

CITY OF MCFARLAND
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of McFarland
McFarland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of McFarland, California (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Emphasis of Matter

Correction of Error

As disclosed in Note 13 to the financial statements, adjustments were recorded for the correction of errors in the prior year financial statements. Our opinions are not modified with respect to this matter.

Change in Reporting Entity

As disclosed in Note 13 to the financial statements, the City determined that the Miscellaneous Grants fund no longer meets the criteria to be reported as a major fund and is now presented as a nonmajor governmental fund. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As disclosed in Note 1, during the fiscal year ended June 30, 2025, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

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 City'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.

Auditors' 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 auditors' 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 City'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 City'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 budgetary comparison 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 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.

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

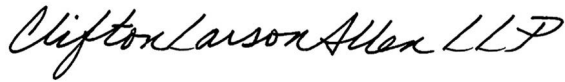
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of McFarland

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
December 26, 2025

BASIC FINANCIAL STATEMENTS

CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 13,861,793	\$ 8,809,254	\$ 22,671,047
Cash with Fiscal Agents - Restricted	4,099,628	1,261	4,100,889
Receivables:			
Accounts	43,310	888,078	931,388
Intergovernmental	3,445,190	725,608	4,170,798
Interest	289,210	-	289,210
Taxes	226,872	-	226,872
Leases	-	97,008	97,008
Prepays and Other Assets	19,940	12,938	32,878
Loans Receivable	3,778,359	-	3,778,359
Capital Assets:			
Nondepreciable/Nonamortizable	8,472,863	2,399,032	10,871,895
Depreciable, Net	33,170,953	13,250,298	46,421,251
Right-to-Use Assets, Net	17,173	-	17,173
Total Assets	<u>67,425,291</u>	<u>26,183,477</u>	<u>93,608,768</u>
LIABILITIES			
Accounts Payable	719,305	734,374	1,453,679
Accrued Liabilities	111,869	38,551	150,420
Interest Payable	51,417	25,446	76,863
Deposits Payable	103,376	26,460	129,836
Unearned Revenue	4,855,330	215,968	5,071,298
Long-Term Liabilities:			
Due Within One Year	397,447	279,774	677,221
Due in More than One Year	4,931,035	4,419,957	9,350,992
Total Liabilities	<u>11,169,779</u>	<u>5,740,530</u>	<u>16,910,309</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Leases	-	91,771	91,771
NET POSITION			
Net Investment in Capital Assets	40,375,538	11,033,330	51,408,868
Restricted for:			
Grants	908,278	-	908,278
Streets and Roads	637,730	-	637,730
Community Development	8,564,312	-	8,564,312
Debt Service	247,271	-	247,271
Unrestricted	5,522,383	9,317,846	14,840,229
Total Net Position	<u>\$ 56,255,512</u>	<u>\$ 20,351,176</u>	<u>\$ 76,606,688</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 2,455,305	\$ 1,336,571	\$ 14,345	\$ -	\$ (1,104,389)	\$ -	\$ (1,104,389)
Public Safety	4,780,826	653,636	1,101,625	697,724	(2,327,841)	-	(2,327,841)
Public Works	2,492,735	16,421	2,197,246	791,353	512,285	-	512,285
Community Development	685,192	583,088	807,641	-	705,537	-	705,537
Interest on Long-Term Debt	168,899	-	-	-	(168,899)	-	(168,899)
Total Governmental Activities	10,582,957	2,589,716	4,120,857	1,489,077	(2,383,307)	-	(2,383,307)
Business-Type Activities:							
Sewer	2,910,548	2,142,585	-	-	-	(767,963)	(767,963)
Refuse	1,766,193	1,602,945	-	29,665	-	(133,583)	(133,583)
Water	3,741,818	2,340,461	-	1,223,811	-	(177,546)	(177,546)
Public Transportation	154,610	-	87,717	-	-	(66,893)	(66,893)
Total Business-Type Activities	8,573,169	6,085,991	87,717	1,253,476	-	(1,145,985)	(1,145,985)
Total Primary Government	\$ 19,156,126	\$ 8,675,707	\$ 4,208,574	\$ 2,742,553	(2,383,307)	(1,145,985)	(3,529,292)
GENERAL REVENUES AND TRANSFERS							
General Revenues:							
Taxes:							
Property Taxes					632,847	-	632,847
Sales and Use Taxes					2,217,721	-	2,217,721
Franchise Taxes					248,195	-	248,195
Intergovernmental, Unrestricted:							
Motor Vehicle In-Lieu Tax					1,694,462	-	1,694,462
Interest and Investment Earnings					768,084	398,699	1,166,783
Miscellaneous					83,042	-	83,042
Transfers					(276,000)	276,000	-
Total General Revenues and Transfers					5,368,351	674,699	6,043,050
CHANGE IN NET POSITION					2,985,044	(471,286)	2,513,758
Net Position - Beginning, as Originally Reported					54,438,951	20,598,850	75,037,801
Restatement - Error correction and change in reporting entity					(1,168,483)	223,612	(944,871)
Net Position - Beginning, as Adjusted					53,270,468	20,822,462	74,092,930
NET POSITION - END OF YEAR					\$ 56,255,512	\$ 20,351,176	\$ 76,606,688

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
ASSETS									
Cash and Investments	\$ 7,978,278	\$ -	\$ -	\$ 275,000	\$ 3,947,763	\$ -	\$ 37,445	\$ 1,623,307	\$ 13,861,793
Cash with Fiscal Agent - Restricted	22,295	-	-	-	-	-	4,077,333	-	4,099,628
Receivables:									
Accounts	7,135	-	32,792	-	-	-	-	3,383	43,310
Intergovernmental	1,180,110	2,228,164	-	-	-	-	-	36,916	3,445,190
Taxes	289,210	-	-	-	-	-	-	-	289,210
Interest	226,872	-	-	-	-	-	-	-	226,872
Prepaid Items	18,730	-	-	-	-	-	-	1,210	19,940
Due from Other Funds	2,347,115	-	-	-	-	-	-	-	2,347,115
Loans Receivable	-	-	-	3,068,453	-	-	-	709,906	3,778,359
Total Assets	\$ 12,069,745	\$ 2,228,164	\$ 32,792	\$ 3,343,453	\$ 3,947,763	\$ -	\$ 4,114,778	\$ 2,374,722	\$ 28,111,417
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 678,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,642	\$ 719,305
Accrued Liabilities	109,663	-	-	-	-	-	-	2,206	111,869
Deposits Payable	103,376	-	-	-	-	-	-	-	103,376
Due to Other Funds	-	2,138,842	60,785	-	-	-	-	147,488	2,347,115
Unearned Revenue	4,680,236	-	-	-	-	-	-	175,094	4,855,330
Total Liabilities	5,571,938	2,138,842	60,785	-	-	-	-	365,430	8,136,995
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue	644,804	2,228,164	-	3,068,453	-	-	-	709,906	6,651,327
Total Deferred Inflows of Resources	644,804	2,228,164	-	3,068,453	-	-	-	709,906	6,651,327
FUND BALANCES									
Nonspendable	18,730	-	-	-	-	-	-	1,210	19,940
Restricted	22,295	-	-	275,000	3,947,763	-	4,114,778	1,460,529	9,820,365
Assigned	1,458,463	-	-	-	-	-	-	-	1,458,463
Unassigned	4,353,515	(2,138,842)	(27,993)	-	-	-	-	(162,353)	2,024,327
Total Fund Balances	5,853,003	(2,138,842)	(27,993)	275,000	3,947,763	-	4,114,778	1,299,386	13,323,095
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,069,745	\$ 2,228,164	\$ 32,792	\$ 3,343,453	\$ 3,947,763	\$ -	\$ 4,114,778	\$ 2,374,722	\$ 28,111,417

