

CITY OF MCFARLAND
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023



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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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the City of McFarland adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITAs). The guidance requires entities to recognize a right-to-use subscription asset and corresponding subscription liability for all SBITAs 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, 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
March 20, 2024

BASIC FINANCIAL STATEMENTS

CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental-Type	Business-Type	Totals
	Activities	Activities	
ASSETS			
Cash and Investments	\$ 6,348,481	\$ 9,878,106	\$ 16,226,587
Cash with Fiscal Agents - Restricted	3,738,872	65,795	3,804,667
Receivables:			
Accounts	188,382	1,193,001	1,381,383
Intergovernmental	3,220,177	3,979	3,224,156
Interest	-	1,816	1,816
Taxes	173,345	-	173,345
Leases	14,366	158,789	173,155
Prepays and Other Assets	4,127	5,097	9,224
Internal Balances	(18,544)	18,544	-
Loans Receivable	3,570,613	-	3,570,613
Land Held For Resale	446,593	-	446,593
Capital Assets:			
Nondepreciable/Nonamortizable	5,390,142	1,355,026	6,745,168
Depreciable, Net	30,106,468	14,768,847	44,875,315
Right-to-Use Assets, Net	149,787	-	149,787
Total Assets	<u>53,332,809</u>	<u>27,449,000</u>	<u>80,781,809</u>
LIABILITIES			
Accounts Payable	659,650	294,610	954,260
Accrued Liabilities	49,031	33,608	82,639
Interest Payable	53,667	16,478	70,145
Deposits Payable	152,563	21,139	173,702
Unearned Revenue	2,188,072	172,771	2,360,843
Long-Term Liabilities:			
Due Within One Year	229,541	266,316	495,857
Due in More than One Year	5,174,003	4,834,105	10,008,108
Total Liabilities	<u>8,506,527</u>	<u>5,639,027</u>	<u>14,145,554</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Leases	14,362	153,694	168,056
NET POSITION			
Net Investment in Capital Assets	33,567,528	11,047,873	44,615,401
Restricted for:			
General	177,103	-	177,103
Streets and Roads	1,575,239	-	1,575,239
Community Development	8,006,335	-	8,006,335
Debt Service	227,732	65,795	293,527
Unrestricted	1,257,983	10,542,611	11,800,594
Total Net Position	<u>\$ 44,811,920</u>	<u>\$ 21,656,279</u>	<u>\$ 66,468,199</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental- Type Activities	Business- Type Activities	
Primary Government:							
Governmental-Type Activities:							
General Government	\$ 295,831	\$ 881,452	\$ -	\$ -	\$ 585,621	\$ -	\$ 585,621
Public Safety	4,763,477	393,696	1,217,967	-	(3,151,814)	-	(3,151,814)
Public Works	1,683,314	12,288	1,655,767	2,290,001	2,274,742	-	2,274,742
Community Development	539,872	639,632	222,623	-	322,383	-	322,383
Interest on Long-Term Debt	143,591	-	-	-	(143,591)	-	(143,591)
Total Governmental-Type Activities	7,426,085	1,927,068	3,096,357	2,290,001	(112,659)	-	(112,659)
Business-Type Activities:							
Sewer	1,949,335	2,071,510	38,440	-	-	160,615	160,615
Refuse	1,382,641	1,441,687	-	-	-	59,046	59,046
Water	2,186,733	2,004,204	-	-	-	(182,529)	(182,529)
Public Transportation	116,920	-	121,878	-	-	4,958	4,958
Total Business-Type Activities	5,635,629	5,517,401	160,318	-	-	42,090	42,090
Total Primary Government	\$ 13,061,714	\$ 7,444,469	\$ 3,256,675	\$ 2,290,001	(112,659)	42,090	(70,569)
GENERAL REVENUES AND TRANSFERS							
General Revenues:							
Taxes:							
Property Taxes					836,524	-	836,524
Sales and Use Taxes					801,079	-	801,079
Franchise Taxes					213,241	-	213,241
Intergovernmental, Unrestricted:							
Motor Vehicle In-Lieu Tax					1,595,463	-	1,595,463
Interest and Investment Earnings					113,010	60,319	173,329
Lease Revenue					-	60,414	60,414
Miscellaneous					240,913	-	240,913
Transfers					102,467	(102,467)	-
Total General Revenues and Transfers					3,902,697	18,266	3,920,963
CHANGE IN NET POSITION					3,790,038	60,356	3,850,394
Net Position - Beginning of Year					41,021,882	21,595,923	62,617,805
NET POSITION - END OF YEAR					\$ 44,811,920	\$ 21,656,279	\$ 66,468,199

