

CITY OF MCFARLAND
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022



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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 (the City), as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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

Restatements of Fund Balance and Net Position

As disclosed in Note 12 to the financial statements, the City's beginning fund balance and net position was restated for the correction of errors in prior year financial statements. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City of McFarland adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. 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 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 or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, 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
June 8, 2023

BASIC FINANCIAL STATEMENTS

CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Investments	\$ 5,257,725	\$ 9,199,133	\$ 14,456,858
Cash with Fiscal Agents	3,626,961	754,651	4,381,612
Receivables:			
Accounts	81,587	905,682	987,269
Intergovernmental	4,029,888	3,979	4,033,867
Interest	-	1,816	1,816
Leases	28,313	218,195	246,508
Other Assets	4,129	5,097	9,226
Internal Balances	(120,277)	120,277	-
Loans Receivable	3,626,013	-	3,626,013
Land Held For Resale	446,593	-	446,593
Capital Assets:			
Nondepreciable/Nonamortizable	3,299,731	1,280,063	4,579,794
Depreciable, Net	28,354,461	15,552,759	43,907,220
Right-to-Use Assets, Net	106,302	-	106,302
Total Assets	<u>48,741,426</u>	<u>28,041,652</u>	<u>76,783,078</u>
LIABILITIES			
Accounts Payable	300,748	343,317	644,065
Accrued Liabilities	35,047	16,091	51,138
Interest Payable	54,717	69,303	124,020
Deposits Payable	151,397	18,539	169,936
Unearned Revenue	1,667,860	12,769	1,680,629
Long-Term Liabilities:			
Due Within One Year	293,729	246,576	540,305
Due in More than One Year	5,188,143	5,525,000	10,713,143
Total Liabilities	<u>7,691,641</u>	<u>6,231,595</u>	<u>13,923,236</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Leases	<u>27,903</u>	<u>214,134</u>	<u>242,037</u>
NET POSITION			
Net Investment in Capital Assets	29,594,503	11,117,822	40,712,325
Restricted for:			
General	112,365	-	112,365
Streets and Roads	1,843,176	-	1,843,176
Community Development	5,788,156	-	5,788,156
Debt Service	217,583	754,651	972,234
Unrestricted	<u>3,466,099</u>	<u>9,723,450</u>	<u>13,189,549</u>
Total Net Position	<u>\$ 41,021,882</u>	<u>\$ 21,595,923</u>	<u>\$ 62,617,805</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues 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	\$ 1,464,274	\$ 3,067,553	\$ -	\$ -	\$ 1,603,279	\$ -	\$ 1,603,279
Public Safety	3,759,778	196,586	672,478	-	(2,890,714)	-	(2,890,714)
Public Works	1,696,956	61,588	1,348,410	409,876	122,918	-	122,918
Community Development	611,613	992,418	154,832	402,547	938,184	-	938,184
Interest on Long-Term Debt	193,709	-	-	-	(193,709)	-	(193,709)
Total Governmental Activities	<u>7,726,330</u>	<u>4,318,145</u>	<u>2,175,720</u>	<u>812,423</u>	<u>(420,042)</u>	<u>-</u>	<u>(420,042)</u>
Business-Type Activities:							
Sewer	1,606,175	2,023,238	-	-	-	417,063	417,063
Refuse	1,441,189	1,407,955	47,891	-	-	14,657	14,657
Water	1,747,087	2,162,454	5,000	-	-	420,367	420,367
Public Transportation	126,980	-	53,742	-	-	(73,238)	(73,238)
Total Business-Type Activities	<u>4,921,431</u>	<u>5,593,647</u>	<u>106,633</u>	<u>-</u>	<u>-</u>	<u>778,849</u>	<u>778,849</u>
Total Primary Government	<u>\$ 12,647,761</u>	<u>\$ 9,911,792</u>	<u>\$ 2,282,353</u>	<u>\$ 812,423</u>	<u>(420,042)</u>	<u>778,849</u>	<u>358,807</u>
GENERAL REVENUES AND TRANSFERS							
General Revenues:							
Taxes:							
Property Taxes					928,467	-	928,467
Sales and Use Taxes					524,930	-	524,930
Franchise Taxes					203,162	-	203,162
Intergovernmental, Unrestricted:							
Motor Vehicle In-Lieu Tax					1,532,499	-	1,532,499
Interest and Investment Earnings					241	2,964	3,205
Lease Revenue					13,951	61,181	75,132
Settlements					-	5,895,859	5,895,859
Miscellaneous					86,819	-	86,819
Transfers					47,755	(47,755)	-
Total General Revenues and Transfers					<u>3,337,824</u>	<u>5,912,249</u>	<u>9,250,073</u>
CHANGE IN NET POSITION					2,917,782	6,691,098	9,608,880
Net Position - Beginning of Year as Restated					<u>38,104,100</u>	<u>14,904,825</u>	<u>53,008,925</u>
NET POSITION - END OF YEAR					<u>\$ 41,021,882</u>	<u>\$ 21,595,923</u>	<u>\$ 62,617,805</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	TDA-LTF	Gas Tax	CalHOME
ASSETS				
Cash and Investments	\$ 688,635	\$ 140,123	\$ 1,074,238	\$ 266,048
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	78,204	-	-	-
Intergovernmental	3,019,355	573,906	-	-
Leases	28,313	-	-	-
Prepaid Items	4,129	-	-	-
Due from Other Funds	674,252	-	-	-
Loans Receivable	-	-	-	2,916,107
Land Held for Resale	446,593	-	-	-
	<u>\$ 4,939,481</u>	<u>\$ 714,029</u>	<u>\$ 1,074,238</u>	<u>\$ 3,182,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 245,496	\$ -	\$ -	\$ -
Accrued Liabilities	34,158	-	-	-
Deposits Payable	151,397	-	-	-
Due to Other Funds	124,043	722,442	-	-
Advances from Other Funds	114,211	-	-	-
Unearned Revenue	157,997	-	-	-
Total Liabilities	<u>827,302</u>	<u>722,442</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	573,906	-	2,916,107
Related to Leases	27,903	-	-	-
Total Deferred Inflows of Resources	<u>27,903</u>	<u>573,906</u>	<u>-</u>	<u>2,916,107</u>
FUND BALANCES				
Nonspendable	450,722	-	-	-
Restricted	-	-	1,074,238	266,048
Assigned	2,757,119	-	-	-
Unassigned	876,435	(582,319)	-	-
Total Fund Balances	<u>4,084,276</u>	<u>(582,319)</u>	<u>1,074,238</u>	<u>266,048</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,939,481</u>	<u>\$ 714,029</u>	<u>\$ 1,074,238</u>	<u>\$ 3,182,155</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

ASSETS	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
Cash and Investments	\$ 631,553	\$ 1,700,219	\$ -	\$ 756,909	\$ 5,257,725
Cash with Fiscal Agent	-	-	3,626,961	-	3,626,961
Receivables:					
Accounts	-	-	-	3,383	81,587
Intergovernmental	-	2,588	-	434,039	4,029,888
Leases	-	-	-	-	28,313
Prepaid Items	-	-	-	-	4,129
Due from Other Funds	1,209,542	-	-	-	1,883,794
Loans Receivable	-	-	-	709,906	3,626,013
Land Held for Resale	-	-	-	-	446,593
Total Assets	\$ 1,841,095	\$ 1,702,807	\$ 3,626,961	\$ 1,904,237	\$ 18,985,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 54,087	\$ -	\$ 1,165	\$ 300,748
Accrued Liabilities	-	-	-	889	35,047
Deposits Payable	-	-	-	-	151,397
Due to Other Funds	-	26,908	501,698	514,769	1,889,860
Advances from Other Funds	-	-	-	-	114,211
Unearned Revenue	-	1,509,447	-	416	1,667,860
Total Liabilities	-	1,590,442	501,698	517,239	4,159,123
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	709,906	4,199,919
Related to Leases	-	-	-	-	27,903
Total Deferred Inflows of Resources	-	-	-	709,906	4,227,822
FUND BALANCES					
Nonspendable	-	-	-	-	450,722
Restricted	1,841,095	112,365	3,125,263	777,351	7,196,360
Assigned	-	-	-	-	2,757,119
Unassigned	-	-	-	(100,259)	193,857
Total Fund Balances	1,841,095	112,365	3,125,263	677,092	10,598,058
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,841,095	\$ 1,702,807	\$ 3,626,961	\$ 1,904,237	\$ 18,985,003

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, 2022**

Fund Balance - Total Governmental Funds	\$ 10,598,058
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.	31,760,494
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.	4,199,919
Interest on long-term debt is recognized as it accrues, regardless of when it is due.	(54,717)
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)	(4,541,487)
Loans Payable	(750,804)
Notes Payable	(26,835)
Lease Payable	(108,517)
Compensated Absences	<u>(54,229)</u>
Net Position of Governmental Activities	<u><u>\$ 41,021,882</u></u>

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, 2022

	General Fund	TDA-LTF	Gas Tax	CalHOME
REVENUES				
Taxes	\$ 2,743,476	\$ -	\$ -	\$ -
Licenses and Permits	245,583	-	-	-
Fines and Forfeitures	44,267	-	-	-
Use of Money and Property	19,544	-	-	-
Intergovernmental Revenues	725,993	2,105,508	296,927	-
Charges for Services	3,259,696	-	-	-
Contributions	6,851	-	-	-
Other Revenues	78,561	-	-	55,000
Total Revenues	<u>7,123,971</u>	<u>2,105,508</u>	<u>296,927</u>	<u>55,000</u>
EXPENDITURES				
Current:				
General Government	637,204	-	-	-
Public Safety	3,618,590	-	-	-
Public Works	699,807	-	-	-
Community Development	458,829	-	-	-
Debt Service:				
Principal	125,121	-	-	-
Interest and Fiscal Charges	38,268	-	-	-
Capital Outlay	1,453,375	-	-	-
Total Expenditures	<u>7,031,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	92,777	2,105,508	296,927	55,000
OTHER FINANCING SOURCES (USES)				
Transfers In	3,271,486	-	-	-
Transfers Out	-	(1,965,385)	-	-
Leases	4,414	-	-	-
Total Other Financing Sources (Uses)	<u>3,275,900</u>	<u>(1,965,385)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,368,677	140,123	296,927	55,000
Fund Balance - Beginning of Year	<u>715,599</u>	<u>(722,442)</u>	<u>777,311</u>	<u>211,048</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,084,276</u>	<u>\$ (582,319)</u>	<u>\$ 1,074,238</u>	<u>\$ 266,048</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 445,582	\$ 3,189,058
Licenses and Permits	763,217	-	-	-	1,008,800
Fines and Forfeitures	-	-	-	-	44,267
Use of Money and Property	-	-	-	30	19,574
Intergovernmental Revenues	-	470,030	-	913,740	4,512,198
Charges for Services	-	-	-	-	3,259,696
Contributions	-	-	-	-	6,851
Other Revenues	-	-	1,407	-	134,968
Total Revenues	<u>763,217</u>	<u>470,030</u>	<u>1,407</u>	<u>1,359,352</u>	<u>12,175,412</u>
EXPENDITURES					
Current:					
General Government	-	495,675	-	-	1,132,879
Public Safety	-	-	-	-	3,618,590
Public Works	-	-	-	152,196	852,003
Community Development	-	-	-	-	458,829
Debt Service:					
Principal	-	-	105,000	-	230,121
Interest and Fiscal Charges	-	-	167,300	-	205,568
Capital Outlay	-	-	-	401,973	1,855,348
Total Expenditures	<u>-</u>	<u>495,675</u>	<u>272,300</u>	<u>554,169</u>	<u>8,353,338</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	763,217	(25,645)	(270,893)	805,183	3,822,074
OTHER FINANCING SOURCES (USES)					
Transfers In	-	66,387	-	-	3,337,873
Transfers Out	(170,399)	-	-	(1,154,334)	(3,290,118)
Leases	-	-	-	-	4,414
Total Other Financing Sources (Uses)	<u>(170,399)</u>	<u>66,387</u>	<u>-</u>	<u>(1,154,334)</u>	<u>52,169</u>
NET CHANGE IN FUND BALANCES	592,818	40,742	(270,893)	(349,151)	3,874,243
Fund Balance - Beginning of Year	<u>1,248,277</u>	<u>71,623</u>	<u>3,396,156</u>	<u>1,026,243</u>	<u>6,723,815</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,841,095</u>	<u>\$ 112,365</u>	<u>\$ 3,125,263</u>	<u>\$ 677,092</u>	<u>\$ 10,598,058</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, 2022

Net Change to Fund Balance - Total Governmental Funds \$ 3,874,243

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	1,855,348
Less: Current Year Depreciation	(1,351,580)
Less: Current Year Amortization	(81,763)
Less: Current Year Adjustments	(18,370)

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. (1,579,055)

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, and Notes	150,573
Principal Payments for Leases	79,548
Proceeds from Issuance of Leases	(4,414)
Change in Accrued Interest on Long-term Debt	3,197
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	(21,804)
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Change in Net Position of Governmental Activities \$ 2,917,782

**CITY OF MCFARLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,167,918	\$ 66,427	\$ 7,865,696	\$ 99,092	\$ 9,199,133
Cash with Fiscal Agent - Restricted	509,645	-	245,006	-	754,651
Receivables:					
Accounts	313,161	283,714	308,807	-	905,682
Intergovernmental	3,979	-	-	-	3,979
Interest	-	-	1,816	-	1,816
Leases	218,195	-	-	-	218,195
Due from Other Funds	4,419	4,114	1,360	604	10,497
Other Assets	-	-	5,097	-	5,097
Total Current Assets	<u>2,217,317</u>	<u>354,255</u>	<u>8,427,782</u>	<u>99,696</u>	<u>11,099,050</u>
Noncurrent Assets:					
Advances to Other Funds	114,211	-	-	-	114,211
Capital Assets:					
Nondepreciable:					
Land	1,120,000	-	160,063	-	1,280,063
Depreciable:					
Buildings, Equipment and Infrastructure	14,981,845	309,677	12,481,930	650,896	28,424,348
Accumulated Depreciation	<u>(5,781,067)</u>	<u>(308,646)</u>	<u>(6,300,299)</u>	<u>(481,577)</u>	<u>(12,871,589)</u>
Total Noncurrent Assets	<u>10,434,989</u>	<u>1,031</u>	<u>6,341,694</u>	<u>169,319</u>	<u>16,947,033</u>
Total Assets	12,652,306	355,286	14,769,476	269,015	28,046,083
LIABILITIES					
Current Liabilities:					
Accounts Payable	51,124	194,882	82,528	14,783	343,317
Accrued Liabilities	7,479	1,812	5,199	1,601	16,091
Interest Payable	43,891	-	25,412	-	69,303
Due to Other Funds	-	-	-	4,431	4,431
Deposits from Others	-	-	18,539	-	18,539
Unearned Revenue	-	-	-	12,769	12,769
Compensated Absences	27,029	14,076	14,989	482	56,576
Bonds Payable	127,145	-	62,855	-	190,000
Total Current Liabilities	<u>256,668</u>	<u>210,770</u>	<u>209,522</u>	<u>34,066</u>	<u>711,026</u>
Noncurrent Liabilities:					
Bonds Payable	<u>3,681,287</u>	<u>-</u>	<u>1,843,713</u>	<u>-</u>	<u>5,525,000</u>
Total Liabilities	3,937,955	210,770	2,053,235	34,066	6,236,026
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Leases	<u>214,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,134</u>
NET POSITION					
Net Investment in Capital Assets	6,512,346	1,031	4,435,126	169,319	11,117,822
Restricted for Debt Service	509,645	-	245,006	-	754,651
Unrestricted	<u>1,478,226</u>	<u>143,485</u>	<u>8,036,109</u>	<u>65,630</u>	<u>9,723,450</u>
Total Net Position	<u>\$ 8,500,217</u>	<u>\$ 144,516</u>	<u>\$ 12,716,241</u>	<u>\$ 234,949</u>	<u>\$ 21,595,923</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, 2022

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
OPERATING REVENUES					
Charges for Services	\$ 2,023,238	\$ 1,407,955	\$ 2,162,454	\$ -	\$ 5,593,647
OPERATING EXPENSES					
Salaries and Employee Benefits	604,288	123,473	500,881	63,371	1,292,013
Services and Supplies	260,642	1,313,005	303,713	29,707	1,907,067
Utilities	135,914	-	375,565	-	511,479
Depreciation	422,349	4,711	473,080	33,902	934,042
Total Operating Expenses	<u>1,423,193</u>	<u>1,441,189</u>	<u>1,653,239</u>	<u>126,980</u>	<u>4,644,601</u>
OPERATING INCOME (LOSS)	600,045	(33,234)	509,215	(126,980)	949,046
NONOPERATING REVENUES (EXPENSES)					
Grants	-	47,891	5,000	53,742	106,633
Lease Revenue	61,181	-	-	-	61,181
Interest Income	2,520	86	358	-	2,964
Interest Expense	(182,982)	-	(93,848)	-	(276,830)
Settlements	-	-	5,895,859	-	5,895,859
Total Nonoperating Revenues (Expenses)	<u>(119,281)</u>	<u>47,977</u>	<u>5,807,369</u>	<u>53,742</u>	<u>5,789,807</u>
INCOME (LOSS) BEFORE TRANSFERS	480,764	14,743	6,316,584	(73,238)	6,738,853
TRANSFERS IN	59,895	-	-	125,964	185,859
TRANSFERS OUT	<u>(83,877)</u>	<u>(11,475)</u>	<u>(134,765)</u>	<u>(3,497)</u>	<u>(233,614)</u>
CHANGE IN NET POSITION	456,782	3,268	6,181,819	49,229	6,691,098
Net Position - Beginning of Year	<u>8,043,435</u>	<u>141,248</u>	<u>6,534,422</u>	<u>185,720</u>	<u>14,904,825</u>
NET POSITION - END OF YEAR	<u>\$ 8,500,217</u>	<u>\$ 144,516</u>	<u>\$ 12,716,241</u>	<u>\$ 234,949</u>	<u>\$ 21,595,923</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 1,973,587	\$ 1,339,007	\$ 2,099,881	\$ 12,728	\$ 5,425,203
Payments to Suppliers	(397,137)	(1,229,971)	(660,433)	(25,450)	(2,312,991)
Payments to Employees	(602,383)	(117,959)	(506,918)	(64,375)	(1,291,635)
Net Cash Provided (Used) by Operating Activities	974,067	(8,923)	932,530	(77,097)	1,820,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant Proceeds	-	47,891	5,000	53,742	106,633
Loans from Other Funds	44,657	-	-	-	44,657
Nonoperating Receipts	61,181	-	-	-	61,181
Transfers from Other Funds	59,895	-	-	125,964	185,859
Transfers to Other Funds	(83,877)	(11,475)	(134,765)	(3,497)	(233,614)
Settlements	-	-	5,895,859	-	5,895,859
Net Cash Provided (Used) by Noncapital Financing Activities	81,856	36,416	5,766,094	176,209	6,060,575
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments Related to the Acquisition of Capital Assets	(108,698)	-	-	(20)	(108,718)
Principal Repayments Related to Capital Purposes	(123,949)	-	(61,051)	-	(185,000)
Interest Repayments Related to Capital Purposes	(190,685)	-	(93,848)	-	(284,533)
Net Cash Used by Capital and Related Financing Activities	(423,332)	-	(154,899)	(20)	(578,251)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	2,520	86	358	-	2,964
Net Cash Provided by Investing Activities	2,520	86	358	-	2,964
NET INCREASE IN CASH AND CASH EQUIVALENTS	635,111	27,579	6,544,083	99,092	7,305,865
Cash and Cash Equivalents - Beginning of Year	1,042,452	38,848	1,566,619	-	2,647,919
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,677,563</u>	<u>\$ 66,427</u>	<u>\$ 8,110,702</u>	<u>\$ 99,092</u>	<u>\$ 9,953,784</u>
Cash and Investments	1,167,918	66,427	7,865,696	99,092	9,199,133
Cash with Fiscal Agent - Restricted	509,645	-	245,006	-	754,651
CASH AND CASH EQUIVALENTS - PER STATEMENT OF NET POSITION	<u>\$ 1,677,563</u>	<u>\$ 66,427</u>	<u>\$ 8,110,702</u>	<u>\$ 99,092</u>	<u>\$ 9,953,784</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Enterprise Funds				
	Sewer	Refuse	Water	Nonmajor Public Transportation	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 600,045	\$ (33,234)	\$ 509,215	\$ (126,980)	\$ 949,046
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	422,349	4,711	473,080	33,902	934,042
Increase in:					
Accounts Receivable	(45,590)	(68,948)	(67,255)	-	(181,793)
Lease Receivable	(218,195)	-	-	-	(218,195)
Increase (Decrease) in:					
Accounts Payable	(581)	83,034	18,845	4,257	105,555
Accrued Liabilities	(7,904)	(970)	(10,534)	(468)	(19,876)
Deposits	-	-	4,682	-	4,682
Deferred Inflows - Lease Related	214,134	-	-	-	214,134
Unearned Revenues	-	-	-	12,728	12,728
Compensated Absences	9,809	6,484	4,497	(536)	20,254
Net Cash Provided (Used) by Operating Activities	<u>\$ 974,067</u>	<u>\$ (8,923)</u>	<u>\$ 932,530</u>	<u>\$ (77,097)</u>	<u>\$ 1,820,577</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022**

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

**CITY OF MCFARLAND
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2022**

	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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, although legally separate entities, 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 it is legally separate from the government.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.
- 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 *Miscellaneous Grants Fund* is used to account for grants not frequently awarded to the City.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

- 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 capital 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Capital and Right-to-Use 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. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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. There is no liability for unpaid sick leave since the City does not pay such amounts when employees separate from service with the City.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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.
- **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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

- **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. Implementation of New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. New standards applicable to the year ended June 30, 2022, are as follows:

GASB Statement No. 87 – Leases

This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City implemented this standard.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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	\$ 14,456,858
Cash with Fiscal Agents	4,381,612

Statement of Fiduciary Net Position:

Cash and Investments	6,665
Total	<u>\$ 18,845,135</u>

Cash and investments as of June 30, 2022, consist of the following:

Deposits with Financial Institutions	\$ 18,483,828
Cash on Hand	3,000
Investments	358,307
Total	<u>\$ 18,845,135</u>

Deposits

At year-end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$18,845,135 and the bank balance was \$18,937,919. 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. As of June 30, 2022, 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.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk (Continued)

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 City had the following investments at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
State Treasurer's Investment Pool (LAIF)	\$ 358,307	N/A
Total Investments	<u>\$ 358,307</u>	

Interest Rate Risk

The City's exposure to interest rate risk is identified by the above weighted average maturities. The City has no investment policy for interest rate risk.

Credit Rating Risk

The City is required to disclose the credit quality ratings of investments in debt securities as issued by nationally recognized statistical rating organizations. At June 30, 2022, the Credit rating for investment in LAIF was unavailable. The City has no investment policy for credit risk.

Concentration of Credit Risk

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%. The City has no investment policy for concentration of credit risk.

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). The City has no investment policy for custodial credit risk.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk (Continued)

The table below identifies the investment types that are authorized for the City of McFarland by the California Government Code (or 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 addresses 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>Minimum Quality Requirements</u>
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers Acceptance	180 Days	40%	None
Commercial Paper - Select Agencies	270 Days	25%	A-1
Commercial Paper - Other Agencies	270 Days	40%	A-1
Negotiable Certificates of Deposit	5 Years	30%	None
CD Placement Service	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	A
Mutual and Money Market Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 Years	20%	AA
Bank/Time Deposits	5 Years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

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.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value of Investments (Continued)

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.

Investment in External Investment Pools

The City maintains an investment 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. At June 30, 2022, the City's investment in LAIF valued at amortized cost was \$358,307 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$240.4 billion. Of that amount, 97.19% is invested in nonderivative financial products and 2.81% in structured notes and asset-backed securities.

Restricted Cash and Investments with Fiscal Agents

Cash and investments at June 30, 2022, that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities:

McFarland Improvement Authority:

Reserves for Capital Projects	\$ 3,354,064
Debt Service Reserves	<u>272,897</u>
Total McFarland Improvement Authority:	<u>3,626,961</u>

Business-Type Activities:

Sewer Fund:

Debt Service Reserves	509,645
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Water Fund:

Debt Service Reserves	<u>245,006</u>
Total	<u><u>754,651</u></u>

Total Restricted Cash and Investments	<u><u>\$ 4,381,612</u></u>
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CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CAPITAL ASSETS

Capital and right-to-use assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021 As Restated	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2022
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 993,176	\$ -	\$ -	\$ -	\$ 993,176
Construction In Progress	4,477,613	1,103,148	-	(3,274,206)	2,306,555
Total Capital Assets, Not Being Depreciated	5,470,789	1,103,148	-	(3,274,206)	3,299,731
Capital Assets, Being Depreciated:					
Infrastructure	32,772,180	-	-	3,274,206	36,046,386
Machinery and Equipment	1,523,781	455,576	-	-	1,979,357
Vehicles	1,139,020	292,210	-	(218,734)	1,212,496
Total Capital Assets, Being Depreciated	35,434,981	747,786	-	3,055,472	39,238,239
Less Accumulated Depreciation for:					
Infrastructure	(7,411,221)	(1,122,815)	-	-	(8,534,036)
Machinery and Equipment	(1,281,699)	(140,373)	-	-	(1,422,072)
Vehicles	(879,878)	(88,392)	-	40,600	(927,670)
Total Accumulated Depreciation	(9,572,798)	(1,351,580)	-	40,600	(10,883,778)
Total Capital Assets, Being Depreciated, Net	25,862,183	(603,794)	-	3,096,072	28,354,461
Right-to-Use Assets, Being Amortized:					
Machinery and Equipment	183,651	4,414	-	-	188,065
Total Right-to-Use Assets, Being Amortized	183,651	4,414	-	-	188,065
Less Accumulated Amortization for:					
Machinery and Equipment	-	(81,763)	-	-	(81,763)
Total Accumulated Amortization	-	(81,763)	-	-	(81,763)
Total Right-to-Use Assets, Being Amortized, Net	183,651	(77,349)	-	-	106,302
Governmental Activities Capital Assets, Net	\$ 31,516,623	\$ 422,005	\$ -	\$ (178,134)	\$ 31,760,494

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Balance As Restated	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2022
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,280,063	\$ -	\$ -	\$ -	\$ 1,280,063
Total Capital Assets, Not Being Depreciated	1,280,063	-	-	-	1,280,063
Capital Assets, Being Depreciated:					
Infrastructure	6,836,223	-	-	-	6,836,223
Buildings and Improvements	8,579,010	-	-	-	8,579,010
Machinery and Other	11,894,931	66,387	-	15,020	11,976,338
Vehicles	1,005,466	-	-	27,311	1,032,777
Total Capital Assets, Being Depreciated	28,315,630	66,387	-	42,331	28,424,348
Less Accumulated Depreciation for:					
Infrastructure	(552,345)	(170,905)	-	-	(723,250)
Buildings and Improvements	(2,772,121)	(410,658)	-	-	(3,182,779)
Machinery and Other	(7,767,015)	(324,055)	-	-	(8,091,070)
Vehicles	(846,066)	(28,424)	-	-	(874,490)
Total Accumulated Depreciation	(11,937,547)	(934,042)	-	-	(12,871,589)
Total Capital Assets, Being Depreciated, Net	16,378,083	(867,655)	-	42,331	15,552,759
Business-Type Activities Capital Assets, Net	<u>\$ 17,658,146</u>	<u>\$ (867,655)</u>	<u>\$ -</u>	<u>\$ 42,331</u>	<u>\$ 16,832,822</u>

Depreciation

Depreciation expense was charged to governmental functions as follows at June 30, 2022:

General Government	\$ 308,977
Public Safety	44,866
Public Works	844,953
Community Development	152,784
Total Depreciation Expense - Governmental Functions	<u>\$ 1,351,580</u>

Depreciation expense was charged to business-type functions as follows at June 30, 2022:

Solid Waste	\$ 422,349
Refuse	4,711
Water	473,080
Public Transit	33,902
Total Depreciation Expense - Business-Type Functions	<u>\$ 934,042</u>

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Amortization

Amortization expense was charged to governmental functions as follows at June 30, 2022:

General Government	\$ 3,811
Public Safety	77,952
Total Amortization Expense - Governmental Functions	<u>\$ 81,763</u>

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, 2022:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 674,252	\$ 124,043
McFarland Improvement Authority	-	501,698
TDA - LTF	-	722,442
Development Impact	1,209,542	-
Miscellaneous Grants	-	26,908
Sewer	4,419	-
Refuse	4,114	-
Water	1,360	-
Nonmajor Governmental Funds	-	514,769
Nonmajor Enterprise Fund	604	4,431
Total	<u>\$ 1,894,291</u>	<u>\$ 1,894,291</u>

Advances from/to Other Funds

The amount payable to the Sewer Fund relate to a loan for capital projects, including park facilities and other public infrastructure and facilities. The loan is scheduled to be repaid in 2024:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ -	\$ 114,211
Sewer	114,211	-
Total	<u>\$ 114,211</u>	<u>\$ 114,211</u>

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 INTERFUND TRANSACTIONS (CONTINUED)

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, 2022:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,271,486	\$ -
TDA - LTF	-	1,965,385
Development Impact	-	170,399
Miscellaneous Grants	66,387	-
Sewer	59,895	83,877
Refuse	-	11,475
Water	-	134,765
Nonmajor Governmental Funds	-	1,154,334
Nonmajor Enterprise Fund	125,964	3,497
Total	<u>\$ 3,523,732</u>	<u>\$ 3,523,732</u>

During the year, the City transferred \$1,965,385 from its TDA-LTF Fund to the General Fund to fund capital projects. Transfers from COPS (\$744,627) and Road Maintenance and Rehabilitation (\$409,707) to the General Fund were made to fund related projects expended in the General Fund.

NOTE 5 UNEARNED/UNAVAILABLE REVENUE

Unearned revenue consists of moneys 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 one transaction type that qualifies 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 UNEARNED/UNAVAILABLE REVENUE (CONTINUED)

At June 30, 2022, components of unearned and unavailable revenues were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Grant Revenue	\$ 157,997	\$ -	\$ 157,997
TDA:			
Grant Revenue	-	573,906	573,906
CalHOME:			
Grant Revenue and Loans	-	2,916,107	2,916,107
Miscellaneous Grants:			
Grant Revenue and Loans	1,509,447	-	1,509,447
Nonmajor Governmental Funds:			
Grant Revenue and Loans	416	709,906	710,322
Total Governmental Activities	\$ 1,667,860	\$ 4,199,919	\$ 5,867,779
Public Transit:			
Grant Revenue	\$ 12,769		
Total Business-Type Activities	\$ 12,769		

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

Type of Indebtedness	Restated Balance July 1, 2021	Additions	Retirements	Adjustments	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:						
Direct Placement						
Revenue Bonds	\$ 4,350,000	\$ -	\$ (105,000)	\$ -	\$ 4,245,000	\$ 105,000
Unamortized Premiums on Bonds	308,346	-	(11,859)	-	296,487	-
Direct Borrowing						
Notes Payable	982,976	-	(45,573)	(159,764)	777,639	46,985
Other Liabilities						
Leases	183,651	4,414	(79,548)	-	108,517	87,515
Compensated Absences	32,425	-	21,804	-	54,229	54,229
Total Governmental Activities	\$ 5,857,398	\$ 4,414	\$ (220,176)	\$ (159,764)	\$ 5,481,872	\$ 293,729
Business-Type Activities:						
Direct Placement						
Revenue Bonds	\$ 5,900,000	\$ -	\$ (185,000)	\$ -	\$ 5,715,000	\$ 190,000
Other Liabilities						
Compensated Absences	36,322	20,254	-	-	56,576	56,576
Total Business-Type Activities	\$ 5,936,322	\$ 20,254	\$ (185,000)	\$ -	\$ 5,771,576	\$ 246,576

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

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2022, are as follows:

Governmental 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.

	\$ 4,245,000
Total Revenue Bonds	4,245,000

Notes Payable:

Note payable to the United States Department of Agriculture in the amount of \$770,898; principal and interest at 3.375% due each October 1 through 2058.

750,804

Note payable to the KS State Bank for a street sweeper in the amount of \$119,186; principal and interest at 4.45% due each month through March 2024.

26,835

Total Notes Payable

777,639

Total Governmental Activities

\$ 5,022,639

Business-Type Activities:

Revenue Bonds:

Revenue Bonds dated September 21, 2010, in the original amount of \$7,500,000 at 0.65% to 5% interest; payable semi-annually commencing April 1, 2011. Principal is due annually commencing October 1, 2011, with final payment due October 1, 2040. Secured by a pledge of water and wastewater net revenues.

\$ 5,715,000

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The following are schedules of debt service requirements as of June 30, 2022:

<u>Year Ending June 30,</u>	Governmental Activities			
	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2023	\$ 105,000	\$ 164,150	\$ 46,985	\$ 2,207
2024	110,000	161,000	41,223	2,150
2025	115,000	157,700	20,264	2,093
2026	115,000	154,250	20,321	2,036
2027	120,000	150,800	20,378	1,979
2028 - 2032	675,000	684,000	102,754	9,032
2033 - 2037	810,000	538,800	104,207	7,579
2038 - 2042	995,000	362,400	105,681	6,105
2043 - 2047	1,200,000	148,000	107,176	4,611
2048 - 2052	-	-	108,691	3,095
2053 - 2057	-	-	99,959	1,558
2058	-	-	-	188
Total	<u>\$ 4,245,000</u>	<u>\$ 2,521,100</u>	<u>\$ 777,639</u>	<u>\$ 42,633</u>

<u>Year Ending June 30,</u>	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2023	\$ 190,000	\$ 277,213
2024	200,000	268,925
2025	210,000	260,213
2026	215,000	250,375
2027	225,000	239,375
2028 - 2032	1,315,000	1,010,625
2033 - 2037	1,680,000	638,000
2038 - 2042	1,680,000	173,000
Total	<u>\$ 5,715,000</u>	<u>\$ 3,117,726</u>

Pledged Revenues

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, 2022, \$5,715,000 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, 2022, the net revenue available for service of this debt was \$1,109,260. The debt principal and interest paid in fiscal year 2021-2022 equals \$469,534 (42.3% of available pledged net revenues).

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 87,515	\$ 6,578
2024	13,497	1,098
2025	5,167	533
2026	1,832	168
2027	506	18
Total Minimum Lease Payments	<u>\$ 108,517</u>	<u>\$ 8,395</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 188,065
Less: Accumulated Amortization	(81,763)
Total	<u>\$ 106,302</u>

Leases Receivable

The City, acting as a lessor, leases various assets under long-term, noncancelable lease agreements with no interest. The leases expire at various dates through 2026. During the year ended June 30, 2022, the City recognized \$13,951 for governmental activities and \$61,181 for business type activities in lease revenue and no interest revenue, pursuant to these contracts. Total minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,947	\$ -	\$ 59,405	\$ -
2024	14,366	-	61,781	-
2025	-	-	64,252	-
2026	-	-	32,757	-
Total Minimum Lease Payments	<u>\$ 28,313</u>	<u>\$ -</u>	<u>\$ 218,195</u>	<u>\$ -</u>

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 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.

The fund balances for all major and nonmajor governmental funds as of June 30, 2022, were distributed as follows:

	General	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
Nonspendable:									
Prepays	\$ 4,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,129
Land Held for Resale	446,593	-	-	-	-	-	-	-	446,593
Subtotal	450,722	-	-	-	-	-	-	-	450,722
Restricted for:									
Streets and Transportation	-	-	1,074,238	-	-	-	-	777,351	1,851,589
Impact Fees	-	-	-	-	1,841,095	-	-	-	1,841,095
CalHOME	-	-	-	266,048	-	-	-	-	266,048
General Government	-	-	-	-	-	112,365	-	-	112,365
Debt Service	-	-	-	-	-	-	272,300	-	272,300
Capital Projects	-	-	-	-	-	-	2,852,963	-	2,852,963
Subtotal	-	-	1,074,238	266,048	1,841,095	112,365	3,125,263	777,351	7,196,360
Assigned to:									
CUP Fees for Capital Projects	2,757,119	-	-	-	-	-	-	-	2,757,119
Subtotal	2,757,119	-	-	-	-	-	-	-	2,757,119
Unassigned									
	876,435	(582,319)	-	-	-	-	-	(100,259)	193,857
Total	\$ 4,084,276	\$ (582,319)	\$ 1,074,238	\$ 266,048	\$ 1,841,095	\$ 112,365	\$ 3,125,263	\$ 677,092	\$ 10,598,058

NOTE 9 RETIREMENT PLAN

A. 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 \$243,232. The plan also included \$4,753 of forfeitures during the current year.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Workers' Compensation (Continued)

The audited financial information from Central San Joaquin Valley Risk Management Authority for the year ended June 30, 2022, is as follows:

Total Assets	\$ 150,837,823
Total Liabilities	118,663,929
Net Position	<u>\$ 32,173,894</u>
Total Revenues	\$ 58,911,480
Total Expenses	47,584,363
Change in Net Position	<u>\$ 11,327,117</u>

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

NOTE 11 OTHER INFORMATION

Fund Deficits

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

Governmental Funds:	
TDA-LTF	\$ 582,319
CDBG	13,888
HOME	85,457
COPS	914

Commitments

The City has signed agreements to construct various capital improvements subsequent to June 30, 2022. The balance owed on the commitments at June 30, 2022, was approximately \$1,629,553.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 PRIOR PERIOD ADJUSTMENT

The City determined that certain transactions were recorded incorrectly in a prior year.

The impact of the restatements on the fund balances and net position as previously reported is presented below:

	Government-Wide Statements	Governmental Fund Statements
	Governmental Activities	COPS
Fund Balance / Net Position - June 30, 2021	\$ 37,870,666	\$ (914)
<u>Adjustments:</u>		
To recognize revenues earned in prior years, but not recorded until the current year.	233,434	233,434
Restated Fund Balance / Net Position - June 30, 2022	\$ 38,104,100	\$ 232,520

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,550,654	2,550,654	\$ 2,743,476	\$ 192,822
Licenses and Permits	315,085	315,085	245,583	(69,502)
Fines and Forfeitures	52,482	52,482	44,267	(8,215)
Use of Money and Property	19,720	19,720	19,544	(176)
Intergovernmental Revenues	3,805,274	3,805,274	725,993	(3,079,281)
Charges for Services	766,095	766,095	3,259,696	2,493,601
Contributions	6,500	6,500	6,851	351
Other Revenues	63,773	63,773	78,561	14,788
Total Revenues	<u>7,579,583</u>	<u>7,579,583</u>	<u>7,123,971</u>	<u>(455,612)</u>
EXPENDITURES				
Current:				
General Government	789,553	789,553	637,204	152,349
Public Safety	4,106,455	4,106,455	3,618,590	487,865
Public Works	865,296	865,296	699,807	165,489
Community Development	566,130	566,130	458,829	107,301
Debt Service:				
Principal	553,708	553,708	125,121	428,587
Interest and Other Charges	6,750	6,750	38,268	(31,518)
Capital Outlay	4,981,188	6,291,606	1,453,375	4,838,231
Total Expenditures	<u>11,869,080</u>	<u>13,179,498</u>	<u>7,031,194</u>	<u>6,148,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,289,497)	(5,599,915)	92,777	5,692,692
OTHER FINANCING SOURCES				
Debt Proceeds	2,000,000	2,000,000	-	(2,000,000)
Issuance of Leases	-	-	4,414	4,414
Transfers In	3,692,177	3,692,177	3,271,486	(420,691)
Total Other Financing Sources (Uses)	<u>5,692,177</u>	<u>5,692,177</u>	<u>3,275,900</u>	<u>(420,691)</u>
NET CHANGE IN FUND BALANCES	1,402,680	92,262	3,368,677	5,272,001
Fund Balances - Beginning of Year	<u>715,599</u>	<u>715,599</u>	<u>715,599</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,118,279</u>	<u>\$ 807,861</u>	<u>\$ 4,084,276</u>	<u>\$ 3,276,415</u>

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 TDA-LTF – MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ 1,600,000	\$ 1,600,000	\$ 2,105,508	\$ 505,508
Total Revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,105,508</u>	<u>505,508</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,600,000	1,600,000	2,105,508	505,508
OTHER FINANCING USES				
Transfers Out	<u>(1,300,224)</u>	<u>(1,300,224)</u>	<u>(1,965,385)</u>	<u>(665,161)</u>
Total Other Financing Uses	<u>(1,300,224)</u>	<u>(1,300,224)</u>	<u>(1,965,385)</u>	<u>(665,161)</u>
NET CHANGE IN FUND BALANCES	299,776	299,776	140,123	(159,653)
Fund Balances - Beginning of Year	<u>(722,442)</u>	<u>(722,442)</u>	<u>(722,442)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (422,666)</u>	<u>\$ (422,666)</u>	<u>\$ (582,319)</u>	<u>\$ (159,653)</u>

**CITY OF MCFARLAND
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX – MAJOR SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ 376,511	\$ 376,511	\$ 296,927	\$ (79,584)
Total Revenues	<u>376,511</u>	<u>376,511</u>	<u>296,927</u>	<u>(79,584)</u>
EXCESS OF REVENUES OVER EXPENDITURES	376,511	376,511	296,927	(79,584)
OTHER FINANCING USES				
Transfers Out	<u>(376,511)</u>	<u>(376,511)</u>	-	376,511
Total Other Financing Uses	<u>(376,511)</u>	<u>(376,511)</u>	-	<u>376,511</u>
NET CHANGE IN FUND BALANCES	-	-	296,927	296,927
Fund Balances - Beginning of Year	<u>777,311</u>	<u>777,311</u>	<u>777,311</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 777,311</u>	<u>\$ 777,311</u>	<u>\$ 1,074,238</u>	<u>\$ 296,927</u>

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT – MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Licenses and Permits	\$ 1,026,496	\$ 1,026,496	\$ 763,217	\$ (263,279)
Use of Money and Property	2,000	2,000	-	(2,000)
Total Revenues	<u>1,028,496</u>	<u>1,028,496</u>	<u>763,217</u>	<u>(265,279)</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,028,496	1,028,496	763,217	(265,279)
OTHER FINANCING USES				
Transfers Out	<u>(1,028,496)</u>	<u>(1,028,496)</u>	<u>(170,399)</u>	<u>858,097</u>
Total Other Financing Uses	<u>(1,028,496)</u>	<u>(1,028,496)</u>	<u>(170,399)</u>	<u>858,097</u>
NET CHANGE IN FUND BALANCES	-	-	592,818	592,818
Fund Balances - Beginning of Year	<u>1,248,277</u>	<u>1,248,277</u>	<u>1,248,277</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,248,277</u>	<u>\$ 1,248,277</u>	<u>\$ 1,841,095</u>	<u>\$ 592,818</u>

CITY OF MCFARLAND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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 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 or the Miscellaneous Grants Fund since these funds did not report a budget this year.

COMBINING FUND STATEMENTS

**CITY OF MCFARLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue					Total
	CDBG	HOME	Lighting and Landscape	COPS	Road Maintenance and Rehab	
ASSETS						
Cash and Investments	\$ -	\$ -	\$ 243,882	\$ -	\$ 513,027	\$ 756,909
Receivables:						
Accounts	-	3,383	-	-	-	3,383
Intergovernmental	410,338	-	-	-	23,701	434,039
Loans Receivable	-	709,906	-	-	-	709,906
Total Assets	\$ 410,338	\$ 713,289	\$ 243,882	\$ -	\$ 536,728	\$ 1,904,237
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 1,165	\$ -	\$ -	\$ 1,165
Accrued Liabilities	-	-	889	-	-	889
Due to Other Funds	424,226	88,840	789	914	-	514,769
Unearned Revenue	-	-	-	-	416	416
Total Liabilities	424,226	88,840	2,843	914	416	517,239
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	709,906	-	-	-	709,906
FUND BALANCES						
Restricted	-	-	241,039	-	536,312	777,351
Unassigned	(13,888)	(85,457)	-	(914)	-	(100,259)
Total Fund Balances	(13,888)	(85,457)	241,039	(914)	536,312	677,092
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 410,338	\$ 713,289	\$ 243,882	\$ -	\$ 536,728	\$ 1,904,237

**CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue					Total
	CDBG	HOME	Lighting and Landscape	COPS	Road Maintenance and Rehab	
REVENUES						
Taxes	\$ -	\$ -	\$ 139,033	\$ -	\$ 306,549	\$ 445,582
Use of Money and Property	-	-	30	-	-	30
Intergovernmental Revenues	402,547	-	-	511,193	-	913,740
Total Revenues	<u>402,547</u>	<u>-</u>	<u>139,063</u>	<u>511,193</u>	<u>306,549</u>	<u>1,359,352</u>
EXPENDITURES						
Current:						
Public Works	-	-	152,196	-	-	152,196
Capital Outlay	401,973	-	-	-	-	401,973
Total Expenditures	<u>401,973</u>	<u>-</u>	<u>152,196</u>	<u>-</u>	<u>-</u>	<u>554,169</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	574	-	(13,133)	511,193	306,549	805,183
OTHER FINANCING USES						
Transfers Out	-	-	-	(744,627)	(409,707)	(1,154,334)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,627)</u>	<u>(409,707)</u>	<u>(1,154,334)</u>
NET CHANGE IN FUND BALANCES	574	-	(13,133)	(233,434)	(103,158)	(349,151)
Fund Balances - Beginning of Year as Restated	<u>(14,462)</u>	<u>(85,457)</u>	<u>254,172</u>	<u>232,520</u>	<u>639,470</u>	<u>1,026,243</u>
FUND BALANCES - END OF YEAR	<u>\$ (13,888)</u>	<u>\$ (85,457)</u>	<u>\$ 241,039</u>	<u>\$ (914)</u>	<u>\$ 536,312</u>	<u>\$ 677,092</u>



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