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2025**

Fund Balance - Total Governmental Funds	\$ 13,323,095
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 in the governmental funds balance sheet.	41,660,989
Some of the City's revenue is not available to pay for current period expenditures and therefore are not reported in the governmental funds balance sheet.	6,651,327
Interest on long-term debt is recognized as it accrues, regardless of when it is due.	(51,417)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Bonds Payable (Net of Unamortized Premium)	(4,175,910)
Notes Payable	(773,905)
Lease Payable	(2,339)
SBITA Payable	(11,515)
Compensated Absences	(364,813)
	(56,403,539)
Net Position of Governmental Activities	\$ 56,255,512

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
REVENUES									
Taxes	\$ 4,631,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,853	\$ 4,793,225
Licenses and Permits	644,244	-	-	-	519,684	-	-	-	1,163,928
Fines and Forfeitures	97,289	-	-	-	-	-	-	-	97,289
Use of Money and Property	449,666	-	9,092	-	153,214	-	434,458	17,284	1,063,714
Intergovernmental Revenues	1,852,962	156,158	385,605	-	-	-	-	1,596,590	3,991,315
Charges for Services	1,021,075	-	-	-	-	-	-	-	1,021,075
Contributions	73,230	-	-	-	-	-	-	-	73,230
Other Revenues	91,587	-	-	110,755	-	-	-	1,369	203,711
Total Revenues	<u>8,861,425</u>	<u>156,158</u>	<u>394,697</u>	<u>110,755</u>	<u>672,898</u>	<u>-</u>	<u>434,458</u>	<u>1,777,096</u>	<u>12,407,487</u>
EXPENDITURES									
Current:									
General Government	1,674,678	-	-	-	-	-	-	-	1,674,678
Public Safety	3,978,610	-	-	993	-	-	-	474,603	4,454,206
Public Works	294,614	-	698,720	-	-	-	-	448,764	1,442,098
Community Development	606,060	-	-	-	-	-	-	21,244	627,304
Debt Service:									
Principal	29,826	-	-	-	-	-	115,000	-	144,826
Interest and Fiscal Charges	27,204	-	-	-	-	-	157,700	-	184,904
Capital Outlay	1,597,454	1,645,326	-	-	-	-	-	67,815	3,310,595
Total Expenditures	<u>8,208,446</u>	<u>1,645,326</u>	<u>698,720</u>	<u>993</u>	<u>-</u>	<u>-</u>	<u>272,700</u>	<u>1,012,426</u>	<u>11,838,611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	652,979	(1,489,168)	(304,023)	109,762	672,898	-	161,758	764,670	568,876
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	13,888	13,888
Transfers Out	(289,888)	-	-	-	-	-	-	-	(289,888)
Total Other Financing Sources (Uses)	<u>(289,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,888</u>	<u>(276,000)</u>
NET CHANGE IN FUND BALANCES	363,091	(1,489,168)	(304,023)	109,762	672,898	-	161,758	778,558	292,876
Fund Balance - Beginning of Year, as Previously Reported	5,489,912	(649,674)	276,030	165,238	3,274,865	303,025	3,953,020	217,803	13,030,219
Change within the Financial Reporting Entity	-	-	-	-	-	(303,025)	-	303,025	-
Fund Balance - Beginning of Year, as Restated	<u>5,489,912</u>	<u>(649,674)</u>	<u>276,030</u>	<u>165,238</u>	<u>3,274,865</u>	<u>-</u>	<u>3,953,020</u>	<u>520,828</u>	<u>13,030,219</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,853,003</u>	<u>\$ (2,138,842)</u>	<u>\$ (27,993)</u>	<u>\$ 275,000</u>	<u>\$ 3,947,763</u>	<u>\$ -</u>	<u>\$ 4,114,778</u>	<u>\$ 1,299,386</u>	<u>\$ 13,323,095</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change to Fund Balance - Total Governmental Funds \$ 292,876

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Outlay	3,241,293
Less: Current Year Depreciation	(1,829,025)
Less: Current Year Amortization	(42,237)

Some revenues reported in the statement of activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

1,436,514

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums when debt is first issued; however, the amounts are deferred and amortized in the government-wide financial statements.

Principal Payments for Bonds, Notes, Leases, and SBITAs	144,826
Change in Accrued Interest on Long-term Debt	2,250
Amortization of Premium	11,859