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
ASSETS									
Cash and Investments	\$ 132,416	\$ 237,858	\$ 538,085	\$ 266,449	\$ 989,899	\$ 2,389,679	\$ 538,587	\$ 1,255,508	\$ 6,348,481
Cash with Fiscal Agent - Restricted	-	-	-	-	-	-	3,738,872	-	3,738,872
Receivables:									
Accounts	129,577	-	27,025	-	-	-	-	31,780	188,382
Intergovernmental	2,153,101	573,906	-	-	-	2,588	-	490,582	3,220,177
Taxes	173,345	-	-	-	-	-	-	-	173,345
Leases	14,366	-	-	-	-	-	-	-	14,366
Prepaid Items	4,127	-	-	-	-	-	-	-	4,127
Due from Other Funds	1,213,430	-	-	-	1,209,542	-	-	-	2,422,972
Loans Receivable	-	-	-	2,860,707	-	-	-	709,906	3,570,613
Land Held for Resale	446,593	-	-	-	-	-	-	-	446,593
Total Assets	\$ 4,266,955	\$ 811,764	\$ 565,110	\$ 3,127,156	\$ 2,199,441	\$ 2,392,267	\$ 4,277,459	\$ 2,487,776	\$ 20,127,928
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 649,868	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 9,182	\$ 659,650
Accrued Liabilities	48,324	-	-	-	-	-	-	707	49,031
Deposits Payable	152,563	-	-	-	-	-	-	-	152,563
Due to Other Funds	124,043	722,442	-	-	-	26,908	501,698	997,560	2,372,651
Advances from Other Funds	68,865	-	-	-	-	-	-	-	68,865
Unearned Revenue	-	-	-	-	-	2,187,656	-	416	2,188,072
Total Liabilities	1,043,663	722,442	-	-	-	2,215,164	501,698	1,007,865	5,490,832
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue	2,105,832	573,906	-	2,861,108	-	-	-	709,906	6,250,752
Related to Leases	14,362	-	-	-	-	-	-	-	14,362
Total Deferred Inflows of Resources	2,120,194	573,906	-	2,861,108	-	-	-	709,906	6,265,114
FUND BALANCES									
Nonspendable	450,720	-	-	-	-	-	-	-	450,720
Restricted	-	-	565,110	266,048	2,199,441	177,103	3,775,761	870,264	7,853,727
Assigned	2,112,278	-	-	-	-	-	-	-	2,112,278
Unassigned	(1,459,900)	(484,584)	-	-	-	-	-	(100,259)	(2,044,743)
Total Fund Balances	1,103,098	(484,584)	565,110	266,048	2,199,441	177,103	3,775,761	770,005	8,371,982
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,266,955	\$ 811,764	\$ 565,110	\$ 3,127,156	\$ 2,199,441	\$ 2,392,267	\$ 4,277,459	\$ 2,487,776	\$ 20,127,928

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, 2023**

Fund Balance - Total Governmental Funds	\$ 8,371,982
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.	35,646,397
Some of the City's revenue is not available to pay for current period expenditures and therefore are not reported in the governmental funds balance sheet.	6,250,752
Interest on long-term debt is recognized as it accrues, regardless of when it is due.	(53,667)
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)	(4,424,628)
Notes Payable	(814,376)
Lease Payable	(75,002)
SBITA Payable	(25,958)
Compensated Absences	(63,580)
Net Position of Governmental Activities	\$ 44,811,920

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, 2023

	General Fund	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
REVENUES									
Taxes	\$ 3,010,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,110	\$ 3,446,307
Licenses and Permits	384,681	-	-	-	433,888	-	-	-	818,569
Fines and Forfeitures	52,792	-	-	-	-	-	-	-	52,792
Use of Money and Property	27,298	-	-	-	-	-	377,049	187	404,534
Intergovernmental Revenues	592,898	97,735	370,059	-	-	1,214,575	-	1,060,258	3,335,525
Charges for Services	764,183	-	-	-	-	-	-	-	764,183
Contributions	109,580	-	-	-	-	-	-	-	109,580
Other Revenues	131,333	-	-	-	-	-	-	-	131,333
Total Revenues	5,072,962	97,735	370,059	-	433,888	1,214,575	377,049	1,496,555	9,062,823
EXPENDITURES									
Current:									
General Government	955,359	-	-	-	-	550,955	-	155,013	1,661,327
Public Safety	3,739,799	-	-	-	-	-	-	876,848	4,616,647
Public Works	490,702	-	-	-	-	-	-	371,781	862,483
Community Development	481,984	-	-	-	-	-	-	-	481,984
Debt Service:									
Principal	208,707	-	-	-	-	-	105,000	-	313,707
Interest and Fiscal Charges	10,759	-	-	-	-	-	164,151	-	174,910
Capital Outlay	3,518,195	-	-	-	-	-	-	-	3,518,195
Total Expenditures	9,405,505	-	-	-	-	550,955	269,151	1,403,642	11,629,253
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,332,543)	97,735	370,059	-	433,888	663,620	107,898	92,913	(2,566,430)
OTHER FINANCING SOURES (USES)									
Transfers In	1,832,486	-	-	-	-	-	542,600	-	2,375,086
Transfers Out	(719,008)	-	(879,187)	-	(75,542)	(598,882)	-	-	(2,272,619)
Leases	237,887	-	-	-	-	-	-	-	237,887
Total Other Financing Soures (Uses)	1,351,365	-	(879,187)	-	(75,542)	(598,882)	542,600	-	340,354
NET CHANGE IN FUND BALANCES	(2,981,178)	97,735	(509,128)	-	358,346	64,738	650,498	92,913	(2,226,076)
Fund Balance - Beginning of Year	4,084,276	(582,319)	1,074,238	266,048	1,841,095	112,365	3,125,263	677,092	10,598,058
FUND BALANCES - END OF YEAR	<u>\$ 1,103,098</u>	<u>\$ (484,584)</u>	<u>\$ 565,110</u>	<u>\$ 266,048</u>	<u>\$ 2,199,441</u>	<u>\$ 177,103</u>	<u>\$ 3,775,761</u>	<u>\$ 770,005</u>	<u>\$ 8,371,982</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, 2023**

Net Change to Fund Balance - Total Governmental Funds \$ (2,226,076)

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	5,485,395
Less: Current Year Depreciation	(1,478,213)
Less: Current Year Amortization	(121,279)

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.

