.

**CV STARR COMMUNITY AND AQUATIC CENTER**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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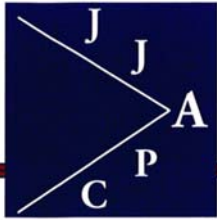
**CV Starr Community and Aquatic Center**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

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JJACPA, Inc.

A Professional Accounting Services Corp.

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
of the City of Fort Bragg  
Fort Bragg, California

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the business-type activities of the CV Staff Community and Aquatic Center (Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center'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 business-type activities of the Center, as of June 30, 2022, 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*, 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 Center 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*

The Center's 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 Center'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 Center'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 Center'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***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### ***Other Information***

Management is responsible for the other information in the financial statements. The other information comprises the Schedule of Debt Service Coverage and Reconciliation of Statement of Revenues, Expenses and Changes of Net Position to the City of Fort Bragg but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of the Center'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 Center's internal control over financial reporting and compliance.

January 31, 2023

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**

## **BASIC FINANCIAL STATEMENTS**

**CV Starr Community Center**  
**Statement of Net Position**  
**June 30, 2022**  
**(with comparative balances for June 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash equivalents and investments	\$ 205,495	\$ 259,926
Accounts receivable	58,993	45,116
Inventory	996	996
<b>Total assets</b>	<u>\$ 382,246</u>	<u>\$ 306,038</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable	\$ 219,321	\$ 56,648
Accrued payroll and benefits	16,219	15,173
Gift certificates payable	6,100	5,184
Unearned revenue	7,378	-
Compensated absences	23,069	23,069
<b>Total liabilities</b>	<u>272,087</u>	<u>100,074</u>
Net position:		
Unrestricted (deficit)	<u>(6,603)</u>	<u>205,964</u>
<b>Total net position</b>	<u>110,159</u>	<u>205,964</u>
<b>Total liabilities and net position</b>	<u>\$ 382,246</u>	<u>\$ 306,038</u>

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

**CV Starr Community Center**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended June 30, 2022**  
**(with comparative balances for the year ended June 30, 2021)**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Program service charges	\$ 374,205	\$ -
<b>Total operating revenues</b>	<u>374,205</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Administration	12,150	10,883
Bank Fees	15,752	7,537
Communications	4,149	2,748
County/LAFCO Fees	3,226	3,607
Domain and Internet	3,103	2,827
Dues and Memberships	4,380	673
Enrichment Programs	2,242	112
Facility Equipment	28,745	13,525
Fitness Programs	292	201
Guest Services	667	-
Honorarium	2,027	5
Insurance	56,871	48,908
IT Equipment	29,159	25,105
Laundry Rental Service	-	-
Contractual services	8,872	933
Licenses and Permits	9,831	2,426
Marketing	8,174	-
Miscellaneous	1,015	16,030
Office Supplies	3,556	2,993
Pool Supplies	45,295	6,419
Postage and Shipping	459	473
Recruitment	2,515	400
Rentals/Leases	11,946	8,731
Repairs and Maintenance	47,795	25,579
Salaries and benefits	774,661	267,831
Security and Alarm Monitoring	1,508	928
Staff Training	2,470	1,415
Supplies	34,875	15,255
Travel	1,511	670
Utilities	321,693	76,877
<b>Total operating expenses</b>	<u>1,441,111</u>	<u>543,091</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,066,906)</u>	<u>(543,091)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Donations	718	200
Merchandise sales, net	5,347	0
Tax allocation from the City of Fort Bragg	362,525	743,895
Interest income	12	4
Other non-operating revenue (expenses)	602,499	174
<b>Total non-operating revenues (expenses)</b>	<u>971,101</u>	<u>744,273</u>
<b>Net income (loss)</b>	<u>(95,805)</u>	<u>201,182</u>
<b>NET POSITION:</b>		
Beginning of year	205,964	4,782
End of year	<u>\$ 110,159</u>	<u>\$ 205,964</u>

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

# CV Starr Community Center

## Statement of Cash Flows

For the year ended June 30, 2022

(with comparative balances for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 367,706	\$ (11,578)
Payments to vendors for services and supplies	(502,861)	(262,029)
Payments to employees for salaries and benefits	(773,615)	(251,197)
<b>Net cash provided(used) by operating activities</b>	<u>(908,770)</u>	<u>(524,804)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Refunds, rebates and merchandise sales	5,347	-
Loans to (from) MCRPD	-	(1,947)
Loan receipts from (payments to) City of Fort Bragg	-	-
Sales tax revenue received	362,525	743,895
Donations received	718	200
Other non-operating expenses	602,499	174
<b>Net cash provided by non-capital financing activities</b>	<u>971,089</u>	<u>742,322</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(116,762)	-
Proceeds from issuance of long-term debt	-	-
Principal payments on long-term debt	-	-
Interest and fees paid on long-term financing	12	4
<b>Net cash used by capital and related financing activities</b>	<u>(116,750)</u>	<u>4</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	-	-
<b>Net increase(decrease) in cash</b>	<u>(54,431)</u>	<u>217,522</u>
<b>CASH AND INVESTMENTS:</b>		
Beginning of year	<u>259,926</u>	<u>42,404</u>
End of year	<u>\$ 205,495</u>	<u>\$ 259,926</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,066,906)	\$ (543,091)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	-	-
Changes in current assets and liabilities:		
Accounts receivable	(13,877)	(11,578)
Inventory	-	-
Due from the City of Fort Bragg	-	-
Accounts payable	162,673	13,231
Accrued payroll and benefits	1,046	8,783
Gift certificates payable	916	-
Unearned revenue	7,378	-
Compensated absences	-	7,851
<b>Net cash provided(used) by operating activities</b>	<u>\$ (908,770)</u>	<u>\$ (524,804)</u>