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in Compensated Absences	<u>(273,312)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 2,985,044</u></u>
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**CITY OF MCFARLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,549,068	\$ 107,407	\$ 7,037,234	\$ 115,545	\$ 8,809,254
Cash with Fiscal Agent - Restricted	845	-	416	-	1,261
Receivables:					
Accounts	240,898	234,963	412,217	-	888,078
Intergovernmental	3,979	-	721,629	-	725,608
Leases	97,008	-	-	-	97,008
Other Assets	1,964	954	10,014	6	12,938
Total Current Assets	<u>1,893,762</u>	<u>343,324</u>	<u>8,181,510</u>	<u>115,551</u>	<u>10,534,147</u>
Noncurrent Assets:					
Capital Assets:					
Nondepreciable:					
Land	1,120,000	-	160,063	-	1,280,063
Construction in Progress	-	-	1,031,894	87,075	1,118,969
Depreciable:					
Buildings, Equipment and Infrastructure	15,330,548	309,677	12,583,177	650,896	28,874,298
Accumulated Depreciation	<u>(7,014,451)</u>	<u>(309,677)</u>	<u>(7,720,161)</u>	<u>(579,711)</u>	<u>(15,624,000)</u>
Total Noncurrent Assets	<u>9,436,097</u>	<u>-</u>	<u>6,054,973</u>	<u>158,260</u>	<u>15,649,330</u>
Total Assets	<u>11,329,859</u>	<u>343,324</u>	<u>14,236,483</u>	<u>273,811</u>	<u>26,183,477</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	138,346	231,448	364,071	509	734,374
Accrued Liabilities	14,194	6,418	16,439	1,500	38,551
Interest Payable	8,397	-	17,049	-	25,446
Deposits Payable	-	-	26,460	-	26,460
Unearned Revenue	-	-	-	215,968	215,968
Compensated Absences	23,031	10,799	23,313	631	57,774
Bonds Payable	<u>148,740</u>	<u>-</u>	<u>73,260</u>	<u>-</u>	<u>222,000</u>
Total Current Liabilities	<u>332,708</u>	<u>248,665</u>	<u>520,592</u>	<u>218,608</u>	<u>1,320,573</u>
Noncurrent Liabilities:					
Bonds Payable	2,943,980	-	1,450,020	-	4,394,000
Compensated Absences	<u>10,348</u>	<u>4,851</u>	<u>10,475</u>	<u>283</u>	<u>25,957</u>
Total Noncurrent Liabilities	<u>2,954,328</u>	<u>4,851</u>	<u>1,460,495</u>	<u>283</u>	<u>4,419,957</u>
Total Liabilities	<u>3,287,036</u>	<u>253,516</u>	<u>1,981,087</u>	<u>218,891</u>	<u>5,740,530</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Leases	<u>91,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,771</u>
Total Deferred Inflows of Resources	<u>91,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,771</u>
NET POSITION					
Net Investment in Capital Assets	6,343,377	-	4,531,693	158,260	11,033,330
Unrestricted	<u>1,607,675</u>	<u>89,808</u>	<u>7,723,703</u>	<u>(103,340)</u>	<u>9,317,846</u>
Total Net Position	<u>\$ 7,951,052</u>	<u>\$ 89,808</u>	<u>\$ 12,255,396</u>	<u>\$ 54,920</u>	<u>\$ 20,351,176</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
OPERATING REVENUES					
Charges for Services	\$ 2,142,585	\$ 1,602,945	\$ 2,340,461	\$ -	\$ 6,085,991
OPERATING EXPENSES					
Salaries and Employee Benefits	856,316	316,907	876,281	84,342	2,133,846
Services and Supplies	1,337,799	1,449,072	1,768,697	38,178	4,593,746
Utilities	163,188	-	547,429	-	710,617
Depreciation	424,881	214	470,703	32,090	927,888
Total Operating Expenses	<u>2,782,184</u>	<u>1,766,193</u>	<u>3,663,110</u>	<u>154,610</u>	<u>8,366,097</u>
OPERATING LOSS	(639,599)	(163,248)	(1,322,649)	(154,610)	(2,280,106)
NONOPERATING REVENUES (EXPENSES)					
Grants	-	29,665	1,223,811	87,717	1,341,193
Interest Income	74,892	8,283	310,256	5,268	398,699
Interest Expense	(128,364)	-	(78,708)	-	(207,072)
Total Nonoperating Revenues (Expenses)	<u>(53,472)</u>	<u>37,948</u>	<u>1,455,359</u>	<u>92,985</u>	<u>1,532,820</u>
INCOME (LOSS) BEFORE TRANSFERS	(693,071)	(125,300)	132,710	(61,625)	(747,286)
TRANSFERS IN	-	-	276,000	-	276,000
CHANGE IN NET POSITION	(693,071)	(125,300)	408,710	(61,625)	(471,286)
Net Position - Beginning, as Originally Reported	8,612,239	114,580	11,755,486	116,545	20,598,850
Restatement - Error correction	31,884	100,528	91,200	-	223,612
Net Position - Beginning, as Restated	<u>8,644,123</u>	<u>215,108</u>	<u>11,846,686</u>	<u>116,545</u>	<u>20,822,462</u>
NET POSITION - END OF YEAR	<u>\$ 7,951,052</u>	<u>\$ 89,808</u>	<u>\$ 12,255,396</u>	<u>\$ 54,920</u>	<u>\$ 20,351,176</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 2,180,429	\$ 1,700,417	\$ 1,545,241	\$ -	\$ 5,426,087
Payments to Suppliers	(1,449,164)	(1,497,635)	(2,535,606)	(85,009)	(5,567,414)
Payments to Employees	(835,705)	(306,293)	(851,762)	(52,941)	(2,046,701)
Net Cash Used by Operating Activities	(104,440)	(103,511)	(1,842,127)	(137,950)	(2,188,028)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant Proceeds	-	29,665	1,223,811	114,605	1,368,081
Loans from Other Funds	27,515	-	1,360	604	29,479
Due to Other Funds	-	-	276,000	-	276,000
Net Cash Provided by Noncapital Financing Activities	27,515	29,665	1,501,171	115,209	1,673,560
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments Related to the Acquisition of Capital Assets	(250,541)	-	(1,071,253)	-	(1,321,794)
Principal Repayments Related to Capital Purposes	(142,040)	-	(69,960)	-	(212,000)
Interest Repayments Related to Capital Purposes	(139,521)	-	(68,719)	-	(208,240)
Net Cash Provided (Used) by Capital and Related Financing Activities	(532,102)	-	(1,209,932)	-	(1,742,034)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	74,892	8,283	312,072	5,268	400,515
Net Cash Provided by Investing Activities	74,892	8,283	312,072	5,268	400,515
NET DECREASE IN CASH AND CASH EQUIVALENTS	(534,135)	(65,563)	(1,238,816)	(17,473)	(1,855,987)
Cash and Cash Equivalents - Beginning of Year	2,084,048	172,970	8,276,466	133,018	10,666,502
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,549,913</u>	<u>\$ 107,407</u>	<u>\$ 7,037,650</u>	<u>\$ 115,545</u>	<u>\$ 8,810,515</u>
Cash and Investments	\$ 1,549,068	\$ 107,407	\$ 7,037,234	\$ 115,545	\$ 8,809,254
Cash with Fiscal Agent - Restricted	845	-	416	-	1,261
Cash and Cash Equivalents - per Statement of Net Position	<u>\$ 1,549,913</u>	<u>\$ 107,407</u>	<u>\$ 7,037,650</u>	<u>\$ 115,545</u>	<u>\$ 8,810,515</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES					
Operating Loss	\$ (639,599)	\$ (163,248)	\$ (1,322,649)	\$ (154,610)	\$ (2,280,106)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:					
Depreciation	424,881	214	470,703	32,090	927,888
(Increase) Decrease in:					
Accounts Receivable	37,844	97,472	(76,962)	-	58,354
Intergovernmental Receivable	-	-	(721,629)	-	(721,629)
Prepaid Expenses	8,243	2,295	2,539	2,227	15,304
Increase (Decrease) in:					
Accounts Payable	43,580	1,415	(222,019)	(12,559)	(189,583)
Accrued Liabilities	(434)	1,359	1,142	138	2,205
Deposits	-	-	3,371	(4,431)	(1,060)
Compensated Absences	21,045	9,255	23,377	(805)	52,872
Net Cash Used by Operating Activities	<u>\$ (104,440)</u>	<u>\$ (103,511)</u>	<u>\$ (1,842,127)</u>	<u>\$ (137,950)</u>	<u>\$ (2,188,028)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	Private Purpose Trust Fund
	RDA
	Successor Agency
ASSETS	
Cash and Investments	\$ 6,665
Total Assets	6,665
NET POSITION	
Restricted for Successor Agency	6,665
Total Net Position	\$ 6,665

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025**

	Private Purpose Trust Fund
	RDA
	Successor Agency
ADDITIONS	
Property Taxes	\$ -
Total Additions	-
DEDUCTIONS	
Administration	-
Total Deductions	-
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	6,665
NET POSITION - END OF YEAR	\$ 6,665

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of McFarland, California (the City) was incorporated on July 18, 1957. The City is a full-service city and operates under a Council – City Administration form of government, providing the following services: general government; public safety; public works; and recreation and development. The City is located in Kern County approximately 25 miles north of Bakersfield, the County government seat.

The City has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all the fund types of the City.

Accounting principles generally accepted in the United States of America require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, in substance, part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. A component unit that is engaged in fiduciary activity is reported as a fiduciary fund.

Blended Component Units

Parking Authority – The McFarland Parking Authority of the City of McFarland (the Parking Authority) was formed by the City on April 12, 2012, by Resolution No. 2012-069, under Part 2 of Division 18 of the California Streets and Highways Code, Section 32650. The Parking Authority's legislative body is the City Council as Board of Directors of the Parking Authority. The fundamental aim of the Parking Authority is to purchase property and construct a public parking lot on that property. The Parking Authority did not report any activity during the year. Separate financial statements are not available for the Authority.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

McFarland Improvement Authority – On April 12, 2012, under Resolution No. 2012-070, the Parking Authority and the City entered into a Joint Exercise of Powers Agreement to create the McFarland Improvement Authority (the Improvement Authority). The Improvement Authority's legislative body is the City Council as Commissioners of the Improvement Authority. The fundamental aim of the Improvement Authority is to provide for the financing of capital improvements and working capital. The Improvement Authority issued bonds for the purpose of funding capital improvements. Separate financial statements are not available for the Authority.

McFarland Public Financing Corporation – On July 31, 2001, the City and the Successor Agency to the Former McFarland Redevelopment Agency entered into a Joint Exercise of Powers Agreement establishing the McFarland Public Financing Corporation (the Corporation) for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the state of California. The City Council of McFarland is the governing body for the Corporation. The McFarland Public Financing Corporation did not report any activity during the year. Separate financial statements are not available for the Corporation.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

Fiduciary Component Units

McFarland Community Foundation – On February 21, 2025, the City incorporated the McFarland Community Foundation (the Foundation) as a California nonprofit public benefit corporation established to support charitable and educational activities within the City of McFarland. The Foundation's Board of Directors consists of five to seven directors and includes the Mayor, Vice Mayor, and City Manager. The Foundation is reported as a fiduciary component unit of the City as a custodial fund. The Foundation did not report any activity during the year. Separate financial statements are not available for the Foundation.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down are included in the program expense reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories, each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as general government, public safety, public works, and recreation and development.
- The *TDA-LTF Fund* is used to account for the City's share of the Transportation Development Allocation which is legally restricted for specific purposes, primarily street construction and maintenance and related street expenditures. This fund also accounts for other state and federal grant revenues related to street maintenance or construction.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

- The *Gas Tax Fund* is used to account for highway users tax allocated by the state of California.
- The *CalHOME Fund* is used to account for a CalHOME Homeownership Project Development Program award.
- The *Development Impact Fund* is used to account for impact fees.
- The *McFarland Improvement Authority Fund* is reported as debt service fund and is used to account for the activities of the McFarland Improvement Authority, including debt repayment.