2,050,833

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

Principal Payments for Bonds, Notes, Leases, and SBITAs	313,707
Proceeds from Issuance of Notes, Leases, and SBITAs	(237,887)
Change in Accrued Interest on Long-term Debt	1,050
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	(9,351)
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Change in Net Position of Governmental Activities \$ 3,790,038

CITY OF MCFARLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds				
	Sewer	Refuse	Water	Nonmajor	Total
				Public Transportation	
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,680,402	\$ -	\$ 8,007,426	\$ 190,278	\$ 9,878,106
Cash with Fiscal Agent - Restricted	44,083	-	21,712	-	65,795
Receivables:					
Accounts	400,677	377,268	415,056	-	1,193,001
Intergovernmental	3,979	-	-	-	3,979
Interest	-	-	1,816	-	1,816
Leases	158,789	-	-	-	158,789
Due from Other Funds	4,419	4,114	1,360	604	10,497
Other Assets	-	-	5,097	-	5,097
Total Current Assets	<u>2,292,349</u>	<u>381,382</u>	<u>8,452,467</u>	<u>190,882</u>	<u>11,317,080</u>
Noncurrent Assets:					
Advances to Other Funds	68,865	-	-	-	68,865
Capital Assets:					
Nondepreciable:					
Land	1,120,000	-	160,063	-	1,280,063
Construction in Progress	-	-	-	74,963	74,963
Depreciable:					
Buildings, Equipment and Infrastructure	15,063,557	309,677	12,543,818	650,896	28,567,948
Accumulated Depreciation	<u>(6,197,641)</u>	<u>(309,177)</u>	<u>(6,777,684)</u>	<u>(514,599)</u>	<u>(13,799,101)</u>
Total Noncurrent Assets	<u>10,054,781</u>	<u>500</u>	<u>5,926,197</u>	<u>211,260</u>	<u>16,192,738</u>
Total Assets	<u>12,347,130</u>	<u>381,882</u>	<u>14,378,664</u>	<u>402,142</u>	<u>27,509,818</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	67,282	111,038	95,633	20,657	294,610
Accrued Liabilities	14,252	4,930	13,007	1,419	33,608
Interest Payable	5,438	-	11,040	-	16,478
Due to Other Funds	-	56,387	-	4,431	60,818
Deposits Payable	-	-	21,139	-	21,139
Unearned Revenue	-	-	-	172,771	172,771
Compensated Absences	9,107	3,705	9,279	2,330	24,421
Bonds Payable	166,160	-	81,840	-	248,000
Total Current Liabilities	<u>262,239</u>	<u>176,060</u>	<u>231,938</u>	<u>201,608</u>	<u>871,845</u>
Noncurrent Liabilities:					
Bonds Payable	<u>3,234,760</u>	<u>-</u>	<u>1,593,240</u>	<u>-</u>	<u>4,828,000</u>
Total Liabilities	<u>3,496,999</u>	<u>176,060</u>	<u>1,825,178</u>	<u>201,608</u>	<u>5,699,845</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Leases	<u>153,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,694</u>
Total Deferred Inflows of Resources	<u>153,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,694</u>
NET POSITION					
Net Investment in Capital Assets	6,584,996	500	4,251,117	211,260	11,047,873
Restricted for Debt Service	44,083	-	21,712	-	65,795
Unrestricted	<u>2,067,358</u>	<u>205,322</u>	<u>8,280,657</u>	<u>(10,726)</u>	<u>10,542,611</u>
Total Net Position	<u>\$ 8,696,437</u>	<u>\$ 205,822</u>	<u>\$ 12,553,486</u>	<u>\$ 200,534</u>	<u>\$ 21,656,279</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, 2023

