

NORTH HUMBOLDT
RECREATION AND PARK DISTRICT
BASIC FINANCIAL STATEMENTS

JUNE 30, 2025



Prepared by:

Dave Nakamura
General Manager

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

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

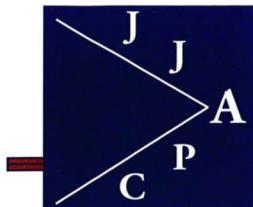
Elected Officials and Administrative Personnel

BOARD OF DIRECTORS

Jan Ross - Chair
Harvey Kelsey - Treasurer
Kelley Hurlburt, Director
Jolly Earle, Director
Patrick Swartz, Director
Ryan Plotz, Counsel

MANAGEMENT

Dave Nakamura – General Manager
Lawre Maple – Pool Director



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
North Humboldt Recreation and Park District
Arcata, California

Opinions

We have audited the financial statements of the business-type activities of the North Humboldt 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 referred to above present fairly, in all material respects, the respective financial position of the business-type activities 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*, 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

The District'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 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.

To the Board of Directors of the
North Humboldt Recreation and Park District
Arcata, California
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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 and *Government Auditing Standards* 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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.

Report on Summarize Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors of the
North Humboldt Recreation and Park District
Arcata, California
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 November 12, 2025, 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 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 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.

November 12, 2025

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

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

Management's Discussion and Analysis, Continued

The Management's Discussion and Analysis section represents North Humboldt Recreation and Park District's basic financial statements and provides management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. The management's discussion and analysis focus on current activities, resulting change and current known facts; therefore, it should be read in context with the District's basic financial statements (pages 12-15) and footnotes (pages 16-24).

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$23,484 or 2.7 % of total net position, as a result of this year's operation of the Arcata Community Pool.
- The total operating revenue of the Arcata Community Pool was \$614,609 in 2025 compared to \$576,456 in 2024, an increase of 6.6%.
- The total operating expenses of the Arcata Community Pool was \$869,079 in 2025 compared to \$848,105 in 2024, an increase of 2.5%.
- During 2025, the District's current assets (cash, receivables, prepaid expenses and inventory) increased by \$56,745 and its current liabilities (amounts due to customers, vendors, employees and others) increased by \$12,788.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position – Proprietary Fund and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position – Proprietary Fund and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund report activities of the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in net position. You can think of the District's net position--the difference between assets and liabilities--as one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's infrastructure to assess the overall health of the District.

- In the Statement of Net Position – Proprietary Fund and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund, we adopted the financial format for Business-type activities--The District charges fees to customers to cover the cost of services it provides. The special District property tax and grant money are recorded as nonoperating revenues.

North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole

	Net Position As of June 30, 2024 and 2025		Increase (Decrease)	Percent Change
	2025	2024		
Assets:				
Current assets	\$ 637,606	\$ 580,861	\$ 56,745	9.8%
Non-current assets	305,773	331,690	(25,917)	(7.8)%
Total assets	943,379	912,551	30,828	3.4%
Liabilities:				
Current liabilities	57,841	45,053	12,788	28.4%
Non-current liabilities	-	5,444	(5,444)	0.0%
Total liabilities	57,841	50,497	7,344	14.5%
Net position:				
Net investment in capital assets	305,773	331,690	(25,917)	(7.8)%
Restricted/Unrestricted Net Position:				
Unrestricted	579,765	530,364	49,401	18.4%
Total net position	\$ 885,538	\$ 862,054	\$ 23,484	2.7%

This schedule represents the District's Statement of Net Position (page 12), presented on an accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Operating revenues in the Statement of Activities are revenues generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those essential expenses related to the primary operations of the District. All other expenses are reported as non-operating expenses.

As detailed in the table above, net position on June 30, 2025, increased slightly to \$885,538 from \$862,054 in 2024. The increase in net position was mainly due to an increase in current assets due to increased operational revenues over expenses, and an increase in property tax revenue.