The City reports the following major proprietary funds:

- The *Sewer Fund* is used to account for the provisions of sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund.
- The *Refuse Fund* is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such service are accounted for in this fund.
- The *Water Fund* is used to account for the provisions of water service to residents of the City. All activities necessary to provide such service are accounted for in this fund.

The City reports the following additional fund type:

- The *RDA Successor Agency Private Purpose Trust Fund* is a fiduciary fund used to account for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former McFarland Redevelopment Agency. These funds are restricted for the sole purpose of payment on items on an approved Recognized Payment Obligation Schedule.

C. Basis of Accounting and Measurement Focus

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (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. Property and sales taxes, interest and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within 180 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Certain disclosure requirements for deposits and investment risks were made in the following areas: Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentrations of Credit Risk.

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Interest earned on investments is allocated using the Local Agency Fund (LAIF) factor to selected funds by the City.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

The City participates in an investment pool LAIF, which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the state of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying basic financial statements.

E. Receivables

Receivables for governmental activities consist mainly of accounts, intergovernmental, and interest. Receivables for business-type activities consist mainly of user fees, intergovernmental, and interest earnings. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

F. Other Assets

Prepaid Items

Payments made for services that will benefit future accounting periods are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid costs do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reported as nonspendable.

G. Loans Receivable

Loans receivable represent low interest notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects, homebuyer assistance for low income families, as well as business start-up costs. Loan terms are 15 to 55 years with an interest rate at 0% to 5%. The primary source of funding for these loans comes from grants from the Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital and Right-to-Use assets, which include property, plant, equipment and infrastructure assets (e.g., roads, traffic signals, drainage systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and Right-to-Use assets are defined by the City as assets with an initial cost of more than \$1,000 (\$25,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Land and construction in progress are not depreciated. Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. Right-to-use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable/Amortizable Asset</u>	<u>Estimated Lives</u>
Buildings	15 to 40 Years
Improvements Other Than Buildings	15 to 40 Years
Machinery and Equipment	5 to 20 Years
Infrastructure	20 to 50 Years

I. Leases

Leases are defined by the general government as the right-to-use an underlying asset. As lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The City calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

J. Property Tax

Secured property taxes are levied during September of each year for the fiscal year beginning with the preceding July 1 and ending the following June 30. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. The Kern County Assessor establishes the value of the property on January 1. Taxes are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Transactions (Continued)

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

L. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits up to certain limits. For governmental funds, compensated absences are recorded as current and noncurrent liabilities only on the government-wide financial statements. For proprietary funds, current and noncurrent liabilities for compensated absences are recorded in both the government wide financial statements and the fund financial statements. The liability for compensated absences reported in the accompanying financial statements consists of leave that has not been used that is attributable to services already rendered, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

N. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose or included in net investment in capital assets.

When both restricted and unrestricted net position are available for use, it is the City's policy to use restricted net position first, and then unrestricted net position as they are needed.

P. Fund Balance

Fund balances of the governmental funds are presented in the financial statements based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (City Council). These commitments can only be overturned by a like action.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

Assigned – Amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Council, City Manager, or Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council at any public meeting.

Unassigned – Residual positive fund balances within the General Fund, which have not been classified within the other above-mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance to be charged: Restricted, Committed, Assigned, and Unassigned.

The City does not have a formal minimum fund balance requirement.

Q. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Change in Accounting Principle

Effective July 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. See Notes 1M, 6, and 13 for more information. This Statement addresses financial reporting and computation of compensated absences. The adoption of this standard did not result in a material impact on the financial statements, and therefore, no restatement or significant changes were required.

Effective July 1, 2024, the City implemented GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose information about certain risks that could affect their ability to meet obligations. The adoption of this Statement did not result in a material impact on the financial statements, and therefore, no restatement or significant changes were required.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements are not pooled.

Statement of Net Position:

Cash and Investments	\$ 22,671,047
Cash with Fiscal Agents	4,100,889

Statement of Fiduciary Net Position:

Cash and Investments	6,665
Total	<u>\$ 26,778,601</u>

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

Deposits with Financial Institutions	\$ 5,171,955
Cash on Hand	3,000
Investments	21,603,646
Total	<u>\$ 26,778,601</u>

Deposits

At year-end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$5,171,955 and the bank balance was \$5,278,656. The difference between the bank balance and the carrying amount represents outstanding warrants and wire transfers and deposits in transit.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial credit risk.

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. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2025, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

Investments

The table below identifies the investment types that are authorized for the City by the California Government Code or by the City's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the City's investment policy, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Quality Requirements</u>
Local Agency Bonds	5 Years	None	None	None
U.S. Treasury Obligations	5 Years	None	None	None
State Obligations	5 Years	None	None	None
CA Local Agency Obligations	5 Years	None	None	None
U.S. Agency Obligations	5 Years	None	None	None
Bankers Acceptance	180 Days	40%	30%	None
Commercial Paper - Select Age	270 Days	25%	10%	A-1
Commercial Paper - Other Age	270 Days	40%	10%	A-1
Negotiable Certificates of Deposits	5 Years	30%	None	None
Non-Negotiable Certificates of Deposits	5 Years	None	None	None
CD Placement Service	5 Years	30%	None	None
Repurchase Agreements	1 Year	None	None	None
Reverse Repurchase Agreements	92 Days	20%	None	None
Medium-Term Notes	5 Years	30%	10%	A
Mutual Funds	N/A	20%	10%	Multiple
Mutual Money Market Funds	N/A	15%	None	Multiple
Collateralized Bank Deposits	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	20%	None	AA
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	None	None	Multiple
Local Agency Investment Fund	N/A	None	None	None

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity length of investments to five years. As of June 30, 2025, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
State Treasurer's Investment Pool (LAIF)	\$ 21,603,646	N/A
Total Investments	<u>\$ 21,603,646</u>	

Credit Risk

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. The City's investment in LAIF is not rated.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City is required to disclose any investment in any one issuer that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As such, the City has no concentration of credit risk that exceeds 5%.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. 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 quoted market prices; and

Level 3 – Unobservable inputs.

The City's position in external investment pools is, in itself, regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in External Investment Pools

The City participant in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no restrictions on withdrawal of funds.

Restricted Cash and Investments with Fiscal Agents

Cash and investments at June 30, 2025, that are restricted by legal or contractual requirements are comprised of the following:

Governmental-Type Activities:

General Fund

Debt Service Reserves	\$	22,295
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McFarland Improvement Authority:

Reserves for Capital Projects		3,800,940
Debt Service Reserves		<u>276,393</u>
Total		<u>4,099,628</u>

Business-Type Activities:

Sewer Fund:

Debt Service Reserves		845
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Water Fund:

Debt Service Reserves		416
Total		<u>1,261</u>

Total Restricted Cash and Investments	\$	<u><u>4,100,889</u></u>
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CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CAPITAL ASSETS