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
OPERATING REVENUES					
Charges for Services	\$ 2,071,510	\$ 1,441,687	\$ 2,004,204	\$ -	\$ 5,517,401
OPERATING EXPENSES					
Salaries and Employee Benefits	641,726	205,156	561,340	56,722	1,464,944
Services and Supplies	494,202	1,176,954	666,850	27,176	2,365,182
Utilities	199,221	-	379,259	-	578,480
Depreciation	416,574	531	477,385	33,022	927,512
Total Operating Expenses	<u>1,751,723</u>	<u>1,382,641</u>	<u>2,084,834</u>	<u>116,920</u>	<u>5,336,118</u>
OPERATING INCOME (LOSS)	319,787	59,046	(80,630)	(116,920)	181,283
NONOPERATING REVENUES (EXPENSES)					
Grants	38,440	-	-	121,878	160,318
Lease Revenue	60,414	-	-	-	60,414
Interest Income	17,169	537	42,613	-	60,319
Interest Expense	(197,612)	-	(101,899)	-	(299,511)
Total Nonoperating Revenues (Expenses)	<u>(81,589)</u>	<u>537</u>	<u>(59,286)</u>	<u>121,878</u>	<u>(18,460)</u>
INCOME (LOSS) BEFORE TRANSFERS	238,198	59,583	(139,916)	4,958	162,823
TRANSFERS IN	-	19,220	-	-	19,220
TRANSFERS OUT	<u>(41,978)</u>	<u>(17,497)</u>	<u>(22,839)</u>	<u>(39,373)</u>	<u>(121,687)</u>
CHANGE IN NET POSITION	196,220	61,306	(162,755)	(34,415)	60,356
Net Position - Beginning 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>
NET POSITION - END OF YEAR	<u>\$ 8,696,437</u>	<u>\$ 205,822</u>	<u>\$ 12,553,486</u>	<u>\$ 200,534</u>	<u>\$ 21,656,279</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 1,982,960	\$ 1,348,133	\$ 1,900,555	\$ -	\$ 5,231,648
Payments to Suppliers	(677,265)	(1,204,411)	(1,033,004)	(21,302)	(2,935,982)
Payments to Employees	(652,875)	(212,409)	(559,242)	(55,056)	(1,479,582)
Net Cash Provided (Used) by Operating Activities	652,820	(68,687)	308,309	(76,358)	816,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant Proceeds	38,440	-	-	281,880	320,320
Loans from Other Funds	45,346	-	-	-	45,346
Transfers from Other Funds	-	19,220	-	-	19,220
Transfers to Other Funds	(41,978)	(17,497)	(22,839)	(39,373)	(121,687)
Settlements	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	41,808	1,723	(22,839)	242,507	263,199
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments Related to the Acquisition of Capital Assets	(81,712)	-	(61,888)	(74,963)	(218,563)
Principal Repayments Related to Capital Purposes	(62,700)	-	(127,300)	-	(190,000)
Interest Repayments Related to Capital Purposes	(234,345)	-	(112,171)	-	(346,516)
Payments made to Escrow account for Bond Refunding	(346,532)	-	(108,288)	-	(454,820)
Net Cash (Used) by Capital and Related Financing Activities	(725,289)	-	(409,647)	(74,963)	(1,209,899)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	17,169	537	42,613	-	60,319
Lease Revenue	60,414	-	-	-	60,414
Net Cash Provided by Investing Activities	77,583	537	42,613	-	120,733
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,922	(66,427)	(81,564)	91,186	(9,883)
Cash and Cash Equivalents - Beginning of Year	1,677,563	66,427	8,110,702	99,092	9,953,784
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,724,485</u>	<u>\$ -</u>	<u>\$ 8,029,138</u>	<u>\$ 190,278</u>	<u>\$ 9,943,901</u>
Cash and Investments	\$ 1,680,402	\$ -	\$ 8,007,426	\$ 190,278	\$ 9,878,106
Cash with Fiscal Agent - Restricted	44,083	-	21,712	-	65,795
Cash and Cash Equivalents - per Statement of Net Position	<u>\$ 1,724,485</u>	<u>\$ -</u>	<u>\$ 8,029,138</u>	<u>\$ 190,278</u>	<u>\$ 9,943,901</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Enterprise Funds				Total
	Sewer	Refuse	Water	Nonmajor Public Transportation	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 319,787	\$ 59,046	\$ (80,630)	\$ (116,920)	\$ 181,283
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	416,574	531	477,385	33,022	927,512
(Increase) Decrease in:					
Accounts Receivable	(87,516)	(93,554)	(106,249)	-	(287,319)
Lease Receivable	59,406	-	-	-	59,406
Increase (Decrease) in:					
Accounts Payable	16,158	(83,844)	13,105	5,874	(48,707)
Accrued Liabilities	6,773	3,118	7,808	(182)	17,517
Deposits	-	-	2,600	-	2,600
Due to Other Funds	-	56,387	-	-	56,387
Deferred Inflows - Lease Related	(60,440)	-	-	-	(60,440)
Unearned Revenues	-	-	-	-	-
Compensated Absences	(17,922)	(10,371)	(5,710)	1,848	(32,155)
Net Cash Provided (Used) by Operating Activities	<u>\$ 652,820</u>	<u>\$ (68,687)</u>	<u>\$ 308,309</u>	<u>\$ (76,358)</u>	<u>\$ 816,084</u>

Noncash capital and financial activities

The City issued bonds to refund the 2010 revenue bonds. Proceeds of \$4,490,016 were deposited immediately into an irrevocable trust for the defeasance of \$5,525,000 of outstanding revenue bond principal and related accrued interest.

**CITY OF MCFARLAND
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

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

See accompanying Notes to Basic Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023**

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

See accompanying Notes to Basic Financial Statements.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 FINANCIAL STATEMENTS
JUNE 30, 2023

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 FINANCIAL STATEMENTS
JUNE 30, 2023

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.
- 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.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

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

The City reports the following additional fund type:

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

C. Basis of Accounting and Measurement Focus

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within 180 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under leases are reported as other financing sources.

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

D. Cash and Investments

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

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

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

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

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

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

E. Receivables

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

F. Other Assets

Prepaid Items

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

G. Loans Receivable

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

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

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

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

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

I. Leases

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

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

J. Property Tax

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

K. Interfund Transactions

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

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

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

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

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

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

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

P. Fund Balance

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

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

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

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

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

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

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

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

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

Q. Estimates

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

R. 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, 2023, are as follows:

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Implementation of New Governmental Accounting Standards (Continued)

The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the Government reporting a SBITA asset and a SBITA liability as disclosed in Note 3 and Note 8.

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	\$ 16,226,587
Cash with Fiscal Agents	3,804,667
Statement of Fiduciary Net Position:	
Cash and Investments	6,665
Total	<u>\$ 20,037,919</u>

Cash and investments as of June 30, 2023, consist of the following:

Deposits with Financial Institutions	\$ 19,670,398
Cash on Hand	3,000
Investments	364,521
Total	<u>\$ 20,037,919</u>

Deposits

At year-end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$20,037,919 and the bank balance was \$20,279,280. 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, 2023, 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 FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits (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, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
State Treasurer's Investment Pool (LAIF)	\$ 364,521	N/A
Total Investments	<u>\$ 364,521</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, 2023, the Credit rating for investment in LAIF was not rated. 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 FINANCIAL STATEMENTS
JUNE 30, 2023**

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 FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the City's investment in LAIF valued at amortized cost was \$364,521 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 \$174.8 billion. Of that amount, 97.22% is invested in nonderivative financial products and 2.78% in structured notes and asset-backed securities.