North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

Operating results are summarized as follows:

	2025	2024	Increase (Decrease)	Percent Change
Operating revenues	\$ 614,609	\$ 576,456	38,153	6.6%
Operating expenses	869,079	848,105	20,974	2.5%
Total operating revenues	(254,470)	(271,649)	17,179	-6.3%
Non-operating revenues	277,722	268,064	9,658	3.6%
Non-operating expenses	(412)	(555)	143	0.0%
Grants, fundraising, and donations	644	26,500	(25,856)	-
Change in net position	23,484	22,360	1,124	5.0%
Net position:				
Beginning of year, as originally reported	862,054	839,694	22,360	2.7%
End of year	885,538	862,054	23,484	2.7%

The Statement of Operating Results shows a significant increase in operating revenues and a slight increase in expenses due to a return to historically robust operations. Revenues began to increase relative to expenses due to nearly across the board increases in participation in program areas and upward pricing adjustments. Non-operating revenues, saw an increase this year due to improved tax revenue within the district boundaries and a small one-time payment for an RDA property transfer.

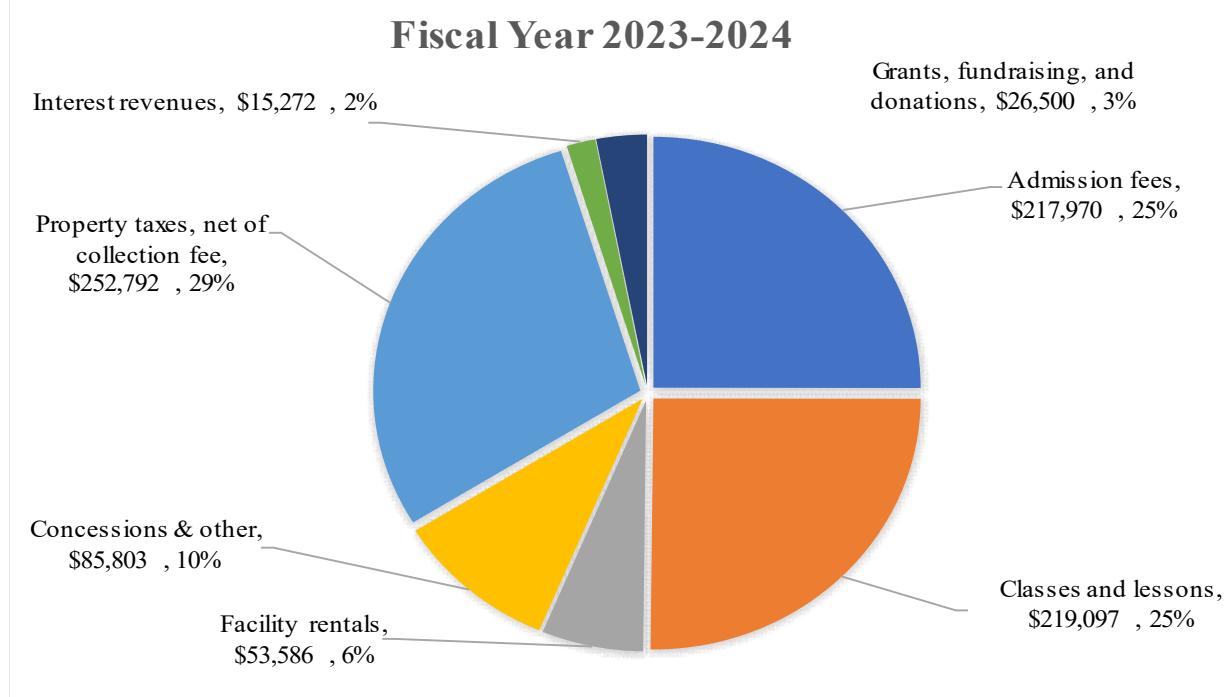
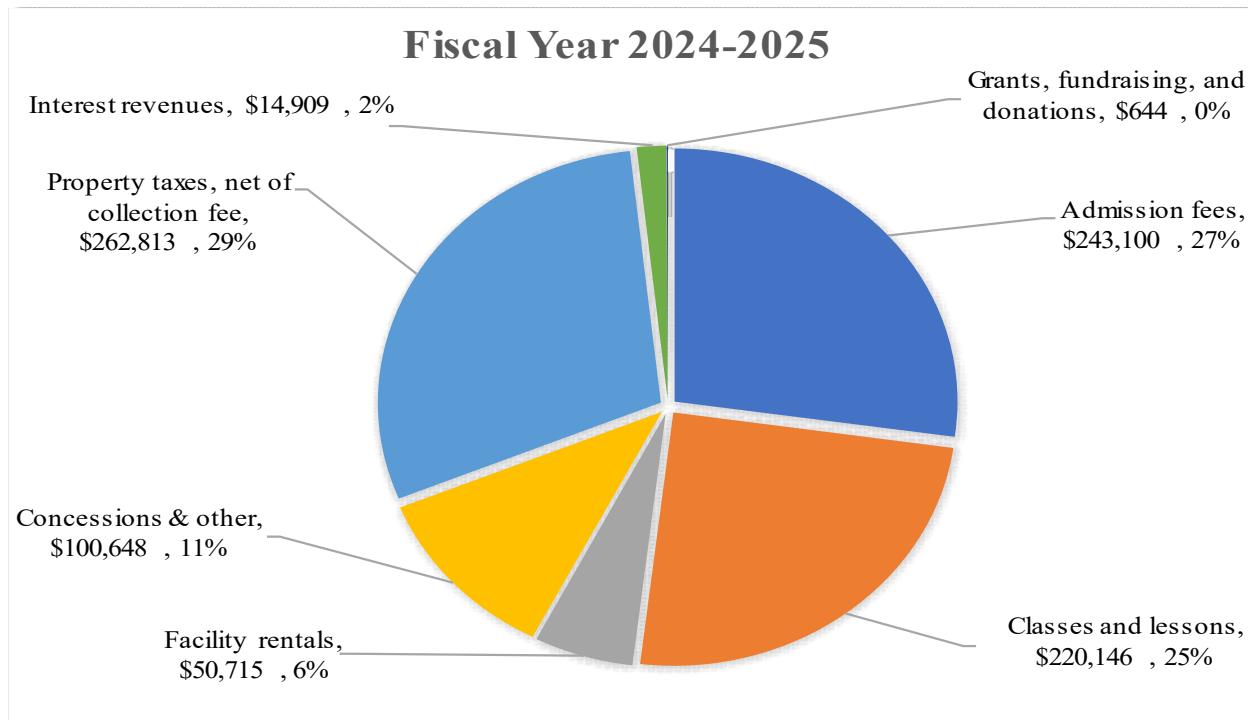
**North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025**