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

**CV Starr Community and Aquatic Center**  
**Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of CV Starr Community and Aquatic Center (Center) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprises classified as proprietary fund types. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. On June 15, 2015, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. The District applies all GASB pronouncements to its activities. The more significant of the Center's accounting policies are described below.

**A. Description of the Reporting Entity**

On March 6, 2012, the voters in the City of Fort Bragg passed Measure A which enacted Ordinance No. 902-2012, authorizing the City of Fort Bragg to levy a half-cent sales tax to make funds (sales tax revenues) available for the operation and maintenance of the CV Starr Community Center, including Sigrid & Harry Spath Aquatic Facility and surrounding property. The City of Fort Bragg took title to the CV Starr Community Center in May 2012 and on May 10, 2012 entered into an agreement with the Mendocino Coast Recreation and Park District for the operation and management of the Center to provide recreational services and activities for the health and welfare of City residents and others in the Mendocino Coast region.

The Center keeps their own books and records to account for the daily operations of the Center. Each month, a transfer of sales tax revenue is made from the City of Fort Bragg's CV Starr Center enterprise fund to the CV Starr Center's bank account.

**B. Fund Accounting Classification and Basis of Accounting**

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, business-like 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.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, and cash flow from operations.

**CV Starr Community and Aquatic Center**  
**Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Fund Accounting Classification and Basis of Accounting, continued**

The Center's operations are funded almost entirely by the sales tax revenues and operating revenues for program service charges. Sales tax revenues are accounted for when the Center receives the transfer from the City and not necessarily when the tax is collected.

**C. Cash Equivalents and Investments**

For the purposes of the Statement of Net Position and Statement of Cash Flows, "cash equivalents and investments" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

The Center currently only invests excess cash in a non-interest earning bank account.

**D. Fixed Assets**

Purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. Depreciation is provided on a straight-line basis over estimated useful lives ranging from 5 to 40 years.

**E. Compensated Absences**

The liability for vested vacation pay is recorded as an expense when the vacation is taken. Unused balances of vacation and sick time are accrued by employees when earned and may be subject to maximum accrual limits. Sick time accrued is paid based on the number of years of service to the employee when employment is terminated. There is no maximum accrual amount for sick time. Vacation time has a maximum accrual of 2 times the employee's annual accrual, dependent on the accrual rate of that employee, which is based on years of service. Upon termination of employment, sick time is paid out at a maximum of 50% and vacation is paid out at 100% of the accrued time available, depending on years of service. Compensatory time accrued is paid in full at the end of employment.

**F. Comparative Data**

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Center's financial position and operations.

**CV Starr Community and Aquatic Center  
Financial Statements  
For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**2. CASH AND INVESTMENTS**

**A. 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.

The Center's bank balance at June 30, 2022 was \$205,495.

**B. Authorized Investments**

The Center follows the City's investment policy for investment of available excess balances. Under provisions of the City's Investment Policy and in accordance with California Government Code Section 53601 & 53635 (a-n), the Center/City may invest or deposit in the following types of investments:

- Local Center Bonds
- US Treasury Obligations
- US Agencies
- Time Deposits
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Funds (LAIF) of California State Treasurer's Office (State Pool)
- State of California Obligations
- CA Local Center Obligations
- Repurchase Agreements (Repos)
- Reverse Repurchase Agreements
- Medium-Term Notes (Corporate Debt Investment Grade)
- Mutual Funds
- Money Market Funds
- Collateralized Bank Deposits



**CV Starr Community and Aquatic Center**  
**Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

**2. CASH AND INVESTMENTS, Continued**

Criteria for selecting investments and the order of priority are:

- *Safety* - The safety and risk associated with an investment refers to the potential loss of principal, interest, or a combination of these amounts. The Center/City only invests in those investments that they consider very safe.
- *Liquidity* - This refers to the ability to "cash in" at any moment in time with a minimal possibility of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occurs occasionally.
- *Yield* - This refers to the rate of return and is the least important of the criteria. Safe, liquid investments do not enjoy the yields of investments not having those characteristics.

**C. Safekeeping**

Securities purchased from broker-dealers are held in third party safekeeping by the trust department of the broker-dealer or other designated third party trust in the Center/City's name and control, whenever possible.