Restricted Cash and Investments with Fiscal Agents

Cash and investments at June 30, 2023, that are restricted by legal or contractual requirements are comprised of the following:

Governmental-Type Activities:

McFarland Improvement Authority:

Reserves for Capital Projects	\$ 3,457,473
Debt Service Reserves	281,399
Total McFarland Improvement Authority:	3,738,872

Business-Type Activities:

Sewer Fund:

Debt Service Reserves	44,083
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Water Fund:

Debt Service Reserves	21,712
Total	65,795

Total Restricted Cash and Investments	\$ 3,804,667
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CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 CAPITAL ASSETS

Capital and right-to-use assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2023
Governmental-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 993,176	\$ -	\$ -	\$ -	\$ 993,176
Construction In Progress	2,306,555	3,258,893	-	(1,168,482)	4,396,966
Total Capital Assets, Not Being Depreciated	3,299,731	3,258,893	-	(1,168,482)	5,390,142
Capital Assets, Being Depreciated:					
Infrastructure	36,046,386	1,380,589	-	-	37,426,975
Machinery and Equipment	1,979,357	274,339	-	-	2,253,696
Vehicles	1,212,496	406,810	-	1,168,482	2,787,788
Total Capital Assets, Being Depreciated	39,238,239	2,061,738	-	1,168,482	42,468,459
Less Accumulated Depreciation for:					
Infrastructure	(8,534,036)	(1,160,682)	-	-	(9,694,718)
Machinery and Equipment	(1,422,072)	(152,843)	-	-	(1,574,915)
Vehicles	(927,670)	(164,688)	-	-	(1,092,358)
Total Accumulated Depreciation	(10,883,778)	(1,478,213)	-	-	(12,361,991)
Total Capital Assets, Being Depreciated, Net	28,354,461	583,525	-	1,168,482	30,106,468
Right-to-Use Assets, Being Amortized:					
Machinery and Equipment	188,065	124,500	-	-	312,565
SBITAs	-	40,264	-	-	40,264
Total Right-to-Use Assets, Being Amortized	188,065	164,764	-	-	352,829
Less Accumulated Amortization for:					
Machinery and Equipment	(81,763)	(116,196)	-	-	(197,959)
SBITAs	-	(5,083)	-	-	(5,083)
Total Accumulated Amortization	(81,763)	(121,279)	-	-	(203,042)
Total Right-to-Use Assets, Being Amortized, Net	106,302	43,485	-	-	149,787
Governmental-Type Activities Capital Assets, Net	<u>\$ 31,760,494</u>	<u>\$ 3,885,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,646,397</u>
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,280,063	\$ -	\$ -	\$ -	\$ 1,280,063
Construction In Progress	-	74,963	-	-	74,963
Total Capital Assets, Not Being Depreciated	1,280,063	74,963	-	-	1,355,026
Capital Assets, Being Depreciated:					
Infrastructure	6,836,223	-	-	-	6,836,223
Buildings and Improvements	8,579,010	-	-	-	8,579,010
Machinery and Other	11,976,338	115,921	-	-	12,092,259
Vehicles	1,032,777	27,679	-	-	1,060,456
Total Capital Assets, Being Depreciated	28,424,348	143,600	-	-	28,567,948
Less Accumulated Depreciation for:					
Infrastructure	(723,250)	(170,905)	-	-	(894,155)
Buildings and Improvements	(3,182,779)	(410,167)	-	-	(3,592,946)
Machinery and Other	(8,091,070)	(318,016)	-	-	(8,409,086)
Vehicles	(874,490)	(28,424)	-	-	(902,914)
Total Accumulated Depreciation	(12,871,589)	(927,512)	-	-	(13,799,101)
Total Capital Assets, Being Depreciated, Net	15,552,759	(783,912)	-	-	14,768,847
Business-Type Activities Capital Assets, Net	<u>\$ 16,832,822</u>	<u>\$ (708,949)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,123,873</u>

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows at June 30, 2023:

General Government	\$ 426,227
Public Safety	146,830
Public Works	847,268
Community Development	<u>57,888</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 1,478,213</u>

Depreciation expense was charged to business-type functions as follows at June 30, 2023:

Solid Waste	\$ 416,574
Refuse	531
Water	477,385
Public Transit	<u>33,022</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 927,512</u>

Amortization

Amortization expense was charged to governmental functions as follows at June 30, 2023:

General Government	\$ 121,279
Total Amortization Expense - Governmental Functions	<u>\$ 121,279</u>

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,213,430	\$ 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	56,387
Water	1,360	-
Nonmajor Governmental Funds	-	997,560
Nonmajor Enterprise Fund	604	4,431
Total	<u>\$ 2,433,469</u>	<u>\$ 2,433,469</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	\$ -	\$ 68,865
Sewer	68,865	-
Total	<u>\$ 68,865</u>	<u>\$ 68,865</u>

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,832,486	\$ 719,008
Gas Tax	-	879,187
McFarland Improvement Authority	542,600	-
Development Impact	-	75,542
Miscellaneous Grants	-	598,882
Sewer	-	41,978
Refuse	19,220	17,497
Water	-	22,839
Nonmajor Enterprise Fund	-	39,373
Total	<u>\$ 2,394,306</u>	<u>\$ 2,394,306</u>

During the year, the City transferred \$879,187 from its Gas Tax Fund to the General Fund to fund capital projects, \$598,882 from the Miscellaneous Grants Fund to the General Fund for fire services, and \$542,600 from the General Fund to the McFarland Improvement Authority for debt service.

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 transactions that qualify for reporting under this category: unavailable revenue. Unavailable revenue is only reported in the governmental funds balance sheet under the modified accrual basis of accounting.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 NOTE 5 UNEARNED/UNAVAILABLE REVENUE (CONTINUED)

At June 30, 2023, components of unearned and unavailable revenues were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>	<u>Total</u>
General Fund:			
Grant Revenue	\$ -	\$ 2,105,832	\$ 2,105,832
TDA:			
Grant Revenue	-	573,906	573,906
CalHOME:			
Grant Revenue and Loans	-	2,861,108	2,861,108
Miscellaneous Grants:			
Grant Revenue and Loans	2,187,656	-	2,187,656
Nonmajor Governmental Funds:			
Grant Revenue and Loans	416	709,906	710,322
Total Governmental-Type Activities	<u>\$ 2,188,072</u>	<u>\$ 6,250,752</u>	<u>\$ 8,438,824</u>
Public Transportation:			
Grant Revenue	\$ 172,771		
Total Business-Type Activities	<u>\$ 172,771</u>		

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Type of Indebtedness	Balance July 1, 2022	Additions	Retirements	Adjustments	Balance June 30, 2023	Amounts Due Within One Year
Governmental-Type Activities:						
Direct Placement						
Revenue Bonds	\$ 4,245,000	\$ -	\$ (105,000)	\$ -	\$ 4,140,000	\$ 100,000
Unamortized Premiums on Bonds	296,487	-	(11,859)	-	284,628	-
Direct Borrowing						
Notes Payable	777,639	83,723	(46,986)	-	814,376	20,207
Other Liabilities						
Leases	108,517	117,500	(151,015)	-	75,002	67,497
SBITAs	-	36,664	(10,706)	-	25,958	10,047
Compensated Absences	54,229	23,775	(14,424)	-	63,580	31,790
Total Governmental-Type Activities	<u>\$ 5,481,872</u>	<u>\$ 261,662</u>	<u>\$ (339,990)</u>	<u>\$ -</u>	<u>\$ 5,403,544</u>	<u>\$ 229,541</u>
Business-Type Activities:						
Direct Placement						
Revenue Bonds	\$ 5,715,000	\$ 5,076,000	\$ (5,715,000)	\$ -	\$ 5,076,000	\$ 248,000
Other Liabilities						
Compensated Absences	56,576	12,155	(44,310)	-	24,421	18,316
Total Business-Type Activities	<u>\$ 5,771,576</u>	<u>\$ 5,088,155</u>	<u>\$ (5,759,310)</u>	<u>\$ -</u>	<u>\$ 5,100,421</u>	<u>\$ 266,316</u>

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

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2023, are as follows:

Governmental-Type Activities:

Revenue Bonds:

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

Bonds issued by the McFarland Improvement

Authority. Secured by a pledge of lease revenues.

4,140,000

Total Revenue Bonds

4,140,000

Notes Payable:

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

814,376

Total Notes Payable

814,376

Total Governmental-Type Activities

\$ 4,954,376

Business-Type Activities:

Revenue Bonds:

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

\$ 5,076,000

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The following are schedules of debt service requirements as of June 30, 2023:

<u>Year Ending June 30,</u>	Governmental-Type Activities			
	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2024	\$ 110,000	\$ 161,000	\$ 20,207	\$ 2,093
2025	115,000	157,700	20,264	2,036
2026	115,000	154,250	20,321	1,979
2027	120,000	150,800	20,378	1,922
2028	125,000	147,200	20,436	1,864
2029 - 2033	700,000	657,000	103,043	8,453
2034 - 2038	845,000	506,400	104,501	6,992
2039 - 2043	1,030,000	322,600	105,978	5,510
2044 - 2048	980,000	100,000	107,477	4,007
2049 - 2053	-	-	108,997	2,483
2054 - 2058	-	-	110,538	937
2059	-	-	72,236	-
Total	<u>\$ 4,140,000</u>	<u>\$ 2,356,950</u>	<u>\$ 814,376</u>	<u>\$ 38,276</u>

<u>Year Ending June 30,</u>	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2024	\$ 248,000	\$ 172,369
2025	212,000	208,240
2026	222,000	198,671
2027	232,000	188,660
2028	242,000	178,208
2029 - 2033	2,737,000	1,048,014
2034 - 2038	1,183,000	79,799
Total	<u>\$ 5,076,000</u>	<u>\$ 2,073,961</u>

On June 15, 2023, the City issued \$5,076,000 in revenue bonds with an average interest rate of 4.410% to advance refund \$5,525,000 of outstanding 2010 revenue bonds with interest rate ranging from 0.5% to 5%. The net proceeds of \$4,940,016 plus an additional \$660,106 of reserve moneys were used to purchase securities, resulting in a loss of \$75,123. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 Series bonds. As a result, the 2010 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets and the proprietary fund statement of net position.

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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, 2023, \$5,076,000 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, 2023, the net revenue available for service of this debt was \$298,537. The debt principal and interest paid in fiscal year 2022-2023 equals \$467,213 (156.5% of available pledged net revenues).

NOTE 7 LEASES

Leases Payable

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

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

<u>Year Ending June 30,</u>	<u>Governmental-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 67,497	\$ 1,098
2025	5,167	533
2026	1,832	168
2027	506	18
Total Minimum Lease Payments	\$ 75,002	\$ 1,817

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

	<u>Governmental- Type Activities</u>
Equipment	\$ 312,565
Less: Accumulated Amortization	(197,959)
Total	\$ 114,606

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LEASES (CONTINUED)

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, 2023, the City recognized \$13,951 for governmental activities and \$60,414 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-Type Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 14,366	\$ -	\$ 61,781	\$ -
2025	-	-	64,252	-
2026	-	-	32,756	-
Total Minimum Lease Payments	<u>\$ 14,366</u>	<u>\$ -</u>	<u>\$ 158,789</u>	<u>\$ -</u>

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

<u>Year Ending June 30,</u>	<u>Governmental-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 10,047	\$ 729
2025	5,296	444
2026	5,264	296
2027	5,351	150
Total Minimum Lease Payments	<u>\$ 25,958</u>	<u>\$ 1,619</u>

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

	<u>Governmental-Type Activities</u>
Equipment	\$ 40,264
Less: Accumulated Amortization	(5,083)
Total	<u>\$ 35,181</u>

NOTE 9 FUND BALANCES

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

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2023, were distributed as follows:

	General	TDA-LTF	Gas Tax	CalHOME	Development Impact	Miscellaneous Grants	McFarland Improvement Authority	Other Governmental Funds	Total
Nonspendable:									
Prepays	\$ 4,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,127
Land Held for Resale	446,593	-	-	-	-	-	-	-	446,593
Subtotal	450,720	-	-	-	-	-	-	-	450,720
Restricted for:									
Streets and									
Transportation	-	-	565,110	-	-	-	-	870,264	1,435,374
Impact Fees	-	-	-	-	2,199,441	-	-	-	2,199,441
CalHOME	-	-	-	266,048	-	-	-	-	266,048
General									
Government	-	-	-	-	-	177,103	-	-	177,103
Debt Service	-	-	-	-	-	-	281,399	-	281,399
Capital Projects	-	-	-	-	-	-	3,494,362	-	3,494,362
Subtotal	-	-	565,110	266,048	2,199,441	177,103	3,775,761	870,264	7,853,727
Assigned to:									
CUP Fees for									
Capital Projects	2,112,278	-	-	-	-	-	-	-	2,112,278
Subtotal	2,112,278	-	-	-	-	-	-	-	2,112,278
Unassigned									
	(1,459,900)	(484,584)	-	-	-	-	-	(100,259)	(2,044,743)
Total	\$ 1,103,098	\$ (484,584)	\$ 565,110	\$ 266,048	\$ 2,199,441	\$ 177,103	\$ 3,775,761	\$ 770,005	\$ 8,371,982

NOTE 10 RETIREMENT PLAN

General Information About the Pension Plan

Plan Description

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

Funding Policy

The City contributes 10% of permanent employees' salaries who have at least three years of service. Vesting is at 33% per year over three years. In the event an employee terminates service prior to retirement, the employee is entitled to a refund of the employee's contributions plus interest plus the vested portion of the City's contributions. During the current year, the City was required to make contributions to the plan in the amount of \$313,075. The plan also included \$4,629 of forfeitures during the current year.

CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

General Liability

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

Workers' Compensation

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

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

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

**CITY OF MCFARLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, is as follows:

Total Assets	\$ 153,984,502
Total Liabilities	120,022,096
Net Position	<u>\$ 33,962,406</u>
Total Revenues	\$ 73,088,767
Total Expenses	71,300,255
Change in Net Position	<u>\$ 1,788,512</u>

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

NOTE 12 OTHER INFORMATION

Fund Deficits

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

Governmental Funds:	
TDA-LTF	\$ 484,584
CDBG	13,888
HOME	85,457
COPS	914

These deficits will be resolved by future charges for services to other County funds.

Commitments

The City has signed agreements to construct various capital improvements subsequent to June 30, 2023. The balance owed on the commitments at June 30, 2023, was approximately \$5,399,580.

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.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,698,330	\$ 2,698,330	\$ 3,010,197	\$ 311,867
Licenses and Permits	362,449	362,449	384,681	22,232
Fines and Forfeitures	45,178	45,178	52,792	7,614
Use of Money and Property	74,031	74,031	27,298	(46,733)
Intergovernmental Revenues	3,632,635	3,582,635	592,898	(2,989,737)
Charges for Services	3,317,051	3,317,051	764,183	(2,552,868)
Contributions	-	1,500	109,580	108,080
Other Revenues	5,000	60,000	131,333	71,333
Total Revenues	<u>10,134,674</u>	<u>10,141,174</u>	<u>5,072,962</u>	<u>(5,068,212)</u>
EXPENDITURES				
Current:				
General Government	1,312,316	1,342,345	955,359	386,986
Public Safety	3,972,813	4,210,860	3,739,799	471,061
Public Works	723,122	783,122	490,702	292,420
Community Development	546,142	892,312	481,984	410,328
Debt Service:				
Principal	646,161	646,161	208,707	437,454
Interest and Other Charges	-	-	10,759	(10,759)
Capital Outlay	5,682,883	5,861,789	3,518,195	2,343,594
Total Expenditures	<u>12,883,437</u>	<u>13,736,589</u>	<u>9,405,505</u>	<u>4,331,084</u>
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	(2,748,763)	(3,595,415)	(4,332,543)	(737,128)
OTHER FINANCING SOURES (USES)				
Transfers In	-	-	1,832,486	1,832,486
Transfers Out	-	-	(719,008)	(719,008)
Issuance of Leases	-	-	237,887	237,887
Total Other Financing Soures (Uses)	<u>-</u>	<u>-</u>	<u>1,351,365</u>	<u>1,351,365</u>
NET CHANGE IN FUND BALANCES	(2,748,763)	(3,595,415)	(2,981,178)	614,237
Fund Balances - Beginning of Year	<u>4,084,276</u>	<u>4,084,276</u>	<u>4,084,276</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,335,513</u>	<u>\$ 488,861</u>	<u>\$ 1,103,098</u>	<u>\$ 614,237</u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
TDA-LTF
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ 645,870	\$ 645,870	\$ 97,735	\$ (548,135)
Total Revenues	<u>645,870</u>	<u>645,870</u>	<u>97,735</u>	<u>(548,135)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	645,870	645,870	97,735	(548,135)
OTHER FINANCING SOURES (USES)				
Transfers Out	<u>(645,870)</u>	<u>(645,870)</u>	<u>-</u>	<u>645,870</u>
Total Other Financing Soures (Uses)	<u>(645,870)</u>	<u>(645,870)</u>	<u>-</u>	<u>645,870</u>
NET CHANGE IN FUND BALANCES	-	-	97,735	97,735
Fund Balances - Beginning of Year	<u>(582,319)</u>	<u>(582,319)</u>	<u>(582,319)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ (582,319)</u></u>	<u><u>\$ (582,319)</u></u>	<u><u>\$ (484,584)</u></u>	<u><u>\$ 97,735</u></u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
GAS TAX
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ 374,977	\$ 374,977	\$ 370,059	\$ (4,918)
Total Revenues	<u>374,977</u>	<u>374,977</u>	<u>370,059</u>	<u>(4,918)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	374,977	374,977	370,059	(4,918)
OTHER FINANCING USES				
Transfers Out	<u>(779,790)</u>	<u>(779,790)</u>	<u>(879,187)</u>	<u>(99,397)</u>
Total Other Financing Uses	<u>(779,790)</u>	<u>(779,790)</u>	<u>(879,187)</u>	<u>(99,397)</u>
NET CHANGE IN FUND BALANCES	(404,813)	(404,813)	(509,128)	(104,315)
Fund Balances - Beginning of Year	<u>1,074,238</u>	<u>1,074,238</u>	<u>1,074,238</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 669,425</u></u>	<u><u>\$ 669,425</u></u>	<u><u>\$ 565,110</u></u>	<u><u>\$ (104,315)</u></u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Licenses and Permits	\$ 411,208	\$ 411,208	\$ 433,888	\$ 22,680
Total Revenues	<u>411,208</u>	<u>411,208</u>	<u>433,888</u>	<u>22,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	411,208	411,208	433,888	22,680
OTHER FINANCING SOURES (USES)				
Transfers Out	<u>(78,283)</u>	<u>(78,283)</u>	<u>(75,542)</u>	<u>2,741</u>
Total Other Financing Soures (Uses)	<u>(78,283)</u>	<u>(78,283)</u>	<u>(75,542)</u>	<u>2,741</u>
NET CHANGE IN FUND BALANCES	332,925	332,925	358,346	25,421
Fund Balances - Beginning of Year	<u>1,841,095</u>	<u>1,841,095</u>	<u>1,841,095</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,174,020</u></u>	<u><u>\$ 2,174,020</u></u>	<u><u>\$ 2,199,441</u></u>	<u><u>\$ 25,421</u></u>

See accompanying Note to Required Supplementary Information

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS
MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ 1,214,575	\$ 1,214,575
Total Revenues	<u>-</u>	<u>-</u>	<u>1,214,575</u>	<u>1,214,575</u>
EXPENDITURES				
Current:				
General Government	805,813	883,225	550,955	332,270
Total Expenditures	<u>805,813</u>	<u>883,225</u>	<u>550,955</u>	<u>332,270</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(805,813)	(883,225)	663,620	1,546,845
OTHER FINANCING SOURES (USES)				
Transfers In				
Transfers Out	<u>(598,882)</u>	<u>(598,882)</u>	<u>(598,882)</u>	<u>-</u>
Total Other Financing Soures (Uses)	<u>(598,882)</u>	<u>(598,882)</u>	<u>(598,882)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,404,695)	(1,482,107)	64,738	1,546,845
Fund Balances - Beginning of Year	<u>112,365</u>	<u>112,365</u>	<u>112,365</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ (1,292,330)</u>	<u>\$ (1,369,742)</u>	<u>\$ 177,103</u>	<u>\$ 1,546,845</u>

See accompanying Note to Required Supplementary Information

CITY OF MCFARLAND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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. There were no expenditures that exceeded the budget for the year. The City Manager may make transfers of appropriations within a department and make transfers of appropriations between departments as long as there is no increase or decrease to the overall budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

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

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

COMBINING FUND STATEMENTS

**CITY OF MCFARLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue						Total
	CDBG	HOME	Lighting and Landscape	COPS	Road Maintenance and Rehab	Community Facilities District	
ASSETS							
Cash and Investments	\$ 402,547	\$ -	\$ 193,461	\$ -	\$ 659,500	\$ -	\$ 1,255,508
Receivables:							
Accounts	-	3,383	-	-	28,397	-	31,780
Intergovernmental	7,791	-	-	482,791	-	-	490,582
Loans Receivable	-	709,906	-	-	-	-	709,906
Total Assets	\$ 410,338	\$ 713,289	\$ 193,461	\$ 482,791	\$ 687,897	\$ -	\$ 2,487,776
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 9,182	\$ -	\$ -	\$ -	\$ 9,182
Accrued Liabilities	-	-	707	-	-	-	707
Due to Other Funds	424,226	88,840	789	483,705	-	-	997,560
Unearned Revenue	-	-	-	-	416	-	416
Total Liabilities	424,226	88,840	10,678	483,705	416	-	1,007,865
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	709,906	-	-	-	-	709,906
FUND BALANCES							
Restricted	-	-	182,783	-	687,481	-	870,264
Unassigned	(13,888)	(85,457)	-	(914)	-	-	(100,259)
Total Fund Balances	(13,888)	(85,457)	182,783	(914)	687,481	-	770,005
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 410,338	\$ 713,289	\$ 193,461	\$ 482,791	\$ 687,897	\$ -	\$ 2,487,776

**CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue						Total
	CDBG	HOME	Lighting and Landscape	COPS	Road Maintenance and Rehab	Community Facilities District	
REVENUES							
Taxes	\$ -	\$ -	\$ 149,499	\$ -	\$ 286,611	\$ -	\$ 436,110
Use of Money and Property	-	-	187	-	-	-	187
Intergovernmental Revenues	-	-	-	876,848	28,397	155,013	1,060,258
Other Revenues	-	-	-	-	-	-	-
Total Revenues	-	-	149,686	876,848	315,008	155,013	1,496,555
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	155,013	155,013
Public Safety	-	-	-	876,848	-	-	876,848
Public Works	-	-	207,942	-	163,839	-	371,781
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	-	-	207,942	876,848	163,839	155,013	1,403,642
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(58,256)	-	151,169	-	92,913
OTHER FINANCING SOURCES (USES)							
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(58,256)	-	151,169	-	92,913
Fund Balances - Beginning of Year	(13,888)	(85,457)	241,039	(914)	536,312	-	677,092
FUND BALANCES - END OF YEAR	<u>\$ (13,888)</u>	<u>\$ (85,457)</u>	<u>\$ 182,783</u>	<u>\$ (914)</u>	<u>\$ 687,481</u>	<u>\$ -</u>	<u>\$ 770,005</u>



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