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

The following is a graphic illustration of revenues by source:

**Revenues by Source
Both Operating & Non-Operating**



North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

FY 2024-2025		FY 2023-2024		Increase (Decrease)
\$ 243,100	27.2%	Admission fees	\$ 217,970	24.4%
220,146	24.7%	Classes and lessons	219,097	24.5%
50,715	5.7%	Facility rentals	53,586	6.0%
100,648	11.3%	Concessions & other	85,803	9.6%
262,813	29.4%	Property taxes, net of collection fee	252,793	28.3%
14,909	1.7%	Interest revenues	15,272	1.7%
644	0.1%	Grants, fundraising, and donations	26,500	3.0%
\$ 892,975	100.0%	Totals	\$ 871,021	98.0%
				\$ 21,954

Operating revenues saw significant gains in most categories over the previous FY. Programming and overall participation continue to be strong. Incremental price increases were also instituted during the fiscal year.

Operating expenses increase overall by \$20,974 as detailed below:

	Operating Expenses			
	For the years ended June 30, 2025 and 2024			
	2025	2024	Increase (Decrease)	Percent Change
Operating expenses:				
Salaries and benefits	\$ 451,281	\$ 395,196	\$ 56,085	14.2%
Utilities, telephone & repair/ maintenance	149,243	181,821	(32,578)	(17.9)%
Management & business services	48,449	46,470	1,979	4.3%
Depreciation	57,670	62,714	(5,044)	(8.0)%
Other expenses	<u>162,436</u>	<u>161,904</u>	<u>532</u>	<u>0.3%</u>
Total	\$ 869,079	\$ 848,105	\$ 20,974	2.5%

