BEAR MOUNTAIN RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2025

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bear Mountain Recreation and Park District
Lamont, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Bear Mountain Recreation and Park District (the District) as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District, as of June 30, 2025, and the respective changes in financial position 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 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 auditing standards generally accepted in the United States of America 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 2, 2026

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Introduction

The following discussion and analysis of the financial performance and activity of the Bear Mountain Recreation and Park District (the District) provides an introduction and understanding of the basic financial statements of the District. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The District was established on June 27, 1957. A Board of Directors composed of five members governs the District.

The District provides leisure time activities for the people residing in the District.

The Financial Statements

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*. GASB Statement No. 34 establishes the accounting and financial reporting standards for state and local governments, including special-purpose governments such as the District.

The District's basic financial statements include (1) the Statement of Net Position, (2) the Statement of Activities, (3) the fund financial statements, and (4) notes to the basic financial statements. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Overview of the Government-Wide and Fund Financial Statements

The Statement of Net Position reports assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Total net position is displayed in three components: net investment in capital assets, restricted, and unrestricted.

The net position component *net investment in capital assets* consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvements of those assets.

Restricted consists of assets with constraints on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. There were no restrictions in the current year.

Unrestricted consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

The Statement of Activities is reported using the accrual basis of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or paid.

Financial Highlights

- Total net position for the District was $1,345,264, which consisted of 63% net investment in capital assets and 37% unrestricted net position.
- The change in net position of $242,572 was primarily due to general revenues, including taxes levied for general purposes of $1,042,978, insurance recoveries of $109,939, and donations of $100,821.

Condensed Financial Information

The District had an increase in net position of $242,572 during the year ended June 30, 2025. Below is condensed information on the Statement of Activities and the Statement of Net Position.

Statement of Activities

A summary of the District's Statement of Activities for the year ended June 30, 2025 (with comparative amounts for 2024) is as follows:

	2025	2024
Revenues		
Program Revenues:		
Charges for Services and Facilities	$ 88,242	$ 96,474
Capital Grants and Contributions	-	244,188
General Revenues:		
Taxes Levied for General Purposes	1,042,978	975,905
Interest Earnings	5,757	4,888
Insurance Recoveries	109,939	-
Donations	100,821	-
Loss on Sale of Assets	(7,327)	-
Miscellaneous	2,478	8,858
Total Revenues	1,342,888	1,330,313
Expenses		
Recreational and Park Activities	1,100,316	1,014,803
Increase in Net Position	$ 242,572	$ 315,510

The largest revenue category listed on the Statement of Activities was taxes levied for general purposes (78% of total revenues). Other significant revenue sources included insurance recoveries of $109,939 and donations of $100,821. Expenses for the year totaled $1,100,316. All expenses were for program expenses.

Statement of Net Position

The District's Statement of Net Position as of June 30, 2025, (with comparative amounts for 2024) is as follows:

	2025	2024
Assets		
Current Assets	$ 849,256	$ 909,177
Noncurrent Assets - Capital Assets, Net	841,633	706,189
Total Assets	1,690,889	1,615,366
Deferred Outflows of Resources		
Total Deferred Outflows of Resources	35,898	70,353
Liabilities		
Current Liabilities	41,394	133,538
Long-Term Liabilities	299,591	414,497
Total Liabilities	340,985	548,035
Deferred Inflows of Resources		
Total Deferred Inflows of Resources	40,538	34,992
Net Position		
Net Investment in Capital Assets	841,633	706,189
Unrestricted	503,631	396,503
Total Net Position	$ 1,345,264	$ 1,102,692

As shown above, total assets are $1,690,889. Of the total, $841,633 (50%) consists of capital assets net of accumulated depreciation. The District's net position was $1,345,264 at June 30, 2025.

Capital Assets and Long-term Debt Activity

As of the end of 2025, the District's capital assets, before accumulated depreciation, were $5,037,778. Total capital assets, net of accumulated depreciation, increased during the year due to capital asset additions. The District recorded $195,977 of capital asset additions, including $163,776 to buildings and improvements and $32,201 to equipment.