Capital and right-to-use assets activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024 as Restated	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2025
Governmental-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 6,428,552	\$ 51,438	\$ -	\$ -	\$ 6,479,990
Construction In Progress	1,510,694	2,770,281	-	(2,288,102)	1,992,873
Total Capital Assets, Not Being Depreciated	7,939,246	2,821,719	-	(2,288,102)	8,472,863
Capital Assets, Being Depreciated:					
Buildings	1,280,454	-	-	-	1,280,454
Infrastructure	40,613,423	-	-	2,288,102	42,901,525
Machinery and Equipment	2,488,442	113,953	-	-	2,602,395
Vehicles	1,960,648	303,725	-	-	2,264,373
Total Capital Assets, Being Depreciated	46,342,967	417,678	-	2,288,102	49,048,747
Less Accumulated Depreciation for:					
Buildings	(141,791)	(51,496)	-	-	(193,287)
Infrastructure	(10,833,022)	(1,304,871)	-	-	(12,137,893)
Machinery and Equipment	(1,760,528)	(190,656)	-	-	(1,951,184)
Vehicles	(1,313,428)	(282,002)	-	-	(1,595,430)
Total Accumulated Depreciation	(14,048,769)	(1,829,025)	-	-	(15,877,794)
Total Capital Assets, Being Depreciated, Net	32,294,198	(1,411,347)	-	2,288,102	33,170,953
Right-to-Use Assets, Being Amortized:					
Machinery and Equipment	149,173	-	(128,878)	-	20,295
SBITAs	40,264	1,896	(14,220)	-	27,940
Total Right-to-Use Assets, Being Amortized	189,437	1,896	(143,098)	-	48,235
Less Accumulated Amortization for:					
Machinery and Equipment	(114,352)	(32,935)	128,878	-	(18,409)
SBITAs	(17,571)	(9,302)	14,220	-	(12,653)
Total Accumulated Amortization	(131,923)	(42,237)	143,098	-	(31,062)
Total Right-to-Use Assets, Being Amortized, Net	57,514	(40,341)	-	-	17,173
Governmental-Type Activities Capital Assets, Net	\$ 40,290,958	\$ 1,370,031	\$ -	\$ -	\$ 41,660,989

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS (CONTINUED)

	As Restated Balance July 1, 2024	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2025
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,280,063	\$ -	\$ -	\$ -	\$ 1,280,063
Construction In Progress	87,075	1,031,894	-	-	1,118,969
Total Capital Assets, Not Being Depreciated	1,367,138	1,031,894	-	-	2,399,032
Capital Assets, Being Depreciated:					
Infrastructure	6,836,223	-	-	-	6,836,223
Buildings and Improvements	8,579,010	31,241	-	-	8,610,251
Machinery and Other	12,108,710	37,985	-	-	12,146,695
Vehicles	1,060,455	220,674	-	-	1,281,129
Total Capital Assets, Being Depreciated	28,584,398	289,900	-	-	28,874,298
Less Accumulated Depreciation for:					
Infrastructure	(1,065,060)	(170,905)	-	-	(1,235,965)
Buildings and Improvements	(4,003,113)	(411,401)	-	-	(4,414,514)
Machinery and Other	(8,696,601)	(271,461)	-	-	(8,968,062)
Vehicles	(931,338)	(74,121)	-	-	(1,005,459)
Total Accumulated Depreciation	(14,696,112)	(927,888)	-	-	(15,624,000)
Total Capital Assets, Being Depreciated, Net	13,888,286	(637,988)	-	-	13,250,298
Business-Type Activities Capital Assets, Net	<u>\$ 15,255,424</u>	<u>\$ 393,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,649,330</u>

Depreciation

Depreciation expense was charged to governmental functions as follows at June 30, 2025:

General Government	\$ 465,078
Public Safety	326,620
Public Works	979,439
Community Development	57,888
Total Depreciation Expense - Governmental Functions	<u>\$ 1,829,025</u>

Depreciation expense was charged to business-type functions as follows at June 30, 2025:

Solid Waste	\$ 424,881
Refuse	214
Water	470,703
Public Transit	32,090
Total Depreciation Expense - Business-Type Functions	<u>\$ 927,888</u>

Amortization

Amortization expense was charged to governmental functions as follows at June 30, 2025:

General Government	\$ 42,237
Total Amortization Expense - Governmental Functions	<u>\$ 42,237</u>

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 INTERFUND TRANSACTIONS

Due to/from Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2025:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,347,115	\$ -
TDA-LTF	-	2,138,842
Gas Tax	-	60,785
Nonmajor Governmental Funds	-	147,488
Total	<u>\$ 2,347,115</u>	<u>\$ 2,347,115</u>

Transfers

Transfers are indicative of funding for capital projects, and lease payments or debt service. The following are the interfund transfer balances for the year ended June 30, 2025:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 289,888
Water	276,000	-
Nonmajor Governmental Funds	13,888	-
Total	<u>\$ 289,888</u>	<u>\$ 289,888</u>

During the year, the City transferred monies to the general fund for shared costs allocated across each of the City's funds.

NOTE 5 UNEARNED/UNAVAILABLE REVENUE

Unearned revenue consists of money received where the City has not yet incurred the qualifying expenditures.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has transactions that qualify for reporting under this category: unavailable revenue. Unavailable revenue is only reported in the governmental funds balance sheet under the modified accrual basis of accounting.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 UNEARNED/UNAVAILABLE REVENUE (CONTINUED)

At June 30, 2025, components of unearned and unavailable revenues were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Grant Revenue	\$ 4,680,236	\$ 644,804	\$ 5,325,040
TDA:			
Grant Revenue	-	2,228,164	2,228,164
CalHOME:			
Grant Revenue and Loans	-	3,068,453	3,068,453
Nonmajor Governmental Funds:			
Grant Revenue and Loans	175,094	709,906	885,000
Total Governmental-Type Activities	\$ 4,855,330	\$ 6,651,327	\$ 11,506,657
Public Transportation:			
Grant Revenue	\$ 215,968		
Total Business-Type Activities	\$ 215,968		

NOTE 6 LONG-TERM LIABILITIES

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

Type of Indebtedness	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Governmental-Type Activities:					
Direct Placement					
Revenue Bonds	\$ 4,030,000	\$ -	\$ (115,000)	\$ 3,915,000	\$ 115,000
Unamortized Premiums on Bonds	272,769	-	(11,859)	260,910	-
Direct Borrowing					
Notes Payable	794,169	-	(20,264)	773,905	20,264
Other Liabilities					
Leases	7,505	-	(5,166)	2,339	5,166
SBITAs	15,911	-	(4,396)	11,515	5,296
Compensated Absences	91,501	273,312		364,813	251,721
Total Governmental-Type Activities	\$ 5,211,855	\$ 273,312	\$ (156,685)	\$ 5,328,482	\$ 397,447
Business-Type Activities:					
Direct Placement					
Revenue Bonds	\$ 4,828,000	\$ -	\$ (212,000)	\$ 4,616,000	\$ 222,000
Other Liabilities					
Compensated Absences	30,859	58,106	(5,234)	83,731	57,774
Total Business-Type Activities	\$ 4,858,859	\$ 58,106	\$ (217,234)	\$ 4,699,731	\$ 279,774

Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2025, are as follows:

Governmental-Type Activities:

Revenue Bonds:

Series 2017 Lease Revenue Bonds dated December 1, 2017, in the original amount of \$4,450,000 at 3% to 4% interest; principal and interest payable each March 1 and September 1 until September 2, 2047, maturity.

Bonds issued by the McFarland Improvement Authority. Secured by a pledge of lease revenues.

Total Revenue Bonds

\$ 3,915,000
<u>3,915,000</u>

Notes Payable:

Note payable to the United States Department of Agriculture in the amount of \$844,700; principal and interest at 3.375% due each October 1 through 2058.

Total Notes Payable

<u>773,905</u>
<u>773,905</u>

Total Governmental-Type Activities

<u>\$ 4,688,905</u>

Business-Type Activities:

Revenue Bonds:

Revenue Bonds dated June 15, 2023, in the original amount of \$5,076,000 at 4.410% interest; payable semi-annually commencing October 1, 2023. Principal is due annually commencing October 1, 2023, with final payment due October 1, 2039. Secured by a pledge of water and wastewater net revenues.