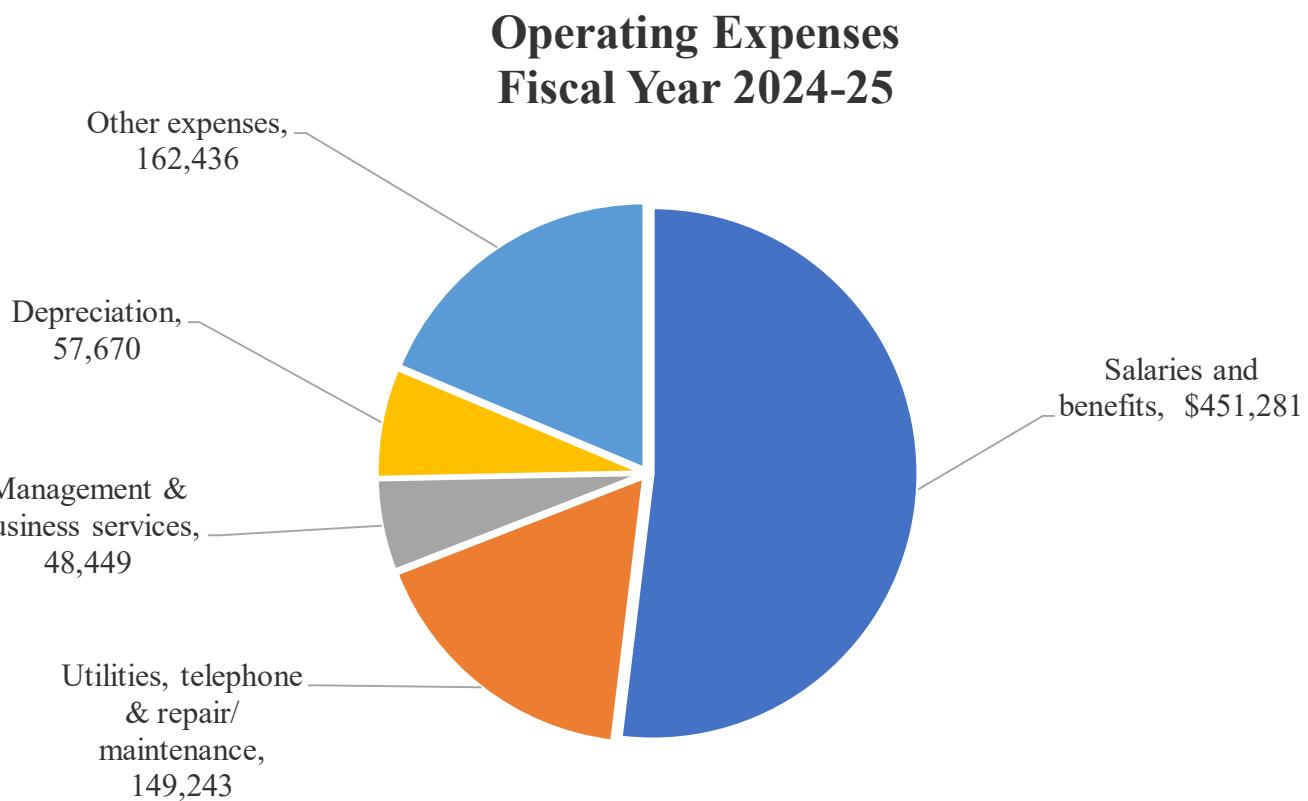
Expenses increased due to inflationary pressures, direct costs related to increased participation, and general wage pressure. Payroll expenses increased due to annual wage increases, and increased customer participation compared to the previous fiscal year. This increase in customers results in increased expenses in many categories, especially wages and utilities. Overall, utility costs were relatively static compared to past years. There were fewer major repair and maintenance projects compared to 2024.

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

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

The following is a graphic illustration of operating expenses:



Net position increased by \$23,484 as detailed below:

**Analysis of Net Position
As of June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net position:				
Net investment in capital assets	\$ 305,773	\$ 331,690	\$ (25,917)	(7.8)%
Unrestricted (deficit)	<u>579,765</u>	<u>530,364</u>	<u>49,401</u>	<u>9.3%</u>
Total	<u>\$ 885,538</u>	<u>\$ 862,054</u>	<u>\$ 23,484</u>	<u>2.7%</u>

This change in net position is primarily the result of net gain from this year's operations.