**3. NON-CURRENT LIABILITIES**

The Center generally incurs debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Center's debt issues and transactions related to Center activities are summarized below and discussed in detail subsequently:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 23,069	\$ -	\$ -	\$ 23,069	\$ 23,069
Total	<u>\$ 23,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,069</u>	<u>\$ 23,069</u>

**4. RISK MANAGEMENT**

The Center is exposed to various risks of loss related to torts and injuries to employees or guests. The Center provides liability and workers' compensation insurance through California Association for Park and Recreation Indemnity. The California Association for Park and Recreation Indemnity is a joint powers agency comprised of California special districts, known as CAPRI. CAPRI provides liability and workers compensation coverage through a self-funded arrangement which requires that the Center pay quarterly and annual premiums to CAPRI for its insurance coverage. The following coverage was provided to the Center for the fiscal year ended June 30, 2022 coverage period:

**CV Starr Community and Aquatic Center**  
**Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**4. RISK MANAGEMENT, CONTINUED**

Comprehensive General Liability (including Automobile Liability Coverage) coverage with a \$1,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. CAPRI also purchases an excess policy from CSAC Excess Insurance Authority with limits of \$24 million excess of \$1million (General Liability, Automobile Liability and Public Officials and Employee Liability coverage). There is no deductible for General Liability claims.

Public Officials and Employee Liability coverage with a \$25,000,000 annual aggregate limit per member agency because of a wrongful act(s) which occurs during the coverage period for which the coverage applies. For each covered claim for employment practices liability there is a \$20,000 deductible payable by the member agency or other covered party which shall be applied to any payment for judgment or settlement and to payments for defense costs as they are incurred.

Workers' Compensation Coverage with \$250,000 in limits. CAPRI purchases an excess policy from CSAC-EIA with statutory limits. There is no deductible for the Workers Compensation Program.

The contributions paid by the Center for Liability and Workers' Compensation coverages for the fiscal years ended June 30, 2022 and June 30 2021, was \$12,171 and \$12,183, respectively.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceed pooled or insured coverage for the Center. There have not been significant reductions in pooled or insured coverage from coverage in the prior year for the Center.

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**SUPPLEMENTARY SCHEDULES**

**CV Starr Community Center**  
**Schedule of Debt Service Coverage**  
**June 30, 2022 and 2021**

In conjunction with the State of California Water Resources Control Board Loan, the Utility has covenanted to fix, prescribe and collect rates and charges for the CV service which will be sufficient to yield during the year net revenues equal to 110% of the debt service paid during the year. For purposes of this calculation, net revenues equals net income plus depreciation and amortization expenses. The debt service requirement for 2022 and 2021 is as follows:

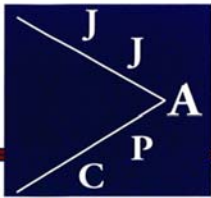
	2021	2020
Operating income	\$ (1,066,906)	\$ (543,091)
Add:		
Depreciation and amortization expense	-	184,065
CV connection fees	5,347	4,057
Use of money and property	-	-
Net revenue	<u>\$ (1,061,559)</u>	<u>\$ (354,969)</u>
Debt service:		
Principal	\$ -	\$ -
Interest	-	-
Total debt service	<u>\$ -</u>	<u>\$ -</u>
Calculated coverage	<u>N/A</u>	<u>N/A</u>
<b>Note: Restricted cash and investments consist of the following amounts:</b>		
Cash with fiscal agents	\$ -	\$ -
Amounts set aside for future debt repayment	-	-
<b>Total restricted cash and investments</b>	<u>\$ -</u>	<u>\$ -</u>

**CV Starr Community Center**  
**Reconciliation of Statement of Revenues, Expenses and Changes**  
**of Net Position to the City of Fort Bragg**  
**June 30, 2022**

	CV Starr Financial Statements	City of Fort Bragg Enterprise Fund
Change in Net Position	\$ (95,805)	\$ 332,082
Add Depreciation	-	704,670
Less unallocated taxes	-	(1,117,411)
Less interest revenue on City cash and investments	-	(14,999)
Less unallocated revenues	-	(5,115)
Add unallocated expenses	-	4,968
	<u>\$ (95,805)</u>	<u>\$ (95,805)</u>

Note: The books and records maintained by the Mendocino Coast Recreation and Park District for daily operations of the Center differ from the books and records maintained by the City of Fort Bragg to account for the Enterprise Fund. The following reconciliation demonstrates the accounting differences from the perspective of each of the two entities.

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JJACPA, Inc.

A Professional Accounting Services Corp.

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

To the Honorable Mayor and City Council  
of the City of Fort Bragg  
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 accompanying financial statements of the CV Starr Community and Aquatic Center (Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 31, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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 may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Center'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 determination of financial statement amounts. 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*.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 31, 2023

*JJACPA, Inc.*

**JJACPA, Inc.**

**Dublin, CA**