Details of the capital assets, net of accumulated depreciation as of June 30, 2025, (with comparative amounts for 2024) are as follows:

	2025	2024
Land	$ 165,578	$ 165,578
Work in Process	-	16,197
Buildings and Improvements	4,456,783	4,306,710
Equipment	415,417	393,506
Total	5,037,778	4,881,991
Less Accumulated Depreciation	(4,196,145)	(4,175,802)
Net Total	$ 841,633	$ 706,189

During the year, the District's net pension liability decreased by $114,906, while compensated absences increased by $2,518. Additional information regarding the District's long-term liabilities is provided in the notes to the financial statements.

Analytical Review of Budget to Actual

Management employs formal budget integration for the General Fund as a means to control expenditures. The budget adopted for the General Fund is consistent with accounting principles generally accepted in the United States of America. The District did not adopt amendments to the General Fund budget during the year; therefore, the original and final budget amounts were unchanged.

Property tax revenues exceeded budget by $142,978, or approximately 15.9%, while charges for services were $9,402, or approximately 17.3%, below budget. The favorable property tax variance was due to property tax revenues exceeding amounts anticipated in the adopted budget. Charges for services were below budget due to lower-than-anticipated program and service revenues.

Below is a schedule of significant expenditure differences between budget and actual.

	Final Budget	Actual	Variance
Salaries and Employee Benefits	$ 519,424	$ 542,373	$ (22,949)
Services and Supplies	454,220	536,203	(81,983)
Capital Outlay	-	195,977	(195,977)

The variance for salaries and employee benefits was primarily attributable to increased overtime resulting from staffing shortages that were not anticipated in the budget. The variance for services and supplies was due to purchases of additional supplies for recreation programs and maintenance.

At the time the budget for the fiscal year was prepared, capital outlay was budgeted at $0. During the year, actual capital outlay totaled $195,977. The variance reflects capital purchases and improvements that were not included in the original budget.

Overall Financial Condition

At June 30, 2025, the District maintained approximately 7.7 months of operating expenditure coverage based on its available fund balance. During the year, fund balance increased by $68,335, while the District's net position increased by $242,572. The District continues to monitor expenditures and available resources while pursuing grant and other funding opportunities for future capital improvement projects.

Subsequent to year-end, the District continued its energy conservation improvement project financed through an Energy Conservation Assistance Act (ECAA) loan from the California Energy Commission. The loan provides financing of up to $1,167,288 for energy conservation improvements, including solar systems at District facilities. The loan is funded on a reimbursement basis, with repayment commencing following completion of the project.

Contacting the District's Financial Management

The District's financial report is designed to provide the District's Board of Directors, management, creditors, legislative and oversight agencies, citizens, and customers with an overview of the District's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Lorena G. Cervantes, District Manager, at 10300 San Diego Street, Lamont, California 93241.

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	$ 846,671
Interest Receivable	2,585
Total Current Assets	849,256
Capital Assets:	
Land	165,578
Buildings and Improvements	4,456,783
Equipment	415,417
Less: Accumulated Depreciation	(4,196,145)
Total Capital Assets	841,633
TOTAL ASSETS	1,690,889
DEFERRED OUTFLOWS OF RESOURCES	
Pension	35,898
TOTAL DEFERRED OUTFLOWS OF RESOURCES	35,898
LIABILITIES	
Current Liabilities:	
Accounts Payable	11,924
Salaries Payable	14,425
Deposits and Unearned Revenue	3,025
Compensated Absences	12,020
Total Current Liabilities	41,394
Long-Term Liabilities:	
Net Pension Liability	299,591
Total Long-Term Liabilities	299,591
TOTAL LIABILITIES	340,985
DEFERRED INFLOWS OF RESOURCES	
Pension	40,538
TOTAL DEFERRED INFLOWS OF RESOURCES	40,538
NET POSITION	
Net Investment in Capital Assets	841,633
Unrestricted	503,631
TOTAL NET POSITION	$ 1,345,264

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

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Total
Governmental Activities:						
Recreational and Park Activities	$ 1,100,316	$ 88,242	$ -	$ -	$ (1,012,074)	$ (1,012,074)
Totals	$ 1,100,316	$ 88,242	$ -	$ -	$ (1,012,074)	(1,012,074)
	General Revenues:					
	Taxes and Subventions:					
	Taxes Levied for General Purposes					1,042,978
	Investment Income					5,757
	Insurance Recoveries					109,939
	Donations					100,821
	Loss on Sale of Assets					(7,327)
	Miscellaneous					2,478
	Total General Revenues					1,254,646
	Change in Net Position					242,572
	Net Position, Beginning of Year					1,102,692
	Net Position, End of Year					$ 1,345,264