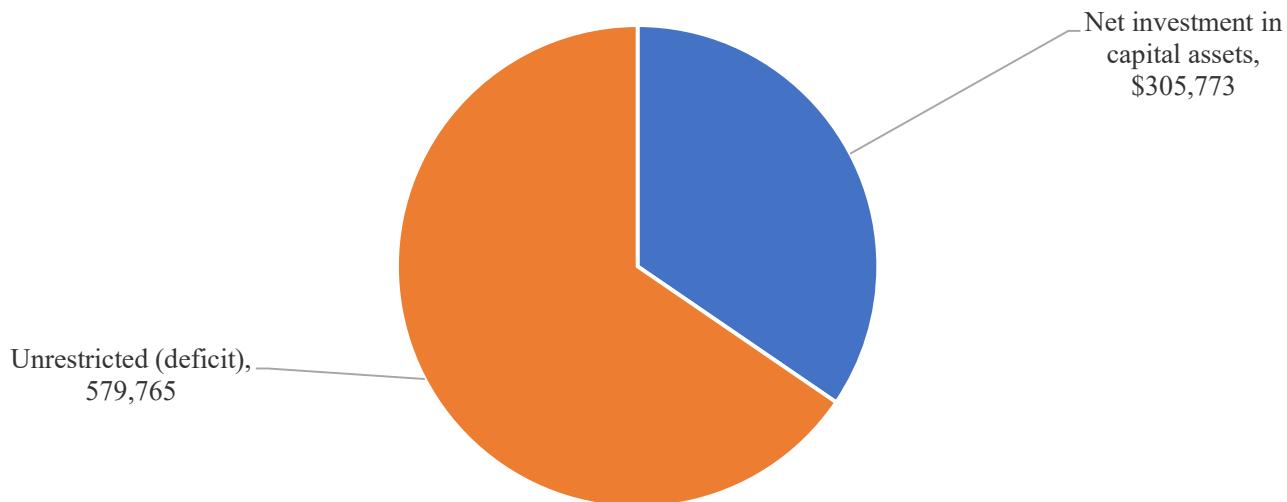
**North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025**

Management's Discussion and Analysis, Continued

Financial Analysis of the District as a Whole, Continued

The following is a graphic illustration of net position:

**Net Position
Fiscal Year 2025-24**



Cash Flows

Net cash used by operating activities decreased by \$14,170 due to an increase in operating revenues, property taxes and interest revenues while keeping operating expenses in check.

Long-term Debt

The District currently has no long term debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Arcata Community Pool, 1150 16th Street, Arcata, CA 95521.

BASIC FINANCIAL STATEMENTS

North Humboldt Recreation and Park District

Statements of Net Position

June 30, 2025

(with comparative totals for June 30, 2024)

	2025	2024
ASSETS		
Current assets:		
Cash	\$ 85,032	\$ 81,948
CA Class Capital improvement reserve	51,164	-
Cash held in Investment Pool	140,051	140,460
Cash held in California Class	310,549	315,804
Accounts receivables	15,139	35,929
Inventory	10,417	6,720
Prepaid expenses	25,254	-
Total current assets	637,606	580,861
Noncurrent assets:		
Capital assets:		
Property, plant and equipment, net	305,773	331,690
Total assets	\$ 943,379	\$ 912,551
LIABILITIES AND NET POSITION(DEFICIT)		
Current liabilities:		
Accounts payable	\$ 7,370	\$ 18,495
Accrued payroll	23,397	5,796
Unearned revenue	6,328	6,095
Other payables	19,635	11,713
Loan payable - Current	1,111	2,954
Total current liabilities	57,841	45,053
Noncurrent liabilities:		
Loan payable - RREDC	-	5,444
Total noncurrent liabilities	-	5,444
Total liabilities	57,841	50,497
NET POSITION (DEFICIT)		
Net investment in capital assets	305,773	331,690
Unrestricted (deficit)	579,765	530,364
Total Net Position	885,538	862,054
Total liabilities and net position	\$ 943,379	\$ 912,551

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

North Humboldt Recreation and Park District
Statements of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2025
 (with comparative totals for the year ended June 30, 2024)

	2025	2024
OPERATING REVENUES:		
Admission fees:		
Passes and ticket books	\$ 143,934	\$ 128,994
Daily admissions	99,166	88,976
Group swim lessons	124,636	132,159
Private swim lessons	50,316	44,101
School/special group swim lessons	30,476	27,072
Contract classes	14,718	15,765
Facility rentals	50,715	53,586
Retail merchandise sales	5,284	5,532
Concessions	41,294	44,989
Pool HSC Contract	40,404	34,824
Other and miscellaneous	13,666	458
Total operating revenues	614,609	576,456
OPERATING EXPENSES:		
Payroll and employee benefits	451,281	395,196
Facilities and equipment:		
Telephone	4,108	3,539
Utilities	138,182	131,762
Repairs, maintenance, and equipment	6,953	46,520
Depreciation	57,670	62,714
Supplies and services:		
Instructors/contractors	2,905	3,431
Advertising	-	222
Postage	44	21
Concessions supplies	31,856	29,491
Retail merchandise purchases	1,685	3,277
Operating supplies and services	46,295	53,872
Administrative services:		
Annual audit	8,000	7,000
Bank service charges	19,258	18,410
Insurance	43,692	41,022
Business, accounting, and personnel services	48,449	46,470
Other and miscellaneous	8,701	5,158
Total operating expenses	869,079	848,105
Operating income (loss)	(254,470)	(271,649)
NONOPERATING REVENUES (EXPENSES):		
Special district property taxes	268,987	258,766
Property tax collection fee	(6,174)	(5,974)
Interest revenue	14,909	15,272
Interest expense	(412)	(555)
Grants, fundraising, and donations	644	26,500
Total nonoperating revenues (expenses)	277,954	294,009
Change in Net Position	23,484	22,360
NET POSITION:		
Beginning of year	\$ 862,054	\$ 839,694
End of year	\$ 885,538	\$ 862,054