<u>\$ 4,616,000</u>

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The following are schedules of debt service requirements as of June 30, 2025:

<u>Year Ending June 30,</u>	Governmental-Type Activities			
	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2026	\$ 115,000	\$ 154,250	\$ 20,321	\$ 2,036
2027	120,000	150,800	20,378	1,979
2028	125,000	147,200	20,436	1,922
2029	130,000	142,200	20,493	1,864
2030	135,000	137,000	20,551	1,749
2031 - 2035	750,000	600,000	103,624	7,871
2036 - 2040	920,000	437,400	105,089	6,402
2041 - 2045	1,110,000	238,600	106,575	4,911
2046 - 2050	510,000	30,800	108,083	3,400
2051 - 2055	-	-	109,611	1,867
2056 - 2058	-	-	88,804	376
2059	-	-	49,940	-
Total	\$ 3,915,000	\$ 2,038,250	\$ 773,905	\$ 34,377

<u>Year Ending June 30,</u>	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2026	\$ 222,000	198,670
2027	232,000	188,660
2028	242,000	178,208
2029	253,000	167,293
2030	265,000	155,871
2031 - 2035	1,514,000	589,088
2036 - 2040	1,888,000	215,561
Total	\$ 4,616,000	\$ 1,693,351

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Pledged Revenues

The McFarland Improvement Authority has pledged future lease revenue payments to repay lease revenue bonds issued in 2017. The bonds were issued to finance the costs of the city hall remodel and expansion project, finance the renovation of the former library building for a community meeting facility, to acquire land for a future police station and other public facilities improvements. Amounts of the scheduled Base Rental Payments are calculated to be sufficient to pay debt service on the bonds. The City has covenanted under the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments (consisting of certain administrative costs and other moneys due to the Authority and the Trustee under the Sublease) in its annual budget and to make the necessary annual appropriations for all such rental payments.

The City has pledged future water and wastewater utility revenue to repay revenue bonds issued in 2010. The various bonds were issued for the purchase of construction of various water or wastewater infrastructure. At June 30, 2025, \$4,616,000 remains outstanding to be repaid by future water and wastewater revenues. If such revenues prove insufficient, the remainder will be repaid as a general obligation of the City. For the fiscal year ended June 30, 2025, the net revenue available for service of this debt was \$542,295. The debt principal and interest paid in fiscal year 2024-2025 equals \$420,240 (77.49% of available pledged net revenues).

NOTE 7 LEASES

Leases Payable

The City leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027 with interest rates ranging from 7.3918 to 14.4717%.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Governmental-Type Activities	
	Principal	Interest
2026	\$ 1,832	\$ 168
2027	507	18
Total Minimum Lease Payments	\$ 2,339	\$ 186

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Equipment	Governmental- Type Activities \$ 20,295
Less: Accumulated Amortization	(18,409)
Total	\$ 1,886

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 LEASES (CONTINUED)

Leases Receivable

The City, acting as a lessor, leases property under a long-term, noncancelable lease agreement with no interest. The leases expires in 2027. During the year ended June 30, 2025, the City did not recognize lease revenue, pursuant to these contracts due to delinquent payments. Total minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	Business-Type Activities	
	Principal	Interest
2026	\$ 64,252	\$ -
2027	32,756	-
Total Minimum Lease Payments	\$ 97,008	\$ -

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into various long-term, non-cancellable subscription-based information technology agreements. Total future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30,</u>	Governmental-Type Activities	
	Principal	Interest
2026	\$ 5,678	\$ -
2027	5,837	322
Total Minimum Lease Payments	\$ 11,515	\$ 322

Right-to-use assets acquired through outstanding agreements are shown below, by underlying asset class.

	Governmental- Type Activities
Equipment	\$ 27,940
Less: Accumulated Amortization	(12,653)
Total	\$ 15,287

NOTE 9 FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2025, were distributed as follows:

	General	TDA-LTF	Gas Tax	CalHOME	Development Impact	McFarland Improvement Authority	Other Governmental Funds	Total
Nonspendable:								
Prepays	\$ 18,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,210	\$ 19,940
Subtotal	18,730	-	-	-	-	-	1,210	19,940
Restricted for:								
Streets and Transportation	-	-	-	-	-	-	552,251	552,251
Impact Fees	-	-	-	-	3,947,763	-	-	3,947,763
CalHOME	-	-	-	275,000	-	-	-	275,000
Grants	-	-	-	-	-	-	908,278	908,278
Debt Service	22,295	-	-	-	-	276,393	-	298,688
Capital Projects	-	-	-	-	-	3,838,385	-	3,838,385
Subtotal	22,295	-	-	275,000	3,947,763	4,114,778	1,460,529	9,820,365
Assigned to:								
CUP Fees for Capital Projects	1,458,463	-	-	-	-	-	-	1,458,463
Subtotal	1,458,463	-	-	-	-	-	-	1,458,463
Unassigned	4,353,515	(2,138,842)	(27,993)	-	-	-	(162,353)	2,024,327
Total	\$ 5,853,003	\$ (2,138,842)	\$ (27,993)	\$ 275,000	\$ 3,947,763	\$ 4,114,778	\$ 1,299,386	\$ 13,323,095

NOTE 10 RETIREMENT PLAN

General Information About the Pension Plan

Plan Description

The City's defined contribution plan provides for retirement benefits to plan members and beneficiaries. The plan is administrated by John Hancock Life Insurance Company.

Funding Policy

The City contributes 10% of permanent employees' salaries who have at least three years of service. Vesting is at 33% per year over three years. In the event an employee terminates service prior to retirement, the employee is entitled to a refund of the employee's contributions plus interest plus the vested portion of the City's contributions. During the current year, the City was required to make contributions to the plan in the amount of \$429,434. The plan included \$10,692 in forfeitures during the current year.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 RISK MANAGEMENT

The City 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.

For general liability and workers' compensation programs, the City is a member of the Central San Joaquin Valley Risk Management Authority (the RMA). The RMA is comprised of 55 member cities and special districts and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the RMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member has a representative on the Board of Directors with officers of the RMA being elected annually by the Board Members.

General Liability

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member has a specific self-insured retention (SIR) level. The City of McFarland's SIR is \$25,000. The city is responsible for the first \$25,000 of each occurrence. The City does not share or pay for losses of other members with SIRs under \$25,000. Specific coverage includes general and automobile liability, personal injury, errors and omissions, and certain other coverage. Claims from \$25,000 to \$1,000,000 are covered by a special pre-funded self-insurance pool maintained by the RMA. Claims from \$1,000,000 to \$4,000,000 are self-insured by the California Affiliated Risk Management Authorities (CARMA), a joint powers authority providing excess coverage to a membership consisting of six underlying joint powers authorities, representing approximately 175 cities and special districts. Claims from \$4,000,000 to \$39,000,000 are covered by Excess Comprehensive General Liability Policies.

Workers' Compensation

Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member has a specific self-insured retention (SIR) level. The City of McFarland's SIR is \$25,000 per occurrence. The City is responsible for the first \$25,000 of each occurrence. The City does not share or pay for losses of other members with SIRs under \$25,000. Losses between \$25,000 and \$500,000 are covered by a special pre-funded self-insurance pool maintained by the RMA.

Claims from \$500,000 to \$5,000,000 are self-insured by the Local Agency Workers' Compensation Excess Joint Powers Authority which is a joint powers authority providing excess coverage to 36 members including cities, special districts, and joint powers authorities. Claims in excess of \$5,000,000 and a limit of \$50,000,000 are self-insured by the California State Association of Counties Excess Insurance Authority, another joint powers authority.

There were no settlements in excess of insurance coverage in any of the three prior fiscal years.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 RISK MANAGEMENT (CONTINUED)

Workers' Compensation (Continued)

The audited financial information from Central San Joaquin Valley Risk Management Authority for the year ended June 30, 2025, is as follows:

Total Assets	\$ 179,635,612
Total Liabilities	144,400,470
Net Position	<u>\$ 35,235,142</u>
Total Revenues	\$ 95,596,916
Total Expenses	94,324,180
Change in Net Position	<u>\$ 1,272,736</u>

Complete audited financial statements can be obtained from their office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

NOTE 12 OTHER INFORMATION

Fund Deficits

The City has accumulated fund deficits in the following individual funds:

Governmental Funds:	
TDA-LTF	\$ (2,138,842)
Gas Tax	(27,993)
HOME	(85,457)
Lighting and Landscape	(75,686)

These deficits will be resolved by future charges for services and receipt of grant funds.

Commitments

The City has signed agreements to construct various capital improvements subsequent to June 30, 2025. The balance owed on the commitments at June 30, 2025, was approximately \$3,598,700.

Contingencies

Federal and State Government Programs

The City participates in several federal and state grant programs. These programs are subject to audit and review by the grantor pursuant to grant provisions. Expenditures may be disallowed by the granting agencies that cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is involved in several lawsuits. Due to the nature of the cases, The City's counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 CORRECTION OF ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Net Position and Fund Balances as of July 1, 2024 were restated as follows:

	Governmental Activities	Business-Type Activities	Miscellaneous Grants	Nonmajor Governmental			Water
				Funds	Sewer	Refuse	
Net Position/Fund Balance - Beginning, as Originally Reported	\$ 54,438,951	\$ 20,598,850	\$ 303,025	\$ 217,803	\$ 8,612,239	\$ 114,580	\$ 11,755,486
Error Correction - Capital Assets (1)	(1,168,483)	-	-	-	-	-	-
Error Correction - Write-Off Accounts Payable (2)	-	188,890	-	-	31,884	100,528	56,478
Error Correction - Accrue Unbilled Water Receivables (3)	-	34,722	-	-	-	-	34,722
Change in Reporting Entity (4)	-	-	(303,025)	303,025	-	-	-
Net Position/Fund Balance - Beginning, as Restated	<u>\$ 53,270,468</u>	<u>\$ 20,822,462</u>	<u>\$ -</u>	<u>\$ 520,828</u>	<u>\$ 8,644,123</u>	<u>\$ 215,108</u>	<u>\$ 11,846,686</u>

- (1) Due to a clerical error, the balance of beginning net position and capital assets in the governmental activities were adjusted by \$1,168k to remove amounts inadvertently added to the vehicles line item.
- (2) The City recorded prior period adjustments in the Sewer, Refuse, and Water funds in the amounts of \$32k, \$101k, and \$56k to clear out stale accounts payable balances that should have been reversed in prior years.
- (3) The City posted a \$35k adjustment to correct beginning net position and recognize a receivable for water utility services rendered, but not yet billed as of year-end.
- (4) The Miscellaneous Grants fund was reclassified from major to non-major due to decreases in grant activity in the current year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 3,653,492	\$ 4,220,509	\$ 4,631,372	\$ 410,863
Licenses and Permits	309,749	626,933	644,244	17,311
Fines and Forfeitures	40,000	60,000	97,289	37,289
Use of Money and Property	26,366	341,341	449,666	108,325
Intergovernmental Revenues	12,769,551	12,847,281	1,852,962	(10,994,319)
Charges for Services	1,038,988	1,138,988	1,021,075	(117,913)
Contributions	5,000	30,085	73,230	43,145
Other Revenues	-	23,700	91,587	67,887
Total Revenues	<u>17,843,146</u>	<u>19,288,837</u>	<u>8,861,425</u>	<u>(10,427,412)</u>
EXPENDITURES				
Current:				
General Government	1,782,463	1,715,727	1,674,678	41,049
Public Safety	4,384,708	4,504,669	3,978,610	526,059
Public Works	566,329	797,312	294,614	502,698
Community Development	593,950	693,620	606,060	87,560
Debt Service:				
Principal	20,265	20,265	29,826	(9,561)
Interest and Other Charges	26,000	26,000	27,204	(1,204)
Capital Outlay	12,603,330	12,803,444	1,597,454	11,205,990
Total Expenditures	<u>19,977,045</u>	<u>20,561,037</u>	<u>8,208,446</u>	<u>12,352,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,133,899)	(1,272,200)	652,979	1,925,179
OTHER FINANCING USES				
Transfers Out	(276,000)	(276,000)	(289,888)	(13,888)
Total Other Financing Uses	<u>(276,000)</u>	<u>(276,000)</u>	<u>(289,888)</u>	<u>(13,888)</u>
NET CHANGE IN FUND BALANCES	(2,409,899)	(1,548,200)	363,091	1,911,291
Fund Balances - Beginning of Year	5,489,912	5,489,912	5,489,912	-
FUND BALANCES - END OF YEAR	<u>\$ 3,080,013</u>	<u>\$ 3,941,712</u>	<u>\$ 5,853,003</u>	<u>\$ 1,911,291</u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
TDA-LTF
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ 2,443,484	\$ 2,801,311	\$ 156,158	\$ (2,645,153)
Total Revenues	<u>2,443,484</u>	<u>2,801,311</u>	<u>156,158</u>	<u>(2,645,153)</u>
EXPENDITURES				
Capital Outlay	1,958,900	2,334,447	1,645,326	689,121
Total Expenditures	<u>1,958,900</u>	<u>2,334,447</u>	<u>1,645,326</u>	<u>689,121</u>
NET CHANGE IN FUND BALANCES	484,584	466,864	(1,489,168)	(1,956,032)
Fund Balances - Beginning of Year	<u>(649,674)</u>	<u>(649,674)</u>	<u>(649,674)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (165,090)</u>	<u>\$ (182,810)</u>	<u>\$ (2,138,842)</u>	<u>\$ (1,956,032)</u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 9,092	\$ 9,092
Intergovernmental Revenues	376,824	376,824	385,605	8,781
Total Revenues	<u>376,824</u>	<u>376,824</u>	<u>394,697</u>	<u>17,873</u>
EXPENDITURES				
Current:				
Public Works	612,058	612,058	698,720	(86,662)
Capital Outlay	-	71,000	-	71,000
Total Expenditures	<u>612,058</u>	<u>683,058</u>	<u>698,720</u>	<u>(15,662)</u>
NET CHANGE IN FUND BALANCES	(235,234)	(306,234)	(304,023)	2,211
Fund Balances - Beginning of Year	<u>276,030</u>	<u>276,030</u>	<u>276,030</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 40,796</u>	<u>\$ (30,204)</u>	<u>\$ (27,993)</u>	<u>\$ 2,211</u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 DEVELOPMENT IMPACT
 MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Licenses and Permits	\$ 434,052	\$ 523,723	\$ 519,684	\$ (4,039)
Use of Money and Property	-	-	153,214	153,214
Total Revenues	<u>434,052</u>	<u>523,723</u>	<u>672,898</u>	<u>149,175</u>
EXPENDITURES				
Capital Outlay	<u>108,500</u>	<u>176,329</u>	-	<u>176,329</u>
Total Expenditures	<u>108,500</u>	<u>176,329</u>	<u>-</u>	<u>176,329</u>
NET CHANGE IN FUND BALANCES	325,552	347,394	672,898	325,504
Fund Balances - Beginning of Year	<u>3,274,865</u>	<u>3,274,865</u>	<u>3,274,865</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,600,417</u>	<u>\$ 3,622,259</u>	<u>\$ 3,947,763</u>	<u>\$ 325,504</u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 MISCELLANEOUS GRANTS
 MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government			-	-
Public Safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURES (USES)				
Transfers Out	<u>(763)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Soures (Uses)	<u>(763)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(763)	-	-	-
Fund Balances - Beginning of Year	303,025	303,025	303,025	-
Change within the Financial Reporting Entity			<u>(303,025)</u>	
FUND BALANCES - END OF YEAR	<u>\$ 302,262</u>	<u>\$ 303,025</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Note to Required Supplementary Information

CITY OF MCFARLAND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 APPROPRIATED BUDGET AND BUDGETARY CONTROL

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General and Special Revenue funds. The budgets are presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America. The McFarland Improvement Authority does not adopt a budget.

The appropriated budget is prepared by fund, function, and department. The City had one fund, the miscellaneous grant fund, exceed its budget appropriation by \$100,837. All other expenditures did not exceed the budget for the year. The City Manager may make transfers of appropriations within a department and make transfers of appropriations between departments as long as there is no increase or decrease to the overall budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

The City Council adopts budgets for the Enterprise funds. However, all Proprietary fund types are accounted for on a cost of service (net income), or "capital maintenance" measurement focus. As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.

The City did not present a budgetary schedule for the CalHOME Fund since this fund did not adopt a budget this year.

SUPPLEMENTARY INFORMATION

**CITY OF MCFARLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue					
	CDBG	Miscellaneous Grants	HOME	Lighting and Landscape	COPS	Road Maintenance and Rehab
ASSETS						
Cash and Investments	\$ -	\$ 326,466	\$ -	\$ -	\$ 603,884	\$ 516,383
Receivables:						
Accounts	-	-	3,383	-	-	-
Intergovernmental	-	2,588	-	-	-	32,441
Prepaid Expenses	-	-	-	1,210	-	-
Loans Receivable	-	-	709,906	-	-	-
Total Assets	\$ -	\$ 329,054	\$ 713,289	\$ 1,210	\$ 603,884	\$ 548,824
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 24,600	\$ -	\$ 16,042	\$ -	\$ -
Accrued Liabilities	-	-	-	2,206	-	-
Due to Other Funds	-	-	88,840	58,648	-	-
Unearned Revenue	-	60	-	-	-	416
Total Liabilities	-	24,660	88,840	76,896	-	416
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	709,906	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	1,210	-	-
Restricted	-	304,394	-	-	603,884	548,408
Unassigned	-	-	(85,457)	(76,896)	-	-
Total Fund Balances	-	304,394	(85,457)	(75,686)	603,884	548,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 329,054	\$ 713,289	\$ 1,210	\$ 603,884	\$ 548,824

**CITY OF MCFARLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue		Total
	Community Facilities District	Permanent Local Housing Allocation	
ASSETS			
Cash and Investments	\$ 1,956	\$ 174,618	\$ 1,623,307
Receivables:			
Accounts	-	-	3,383
Intergovernmental	1,887	-	36,916
Prepaid Expenses	-	-	1,210
Loans Receivable	-	-	709,906
	<u>\$ 3,843</u>	<u>\$ 174,618</u>	<u>\$ 2,374,722</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 40,642
Accrued Liabilities	-	-	2,206
Due to Other Funds	-	-	147,488
Unearned Revenue	-	174,618	175,094
Total Liabilities	-	174,618	365,430
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	709,906
FUND BALANCES			
Nonspendable	-	-	1,210
Restricted	3,843	-	1,460,529
Unassigned	-	-	(162,353)
Total Fund Balances	<u>3,843</u>	<u>-</u>	<u>1,299,386</u>
	<u>\$ 3,843</u>	<u>\$ 174,618</u>	<u>\$ 2,374,722</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,843</u>	<u>\$ 174,618</u>	<u>\$ 2,374,722</u>

**CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Special Revenue					Road Maintenance and Rehab
	CDBG	Miscellaneous Grants	HOME	Lighting and Landscape	COPS	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 161,853	\$ -	\$ -
Use of Money and Property	-	-	-	271	-	15,057
Intergovernmental Revenues	-	-	-	-	604,798	385,552
Other Revenues	-	1,369	-	-	-	-
Total Revenues	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>162,124</u>	<u>604,798</u>	<u>400,609</u>
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	340,258	-	-
Community Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	67,815
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,258</u>	<u>-</u>	<u>67,815</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,369	-	(178,134)	604,798	332,794
OTHER FINANCING SOURCES (USES)						
Transfers In	13,888	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>13,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	13,888	1,369	-	(178,134)	604,798	332,794
Fund Balance - Beginning of Year, as Previously Reported	(13,888)	-	(85,457)	102,448	(914)	215,614
Change within the Financial Reporting Entity	-	303,025	-	-	-	-
Fund Balance - Beginning of Year, as Restated	<u>(13,888)</u>	<u>303,025</u>	<u>(85,457)</u>	<u>102,448</u>	<u>(914)</u>	<u>215,614</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 304,394</u>	<u>\$ (85,457)</u>	<u>\$ (75,686)</u>	<u>\$ 603,884</u>	<u>\$ 548,408</u>

**CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Special Revenue		Total
	Community Facilities District	Permanent Local Housing Allocation	
REVENUES			
Taxes	\$ -	\$ -	\$ 161,853
Use of Money and Property	1,956	-	17,284
Intergovernmental Revenues	606,240	-	1,596,590
Other Revenues	-	-	1,369
Total Revenues	<u>608,196</u>	<u>-</u>	<u>1,777,096</u>
EXPENDITURES			
Current:			
Public Safety	474,603	-	474,603
Public Works	108,506	-	448,764
Community Development	21,244	-	21,244
Capital Outlay	-	-	67,815
Total Expenditures	<u>604,353</u>	<u>-</u>	<u>1,012,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,843	-	764,670
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	13,888
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,888</u>
NET CHANGE IN FUND BALANCES	3,843	-	778,558
Fund Balance - Beginning of Year, as Previously Reported	-	-	217,803
Change within the Financial Reporting Entity	-	-	303,025
Fund Balance - Beginning of Year, as Restated	<u>-</u>	<u>-</u>	<u>520,828</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,843</u>	<u>\$ -</u>	<u>\$ 1,299,386</u>

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 LIGHTING AND LANDSCAPE
 NONMAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 163,200	\$ 163,200	\$ 161,853	\$ (1,347)
Use of Money and Property	-	-	271	271
Total Revenues	<u>163,200</u>	<u>163,200</u>	<u>162,124</u>	<u>(1,076)</u>
EXPENDITURES				
Current:				
Public Works	417,261	399,599	340,258	59,341
Capital Outlay	-	-	-	-
Total Expenditures	<u>417,261</u>	<u>399,599</u>	<u>340,258</u>	<u>59,341</u>
NET CHANGE IN FUND BALANCES	(254,061)	(236,399)	(178,134)	58,265
Fund Balances - Beginning of Year	<u>102,448</u>	<u>102,448</u>	<u>102,448</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ (151,613)</u></u>	<u><u>\$ (133,951)</u></u>	<u><u>\$ (75,686)</u></u>	<u><u>\$ 58,265</u></u>

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 ROAD MAINTENANCE AND REHAB
 NONMAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 15,057	\$ 15,057
Intergovernmental	362,848	362,848	385,552	22,704
Total Revenues	<u>362,848</u>	<u>362,848</u>	<u>400,609</u>	<u>37,761</u>
EXPENDITURES				
Capital Outlay	11,383	-	67,815	(67,815)
Total Expenditures	<u>11,383</u>	<u>-</u>	<u>67,815</u>	<u>(67,815)</u>
NET CHANGE IN FUND BALANCES	351,465	362,848	332,794	(30,054)
Fund Balances - Beginning of Year	<u>215,614</u>	<u>215,614</u>	<u>215,614</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 567,079</u>	<u>\$ 578,462</u>	<u>\$ 548,408</u>	<u>\$ (30,054)</u>

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY FACILITIES DISTRICT
 NONMAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ 1,956	\$ 1,956
Intergovernmental Revenues	217,468	463,166	606,240	143,074
Total Revenues	<u>217,468</u>	<u>463,166</u>	<u>608,196</u>	<u>145,030</u>
EXPENDITURES				
Current:				
Public Safety	148,421	350,827	474,603	(123,776)
Public Works	34,047	80,477	108,506	(28,029)
Community Development	35,000	35,000	21,244	13,756
Total Expenditures	<u>217,468</u>	<u>466,304</u>	<u>604,353</u>	<u>(138,049)</u>
NET CHANGE IN FUND BALANCES	-	(3,138)	3,843	6,981
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ (3,138)</u>	<u>\$ 3,843</u>	<u>\$ 6,981</u>



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