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

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2025

	General Fund
ASSETS	
Assets:	
Cash and Investments	$ 846,671
Interest Receivable	2,585
Total Assets	$ 849,256
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 11,924
Salaries Payable	14,425
Deposits and Unearned Revenue	3,025
Total Liabilities	29,374
Fund Balance:	
Unassigned	819,882
Total Fund Balance	819,882
Total Liabilities and Fund Balance	$ 849,256

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

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Fund	$	819,882
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund. The cost of the assets is $5,037,778, and the accumulated depreciation is $4,196,145.		841,633
Long-term liabilities are not reported in the governmental fund because they do not require the use of current financial resources. Long-term liabilities at year-end consist of:		
Compensated absences		(12,020)
Net pension liability		(299,591)
Deferred outflows and deferred inflows of resources are not current financial resources and, therefore, are not reported in the governmental fund.		
Deferred outflows of resources - Pension		35,898
Deferred inflows of resources - Pension		(40,538)
Total Net Position - Governmental Activities	$	1,345,264

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

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES	
Property Taxes	$ 1,042,978
Charges for Services and Facilities	44,848
Lease Income	43,394
Interest Earnings	5,757
Insurance Proceeds	109,939
Donations	100,821
Loss on Sale of Assets	(7,327)
Miscellaneous	2,478
Total Revenues	1,342,888
EXPENDITURES	
Salaries and Employee Benefits	542,373
Services and Supplies	536,203
Capital Outlay	195,977
Total Expenditures	1,274,553
Excess of Revenues Over Expenditures	68,335
Fund Balance at Beginning of Year	751,547
Fund Balance at End of Year	$ 819,882

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

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balance - Governmental Fund	$	68,335
Capital outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of additions to capital outlay ($195,977) less the depreciation expense ($57,593) and assets disposed ($2,940) in the period.		135,444
Long-term compensated absences and pension expense are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, long-term compensated absences and pension expense are not reported as expenditures in the governmental fund.		
This amount reflects an increase in compensated absences that occurred during the year.		(2,518)
Pension expense - GASB Statement No. 68		41,311
Total Change in Net Position - Governmental Activities	$	242,572

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Accounting Policy

The Bear Mountain Recreation and Park District (the District) was established on June 27, 1957. The District operates under a Board of Directors (the Board) whose members are elected by registered voters within the District.

The purpose of the District is to provide leisure time activities for the people residing in the District. This is accomplished by the acquisition and development of park and recreation areas, development of supervised programs, construction and maintenance of recreational facilities, and cooperative efforts with other agencies in the area which provide like services.

The accompanying basic financial statements of the District include only the financial activities of the District. The District has no oversight responsibility or control over any other governmental activity.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide statements are prepared using the *economic resources* measurement focus and the *full accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available.* The District considers all revenues reported in the governmental fund to be available if the revenues are collected within ninety days after year-end, except for property taxes which are considered revenue if collected within sixty days after year-end. Expenditures are recognized at the time a liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources.*

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues, and expenditures or expenses, as appropriate.

District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and non-major funds as follows:

Major Governmental Fund:

The *General Fund* is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted in another fund.

Non-Major Governmental Funds:

The District currently does not have any non-major governmental funds.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Assets, Liabilities, and Fund Balance

1. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized, but are expensed as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Fund Balance (Continued)

1. Capital Assets (Continued)

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Building	50
Site Improvements	15-20
Machinery and Tools	5-10
Furniture and Accessories	7-10
Office Equipment	5-7
Radio Equipment	10
Autos and Trucks	7

2. Cash

The District maintains its operating cash account on deposit with the Kern County (the County) Treasurer. The District is responsible for disbursing these funds directly. Prior to disbursing these funds, the District requests a transfer from its County operating account to its operating account maintained at a financial institution. The District then disburses directly from this operating account. The County operating account maintained on behalf of the District is interest bearing with interest credited to the District account quarterly.

3. Compensated Absences

Vacation Time and Sick Leave

The District's vacation policy allows employees to accumulate vacation benefits as follows:

Years of Service	Days Per Year
1 – 5 years	10 days
6 – 13 years	15 days
Over 13 years	20 days

The District's sick leave policy allows sick leave for regular employees to be accrued from the first day of service, but may not be used until the employee meets the 90 day employment requirement. Sick leave is accrued at the rate of 4.615 hours per biweekly pay period to yield fifteen (15) working days annually.

All vacation pay is accrued when incurred in the government-wide financial statements. The accumulated unpaid vacation and sick leave as of June 30, 2025, was $12,020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Fund Balance (Continued)

4. Fund Balance

In the fund financial statements, governmental funds report fund balance in five categories as follows: non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Non-spendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority. The District has designated the Board to be the highest level of decision making authority. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.

Assigned fund balance – consists of funds that are set aside with the intent to be used for a specific purpose, but are neither restricted nor committed, by the District's highest level of decision making authority or a body or official that has been given the authority to assign funds. The Board has authority to set aside or designate authority to set aside funds as assigned for an intended purpose. The Board hereby authorizes the District Manager as designee of the Board in identifying intended uses of funds and so assigning residual balances. The Board may also, from time to time, determine the need to assign funds for an intended use. Any such assignment will be documented by Board Action at a regularly scheduled meeting.

Unassigned fund balance – the residual classification for the General Fund that includes amounts not contained in other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The District's policy does not specify whether to first apply committed resources and then assigned resources when an expenditure is incurred for purposes for which any amounts in any of these unrestricted value classifications could be used. However, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts, and then unassigned amounts.

5. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Fund Balance (Continued)

6. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

G. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the District Manager submits to the Board a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted.

4. The District Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

7. Budgeted amounts are as originally adopted, or as amended. Individual amendments were not material in relation to the original appropriations which were amended.

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. New Governmental Accounting Standards Board (GASB) Pronouncements Implemented in the Financial Statements

GASB Statement No. 101 – *Compensated Absences.* The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Future GASB Pronouncements

Recently released standards by GASB affecting the future years are as follows:

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. The District will implement GASB Statement No. 103 when and where applicable.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. The District will implement GASB Statement No. 104 when and where applicable.

GASB Statement No. 105 – *Subsequent Events*. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. The District will implement GASB Statement No. 105 when and where applicable.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2025, consisted of the following:

Cash and Investments		
Cash on Hand	$	287
Cash in County of Kern Treasury		557,406
Cash in Banks		288,978
Total Cash and Investments	$	846,671

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and the custodial credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2025:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County Investment Pool	$ 557,406	$ 557,406	$ -	$ -	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type:

		Minimum Legal	Exempt From	Rating as of Year-End		
Investment Type	Amount	Rating	Disclosure	AAA	Aa	Not Rated
County Investment Pool	$ 557,406	N/A	$ -	$ -	$ -	$ 557,406

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of the District's deposits with financial institutions were in excess of federal depository insurance limits and were held in collateralized accounts.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2025, is as follows:

	Balance June 30, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Capital Assets Not Being Depreciated:					
Land	$ 165,578	$ -	$ -	$ -	$ 165,578
Work in Process	16,197	-	-	(16,197)	-
Total Capital Assets Not Being Depreciated	181,775	-	-	(16,197)	165,578
Capital Assets Being Depreciated:					
Buildings and Improvements	4,306,710	163,776	(29,900)	16,197	4,456,783
Equipment	393,506	32,201	(10,290)	-	415,417
Total Capital Assets Being Depreciated	4,700,216	195,977	(40,190)	16,197	4,872,200
Accumulated Depreciation For:					
Buildings and Improvements	3,786,615	55,651	(29,900)	-	3,812,366
Equipment	389,187	1,942	(7,350)	-	383,779
Total Accumulated Depreciation	4,175,802	57,593	(37,250)	-	4,196,145
Total Capital Assets Being Depreciated, Net	524,414	138,384	(2,940)	16,197	676,055
Governmental Activity Capital Assets, Net	$ 706,189	$ 138,384	$ (2,940)	$ -	$ 841,633

Depreciation expense for the year ended June 30, 2025, was $57,593.

NOTE 4 – CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt at June 30, 2025, follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Compensated Absences	$ 9,502	$ 12,152	$ (9,634)	$ 12,020	$ 12,020
Net Pension Liability	414,497	-	(114,906)	299,591	-
Totals	$ 423,999	$ 12,152	$ (124,540)	$ 311,611	$ 12,020

NOTE 5 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the Plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLA for the Plan is applied as specified by the California Public Employees' Retirement Law (PERL).

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2% @ 60	2.2% @ 62
Benefit Vesting Schedule	5 years of service	7 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits, as a Percentage of Eligible Compensation	2% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	7.00%	7.75%
Required Employer Contribution Rates	10.18%	7.93%

Contributions – Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions - Employer	$ 54,527
Contributions - Employee (Paid by Employer)	$ -

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 299,591
Total Net Pension Liability	$ 299,591

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2025, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2025 and 2024, was as follows:

	Miscellaneous
Proportion - June 30, 2024	0.0086%
Proportion - June 30, 2025	0.0075%
Change - Increase (Decrease)	-0.0011%

For the year ended June 30, 2025, the District recognized a pension expense of $41,311. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ -	$ -
Changes in Assumptions	-	-
Differences between Actual and Expected Experience	35,898	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	40,538
Total	$ 35,898	$ 40,538

$0 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2026	$ 37,007
2027	(8,631)
2028	(17,541)
2029	(15,475)
2030	-
Thereafter	-
Total	$ (4,640)

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Category, Entry Age and Service
Investment Rate of Return	6.90%
Mortality [(1)]	Derived using CalPERS' Membership Data for all Funds
Post-Retirement Benefit Increase	Contract COLA up to 2.00% until purchasing power protection allowance floor purchasing power applies

[(1)] The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the June 30, 2025 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation [1]	Real Return Years 1-10 [2]
Public Equity	37%	4.56
Private Equity	17%	5.56
Fixed Income	28%	2.53
Real Assets	15%	3.03
Private Debt	8%	4.93
Strategic Leverage	-5%	1.40
Total	100%	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.
[2] An expected inflation of 2.30% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	$ 557,836
Current Discount Rate	6.90%
Net Pension Liability	$ 299,591
1% Increase	7.90%
Net Pension Liability	$ 87,058

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2025, the District had no payables for contributions to the pension plan for the year ended June 30, 2025.

NOTE 6 – LESSOR TRANSACTIONS

The District entered into an operating lease with an unrelated party to lease District-owned property. The lease commenced on May 1, 2015. The most recent lease term commenced on May 1, 2020, and expired on April 30, 2025. Effective May 1, 2025, the arrangement continued on a month-to-month basis at a monthly rental rate of $3,700. The arrangement may be terminated upon sixty days' written notice.

NOTE 7 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, expenditures exceeded appropriations in the District's fund categories as follows:

Appropriations Category	Excess Expenditures
Salaries and Employee Benefits	$ 22,949
Services and Supplies	81,983
Capital Outlay	195,977

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the California Association for Parks and Recreation Insurance (CAPRI), which is a risk-sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of CAPRI is to manage and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2025, the District participated in the liability and property programs of the CAPRI as follows:

- Comprehensive general and automobile liability coverage with a $750,000 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 $1 million (General Liability, Automobile Liability, Public Officials Errors and Omissions, and Employee Liability Coverage). There is no deductible to the District for General Liability Claims.

In addition to the above, the District also has the following insurance coverage:

- Public officials and employee liability coverage has a $25,000,000 annual aggregate limit per member district because of 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 district 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. If the District consults with its general counsel and if such counsel has experience with labor and employment law, or with its labor and employment counsel, or CAPRI – recommended labor and employment counsel prior to termination, layoffs, downsizing or other employment related matter, the deductible will be reduced to $5,000 for any employment liability lawsuit brought to that employee.

- All-risk property loss coverage, including boiler and machinery coverage, is subject to a $2,000 deductible per occurrence payable by the District. All risk property coverage has a limit of $1,000,000 per occurrence. Boiler and machinery has an excess limit of $100,000,000.

NOTE 8 – RISK MANAGEMENT (Continued)

- Earthquake coverage has an annual aggregate limit of $5,000,000 for all member districts. Flood has an annual aggregate limit of $10,000,000 for all member districts. The deductible for all loss or damage arising from the risk of earthquake is $50,000 per occurrence or 5% of the value of the building, contents and/or structured damage, whichever is greater. The deductible for all loss or damage arising from the risk of flood is $50,000.

- Workers' Compensation coverage with a $350,000 limit. Insurance is up to statutory limits per occurrence. There is no deductible for the Workers' Compensation program.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years.

There were no reductions in insurance coverage for the fiscal year ended June 30, 2025. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no claims payable as of June 30, 2025.

NOTE 9 – FIRE LOSS AND INSURANCE RECOVERY

During the year ended June 30, 2025, a fire damaged a District restroom and storage facility, including a mower stored at the facility. The District incurred costs to repair the damaged facilities and replace damaged equipment. During the fiscal year, the District received $109,939 in insurance proceeds related to the fire loss. The accompanying financial statements include the effects of the casualty loss, insurance recovery, and related repair and replacement costs recognized during the year.

NOTE 10 – DONATIONS

During the year ended June 30, 2025, the District recognized $100,821 in donation revenue. Of this amount, $99,121 related to the development of a walking path, including $75,000 received from a third party in the prior fiscal year and $24,121 contributed by the County of Kern during the current year. The $75,000 received in the prior year was recognized as revenue during the current year as the related walking path project costs were incurred. The remaining donations were received to support District recreational activities.

NOTE 11 – SUBSEQUENT EVENTS

On October 8, 2024, the California Energy Commission executed an Energy Conservation Assistance Act (ECAA) Loan Agreement with the District providing financing of up to $1,167,288 at an interest rate of 1.00 percent to fund energy conservation improvements, including the installation of solar systems at the District Office, Arvin Pool, and Lamont Pool. Under the terms of the agreement, the loan is funded on a reimbursement basis, whereby the District incurs eligible project costs and subsequently submits reimbursement requests to the California Energy Commission for reimbursement. As of March 2026, the District had submitted six reimbursement requests totaling $1,147,621. Repayment of amounts disbursed, including interest, will commence following project completion in accordance with the terms of the loan agreement.

The date to which events occurring after June 30, 2025, have been evaluated for possible adjustments to the financial statements or disclosures is September 2, 2026, which is the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
OPERATING REVENUES				
Property Taxes	$ 900,000	$ 900,000	$ 1,042,978	$ 142,978
Charges for Services and Facilities	54,250	54,250	44,848	(9,402)
Lease Income	45,600	45,600	43,394	(2,206)
Interest Earnings	5,000	5,000	5,757	757
Insurance Proceeds	-	-	109,939	109,939
Donations	-	-	100,821	100,821
Loss on Sale of Assets	-	-	(7,327)	(7,327)
Miscellaneous	5,000	5,000	2,478	(2,522)
Total Operating Revenues	1,009,850	1,009,850	1,342,888	333,038
OPERATING EXPENDITURES				
Salaries and Employee Benefits	519,424	519,424	542,373	(22,949)
Services and Supplies	454,220	454,220	536,203	(81,983)
Capital Outlay	-	-	195,977	(195,977)
Total Operating Expenditures	973,644	973,644	1,274,553	(300,909)
Net Change in Fund Balance	$ 36,206	$ 36,206	68,335	$ 32,129
Fund Balance at Beginning of Year			751,547	
Fund Balance at End of Year			$ 819,882	

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
COST-SHARING DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2025
LAST 10 YEARS

	2025	2024	2023	2022	2021
Proportion of the Net Pension Liability	0.0075%	0.0086%	0.0085%	0.0078%	0.0075%
Proportionate Share of the Net Pension Liability	$ 299,591	$ 414,497	$ 426,036	$ 363,108	$ 141,841
Covered Payroll	$ 263,116	$ 306,523	$ 244,170	$ 238,593	$ 228,605
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	113.86%	135.23%	174.48%	152.19%	62.05%
District's Proportionate Share of the Plan's Fiduciary Net Position	$ 1,721,539	$ 1,839,466	$ 1,707,364	$ 1,500,975	$ 1,589,790
District's Proportionate Share of the Plan's Fiduciary Net Position as a Percentage of the District's Proportionate Share of the Total Pension Liability	85.18%	81.61%	80.03%	80.52%	91.81%

	2020	2019	2018	2017	2016
Proportion of the Net Pension Liability	0.0077%	0.0078%	0.0082%	0.0080%	0.0080%
Proportionate Share of the Net Pension Liability	$ 323,948	$ 310,349	$ 309,788	$ 314,575	$ 278,952
Covered Payroll	$ 223,236	$ 207,723	$ 244,803	$ 246,058	$ 305,657
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	145.11%	149.41%	126.55%	127.85%	91.26%
District's Proportionate Share of the Plan's Fiduciary Net Position	$ 1,362,909	$ 1,330,886	$ 1,354,235	$ 1,110,918	$ 1,133,957
District's Proportionate Share of the Plan's Fiduciary Net Position as a Percentage of the District's Proportionate Share of the Total Pension Liability	80.80%	81.09%	81.38%	77.93%	80.26%

Notes to Schedule:

Benefit changes. There were no changes in benefit terms during the periods presented.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2021, the discount rate changed to 7.15% from 7.65%. In 2022, the discount rate changed to 6.90% from 7.15%.

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
COST-SHARING DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2025
LAST 10 YEARS

	2025	2024	2023	2022	2021
Contractually Required Contribution (Actuarially Determined)	$ 54,527	$ 51,865	$ 41,897	$ 41,327	$ 39,261
Contributions in Relation to the Actuarially Determined Contributions	54,527	51,865	41,897	41,327	39,261
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 333,908	$ 263,116	$ 306,523	$ 244,170	$ 238,593
Contributions as a Percentage of Covered Payroll	16.33%	19.71%	13.67%	16.93%	16.46%

	2020	2019	2018	2017	2016
Contractually Required Contribution (Actuarially Determined)	$ 39,956	$ 30,361	$ 25,013	$ 8,582	$ 11,898
Contributions in Relation to the Actuarially Determined Contributions	39,956	30,361	25,013	8,582	11,898
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 228,605	$ 223,236	$ 207,723	$ 244,803	$ 246,058
Contributions as a Percentage of Covered Payroll	17.48%	13.60%	12.04%	3.51%	4.84%

OTHER REPORT

INDEPENDENT AUDITOR'S 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*

Board of Directors
Bear Mountain Recreation and Park District
Lamont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Bear Mountain Recreation and Park District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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; therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-01, that we consider to be a significant deficiency.

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

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basic 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*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 2, 2026

FINDINGS AND RESPONSES

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

Current Year Findings:

Finding 2025-01 – Capital Asset Additions Not Properly Identified

Condition

The Bear Mountain Recreation and Park District (the District) did not review Account 53900 – Projects – Improvements to identify costs that met the District's capitalization criteria. During our testing, we identified $19,250 related to bathroom and kitchen renovations and $9,457 for a refrigerator that were recorded as expenditures in this account rather than as capital assets. These costs exceeded the District's capitalization threshold and should have been evaluated and recorded as capital assets.

Criteria

The District's capitalization policy requires qualifying purchases and improvements exceeding the established capitalization threshold to be recorded as capital assets and depreciated over their estimated useful lives. Internal controls should include procedures to identify capital asset additions, including capitalizable costs initially recorded in repair and maintenance or project-related expense accounts.

Cause

Account 53900 – Projects – Improvements was established to track project-related costs; however, the District did not have a process to review the account for costs that should be capitalized.

Effect

As a result, $28,707 of qualifying capital asset costs were recorded as expenditures rather than capital assets, resulting in an understatement of capital assets and an overstatement of expenditures prior to audit adjustment. Additionally, without a review of this account, capitalizable project costs may not be identified timely.

Recommendation

We recommend that the District establish a year-end review of Account 53900 – Projects – Improvements to identify costs that meet the District's capitalization criteria. Qualifying costs should be added to the capital asset records and depreciated, as applicable.

Management Response

Management concurs with the recommendation.

BEAR MOUNTAIN RECREATION AND PARK DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2025

Prior Year Findings:

None.