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

North Humboldt Recreation and Park District

Statements of Cash Flows

For the year ended June 30, 2025

(with comparative amounts for the year ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 635,632	\$ 571,228
Cash payments to suppliers for operations	(397,726)	(382,003)
Cash payments to employees for services	(433,680)	(399,169)
Net cash provided (used) by operating activities	(195,774)	(209,944)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes received net of collection fees	262,813	252,792
Donations received	644	26,500
Net cash provided by noncapital financing activities	263,457	279,292
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(31,753)	(2,623)
Net cash provided (used) by capital and related financing activities	(31,753)	(2,623)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Line of credit received (paid)	(1,843)	208
Interest paid	(412)	(555)
Property tax interest received	14,909	15,272
Net cash provided (used) by investing activities	12,654	14,925
Net increase (decrease) in cash and cash equivalents	48,584	81,650
CASH:		
Beginning of year	538,212	456,562
End of year	\$ 586,796	\$ 538,212
FINANCIAL STATEMENT PRESENTATION RECONCILIATION:		
Cash	\$ 85,032	\$ 81,948
CA Class Capital improvement reserve	51,164	-
Cash held in Investment Pool	140,051	140,460
Cash held in California Class	310,549	315,804
Cash, end of the year	\$ 586,796	\$ 538,212
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (254,470)	\$ (271,649)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	57,670	62,714
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	20,790	(6,040)
(Increase) decrease in prepaid expenses	(25,254)	(43,943)
(Increase) decrease in inventory	(3,697)	(17)
Increase(decrease) in accounts payable	(11,125)	47,129
Increase(decrease) in accrued payroll	17,601	(3,973)
Increase(decrease) in deferred revenue	233	812
Increase(decrease) in other payables	7,922	10,512
Loan payable - RREDC	(5,444)	(5,489)
Net cash provided (used) by operating activities	\$ (195,774)	\$ (209,944)

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

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North Humboldt Recreation and Park District

Basic Financial Statements

For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of North Humboldt Recreation and Park District (the District) have been prepared in conformity with accounting principles generally accepted in the U.S.A. (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the District is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

A. Description of the Reporting Entity

There are several other governmental agencies that provide services within the District's boundaries. These other entities have independently elected boards and no elements of oversight responsibility to the District. Consequently, financial information for these agencies is not included in the basic financial statements of the District.

B. Nature of Activities

The District owns and operates the Arcata Community Pool. The pool was constructed using proceeds of revenue bonds which had been issued by the Arcata-North Humboldt Recreation Authority. The bonds were repaid in full and the Authority was terminated in 1999. The District contracted with University Center for management and accounting services until this agreement was terminated on February 28, 2021. The County of Humboldt collects tax revenue for the District.

C. Basis of Presentation

The financial statements required by GASB Statement No. 34, *Basic Financial Statements –and Management's Discussion and Analysis – for State and Local Governments*, as amended, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The District utilizes an enterprise fund, which is a proprietary fund type. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds account for goods or services that are provided to outside parties. The District has elected to use the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the District prepares its statement of cash flows using the direct method.

North Humboldt Recreation and Park District

Basic Financial Statements

For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Proprietary fund types are accounted for an economic resources measurement focus using the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when there is an expenditure for which restricted resources are available.

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to cash and mature within 90 days of the date acquired. Cash deposited in external investment pools are considered to be cash equivalents when deposits and withdrawals may be made at any time without prior notice or penalty. The District participates in an external investment pool, the Humboldt County Treasurer's Investment Pool.

F. Cash Held in Humboldt County Investment Pool

Cash held in Humboldt County investment pool consists of property taxes collected by the County of Humboldt. Funds received are invested in the County Treasury. The District requests funds periodically to supplement the District's operations.

The County Treasurer's Investment Pool is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. The County's portfolio normally consists of U.S. Treasury issues, U.S. Agency agreements, bankers' acceptances, and the Local Agency Investment Fund, a fund for pooling surplus cash of local government agencies that is chartered and administered by the California State Treasurer's Office. All cash invested by the County in demand deposit accounts is collateralized to 110 percent with approved U.S. Government securities, such as Treasury Bills and other U.S. Treasury issues.

G. Restricted Cash

Cash donated for the future purchase of a capital asset is separately reported as a restricted asset and not as a current asset.

North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Allowance for Doubtful Accounts

The District evaluates the collectability of accounts receivable in order to determine the allowance for doubtful accounts. As of June 30, 2025, and 2024, the District determined that the various receivables are fully collectible and recorded \$0 and \$0 respectively for the allowance for doubtful accounts. Based on historical experience, the District does not expect amounts to become uncollectible, however if they are, they will be charged to operations as a bad debt expense. The impact of any bad debt expense recorded in the future is expected to be immaterial to the financial statements.

J. Prepaid Expenses

Prepaid expenses consist of pool supplies stated at cost.

I. Inventory

Inventory consists of concessions inventory and retail merchandise inventory all of which is stated at average cost.

L. Capital Assets

The District capitalizes acquisitions of equipment that have a useful life greater than one year and are in excess of \$5,000, improvements in excess of \$10,000, and intangible property in excess of \$5,000 at historical cost or estimated cost if actual cost is not available. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized and are expensed as incurred. Improvements are capitalized. Contributed assets are valued at their estimated fair market value on the date contributed. Depreciation is calculated over the estimated useful lives of assets using the straight-line method.

M. Unearned Revenues

Unearned revenues include fees for swimming lessons and activities that have been paid or billed in advance.

N. Revenues

The District classifies revenues from property taxes, grants, donations, and interest as nonoperating revenues.

O. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

North Humboldt Recreation and Park District

Basic Financial Statements

For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports two categories of net position, as follows:

Net investment in capital assets – consists of net capital assets and cash restricted for the purchase of capital assets.

Unrestricted net position – consists of all other net position that does not meet the definition of “net investment in capital assets” or “restricted for capital assets” and is available for general use by the District.

2. CASH AND INVESTMENTS

A. Composition

As of June 30, 2025, the District’s cash and temporary investments totaled \$586,796 and consisted of the following:

	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	\$ -	\$ -	\$ -	\$ 85,032	\$ 85,032
CA Class Capital improvement reserve	-	-	-	51,164	51,164
Cash held in Humboldt Co. investment pool	-	-	-	140,051	140,051
Cash held in California CLASS	-	-	-	310,549	310,549
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,796</u>	<u>\$ 586,796</u>

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit or first trust deed mortgage notes with a value of 150% of the District’s cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District’s name and places the District ahead of general creditors of the institution pledging the collateral. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

Investments in County Treasury Pool

The District participates in the Humboldt County Treasury Investment Pool, governed by the County Treasurer and the County Treasury Oversight Committee pursuant to Government Code Sections 27130 et seq. The Pool invests primarily in U.S. government securities, agency obligations, and high-grade commercial paper.

North Humboldt Recreation and Park District

Basic Financial Statements

For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

The County provides monthly participant statements showing deposits, withdrawals, apportionments of interest, and fair-value adjustments. At June 30, 2025, the District's share of the Pool was reported at \$140,051. This balance is recorded at fair value, based on the District's proportionate share of the Pool's portfolio as of that date.

During FY 2025, the District recorded year-end adjustments to reflect its share of interest earnings, County fees, and the fair-value change required by GASB 31 and GASB 72. The total investment income recognized from the Pool, including these adjustments, was not material to the financial statements.

Cash Held in California CLASS

On October 14, 2022, the District started to invest most of its reserve in the California Cooperative Liquid Assets Securities System (California CLASS). California CLASS is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. It is sponsored by both the California Special Districts Association (CSDA) and the League of California Cities. The District subsequently created a subaccount, Capital Improvement Reserve, in order to segregate funds for anticipated future facility improvements. The District's positions of \$310,549 and \$51,164 respectively at June 30, 2025, is reported at fair value as determined by the fund's daily net-asset value per share (Level 1 measurement).

B. Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets
- *Level 2:* Observable inputs other than those in Level 1
- *Level 3:* Unobservable inputs

All of the District's investments are classified as Level 1 investments (quoted prices in active markets for identical assets).

- ***Interest-rate risk:*** The District manages exposure by maintaining pooled investments with short-term maturities.
- ***Credit risk:*** The County Pool and California CLASS limit holdings to securities of high credit quality consistent with Government Code requirements.
- ***Custodial risk:*** All pooled investments are held by custodians in the name of the respective pool; the District's deposits are collateralized as described above.

North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2025, were as follows:

	July 1, 2024	Additions	Deletions	Adjustments	Transfer/ June 30, 2025
Nondepreciable assets:					
Land	\$ 33,770	\$ -	\$ -	-	\$ 33,770
Total nondepreciable assets	33,770	-	-	-	33,770
Depreciable assets:					
Buildings and pool	828,961	-	-	-	828,961
Improvements	901,404	21,662	-	-	923,066
Furniture and fixtures	135,883	10,091	-	-	145,974
Total depreciable assets	1,866,248	31,753	-	-	1,898,001
Accumulated depreciation:	(1,568,328)	(57,670)	-	-	(1,625,998)
Net depreciable assets	297,920	(25,917)	-	-	272,003
Total capital assets	\$ 331,690	\$ (25,917)	-	\$ -	\$ 305,773

Depreciation expense was \$57,670 for the year ended June 30, 2025.

Changes in capital assets for the year ended June 30, 2024, were as follows:

	July 1, 2023	Additions	Deletions	Adjustments	Transfer/ June 30, 2024
Nondepreciable assets:					
Land	\$ 33,770	\$ -	\$ -	-	\$ 33,770
Total nondepreciable assets	33,770	-	-	-	33,770
Depreciable assets:					
Buildings and pool	828,961	-	-	-	828,961
Improvements	873,999	-	-	27,405	901,404
Furniture and fixtures	160,665	-	-	(24,782)	135,883
Total depreciable assets	1,863,624	-	-	2,624	1,866,248
Accumulated depreciation:	(1,505,613)	(62,714)	-	(1)	(1,568,328)
Net depreciable assets	358,011	(62,714)	-	2,623	297,920
Total capital assets	\$ 391,781	\$ (62,714)	-	\$ 2,623	\$ 331,690

Depreciation expense was \$64,714 for the year ended June 30, 2024.

North Humboldt Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2025

Notes to Basic Financial Statements, Continued

4. LINE OF CREDIT

Loan activity as of June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025	Due Within One Year
Loan payable RREDC	\$ 8,398	\$ -	\$ (8,398)	\$ -	\$ -
Total	\$ 8,398	-	(8,398)	-	-

In October of 2020, the District received a \$25,000 5-year term loan from the Redwood Region Economic Development Corporation (“RREDC”) for operating capital. As of June 30, 2025, The RREDC loan had been paid in full.

5. PROPERTY TAXES

The lien date for secured property taxes is March 1 of each year. Taxes are levied as of July 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Humboldt County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on the State formula. The District’s tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the “Teeter Plan”) was adopted by the County. Under this plan, the county auditor/controller distributes 100 percent of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year’s tax allocation received or to be received within 60 days after the end of each fiscal year.

6. 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 health and welfare of employees. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500, et. Seq. Each entity has an equal voice in the selection of a board, which oversees the Authority. SDRMA provides coverage for general and auto liability, public officials’ and employees’ errors and omissions, employment practices liability, property loss, and workers’ compensation benefits.

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

Notes to Basic Financial Statements, Continued

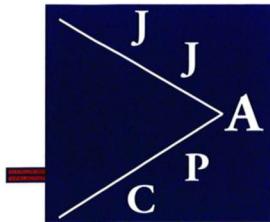
7. COMMITMENTS AND CONTIGENCIES

Grants and other financial awards may require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Non-acceptance of a final report or the outcome of a funding source special audit may result in claims against the District for disallowed costs or noncompliance with grantor restrictions. Although that is a possibility, management currently deems the contingency remote based upon their knowledge of the objectives of the grantors and the provisions of the grants. Accordingly, no amount has been accrued as a contingent liability in the accompanying financial statements.

8. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through November 12, 2025, 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.

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JJACPA, Inc.

A Professional Accounting Services Corp.

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Humboldt Recreation and Park District
Arcata, California

We have audited, in accordance with the auditing standard 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 North Humboldt 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 North Humboldt Recreation and Park District's basic financial statements, and have issued our report thereon dated November 12, 2025.

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 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 internal control of the District' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 the 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.

Board of Directors
North Humboldt Recreation and Park District
Arcata, California

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 12, 2025

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA