

Regular City Council Meeting Will Begin After Closed Session.

AGENDA
MCFARLAND CITY COUNCIL
MCFARLAND SUCCESSOR AGENCY
MCFARLAND PUBLIC FINANCE AUTHORITY
MCFARLAND IMPROVEMENT AUTHORITY
MCFARLAND PARKING AUTHORITY
MCFARLAND USA FOUNDATION

REGULAR MEETING
CITY COUNCIL CHAMBERS
103 W. SHERWOOD AVE, MCFARLAND, CA

March 10, 2022
6:00 PM

In Person Meeting

How to submit public comments:

The meetings of the City Council and all municipal entities, commissions, and boards ("the City") are open to the public. At regularly scheduled meetings, members of the public may address the city on any item listed on the agenda, or on any non-listed matter over which the city has jurisdiction. At special or emergency meetings, members of the public may only address the city on items listed on the agenda. There is a time limitation of two minutes per person. For any item that is not on the agenda and within the jurisdiction or interest of the city, please come to the podium at this time. The Brown Act does not permit any action or discussion on items not listed on the agenda. If you wish to speak regarding a scheduled agenda item, please come to the podium when the item number and subject matter are announced, and the mayor opens Public Comment on the item. When recognized, please begin by providing your name and address for the record (optional). Anyone wishing to submit written information at the meeting needs to furnish ten (10) copies to the City Clerk in advance to allow for distribution to City Council, staff, and the media. Willful disruption of the meeting shall not be permitted. If the Mayor finds that there is in fact willful disruption of any City Council Meeting, he/she may order the disrupting parties out of the room and subsequently conduct the City's business without them present.

Americans with Disabilities Act:

In compliance with the ADA, if you need special assistance to participate in a city meeting or other services offered by the City, please contact the City Clerk's office, at (661) 792-3091 ext. 2135. Notification of at least 48 hours prior to the meeting, or time when services are needed, will assist the city staff in assuring those reasonable arrangements can be made to provide accessibility to the meeting or services.

CALL TO ORDER: Mayor Sally Tafoya

ROLL CALL:

Mayor, Sally Tafoya
Mayor Pro Tem, María T. Pérez
Council Member/Board Member, Saul Ayon
Council Member/Board Member, Ricardo Cano
Council Member/ Board Member, Amador Ayon

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CLOSED SESSION

1. Threat to Public Services or Facilities (Government Code §54957): Consultation with: City Attorney and Assistant City Manager.

INVOCATION

PLEDGE OF ALLEGIANCE

PRESENTATIONS, INTRODUCTIONS AND AWARDS

2. Certificate of Recognition to the Following: *Annika Fernandez, Alexandria Hernandez, Jasmine Contreras, Lindzee Garza, Olivia Samaniego, Mia Samaniego, Sarah Lopez, Emily Lopez, Delilah Cervantes, Mari Gonzalez, and Savanna Carrillo.*

We would also like to recognize the Following Coach, and Assistant Coaches: *Johnny Samaniego, Alyssa Medina, and Geno Barajas.*

3. Certificate of Recognition to *McFarland High School VEX Robotics Coach David Cisneros.*

PUBLIC COMMENT: The public may address the Council/Board Member on items, which do not appear on the agenda. Council/Board Members may respond briefly to statements made or questions posed. They may ask a question for clarification; may refer the item to staff for further study or for placement on a future agenda. **Speakers are limited to two minutes for each person. Please state your name and address for the record prior to making a presentation. Fifteen minutes total will be allowed for any one subject.**

PUBLIC HEARINGS:

4. It is recommended that the City Council conduct a public hearing to receive input regarding unmet transit needs and direct staff to forward all comments to Kern County Council of Governments (KCOG).
 - a. Open Public Hearing and Receive Public Testimony:
Close Public Hearing:
 - b. Motion to Adopt **Resolution No. 2021-0013** A Resolution of the City Council of the City of McFarland Finding There Are No Unmet Public Transit Needs Which Can Reasonably be Met in the City of McFarland (2022/2023).

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CONSENT AGENDA: The Consent Agenda consists of items that in staff's opinion are routine and non-controversial. These items are approved in one motion unless a Council Member/Board Member removes a particular item.

5. Approval of Payroll Register in the Amount of **\$244,013.95** for February 2022.
6. Approval of Expense Report in the Amount of **\$282.95** from February 16, 2022 to February 28, 2022.
7. Approval of March 3, 2022 Special Meeting Minutes.

ADMINISTRATIVE AGENDA

8. Report, Discuss, and Direction of Staff to Draft Resolution for Creation of Euthanasia Committee under the Quality-of-Life Committee.
9. Report, Discuss, and Approve the City of McFarland's Audited Financial Statements for the period of July 1, 2019, through June 30, 2020.
10. Report, Discuss and Approve Letter of Engagement with Lisa Tucker of A1 Multi Business Center Inc. to Assist with 2020-2021 Bank Reconciliations and Other Accounting Services for Audit.
11. Report, Discuss and Approve Task Orders and ***Resolution No.2022-0012*** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCFARLAND APPROVING AN ADDITIONAL ALLOCATION OF FUNDS FROM SB1 FOR THE DESIGN OF VARIOUS PROJECTS.
12. Report, Discuss and Approve the Quote from GotoConnect for City Hall's Phone System.

REPORTS FROM CITY COUNCIL ON COMMITTEE/SPECIAL DISTRICT MEETINGS

- a. Delano Mosquito Abatement District (DMAD) – Ricardo Cano
- b. Kern Council of Governments (KCOG)- Mayor Tafoya or Mayor Pro-Tem Pérez
- c. Kern Economic Development Corp. (KEDC) – Mayor Tafoya or Mayor Pro-Tem Pérez
- d. Kern County Association of Cities (KCAC)
- e. Poso Creek (IRWMP)- Councilmember Ayon
- f. Ken Local Agency Formation Commission (LAFCO) – Councilmember Ayon

COUNCIL STATEMENTS AND REPORTS

On their own initiative, Council Members may make a brief announcement or a brief report on their own activities. In addition, Council Members may ask a question of staff or the public for clarification on any matter, provide a reference to staff or other resources for information. Alternatively, request staff to report to the City Council at a later meeting concerning any matter. Furthermore, the City Council, or any member thereof, may take action to direct staff to place a matter of business on a future agenda.

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CLOSED SESSION

13. Public Employment (Government Code §54957) - Title: Finance Director

ADJOURNMENT

This is to certify this agenda was posted at McFarland City Hall on **March 07, 2022.**



Francisca Alvarado, City Clerk



Peter Cosentini, Assistant City Manager



Kenneth Williams, Interim City Manager

Next Meeting: Regular City Council **March 24, 2022.**

The City of McFarland does not discriminate based on disability and complies with the provisions of the Americans with Disabilities Act (ADA). If you need special assistance to participate in this meeting, please contact the City Clerk's Office at (661) 792-3091 at least 48 hours prior to the meeting to make reasonable arrangements to ensure accessibility to this meeting.

**MEMORANDUM
CITY OF MCFARLAND**

TO: Honorable Mayor and City Council

FROM: Mario Gonzalez, Public Works Director

DATE: March 10, 2022

SUBJECT: Request for Public Hearing to Receive Input Regarding Unmet Transit Needs.

RECOMMENDATION:

It is recommended that the City Council conduct a public hearing to receive input regarding unmet transit and direct staff to forward all comments to Kern County Council of Governments (KCOG).

DISCUSSION:

Each year, the Kern County Council of Governments (KCOG) reviews unmet transit needs through a multi-jurisdictional public hearing process throughout Kern County. As part of this annual process, KCOG encourages member entities to conduct separate public hearings to receive local comments. Comments can also be received by email, mail and telephone prior to March 10, 2022 by 5:00 P.M. to be included in this year's report of findings. Send comments to:

City of McFarland
Attn: Francisca Alvarado, City Clerk
401 W. Kern Ave
McFarland, CA 93250
falvarado@mcfarlandcity.org

Comments generated during the public hearing process are to be submitted to KCOG for inclusion in the annual Unmet Transit Needs Report of Findings. Public input will be then put into one of three categories:

- A. That there are no unmet transit needs; or
- B. That there are no unmet transit needs which are reasonable to meet; or
- C. That there are unmet transit needs, including those that are reasonable to meet.

FISCAL IMPACT:

No immediate financial impact.

ATTACHMENTS:

Resolution No. 2022-0013

RESOLUTION NO. 2022-0013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCFARLAND FINDING THERE ARE NO UNMET PUBLIC TRANSIT NEEDS WHICH CAN REASONABLY BE MET IN THE CITY OF MCFARLAND (2022/2023)

WHEREAS: The Transportation Development Act of 1971 provides for the disbursement of funds from the Local Transportation Fund held in trust by Kern County Auditor-Controller for the purpose authorized by Article 8, Section 994000(a) Streets and Roads and Article 4, Section 99260(a) Public Transportation; and

WHEREAS: An eligible claimant wishing to receive an allocation from the Local Transportation Fund must first hold a Public Hearing where all Unmet Public Transit Needs can be reasonably be met are discussed.

NOW THEREFORE: The McFarland City Council does hereby resolve that:

- (1) Pursuant to the provisions of law, a duly noticed and Public Hearing regarding Unmet Public Transit Needs was held; and
- (2) The finding was made that there was no Unmet Public Transit Needs that could reasonably be met in the City of McFarland; and
- (3) The City Manager of the City of McFarland is hereby duly authorized to sign all claims, assurances and necessary paperwork; and
- (4) A copy of this Resolution will be transmitted to the Kern Council of Governments in conjunction with the filing of a claim; and
- (5) The Kern Council of Governments is requested to concur in these findings and grant the allocation of funds specified in the Article 8 claim.

ADOPTED, SIGNED AND APPROVED THIS 10th DAY OF MARCH 2022.

AYES:

NOES:

ABSENT:

ABSTAIN:

Sally Tafoya, Mayor
City of McFarland, CA

Attest:

Francisca Alvarado, City Clerk



Pay Code Report

Summary By Department

2/1/2022 - 2/28/2022

Payroll Set: City-City of McFarland

Department: 105 - City Council

Employee Number	Pay Code	# of Payments	Units	Pay Amount
Ayo100	Salary - Elected - Salary - Elected	1	-	200.00
	Ayo100 - Total:		0	200.00
Cano100	Salary - Elected - Salary - Elected	1	-	200.00
	Cano100 - Total:		0	200.00
GON300	Salary - Elected - Salary - Elected	1	-	200.00
	GON300 - Total:		0	200.00
PER100	Salary - Elected - Salary - Elected	1	-	200.00
	PER100 - Total:		0	200.00
	105 - City Council Total:		0	800.00

Department: 110 - City Administration

Employee Number	Pay Code	# of Payments	Units	Pay Amount
ALV100	Bilingual - Bilingual	2	-	27.68
	Hourly - Hourly	2	160.00	3,986.96
	ALV100 - Total:		160	4,014.64
CEJ100	Cash Out - VAC - Cash Out - Vaca	1	152.17	4,854.22
	CEJ100 - Total:		152.17	4,854.22
CON100	Salary - Salary	2	160.00	9,230.76
	Transition Exp - Transition Exp	1	1.00	5,855.00
	CON100 - Total:		161	15,085.76
GAR-200	Hourly - Hourly	1	72.00	2,240.64
	Salary - Salary	1	80.00	2,489.60
	Sick - Sick Pay	1	8.00	248.96
	GAR-200 - Total:		160	4,979.20
110 - City Administration Total:			633.17	28,933.82

Department: 115 - Finance & Accounting

Employee Number	Pay Code	# of Payments	Units	Pay Amount
<u>ESP100</u>	Bachelor's Degree - Bachelor's D	4	-	18.46
	Bilingual - Bilingual	2	-	27.68
	Correction - Correction	1	-	25.30
	Hourly - Hourly	4	135.80	2,170.08
	Sick - Sick Pay	4	18.00	287.64
	Vacation - Vacation Pay	3	6.20	99.08
	ESP100 - Total:		160	2,628.24
<u>LAR200</u>	Comp Time Earned - Compensat	1	0.38	-
	Hourly - Hourly	2	156.75	5,175.89
	OT - Overtime	2	3.77	186.73
	Vacation - Vacation Pay	1	3.00	99.06
	LAR200 - Total:		163.9	5,461.68
<u>VAS200</u>	Bachelor's Degree - Bachelor's D	2	-	18.46
	Bilingual - Bilingual	2	-	27.68
	Hourly - Hourly	2	148.00	3,341.84
	Sick - Sick Pay	1	3.00	67.74
	Vacation - Vacation Pay	1	9.00	203.22
	VAS200 -Total:		160	3,658.94
<u>VEL100</u>	Comp Time Earned - Compensat	2	8.84	-
	Hourly - Hourly	2	151.00	2,296.71
	Hourly - Reg - Hourly - Regular	1	0.11	1.67
	Sick - Sick Pay	1	9.00	136.89
	VEL100 - Total:		168.95	2,435.27
115 - Finance & Accounting Total:			652.85	14,184.13

Department: 140 - Planning

Employee Number	Pay Code	# of Payments	Units	Pay Amount
DEL100	Bachelor's Degree - Bachelor's D	2	-	17.67
	Hourly - Hourly	1	73.00	1,774.63
	Salary - Salary	1	80.00	1,944.80
	Sick - Sick Pay	1	7.00	170.17
	DEL100 - Total:		160	3,907.27
140 - Planning Total:			160	3,907.27

Department: 150 - Police

Employee Number	Pay Code	# of Payments	Units	Pay Amount
<u>ALB100-142</u>	Hourly - Hourly	2	168.00	4,737.60
	OT - Overtime	2	49.00	2,072.70
	PD On-Call - PD On-Call	2	187.00	3,740.00
	ALB100-142 - Total:		404	10,550.30
<u>ALW100-145</u>	Hourly - Hourly	1	84.00	2,368.80
	Workers Comp - Workers Comp	1	84.00	2,368.80
	ALW100-145 - Total:		168	4,737.60
<u>AYON100</u>	Hourly - Hourly	2	160.00	3,038.40
	OT - Overtime	1	3.00	85.46
	AYON100 - Total:		163	3,123.86
<u>CAZ100-151</u>	Hourly - Hourly	2	168.00	4,509.12
	OT - Overtime	2	10.00	402.60
	CAZ100-151 - Total:		178	4,911.72
<u>DEW100-147</u>	Correction - Correction	1	-	432.94
	Hourly - Hourly	2	168.00	5,228.16
	OT - Overtime	1	16.00	746.88
	DEW100-147 - Total:		184	6,407.98
<u>DIN100-96</u>	Correction - Correction	1	-	11.12
	Hourly - Hourly	4	152.00	3,033.92
	OT - Overtime	1	28.50	853.29
	Sick - Sick Pay	3	12.00	239.52
	DIN100-96 - Total:		192.5	4,137.85
<u>EST150</u>	Hourly - Hourly	2	168.00	4,509.12
	OT - Overtime	2	24.00	966.24
	EST150 - Total:		192	5,475.36
<u>GAL100-149</u>	Correction - Correction	1	-	283.19
	Hourly - Hourly	2	168.00	4,977.84
	Intermediate POST - Intermediate	2	-	27.68
	GAL100-149 - Galvan Total:		168	5,288.71
<u>GAR100-114</u>	Hourly - Temp - Hourly Tempora	2	96.00	1,823.04
	GAR100-114 - Total:		96	1,823.04
<u>GAR100-146</u>	Hourly - Hourly	2	168.00	4,737.60
	OT - Overtime	2	89.00	3,764.70
	PD On-Call - PD On-Call	2	152.00	3,040.00
	Sick - Sick Pay	1	12.00	338.40
	GAR100-146 - Total:		421	11,880.70

[HAN100-112](#)

Hourly - Hourly	2	168.00	5,631.36
K-9 Officer - K-9 Officer	2	-	36.92
OT - Overtime	2	107.50	5,405.10
PD On-Call - PD On-Call	2	230.50	4,610.00
Sergeant - Sergeant	2	-	41.54
HAN100-112 - Total:		506	15,724.92

[HAS100-143](#)

Hourly - Hourly	2	164.00	3,700.96
HAS100-143 - Total:		164	3,700.96

[HEL100-128](#)

Correction - Correction	1	-	386.08
Hourly - Hourly	2	168.00	5,916.96
HEL100-128 - Total:		168	6,303.04

[HER100-130](#)

Bachelor's Degree - Bachelor's D	2	-	18.46
Correction - Correction	1	-	282.84
Hourly - Hourly	2	168.00	4,977.84
HER100-130 - Total:		168	5,279.14

[HER100-144](#)

Bachelor's Degree - Bachelor's D	2	-	18.46
Correction - Correction	1	-	270.80
Hourly - Hourly	2	168.00	4,737.60
HER100-144 - Total:		168	5,026.86

[IBA100](#)

Comp Time Earned - Compensat	1	6.00	-
Comp Time Taken - Compensatc	2	46.00	918.16
Hourly - Hourly	2	104.00	2,075.84
Personal - Personal Day	1	10.00	199.60
IBA100 - Total:		166	3,193.60

[New100-148](#)

Correction - Correction	1	-	264.89
Hourly - Hourly	2	168.00	5,228.16
New100-148 - Total:		168	5,493.05

[NIE100-34](#)

Military - Military Leave With Ou	2	-	-
NIE100-34 - Total:		0	-

[Nun100](#)

Comp Time Earned - Compensat	1	3.38	-
Comp Time Taken - Compensatc	1	2.00	47.44
Hourly - Hourly	2	156.00	3,700.32
Hourly - Reg - Hourly - Regular	1	0.80	18.98
OT - Overtime	1	2.50	88.95
Sick - Sick Pay	1	2.00	47.44
Nun100 - Total:		166.68	3,903.13

[RIV100-120](#)

Correction - Correction	1	-	309.32
Hourly - Hourly	2	168.00	5,493.60
RIV100-120 - Total:		168	5,802.92

[SWA-102](#)

Hourly - Hourly	2	160.00	3,193.60
OT - Overtime	1	1.25	37.43
SWA-102 - Total:		161.25	3,231.03

[WIL100-150](#)

Cash Out - VAC - Cash Out - Vac	1	64.00	5,692.30
Salary - Salary	2	160.00	14,230.76
WIL100-150 - Total:		224	19,923.06

[Will 100- 141](#)

Hourly - Hourly	1	15.00	444.45
Will 100- 141 - Total:		15	444.45
150 - Police Total:		4409.43	136,363.28

Department: 155 - Animal Control

Employee Number	Pay Code	# of Payments	Units	Pay Amount
MUN100	Hourly - Hourly	2	160.00	2,494.40
	OT - Overtime	2	1.90	44.43
	MUN100 - Total:		161.9	2,538.83
RIV200	Hourly - Hourly	1	60.00	935.40
	RIV200 - Total:		60	935.40
155 - Animal Control Total:			221.9	3,474.23

Department: 160 - Building Inspection

Employee Number	Pay Code	# of Payments	Units	Pay Amount
RON100	Hourly - Hourly	2	149.25	5,128.23
	OT - Overtime	1	1.50	77.31
	Sick - Sick Pay	2	1.75	60.13
	Vacation - Vacation Pay	1	9.00	309.24
	RON100 - Total:		161.5	5,574.91
160 - Building Inspection Total:			161.5	5,574.91

Department: 165 - Code Enforcement

Employee Number	Pay Code	# of Payments	Units	Pay Amount
ESQ100	Correction - Correction	1	-	33.44
	Hourly - Hourly	4	151.00	2,867.49
	Sick - Sick Pay	1	9.00	170.91
	ESQ100 - Total:		160	3,071.84
SHA100	Hourly - Temp - Hourly Tempora	2	52.00	1,090.44
	SHA100 - Total:		52	1,090.44
165 - Code Enforcement Total:			212	4,162.28

Department: 175 - Grants Administration

Employee Number	Pay Code	# of Payments	Units	Pay Amount
GAR200	Bilingual - Bilingual	2	-	27.68
	Hourly - Hourly	2	124.00	3,167.67
	Notary - Notary	2	-	27.70
	Sick - Sick Pay	2	9.00	229.91
	Vacation - Vacation Pay	1	27.00	689.74
	GAR200 - Total:		160	4,142.70
175 - Grants Administration Total:			160	4,142.70

Department: 180 - Public Works

Employee Number	Pay Code	# of Payments	Units	Pay Amount
<u>GON200</u>	Auto Allowance - Auto Allowanc	2	-	323.08
	Hourly - Hourly	1	71.00	3,495.19
	Salary - Salary	1	80.00	3,938.24
	Vacation - Vacation Pay	1	9.00	443.05
	GON200 - Total:		160	8,199.56
<u>GUE100</u>	Hourly - Hourly	2	142.00	3,537.22
	Sick - Sick Pay	2	18.00	448.38
	GUE100 - Total:		160	3,985.60
<u>MAR100</u>	Hourly - Hourly	2	111.00	1,818.18
	Sick - Sick Pay	1	7.38	120.88
	SPSL - Supplemental Paid Sick Le	1	31.00	507.78
	Vacation - Vacation Pay	1	6.29	103.03
	MAR100 - Total:		155.67	2,549.87
<u>PEN300</u>	Hourly - Hourly	2	138.00	2,373.60
	Sick - Sick Pay	2	11.01	189.38
	Vacation - Vacation Pay	2	10.99	189.02
	PEN300 - Total:		160	2,752.00
<u>Pop100</u>	Hourly - Hourly	2	160.00	2,686.40
	OT - Overtime	1	13.00	327.41
	Pop100 - Total:		173	3,013.81
<u>TEL100</u>	Hourly - Hourly	2	148.00	2,424.24
	Sick - Sick Pay	2	12.00	196.56
	TEL100 - Total:		160	2,620.80
	180 - Public Works Total:		968.67	23,121.64

Department: 200 - Lighting & Landscaping

Employee Number	Pay Code	# of Payments	Units	Pay Amount
VAS300	Workers Comp - Workers Comp	1	1.00	873.60
VAS300 - Total:			1	873.60
200 - Lighting & Landscaping Total:			1	873.60

Department: 500 - Sewer

Employee Number	Pay Code	# of Payments	Units	Pay Amount
GON400	Hourly - Hourly	2	160.00	5,104.00
	OT - Overtime	1	2.00	63.80
	PW Cert - Grade 3 - Public Work	2	-	69.24
	GON400 - Total:		162	5,237.04
MED100	Correction - Correction	1	-	1,566.68
	Hourly - Hourly	2	158.00	3,000.42
	OT - Overtime	1	16.00	455.76
	PW Cert - Grade 1 - Public Work	4	-	23.16
	Sick - Sick Pay	1	2.00	37.98
	MED100 - Total:		176	5,084.00
	500 - Sewer Total:		338	10,321.04

Department: 510 - Water

Employee Number	Pay Code	# of Payments	Units	Pay Amount
Brau100	Hourly - Hourly	2	160.00	2,686.40
	OT - Overtime	2	36.00	906.66
	Brau100 - Total:		196	3,593.06
510 - Water Total:			196	3,593.06

Department: 520 - Public Transit

Employee Number	Pay Code	# of Payments	Units	Pay Amount
MED200	Hourly - Hourly	2	110.50	1,809.99
	MED200 - Total:		110.5	1,809.99
MOR100	Hourly - Hourly	2	146.50	2,519.80
	Personal - Personal Day	1	8.00	137.60
	Sick - Sick Pay	1	5.50	94.60
	MOR100 - Total:		160	2,752.00
520 - Public Transit Total:			270.5	4,561.99
Report Total:			8385.02	244,013.95



Payroll Set: City-City of McFarland

Account	Account Description	Units	Pay Amount
	BENEFIT AND NON GL TRANSACTIONS	18.60	3,866.60
	- Total:	18.60	3,866.60
01-105-50100-0000-1	Salaries - Permanent Employees	64.00	1,877.86
01-110-50100-0000-1	Salaries - Permanent Employees	230.38	11,858.84
01-115-50100-0000-1	Salaries - Permanent Employees	133.97	3,893.72
01-115-50200-0000-1	Overtime	0.95	46.69
01-140-50100-0000-1	Salaries - Permanent Employees	192.00	5,006.79
01-140-50200-0000-1	Overtime	0.30	15.46
01-150-50100-0000-1	Salaries - Permanent Employees	3,665.30	101,348.61
01-150-50150-0000-1	Wages - Temporary Employees	260.00	5,524.00
01-150-50200-0000-1	Overtime	330.75	14,423.35
01-150-50350-0000-1	Stipends	-	18.46
01-155-50100-0000-1	Salaries - Permanent Employees	208.00	3,843.36
01-155-50200-0000-1	Overtime	1.82	51.00
01-160-50100-0000-1	Salaries - Permanent Employees	32.00	1,099.52
01-160-50200-0000-1	Overtime	0.30	15.46
01-165-50100-0000-1	Salaries - Permanent Employees	192.80	4,003.51
01-165-50150-0000-1	Wages - Temporary Employees	37.96	796.02
01-165-50200-0000-1	Overtime	0.68	24.35
01-175-50100-0000-1	Salaries - Permanent Employees	192.00	5,242.22
01-175-50200-0000-1	Overtime	0.30	15.47
01-180-50100-0000-1	Salaries - Permanent Employees	662.87	13,363.99
01-180-50800-0000-1	Auto Allowance	-	64.62
	01 - GENERAL FUND Total:	6,206.38	172,533.30
20-200-50100-0000-1	Salaries/Permanent Employees	116.30	2,803.17
	20 - LIGHTING & LANDSCAPING-DISTRICT 1 Total:	116.30	2,803.17
30-500-50100-0000-1	Salaries - Permanent Employees	986.42	33,089.06
30-500-50150-0000-1	Wages - Temporary Employees	28.63	557.38
30-500-50200-0000-1	Overtime	29.95	829.86
30-500-50800-0000-1	Auto Allowance	-	129.24
	30 - SEWER Total:	1,045.00	34,605.54
31-505-50100-0000-1	Salaries - Permanent Employees	197.77	7,548.98
31-505-50200-0000-1	Overtime	0.95	46.69
	31 - REFUSE/RECYCLING Total:	198.72	7,595.67
32-510-50100-0000-1	Salaries - Permanent Employees	596.08	18,627.91
32-510-50150-0000-1	Wages - Temporary Employees	7.02	147.22
32-510-50200-0000-1	Overtime	36.92	953.32
32-510-50800-0000-1	Auto Allowance	-	129.22

Account	Account Description	Units	Pay Amount
	32 - WATER Total:	640.02	19,857.67
34-520-50100-0000-1	Salaries - Permanent Employees	160.00	2,752.00
	34 - PUBLIC TRANSPORTATION Total:	160.00	2,752.00
	Report Total:	8,385.02	244,013.95



Payroll Set: City-City of McFarland

Pay Code	Description	# of Payments	Units	Pay Amount
Auto Allowance - Auto All	Auto Allowance	2	0	323.08
Bachelor's Degree - Bache	Bachelor's Degree	12	0	91.51
Bilingual - Bilingual	Bilingual	8	0	110.72
Cash Out - VAC - Cash Out	Cash Out - Vacation	2	216.17	10,546.52
Comp Time Earned - Com	Compensatory Time Earned	5	18.6	-
Comp Time Taken - Comp	Compensatory Time Taken	3	48	965.60
Correction - Correction	Correction	11	0	3,866.60
Hourly - Hourly	Hourly	86	6056.8	149,276.63
Hourly - Reg - Hourly - Reg	Hourly - Regular	2	0.91	20.65
Hourly - Temp - Hourly Te	Hourly Temporary Employees	4	148	2,913.48
Intermediate POST - Inter	Intermediate POST Certificate	2	0	27.68
K-9 Officer - K-9 Officer	K-9 Officer	2	0	36.92
Military - Military Leave V	Military Leave With Out Pay	2	0	-
Notary - Notary	Notary	2	0	27.70
OT - Overtime	Overtime	25	404.92	16,485.45
PD On-Call - PD On-Call	PD On-Call	6	569.5	11,390.00
Personal - Personal Day	Personal Day	2	18	337.20
PW Cert - Grade 1 - Public	Public Works Certification - Grade 1	4	0	23.16
PW Cert - Grade 3 - Public	Public Works Certification - Grade 3	2	0	69.24
Salary - Salary	Salary	7	560	31,834.16
Salary - Elected - Salary - I	Salary - Elected Officials	4	0	800.00
Sergeant - Sergeant	Sergeant	2	0	41.54
Sick - Sick Pay	Sick Pay	27	146.64	3,085.49
SPSL - Supplemental Paid	Supplemental Paid Sick Leave	1	31	507.78
Transition Exp - Transitor	Transition Exp	1	1	5,855.00
Vacation - Vacation Pay	Vacation Pay	11	80.48	2,135.44
Workers Comp - Workers	Workers Comp Pay	2	85	3,242.40
Report Total:			8385.02	244,013.95

SPECIAL CITY COUNCIL MINUTES
IN PERSON MEETING
March 3, 2022

MCFARLAND CITY COUNCIL
MCFARLAND SUCCESSOR AGENCY
MCFARLAND PUBLIC FINANCE AUTHORITY
MCFARLAND IMPROVEMENT AUTHORITY
MCFARLAND PARKING AUTHORITY

CALL TO ORDER

Mayor Tafoya called the meeting to order at 6:01 p.m.

ROLL CALL

Councilmembers Present: Mayor Tafoya, Mayor Pro-Tem Pérez, Councilmember S. Ayon, Councilmember Cano, Councilmember A. Ayon

Councilmembers Absent: None

OFFICIALS PRESENT

Chief of Police/City Manager Williams, Assistant City Manager Cosentini, Interim Community Development Director Ronk, Public Works Director Gonzales, Accounting Supervisor Lara, HR Director Garza, Administrative Assistant Drake

Officials Absent: Interim City Attorney Hodges, City Clerk Alvarado

INVOCATION

Councilmember Cano

PLEDGE OF ALLEGIANCE

Mayor Pro-Tem Pérez

PRESENTATIONS AND PROCLAMATIONS

None

PUBLIC COMMENTS

None – Closed 6:03 p.m.

PUBLIC HEARINGS

Public Hearing Opened at: 6:03 p.m.

None

Public Hearing Closed at: 6:03 p.m.

ADMINISTRATIVE AGENDA

1. Motion was made by: Councilmember S. Ayon to approve ***Resolution 2022-0009***, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCFARLAND APPROVING AN ADDITIONAL ALLOCATION OF FUNDS FROM THE GENERAL FUND FOR THE FUNDING OF NEW POSITIONS IN THE FINANCE DEPARTMENT; 2nd by: Mayor Pro Tem Pérez.

Vote: 5/0

Ayes: S.Ayon, Cano, A. Ayon, Pérez, Tafoya (Mayor)

Nays: None

Absent: None

Abstentions: None

Public Hearing Opened at 6:18 p.m.

Public Hearing Closed at 6:18 p.m.

No Comments.

2. Motion was made by: Councilmember S. Ayon to approve ***Resolution 2022-0010***, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCFARLAND APPROVING AN ADDITIONAL ALLOCATION OF FUNDS FROM ARPA FOR THE REPAIR OF STREET POTHOLES THROUGHOUT THE CITY OF MCFARLAND; 2nd by: Councilmember Cano.

Vote: 5/0

Ayes: S.Ayon, Cano, A. Ayon, Pérez, Tafoya (Mayor)

Nays: None

Absent: None

Abstentions: None

Public Hearing Opened at 6:34 p.m.

Public Hearing Closed at 6:34 p.m.

No Comments.

3. Motion was made by: Councilmember S. Ayon to approve Task Order concerning BHT Engineering commence engineering and design phase of Hail Lane, Ebell Street, and Overpasses; 2nd by: Councilmember Cano.

Vote: 5/0

Ayes: S. Ayon, Cano, A. Ayon, Pérez, Tafoya (Mayor)

Nays: None

Absent: None

Abstentions: None

Public Hearing Opened at 6:42 p.m.

Public Hearing Closed at 6:42 p.m.

No Comments.

4. Direction was given to move forward with RFQ (Request for Qualifications) for a Grant Writing Consultant.
5. Motion was made by: Councilmember Cano to Approve Awarding Stockbridge General Contracting, Inc. in the amount of \$1,785,270.90 Base Bid for Community Garden Project; 2nd by S. Ayon.

Vote: 5/0

Ayes: S.Ayon, Cano, A. Ayon, Pérez, Tafoya (Mayor)

Nays: None

Absent: None

Abstentions: None

Public Hearing Opened at 6:42 p.m.

Public Hearing Closed at 6:42 p.m.

No Comments.

6. No action taken concerning an item being placed on the City Council agenda for the Council to consider taking action on creating a Grant Writer position.

CLOSED SESSION

- 1. Public Employment (Government Code) §54957- Title: Finance Director- Direction was given, no action was taken.**

ADJOURNMENT

Meeting adjourned at 6:43 p.m.

Sarah Drake, Interim City Clerk



City of McFarland, CA

Expense Approval Report

By Vendor Name

Payable Dates 2/16/2022 - 2/28/2022

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
Vendor: Aflac - Aflac					
Aflac	INV0020789	02/24/2022	Maria Moreno Life	34-22900-0000-1	32.95
				Vendor Aflac - Aflac Total:	32.95
Vendor: Franchise Tax - Franchise Tax					
Franchise Tax	INV0020788	02/24/2022	FTB Number 1105676127	01-22350-0000-1	74.71
Franchise Tax	INV0020788	02/24/2022	FTB Number 1105676127	30-22350-0000-1	74.71
Franchise Tax	INV0020788	02/24/2022	FTB Number 1105676127	31-22350-0000-1	25.88
Franchise Tax	INV0020788	02/24/2022	FTB Number 1105676127	32-22350-0000-1	74.70
				Vendor Franchise Tax - Franchise Tax Total:	250.00
				Grand Total:	282.95

Report Summary**Fund Summary**

Fund	Expense Amount
01 - GENERAL FUND	74.71
30 - SEWER	74.71
31 - REFUSE/RECYCLING	25.88
32 - WATER	74.70
34 - PUBLIC TRANSPORTATION	32.95
Grand Total:	282.95

Account Summary

Account Number	Account Name	Expense Amount
01-22350-0000-1	Garnishments	74.71
30-22350-0000-1	Garnishments	74.71
31-22350-0000-1	Garnishments	25.88
32-22350-0000-1	Garnishments	74.70
34-22900-0000-1	Life	32.95
Grand Total:		282.95

Project Account Summary

Project Account Key	Expense Amount
None	282.95
Grand Total:	282.95

MEMORANDUM

CITY OF MCFARLAND

TO: Honorable Mayor and Council Members

FROM: Kenny Williams, City Manager
Larry A Ronk III, Interim Community Development Director

DATE: March 10, 2022

SUBJECT: Report, Discuss, and Direction of Staff to Draft Resolution for Creation of Euthanasia Committee under the Quality of Life Committees.

SUMMARY:

Staff has discussed that there should be a committee who reviews all dog scenarios for each dog that stays at the shelter for a period of time. When all efforts for adoption and rescue are exhausted, many dogs remain at the shelter for months which creates an issue for the officers who receive calls and complaints about strays within the city. As of now, our shelter has been full and many of the dogs have been there months. There has been a struggle through California to get dogs rescued and adopted.

The staff would like the creation of a committee for the Animal Control Euthanasia protocol to allow for a better process of animals at the shelter. The ultimate goal is to save more than 90% of the dogs in our city. This committee would meet and discuss any possible action taken on any dog that has depleted all its options for rescue and adoption. Within the shelter now, the protocol is up to the discretion of the chief of police, and we find that it would be a better option to have a committee created of councilmembers and staff. This will allow for it to be transparent with the residents and locals that a committee decided rather than a certain person. This creates the ability to hear more than one person's thoughts and allows all residents to have a chance for public comment. The committee will have its own agenda and be able to notify all residents when the meeting will be and where it is held. This will provide transparency to all.

RECOMMENDATION:

Staff recommends the City Council to direct staff to bring Resolution for the creation of a committee for Animal Control Euthanasia Protocol that will fall under the Quality of Life Committees.

FISCAL IMPACT:

NONE.

ATTACHMENTS:

NONE.

MEMORANDUM
CITY OF MCFARLAND

To: Honorable Mayor and City Council

From: Kenny Williams, City Manager
Peter Cosentini, Assistant City Manager

Date: March 3, 2022

Subject: Report, Discussion and Possible Approval of the Audited Financial Statement for the period ending June 30, 2020, for the City of McFarland

RECOMMENDATION:

Staff recommends City Council accept the City of McFarland's Audited Financial Statements for the period of July 1, 2019 through June 30, 2020.

FISCAL IMPACT:

There are no fiscal impacts.

DISCUSSION:

Clifton Larson Allen LLP (CLA) has prepared the Audited Financial Statements for the period ending June 30, 2020. The report has been prepared in conformity with the accounting principles generally accepted in the United States of America.

The Audited Financial Statements have been audited by CLA and presented by Mr. Richard Gonzalez, CPA, or designee. The Auditor and the City Staff is available to answer any questions from City Council.

ATTACHMENTS:

- CLA letter to Council
- City of McFarland Fiscal Year 2019 Audited Financial Statements
- City of McFarland Fiscal Year 2019 Single Audit Report



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McFarland as of and for the year ended June 30, 2020, and have issued our report thereon dated February 9, 2022. Our report contains qualified opinions for the governmental activities, TDA-LTF fund and aggregate remaining fund information for lack of sufficient appropriate audit evidence on which to base an opinion on for receivables and related unavailable revenue and revenue account balances in governmental funds. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of McFarland are described in Note 1 to the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

The completion of our audit was delayed for the following reason:

- Year-end balances not agreeing to the source documents due to lack of reconciliations, especially for cash and investments.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated February 9, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- We issued qualified opinions for certain governmental funds described in our independent auditors' report related to receivables, unavailable revenue and revenue because we were unable to obtain sufficient appropriate audit evidence on which to base an opinion.

We have provided a separate report to you dated February 9, 2022, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 9, 2022.

With respect to the combining fund statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 9, 2022.

* * *

This communication is intended solely for the information and use of the Mayor and members of City Council and management of City of McFarland and is not intended to be, and should not be, used by anyone other than these specified parties.

Honorable Mayor and Members of the City Council
City of McFarland
Page 4

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
February 9, 2022

Client: 205-77759800 - City of McFarland
Engagement: AUD 2020 - City of McFarland
Period Ending: 6/30/2020
Trial Balance: 0900 - TB
Workpaper: 0920.10 - AJE Report
Fund Level: All
Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 101				
RH: To record CWFA activity and LTD interest expense for 2017 bonds				
DS01.6110	DEBT SERVICE: INTEREST	1152	170,300.00	
DS01.1030	CASH WITH FISCAL AGENTS			125,033.00
DS01.4050	USE OF MONEY AND PROPERTY - INTEREST			45,267.00
Total			170,300.00	170,300.00
Adjusting Journal Entries JE # 102				
RH: To record MIA payment as advance instead of receivable payment				
DS01.4051	USE OF MONEY AND PROPERTY - RENT	6000.03	46,477.00	
GF01.2622	ADVANCES FROM OTHER FUNDS		43,572.00	
GF01.6110	DEBT SERVICE: INTEREST		2,905.00	
DS01.6100	DEBT SERVICE: PRINCIPAL			43,573.00
DS01.6110	DEBT SERVICE: INTEREST			2,904.00
GF01.6012	GG - NONPAYROLL EXPENSES			46,477.00
Total			92,954.00	92,954.00
Adjusting Journal Entries JE # 103				
RH: To record CWFA activity				
EN01.1030	CASH WITH FISCAL AGENTS	1152	40,097.00	
EN03.1030	CASH WITH FISCAL AGENTS		12,836.00	
EN01.4050	USE OF MONEY AND PROPERTY - INTEREST			5,087.00
EN01.6110	DEBT SERVICE: INTEREST			35,000.00
EN03.4050	USE OF MONEY AND PROPERTY - INTEREST			2,545.00
EN03.6110	DEBT SERVICE: INTEREST			10,291.00
Total			52,933.00	52,933.00
Adjusting Journal Entries JE # 104				
RH: To fix prepaid activity booked twice with PY entries				
GF01.1450	PREPAID EXPENSES	1500.10	124,297.00	
GF01.2010	ACCOUNTS PAYABLE			119,286.00
GF01.6012	GG - NONPAYROLL EXPENSES			5,011.00
Total			124,297.00	124,297.00
Adjusting Journal Entries JE # 105				
RH: To fix prepaid amount to capital outlay as they are costs for capitalized projects				
GF01.6200	CAPITAL OUTLAY	1500.10	732,020.00	
GF01.1450	PREPAID EXPENSES			732,020.00
Total			732,020.00	732,020.00
Adjusting Journal Entries JE # 106				
RH: To move amounts from prepaids to expense as they occurred during the year				
GF01.6012	GG - NONPAYROLL EXPENSES	1500.10	6,485.00	
GF01.1450	PREPAID EXPENSES			6,485.00
Total			6,485.00	6,485.00
Adjusting Journal Entries JE # 107				
RH: (EN02) To accrue expenses incurred in June				
EN02.6020	SERVICES AND SUPPLIES	2100.02	86,087.00	
EN02.2010	ACCOUNTS PAYABLE			86,087.00
Total			86,087.00	86,087.00
Adjusting Journal Entries JE # 108				
RH: To adjust comp absences to reflect change				
EN01.8010	SALARIES AND BENEFITS	2320.02	5,685.00	
EN02.8010	SALARIES AND BENEFITS		3,796.00	
EN03.8010	SALARIES AND BENEFITS		4,525.00	
EN04.8010	SALARIES AND BENEFITS		41.00	
EN01.2772	COMPENSATED ABSENCES, NONCURRENT			5,685.00
EN02.2772	COMPENSATED ABSENCES, NONCURRENT			3,796.00
EN03.2772	COMPENSATED ABSENCES, NONCURRENT			4,525.00
EN04.2772	COMPENSATED ABSENCES, NONCURRENT			41.00
Total			14,047.00	14,047.00
Adjusting Journal Entries JE # 109				
RH: To adjust accrued salaries based on payroll amounts				
EN01.8010	SALARIES AND BENEFITS	2300.01	12,660.00	
EN02.8010	SALARIES AND BENEFITS		288.00	
EN03.8010	SALARIES AND BENEFITS		11,335.00	
EN04.8010	SALARIES AND BENEFITS		1,364.00	

GF01.6011	GG - PAYROLL AND RELATED EXP	3,634.00	
GF01.6021	PP - PAYROLL AND RELATED EXP	59,215.00	
GF01.6031	PW - PAYROLL AND RELATED EXP	7,105.00	
GF01.6041	CD - PAYROLL AND RELATED EXP	7,551.00	
EN01.2101	ACCRUED SALARIES AND BENEFITS		12,660.00
EN02.2101	ACCRUED SALARIES AND BENEFITS		266.00
EN03.2101	ACCRUED SALARIES AND BENEFITS		11,335.00
EN04.2101	ACCRUED SALARIES AND BENEFITS		1,364.00
GF01.2101	ACCRUED SALARIES AND BENEFITS		77,505.00
Total		103,150.00	103,150.00
Adjusting Journal Entries JE # 110		PBC & 1320.03	
BW: To move amounts out of deferred revenue that are no longer deferred			
EN02.2501	UNEARNED REVENUES	15,000.00	
EN02.2501	UNEARNED REVENUES	5,000.00	
EN03.2501	UNEARNED REVENUES	20,000.00	
EN04.2501	UNEARNED REVENUES	28,158.00	
GF01.2501	UNEARNED REVENUES	221,912.00	
SR09.2501	UNEARNED REVENUES	10,164.00	
SR12.2501	UNEARNED REVENUES	142,752.00	
EN02.3073	NET POSITION - UNRESTRICTED		5,000.00
EN02.4030	INTERGOVERNMENTAL REVENUES		15,000.00
EN03.4070	OTHER REVENUES		20,000.00
EN04.4030	INTERGOVERNMENTAL REVENUES		28,158.00
GF01.4020	LICENSES AND PERMITS		39,500.00
GF01.4030	INTERGOVERNMENTAL REVENUES		51,698.00
GF01.4060	CHARGES FOR SERVICES		27,488.00
GF01.4070	OTHER REVENUES		103,238.00
SR09.4030	INTERGOVERNMENTAL REVENUES		10,164.00
SR12.4011	PROPERTY TAXES REVENUE		142,752.00
SR12.4070	OTHER REVENUES		
Total		442,986.00	442,986.00
Adjusting Journal Entries JE # 111		1500.10	
RH: To record County of Kern Fire protection expense and credit the deposit with other per agreement			
GF01.6022	PP - NONPAYROLL EXPENSES	428,695.00	
GF01.1400	DEPOSITS WITH OTHERS		413,553.00
GF01.2010	ACCOUNTS PAYABLE		15,142.00
Total		428,695.00	428,695.00
Adjusting Journal Entries JE # 112		1305.10	
BW: To true up the balance of receivables in funds 1 & 25 (GF01).			
GF01.1220	DUE FROM OTHER GOVERNMENTS	83,519.00	
GF01.4030	INTERGOVERNMENTAL REVENUES	19,167.00	
GF01.1210	ACCOUNTS RECEIVABLE		102,686.00
Total		102,688.00	102,686.00
Adjusting Journal Entries JE # 113		1720	
RH: To transfer Garzoli Well expenses from GF01 to EN03			
EN03.1702	CONSTRUCTION IN PROGRESS	61,803.00	
GF01.9102	TRANSFERS OUT	61,803.00	
EN03.9101	TRANSFERS IN		61,803.00
GF01.6012	GG - NONPAYROLL EXPENSES		2.00
GF01.6200	CAPITAL OUTLAY		61,801.00
Total		123,606.00	123,606.00
Adjusting Journal Entries JE # 114		1721	
RH: To reverse original enterprise depreciation and true up to correct amount			
EN01.1724	A/D - EQUIPMENT	250,000.00	
EN01.8090	DEPRECIATION	407,998.00	
EN02.8090	DEPRECIATION	11,306.00	
EN03.1724	A/D - EQUIPMENT	280,000.00	
EN03.8090	DEPRECIATION	260,413.00	
EN04.1724	A/D - EQUIPMENT	19,000.00	
EN04.8090	DEPRECIATION	48,437.00	
EN01.1721	A/D - INFRASTRUCTURE		156,146.00
EN01.1724	A/D - EQUIPMENT		237,095.00
EN01.1725	A/D - VEHICLES		14,757.00
EN01.8090	DEPRECIATION		250,000.00
EN02.1723	A/D - BUILDINGS		332.00
EN02.1724	A/D - EQUIPMENT		10,974.00
EN03.1721	A/D - INFRASTRUCTURE		14,759.00
EN03.1723	A/D - BUILDINGS		183,673.00
EN03.1724	A/D - EQUIPMENT		69,169.00
EN03.1725	A/D - VEHICLES		12,812.00
EN03.8090	DEPRECIATION		290,000.00
EN04.1723	A/D - BUILDINGS		17,772.00
EN04.1724	A/D - EQUIPMENT		3,497.00
EN04.1725	A/D - VEHICLES		27,168.00
EN04.8090	DEPRECIATION		16,000.00
Total		1,284,154.00	1,284,154.00

Adjusting Journal Entries JE # 115

RH: To record transfers of Capital Assets

EN01.1711 INFRASTRUCTURE - DEPRECIABLE
EN01.1702 CONSTRUCTION IN PROGRESS

Total

1710

6,245,881.00

6,245,881.00

6,245,881.00

6,245,881.00

Adjusting Journal Entries JE # 116

BW: To reclassify USDA loan proceeds not recorded in the general ledger and to reclassify USDA loan proceeds recorded as other revenue.

GF01.1000 CASH AND INVESTMENTS
GF01.4070 OTHER REVENUES
GF01.9010 DEBT ISSUED
GF01.9010 DEBT ISSUED

Total

2510

146,730.00

514,536.00

661,266.00

514,536.00

146,730.00

661,266.00

Adjusting Journal Entries JE # 117

BW: To reclassify the repayment of Ca\$HOME loan from revenue a reduction of loans outstanding and to expense the portion of the loan that was not repaid and reduce the amount of unavailable revenue recognized for loans.

SR04.2502 UNAVAILABLE REVENUES
SR04.4070 OTHER REVENUES
SR04.1251 NOTES/LOANS RECEIVABLE
SR04.2502 UNAVAILABLE REVENUES
SR04.6042 CD - NONPAYROLL EXPENSES

Total

1350.02

6,322.00

12,000.00

18,322.00

18,322.00

18,322.00

Adjusting Journal Entries JE # 118

BW: To true up unavailable revenue to agree to the balance of loans outstanding in SR04 and SR05.

SR04.2502 UNAVAILABLE REVENUES
SR05.2502 UNAVAILABLE REVENUES
SR04.4070 OTHER REVENUES
SR05.4070 OTHER REVENUES

Total

1320.02

22,945.00

1,910.00

24,855.00

22,945.00

1,910.00

24,855.00

Adjusting Journal Entries JE # 216

BW: To reverse AP and expense accrued in the prior year's audit.

SR10.2010 ACCOUNTS PAYABLE
SR10.6012 GG - NONPAYROLL EXPENSES

Total

2510

1,373,262.00

1,373,262.00

1,373,262.00

1,373,262.00

Adjusting Journal Entries JE # 219

RH: (EN) To record proper debt principal

EN01.2712 BONDS PAYABLE, NONCURRENT
EN03.2712 BONDS PAYABLE, NONCURRENT
EN01.6110 DEBT SERVICE: INTEREST
EN03.6110 DEBT SERVICE: INTEREST

Total

2510

113,333.00

56,667.00

170,000.00

113,333.00

56,667.00

170,000.00

Adjusting Journal Entries JE # 222

RH: To reclass loan receivable as advance that was done in PY

EN01.1621 ADVANCES TO OTHER FUNDS
EN01.1251 NOTES/LOANS RECEIVABLE

Total

6000.03

202,844.00

202,844.00

202,844.00

202,844.00

Adjusting Journal Entries JE # 223

RH: To reclass prepaid interest to deposits with others as this is interest that should be returned

GF01.1400 DEPOSITS WITH OTHERS
GF01.1450 PREPAID EXPENSES

Total

1500.10

2,198.00

2,198.00

2,198.00

2,198.00

Adjusting Journal Entries JE # 224

RH: To reclass expenses to capital outlay

GF01.6200 CAPITAL OUTLAY
GF01.6022 PP - NONPAYROLL EXPENSES
GF01.6032 PW - NONPAYROLL EXPENSES

Total

1720

45,508.00

45,508.00

39,869.00

5,639.00

45,508.00

Adjusting Journal Entries JE # 225

RH: To reclass expenses to capital assets

EN01.1714 EQUIPMENT
EN03.1714 EQUIPMENT
EN01.8020 SERVICES AND SUPPLIES
EN03.8020 SERVICES AND SUPPLIES

Total

1720

45,759.00

25,031.00

70,790.00

45,759.00

25,031.00

70,790.00

Adjusting Journal Entries JE # 227

RH: To reclass principal as interest for USDA loan

GF01.6110 DEBT SERVICE: INTEREST
GF01.6100 DEBT SERVICE: PRINCIPAL

Total

2510

5,075.00

5,075.00

5,075.00

5,075.00

Adjusting Journal Entries JE # 230

BW: To clean up deficit unassigned revenue in COPS fund.

1320.01

SR07.6022	PP - NONPAYROLL EXPENSES	914.00	
SR07.2501	UNEARNED REVENUES		914.00
Total		914.00	914.00
Adjusting Journal Entries JE # 231			
BW: To clean up negative receivable balance.			
EN02.1220	DUE FROM OTHER GOVERNMENTS	2,909.00	
EN02.8020	SERVICES AND SUPPLIES		2,909.00
Total		2,909.00	2,909.00
Adjusting Journal Entries JE # 232			
PBC - RH: To record 18/19 cash entry not posted.			
EN01.1000	CASH AND INVESTMENTS	4,589,319.00	
EN01.1030	CASH WITH FISCAL AGENTS		4,589,319.00
Total		4,589,319.00	4,589,319.00
Adjusting Journal Entries JE # 233			
PBC - RH: To record 18/19 cash entry not posted.			
EN02.1000	CASH AND INVESTMENTS	55,400.00	
EN02.4070	OTHER REVENUES		55,400.00
Total		55,400.00	55,400.00
Adjusting Journal Entries JE # 234			
PBC - BW: To record PBC journal entries provided by Lisa Tucker as a result of the cash reconciliation process.			
EN01.1000	CASH AND INVESTMENTS	21.00	
EN02.1000	CASH AND INVESTMENTS	7.00	
EN02.8020	SERVICES AND SUPPLIES	24,127.00	
EN03.1000	CASH AND INVESTMENTS	7.00	
EN03.1000	CASH AND INVESTMENTS	24,134.00	
EN03.1000	CASH AND INVESTMENTS	1,292.00	
GF01.1000	CASH AND INVESTMENTS	581.00	
GF01.1000	CASH AND INVESTMENTS	1,986.00	
GF01.6012	GG - NONPAYROLL EXPENSES	2,115.00	
GF01.6022	PP - NONPAYROLL EXPENSES	420.00	
GF01.6042	CD - NONPAYROLL EXPENSES	2,260.00	
EN01.8020	SERVICES AND SUPPLIES		21.00
EN02.1000	CASH AND INVESTMENTS		24,134.00
EN03.2010	ACCOUNTS PAYABLE		24,134.00
EN03.8020	SERVICES AND SUPPLIES		7.00
EN03.8020	SERVICES AND SUPPLIES		1,292.00
GF01.1000	CASH AND INVESTMENTS		2,115.00
GF01.2010	ACCOUNTS PAYABLE		2,889.00
GF01.6012	GG - NONPAYROLL EXPENSES		72.00
GF01.6012	GG - NONPAYROLL EXPENSES		75.00
GF01.6022	PP - NONPAYROLL EXPENSES		224.00
GF01.6032	PW - NONPAYROLL EXPENSES		300.00
GF01.6200	CAPITAL OUTLAY		1,687.00
Total		56,950.00	56,950.00
Adjusting Journal Entries JE # 237			
BW: To reclassify compensated absences from noncurrent to current.			
EN01.2772	COMPENSATED ABSENCES, NONCURRENT	11,535.00	
EN02.2772	COMPENSATED ABSENCES, NONCURRENT	3,796.00	
EN03.2772	COMPENSATED ABSENCES, NONCURRENT	5,967.00	
EN04.2772	COMPENSATED ABSENCES, NONCURRENT	977.00	
EN01.2771	COMPENSATED ABSENCES, CURRENT		11,535.00
EN02.2771	COMPENSATED ABSENCES, CURRENT		3,796.00
EN03.2771	COMPENSATED ABSENCES, CURRENT		5,967.00
EN04.2771	COMPENSATED ABSENCES, CURRENT		977.00
Total		22,275.00	22,275.00
Total Adjusting Journal Entries		17,312,168.00	17,312,168.00
Total All Journal Entries		17,312,168.00	17,312,168.00

CITY OF MCFARLAND
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Honorable Mayor and Members of the City Council
City of McFarland

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
General Fund	Unmodified
TDA - LTF	Qualified
CalHOME	Unmodified
HOME	Unmodified
Development Impact	Unmodified
McFarland Improvement Authority	Unmodified
Sewer	Unmodified
Refuse	Unmodified
Water	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion on Governmental Activities, TDA – LTF Fund and the Aggregate Remaining Fund Information

We were unable to obtain sufficient appropriate audit evidence on which to base an opinion on for receivables and related unavailable revenue and revenue account balances in the governmental activities, TDA – LTF Fund and the aggregate remaining fund information of the City. Consequently, we were unable to determine whether any adjustments to the amounts included in the governmental activities, TDA – LTF Fund and the aggregate remaining fund information are necessary. The amount by which this departure would affect the assets, fund balance, net position, and revenues of the governmental activities, TDA – LTF Fund and the aggregate remaining fund information has not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, TDA – LTF Fund and the Aggregate Remaining Fund Information” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, TDA – LTF Fund and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major governmental fund other than the TDA-LTF fund, and the major enterprise funds of the City of McFarland, as of June 30, 2020, 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.

Other Matters

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, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis, that accounting principles generally accepted in the United States of America require 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 opinion is not modified with respect to this omitted information.

Other 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 fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion on Governmental Activities, TDA – LTF and the Aggregate Remaining Fund Information" paragraph, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of McFarland

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Roseville, California
February 9, 2022

CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 3,015,092	\$ 757,261	\$ 3,772,353
Cash with Fiscal Agents	3,645,453	710,516	4,355,969
Receivables:			
Accounts	4,054	641,546	645,600
Intergovernmental	1,321,513	43,245	1,364,758
Interest	-	1,816	1,816
Internal Balances	1,147	(1,147)	-
Inventory	-	5,097	5,097
Loans Receivable	3,894,012	-	3,894,012
Land Held For Resale	446,593	-	446,593
Capital Assets:			
Nondepreciable	5,479,726	5,030,765	10,510,491
Depreciable, Net	24,572,284	13,579,284	38,151,568
Total Assets	<u>42,379,874</u>	<u>20,768,383</u>	<u>63,148,257</u>
LIABILITIES			
Accounts Payable	330,914	330,788	661,702
Accrued Liabilities	86,586	32,245	118,831
Interest Payable	57,913	77,006	134,919
Deposits Payable	57,680	12,638	70,318
Unearned Revenue	6,624	-	6,624
Long-Term Liabilities:			
Due Within One Year	187,263	202,275	389,538
Due in More than One Year	5,393,765	5,900,000	11,293,765
Total Liabilities	<u>6,120,745</u>	<u>6,554,952</u>	<u>12,675,697</u>
NET POSITION			
Net Investment in Capital Assets	28,159,468	13,240,565	41,400,033
Restricted for:			
General	42,725	-	42,725
Streets and Roads	719,663	-	719,663
Community Development	5,861,650	-	5,861,650
Capital Projects	3,091,543	-	3,091,543
Unrestricted	(1,615,920)	972,866	(643,054)
Total Net Position	<u>\$ 36,259,129</u>	<u>\$ 14,213,431</u>	<u>\$ 50,472,560</u>

See accompanying Notes to Financial Statements.

CITY OF MCFARLAND
GOVERNMENT-WIDE – STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 1,504,174	\$ 283,299	\$ -	\$ -	\$ (1,220,875)	\$ -	\$ (1,220,875)
Public Safety	2,454,944	82,085	156,484	-	(2,216,395)	-	(2,216,395)
Public Works	1,484,481	179	240,075	389,311	(854,896)	-	(854,896)
Community Development	362,475	59,286	2,329	-	(300,860)	-	(300,860)
Interest on Long-Term Debt	167,576	-	-	-	(167,576)	-	(167,576)
Total Governmental Activities	5,973,630	424,849	398,868	389,311	(4,760,602)	-	(4,760,602)
Business-Type Activities:							
Sewer	1,589,934	1,839,314	-	-	-	249,380	249,380
Refuse	1,328,976	1,364,920	42,659	-	-	78,603	78,603
Water	1,492,263	1,897,695	-	-	-	405,432	405,432
Public Transportation	140,758	6,600	28,158	-	-	(106,000)	(106,000)
Total Business-Type Activities	4,551,931	5,108,529	70,817	-	-	627,415	627,415
Total Primary Government	\$10,525,561	\$ 5,533,378	\$ 469,685	\$ 389,311	(4,760,602)	627,415	(4,133,187)
General Revenues:							
Taxes:							
Property Taxes					854,169	-	854,169
Sales and Use Taxes					428,578	-	428,578
Franchise Taxes					171,110	-	171,110
Intergovernmental, Unrestricted:							
Motor Vehicle In-Lieu Tax					1,492,957	-	1,492,957
Interest and Investment Earnings					48,631	10,547	59,178
Gain on Sale of Capital Assets					-	-	-
Miscellaneous					155,092	105,304	260,396
Transfers					21,565	(21,565)	-
Total General Revenues and Transfers					3,172,102	94,286	3,266,388
CHANGE IN NET POSITION					(1,588,500)	721,701	(866,799)
Net Position - Beginning of Year, as Restated					37,847,629	13,491,730	51,339,359
Net Position - End of Year					\$36,259,129	\$14,213,431	\$50,472,560

See accompanying Notes to Financial Statements.

CITY OF MCFARLAND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	TDA - LTF	CalHOME	HOME	Development Impact
ASSETS					
Cash and Investments	\$ 278,158	\$ -	\$ 9,986	\$ -	\$ 1,967,638
Cash with Fiscal Agent	-	-	-	-	-
Receivables:					
Accounts	671	-	-	3,383	-
Intergovernmental	450,126	714,029	-	-	-
Deposits with Others	-	-	-	-	-
Due from Other Funds	1,178,506	-	-	-	-
Loans Receivable	-	-	3,184,106	709,906	-
Land Held for Resale	446,593	-	-	-	-
Total Assets	\$ 2,354,054	\$ 714,029	\$ 3,194,092	\$ 713,289	\$ 1,967,638
LIABILITIES					
Accounts Payable	\$ 311,998	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	86,589	-	-	-	-
Deposits Payable	57,680	-	-	-	-
Due to Other Funds	-	743,788	11,938	88,840	-
Advances from Other Funds	202,844	-	-	-	-
Unearned Revenue	6,148	-	-	-	-
Total Liabilities	665,259	743,788	11,938	88,840	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	3,184,106	709,906	-
FUND BALANCES					
Nonspendable	446,593	-	-	-	-
Restricted	3,071,225	-	-	-	1,967,638
Unassigned	(1,829,023)	(29,759)	(1,952)	(85,457)	-
Total Fund Balances	1,688,795	(29,759)	(1,952)	(85,457)	1,967,638
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,354,054	\$ 714,029	\$ 3,194,092	\$ 713,289	\$ 1,967,638

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
BALANCE SHEET - GOVERNMENTAL (CONTINUED)
JUNE 30, 2020**

McFarland Improvement Authority	Other Governmental Funds	Total
\$ 20,318	\$ 738,992	\$ 3,015,092
3,645,453	-	3,645,453
-	-	4,054
-	157,358	1,321,513
-	-	-
-	-	1,178,506
-	-	3,894,012
-	-	446,593
<u>\$ 3,665,771</u>	<u>\$ 896,350</u>	<u>\$ 13,505,223</u>
\$ -	\$ 18,913	\$ 330,911
-	-	86,589
-	-	57,680
-	129,949	974,515
-	-	202,844
-	476	6,624
-	<u>149,338</u>	<u>1,659,163</u>
-	-	3,894,012
-	-	446,593
3,665,771	762,388	9,467,022
-	(15,376)	(1,961,567)
<u>3,665,771</u>	<u>747,012</u>	<u>7,952,048</u>
<u>\$ 3,665,771</u>	<u>\$ 896,350</u>	<u>\$ 13,505,223</u>

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
RECONCILIATION OF GOVERNMENTAL FUNDS – BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Fund Balance - Total Governmental Funds	\$ 7,952,048
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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.	30,052,010
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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 sheets.	3,894,012
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Interest on long-term debt is recognized as it accrues, regardless of when it is due.	(57,913)
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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)	(4,770,205)
--	-------------

Loans Payable	(691,284)
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Capital Leases	(76,506)
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Compensated Absences	(43,033)
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Net Position of Governmental Activities	<u>\$ 36,259,129</u>
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See accompanying Notes to Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	TDA - LTF	CalHOME	HOME	Development Impact
REVENUES					
Taxes	\$ 2,533,712	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	129,010	-	-	-	48,088
Fines and Forfeitures	26,351	-	-	-	-
Use of Money and Property	16,330	-	-	-	1,614
Intergovernmental Revenues	612,331	2,288	-	-	-
Charges for Services	206,820	-	-	-	-
Other Revenues	150,469	-	22,945	1,910	-
Total Revenues	3,675,023	2,288	22,945	1,910	49,702
EXPENDITURES					
Current:					
General Government	1,108,031	-	-	-	-
Public Safety	2,421,827	-	-	-	-
Public Works	560,644	-	-	-	-
Community Development	304,587	-	-	-	-
Debt Service:					
Principal	329,844	-	-	-	-
Interest and Fiscal Charges	9,136	-	-	-	-
Capital Outlay	2,006,836	-	-	-	-
Total Expenditures	6,740,905	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,065,882)	2,288	22,945	1,910	49,702
OTHER FINANCING SOURCES (USES)					
Transfers In	55,683	-	-	-	-
Transfers Out	-	(2,415)	-	-	(9,358)
USDA Loan	661,266	-	-	-	-
Total Other Financing Sources (Uses)	716,949	(2,415)	-	-	(9,358)
NET CHANGE IN FUND BALANCES	(2,348,933)	(127)	22,945	1,910	40,344
Fund Balance - Beginning of Year	4,037,728	(29,632)	(24,897)	(87,367)	1,927,294
FUND BALANCES - END OF YEAR	<u>\$ 1,688,795</u>	<u>\$ (29,759)</u>	<u>\$ (1,952)</u>	<u>\$ (85,457)</u>	<u>\$ 1,967,638</u>

See accompanying Notes to Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

McFarland Improvement Authority	Other Governmental Funds	Total
\$ -	\$ 413,102	\$ 2,946,814
-	-	177,098
-	-	26,351
45,267	-	63,211
-	173,560	788,179
-	-	206,820
-	-	175,324
<u>45,267</u>	<u>586,662</u>	<u>4,383,797</u>
-	115,454	1,223,485
-	914	2,422,741
-	104,135	664,779
-	-	304,587
-	-	329,844
170,300	-	179,436
-	-	2,006,836
<u>170,300</u>	<u>220,503</u>	<u>7,131,708</u>
(125,033)	366,159	(2,747,911)
-	-	55,683
-	(22,345)	(34,118)
-	-	661,266
-	(22,345)	682,831
(125,033)	343,814	(2,065,080)
<u>3,790,804</u>	<u>403,198</u>	<u>10,017,128</u>
<u>\$ 3,665,771</u>	<u>\$ 747,012</u>	<u>\$ 7,952,048</u>

See accompanying Notes to 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, 2020

Net Change to Fund Balance - Total Governmental Funds	\$ (2,065,080)
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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	2,008,523
Less: Current Year Depreciation	(1,197,439)

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.	(20,232)
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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.

Principal Payments	336,386
Issuance of Debt	(661,266)

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	10,608
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Change in Net Position of Governmental Activities	<u>\$ (1,588,500)</u>
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**CITY OF MCFARLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020**

	Enterprise Funds				
	Sewer	Refuse	Water	Nonmajor Public Transportation	Total
ASSETS					
Current Assets:					
Cash and Investments	\$ 21	\$ -	\$ 757,240	\$ -	\$ 757,261
Cash with Fiscal Agent - Restricted	480,077	-	230,439	-	710,516
Receivables:					
Accounts	217,914	175,721	247,911	-	641,546
Intergovernmental	43,245	-	-	-	43,245
Interest	-	-	1,816	-	1,816
Inventory	-	-	5,097	-	5,097
Total Current Assets	<u>741,257</u>	<u>175,721</u>	<u>1,242,503</u>	<u>-</u>	<u>2,159,481</u>
Noncurrent Assets:					
Advances to other Funds	202,844	-	-	-	202,844
Capital Assets:					
Nondepreciable					
Land	1,120,000	-	160,063	-	1,280,063
Construction in Progress	-	-	3,750,702	-	3,750,702
Depreciable:					
Buildings, Equipment and Infrastructure	14,862,162	309,677	8,731,228	650,876	24,553,943
Accumulated Depreciation	(4,949,707)	(295,092)	(5,324,226)	(405,634)	(10,974,659)
Total Noncurrent Assets	<u>11,235,299</u>	<u>14,585</u>	<u>7,317,767</u>	<u>245,242</u>	<u>18,812,893</u>
Total Assets	11,976,556	190,306	8,560,270	245,242	20,972,374
LIABILITIES					
Current Liabilities:					
Accounts Payable	91,410	103,857	123,446	12,075	330,788
Accrued Liabilities	15,520	584	14,249	1,892	32,245
Interest Payable	51,594	-	25,412	-	77,006
Due to Other Funds	37,641	23,950	-	142,400	203,991
Deposits from Others	-	-	12,638	-	12,638
Bonds Payable	120,000	-	60,000	-	180,000
Total Current Liabilities	<u>316,165</u>	<u>128,391</u>	<u>235,745</u>	<u>156,367</u>	<u>836,668</u>
Noncurrent Liabilities:					
Compensated Absences	-	-	-	-	-
Bonds Payable	3,932,834	-	1,967,166	-	5,900,000
Total Noncurrent Liabilities	<u>3,932,834</u>	<u>-</u>	<u>1,967,166</u>	<u>-</u>	<u>5,900,000</u>
Total Liabilities	4,248,999	128,391	2,202,911	156,367	6,736,668
NET POSITION					
Net Investment in Capital Assets	7,459,698	14,585	5,521,040	245,242	13,240,565
Unrestricted	256,324	43,534	830,352	(157,344)	972,866
Total Net Position	<u>\$ 7,716,022</u>	<u>\$ 58,119</u>	<u>\$ 6,351,392</u>	<u>\$ 87,898</u>	<u>\$ 14,213,431</u>

See accompanying Notes to Financial Statements.

CITY OF MCFARLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Sewer	Refuse	Water	Nonmajor Public Transportation	Total
OPERATING REVENUES					
Charges for Services	\$ 1,924,532	\$ 1,364,920	\$ 1,897,695	\$ 6,600	\$ 5,193,747
Other Revenue	-	-	20,000	86	20,086
Total Operating Revenues	<u>1,924,532</u>	<u>1,364,920</u>	<u>1,917,695</u>	<u>6,686</u>	<u>5,213,833</u>
OPERATING EXPENSES					
Salaries and Employee Benefits	545,027	65,238	596,013	70,659	1,276,937
Services and Supplies	308,578	1,252,432	308,068	21,662	1,890,740
Utilities	160,443	-	238,305	-	398,748
Franchise Fees	-	-	-	-	-
Depreciation	407,998	11,306	260,413	48,437	728,154
Total Operating Expenses	<u>1,422,046</u>	<u>1,328,976</u>	<u>1,402,799</u>	<u>140,758</u>	<u>4,294,579</u>
OPERATING INCOME (LOSS)	<u>502,486</u>	<u>35,944</u>	<u>514,896</u>	<u>(134,072)</u>	<u>919,254</u>
NONOPERATING REVENUES (EXPENSES)					
Grants	-	42,659	-	28,158	70,817
Interest Income	8,002	-	2,545	-	10,547
Interest Expense	(167,888)	-	(89,464)	-	(257,352)
Total Nonoperating Revenues (Expenses)	<u>(159,886)</u>	<u>42,659</u>	<u>(86,919)</u>	<u>28,158</u>	<u>(175,988)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>342,600</u>	<u>78,603</u>	<u>427,977</u>	<u>(105,914)</u>	<u>743,266</u>
Transfers In	-	-	36,455	-	36,455
Transfers Out	<u>(25,348)</u>	<u>(25,348)</u>	<u>-</u>	<u>(7,324)</u>	<u>(58,020)</u>
CHANGE NET POSITION	<u>317,252</u>	<u>53,255</u>	<u>464,432</u>	<u>(113,238)</u>	<u>721,701</u>
Net Position - Beginning of Year	<u>7,398,770</u>	<u>4,864</u>	<u>5,886,960</u>	<u>201,136</u>	<u>13,491,730</u>
NET POSITION - END OF YEAR	<u>\$ 7,716,022</u>	<u>\$ 58,119</u>	<u>\$ 6,351,392</u>	<u>\$ 87,898</u>	<u>\$ 14,213,431</u>

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

	Enterprise Funds				
	Sewer	Refuse	Water	Nonmajor Public Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 1,862,065	\$ 1,345,051	\$ 1,855,755	\$ 25,154	\$ 5,088,025
Payments to Suppliers	(496,127)	(1,252,413)	(562,128)	(17,820)	(2,328,488)
Payments to Employees	(542,584)	(67,106)	(595,586)	(70,824)	(1,276,100)
Net Cash Provided (Used) by Operating Activities	823,354	25,532	698,041	(63,490)	1,483,437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant Proceeds	-	42,659	-	28,158	70,817
Loans from Other Funds	43,572	-	-	42,656	86,228
Loan Payments to Other Funds	(482,482)	(42,843)	-	-	(525,325)
Transfers from Other Funds	-	-	36,455	-	36,455
Transfers to Other Funds	(25,348)	(25,348)	-	(7,324)	(58,020)
Net Cash Provided (Used) by Noncapital Financing Activities	(464,258)	(25,532)	36,455	63,490	(389,845)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments related to the Acquisition of Capital Assets	(45,759)	-	(111,201)	-	(156,960)
Principal Repayments Related to Capital Purposes	(113,333)	-	(56,667)	-	(170,000)
Interest Repayments Related to Capital Purposes	(167,888)	-	(89,464)	-	(257,352)
Net Cash Provided (Used) by Capital Related Financing Activities	(326,980)	-	(257,332)	-	(584,312)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings	8,002	-	2,545	-	10,547
Net Cash Provided (Used) by Investing Activities	8,002	-	2,545	-	10,547
Net Increase (Decrease) in Cash and Cash Equivalents	40,118	-	479,709	-	519,827
Cash and Cash Equivalents - Beginning of Year	439,980	-	507,970	-	947,950
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 480,098</u>	<u>\$ -</u>	<u>\$ 987,679</u>	<u>\$ -</u>	<u>\$ 1,467,777</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 502,486	\$ 35,944	\$ 514,896	\$ (134,072)	\$ 919,254
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	407,998	11,306	260,413	48,437	728,154
Decrease (Increase) in:					
Accounts Receivable	(40,845)	(24,955)	(44,239)	-	(110,039)
Due from Other Governments	(21,622)	15,086	-	46,626	40,090
Prepaid Costs	-	-	-	-	-
Deposits	-	-	2,300	-	2,300
Increase (Decrease) in:					
Accounts Payable and Other Liabilities	(27,106)	19	(15,756)	3,842	(39,001)
Accrued Salaries	(3,242)	(1,868)	(4,098)	(206)	(9,414)
Unearned Revenues	-	(10,000)	(20,000)	(28,158)	(58,158)
Compensated Absences	5,685	-	4,525	41	10,251
Net Cash Provided (Used) by Operating Activities	<u>\$ 823,354</u>	<u>\$ 25,532</u>	<u>\$ 698,041</u>	<u>\$ (63,490)</u>	<u>\$ 1,483,437</u>

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	RDA Successor Agency
ASSETS	
Cash and Investments	\$ 6,665
Total Assets	<u>6,665</u>
LIABILITIES	
Advances from Other Funds	-
Total Liabilities	<u>-</u>
NET POSITION	
Held in Trust for Retirement of Obligations of the Former McFarland Redevelopment Agency	6,665
Total Net Position	<u>\$ 6,665</u>

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020**

	RDA Successor Agency
ADDITIONS	
Property Taxes	\$ -
Total Additions	<u>-</u>
DEDUCTIONS	
Administration	-
Total Deductions	<u>-</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>6,665</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,665</u></u>

See accompanying Notes to Financial Statements.

**CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of McFarland, California 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.

Generally accepted accounting principles 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. Separate financial statements are not available for the Authority.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 the purchase of land for and construction of a public parking facility. The Improvement Authority then leased the property to the City. The rent proceeds will be used by the Improvement Authority to service bond debt and maintain the parking facility. 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 funds of the component unit are reported in the Special Revenues Funds and the Fiduciary Fund. 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.

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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 expenses. This fund also accounts for other State and Federal grant revenues related to street maintenance or construction.
- The CalHOME Fund is used to account for a CalHOME Homeownership Project Development Program award.
- The HOME Fund is used to account for a Home Investment Partnership Program award.
- The Development Impact Fund is used to account for impact fees.
- The McFarland Improvement Authority Fund is used to account for the activities of the McFarland Parking Authority and the McFarland Improvement Authority.

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 types:

- 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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary 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.

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 claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Fiduciary funds include a private purpose trust fund which is reported using the economic resources measurement focus and the accrual basis of accounting.

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.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements for deposits

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

The City has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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. Market value is used as fair value for those securities for which market quotations are not readily available. Interest earned on investments is allocated using the Local Agency Fund (LAIF) factor to selected funds by the City.

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 Costs

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.

Inventory

Inventory recorded by proprietary funds include supplies for the Water fund. Inventories are recorded as expenses at the time the inventory is consumed.

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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

H. Capital Assets

Capital 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 assets are defined by the City as assets with an initial cost of more than \$1,000 (\$25,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

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

Capital assets used in operations are depreciated or amortized using the straight line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable 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. 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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

J. 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.

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.

K. 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.

L. 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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

M. 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 using the effective interest method. 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.

N. Net Position

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

- **Net Invested 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.

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.

O. 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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

the highest level of decision making authority (City Council). These commitments can only be overturned by a like action.

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

P. 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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 3,772,353
Cash with Fiscal Agents	4,355,969

Statement of Fiduciary Net Position:

Cash and Investments	<u>6,665</u>
Total	<u>\$ 8,134,987</u>

Cash and investments as of June 30, 2020 consist of the following:

Deposits with Financial Institutions	\$ 7,777,679
Cash on Hand	3,000
Investments	<u>354,308</u>
Total	<u>\$ 8,134,987</u>

Deposits

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts and money market accounts) was \$4,513,448 and the bank balance was \$7,779,794. 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, 2020, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Investments

The City had the following investments at June 30, 2020:

Investment Type	Fair Value	Maturity Date
State Treasurer's Investment Pool (LAIF)	\$ 354,308	N/A
Total Investments	<u>\$ 354,308</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 (NRSROs). At June 30, 2020, the Credit ratings for the money market funds and investment in LAIF was unavailable. The City has no investment policy for credit risk.

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

Custodial credit risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The City has no investment policy for custodial credit risk.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Quality Requirements
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 generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices, and
- Level 3: Unobservable inputs

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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the County's investment in LAIF valued at amortized cost was \$354,308 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 \$100.97 billion. Of that amount, 96.63% is invested in non-derivative financial products and 3.37% in structured notes and asset-backed securities.

Restricted Cash and Investments with Fiscal Agents

Cash and investments at June 30, 2020 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities:

McFarland Improvement Authority

Debt Service Reserves	<u>\$ 3,645,453</u>
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Business-type Activities:

Sewer Fund:

Debt Service Reserves	480,077
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Water Fund:

Debt Service Reserves	<u>230,439</u>
	<u>710,516</u>

Total Restricted Cash and Investments	<u><u>\$ 4,355,969</u></u>
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CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance July 01, 2019	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2020
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 993,176	\$ -	\$ -	\$ -	\$ 993,176
Construction In Progress	9,878,791	1944,715	-	(7,336,956)	4,486,550
Total Capital Assets, Not Being Depreciated	10,871,967	1944,715	-	(7,336,956)	5,479,726
Capital Assets, Being Depreciated:					
Infrastructure	23,141,779	18,300	-	7,336,956	30,497,035
Machinery and Equipment	143,898	94,158	-	-	1,507,856
Vehicles	833,175	45,508	-	-	878,683
Total Capital Assets, Being Depreciated	25,388,652	157,966	-	7,336,956	32,883,574
Less Accumulated Depreciation for:					
Infrastructure	(5,423,578)	(968,003)	-	-	(6,391,581)
Machinery and Equipment	(1,001,414)	(149,873)	-	-	(1,151,287)
Vehicles	(688,859)	(79,563)	-	-	(768,422)
Total Accumulated Depreciation	(7,113,851)	(1,197,439)	-	-	(8,311,290)
Total Capital Assets, Being Depreciated, Net	18,274,801	(1,039,473)	-	7,336,956	24,572,284
Governmental Activities Capital Assets, Net	\$ 29,146,768	\$ 905,242	\$ -	\$ -	\$ 30,052,010
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,280,063	\$ -	\$ -	\$ -	\$ 1,280,063
Construction In Progress	9,934,780	61,803	-	(6,245,881)	3,750,702
Total Capital Assets, Not Being Depreciated	11,214,843	61,803	-	(6,245,881)	5,030,765
Capital Assets, Being Depreciated:					
Infrastructure	590,342	-	-	6,245,881	6,836,223
Buildings and Improvements	4,828,308	-	-	-	4,828,308
Machinery and Other	11,808,659	75,287	-	-	11,883,946
Vehicles	985,596	19,870	-	-	1,005,466
Total Capital Assets, Being Depreciated	18,212,905	95,157	-	6,245,881	24,553,943
Less Accumulated Depreciation for:					
Infrastructure	(210,535)	(170,905)	-	-	(381,440)
Buildings and Improvements	(2,158,848)	(181,777)	-	-	(2,340,625)
Machinery and Other	(7,131,855)	(320,735)	-	-	(7,452,590)
Vehicles	(745,267)	(54,737)	-	-	(800,004)
Total Accumulated Depreciation	(10,246,505)	(728,154)	-	-	(10,974,659)
Total Capital Assets, Being Depreciated, Net	7,966,400	(632,997)	-	6,245,881	13,579,284
Business-Type Activities Capital Assets, Net	\$ 19,181,243	\$ (571,194)	\$ -	\$ -	\$ 18,610,049

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Depreciation

Depreciation expense was charged to governmental functions as follows at June 30, 2020:

General Government	\$ 287,666
Public Safety	32,203
Public Works	819,682
Community Development	57,888
Total Depreciation Expense - Governmental Functions	<u>\$ 1,197,439</u>

Depreciation expense was charged to business-type functions as follows at June 30, 2020:

Solid Waste	\$ 407,998
Refuse	11,306
Water	260,413
Public Transit	48,437
Total Depreciation Expense - Business Type Functions	<u>\$ 728,154</u>

NOTE 4 INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2020:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,178,506	\$ -
TDA - LTF	-	743,788
CalHOME	-	11,938
HOME	-	88,840
Sewer	-	37,641
Nonmajor Governmental Funds	-	129,949
Nonmajor Enterprise Fund	-	166,350
Total	<u>\$ 1,178,506</u>	<u>\$ 1,178,506</u>

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ -	\$ 202,844
Sewer	202,844	-
Total	<u>\$ 202,844</u>	<u>\$ 202,844</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service and reallocations of special revenues. The following are the interfund transfer balances for the year ended June 30, 2020:

	Transfer In	Transfer Out
General Fund	\$ 55,683	\$ -
McFarland Improvement Authority	-	-
TDA - LTF	-	2,415
Development Impact	-	9,358
Sewer	-	25,348
Refuse	-	25,348
Water	36,455	-
Nonmajor Governmental Funds	-	22,345
Nonmajor Enterprise Fund	-	7,324
Total	<u>\$ 92,138</u>	<u>\$ 92,138</u>

NOTE 5 UNEARNED/UNAVAILABLE REVENUE

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

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

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

At June 30, 2020, components of unearned and unavailable revenues were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Grant Revenue	\$ 6,148	\$ -	\$ 6,148
CalHOME:			
Grant Revenue and Loans	-	3,184,106	3,184,106
HOME:			
Grant Revenue and Loans	-	709,906	709,906
Nonmajor Governmental Funds:			
Grant Revenue and Loans	476	-	476
Total Governmental Activities	<u>\$ 6,624</u>	<u>\$ 3,894,012</u>	<u>\$ 3,900,636</u>

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

Type of Indebtedness	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities					
Revenue Bonds	\$ 4,450,000	\$ -	\$ -	\$ 4,450,000	\$ 100,000
Unamortized Premiums on Bonds	332,064	-	(11,859)	320,205	-
Notes Payable	290,731	661,266	(260,713)	691,284	20,038
Capital Leases	46,162	99,476	(69,132)	76,506	24,192
Compensated Absences	53,641	-	(10,608)	43,033	43,033
Total Governmental Activities	<u>\$ 5,172,598</u>	<u>\$ 760,742</u>	<u>\$ (352,312)</u>	<u>\$ 5,581,028</u>	<u>\$ 187,263</u>
Business-Type Activities					
Revenue Bonds	\$ 6,250,000	\$ -	\$ (170,000)	\$ 6,080,000	\$ 180,000
Compensated Absences	8,228	14,047	-	22,275	22,275
Total Business-Type Activities	<u>\$ 6,258,228</u>	<u>\$ 14,047</u>	<u>\$ (170,000)</u>	<u>\$ 6,102,275</u>	<u>\$ 202,275</u>

The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Individual issues of debt payable outstanding at June 30, 2020 are as follows:

Governmental Activities

Revenue Bonds:

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

\$ 4,450,000

Total Revenue Bonds

4,450,000

Notes Payable:

Note payable to the United States Department of Agriculture in the amount of \$691,284; principal and interest at 3.375% due each October 1 through 2058.

691,284

Total Notes Payable

691,284

Total Governmental Activities

\$ 5,832,568

Business-type Activities

Business-type Activities

Revenue Bonds:

Revenue Bonds dated September 21, 2010, in the original amount of \$7,500,000 at .65% to 5% interest; payable semi-annually commencing April 1, 2011. Principal is due annually commencing October 1, 2011, with final payment due October 1, 2040. Secured by a pledge of water and wastewater net revenues.

\$ 6,080,000

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The following are schedules of debt service requirements as of June 30, 2020:

Year Ending June 30	Governmental Activities			
	Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2021	\$ 100,000	170,300	\$ 20,038	\$ -
2022	105,000	167,300	20,094	-
2023	105,000	164,150	20,151	-
2024	110,000	161,000	20,207	-
2025	115,000	157,700	20,264	-
2026 - 2030	625,000	731,450	102,179	-
2031 - 2035	750,000	600,000	103,624	-
2036 - 2040	920,000	437,400	105,090	-
2041 - 2045	1,110,000	238,600	106,576	-
2046 - 2050	510,000	30,800	108,082	-
2051 - 2055	-	-	64,979	-
Total	<u>\$ 4,450,000</u>	<u>\$ 2,858,700</u>	<u>\$ 691,284</u>	<u>\$ -</u>

Year Ending June 30	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
2021	\$ 180,000	\$ 290,833
2022	185,000	284,534
2023	190,000	277,213
2024	200,000	268,925
2025	210,000	260,213
2026 - 2030	1,190,000	1,135,750
2031 - 2035	1,525,000	798,125
2036 - 2040	1,950,000	366,250
2041	450,000	11,250
Total	<u>\$ 6,080,000</u>	<u>\$ 3,693,092</u>

Pledged Revenues

The City has pledged certain sewer and water revenues for the repayment of long-term debt obligations.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 LEASES

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2020
Governmental Activities	5.50%	\$ 76,506

Structures, improvements, equipment, and related accumulated depreciation under capital lease are as follows at June 30, 2020:

	Governmental Activities
Equipment	\$ 249,257
Less: Accumulated Depreciation	(199,406)
Net Value	\$ 49,851

As of June 30, 2020, capital lease annual amortization is as follows:

Year Ending June 30	Governmental Activities
2021	\$ 27,595
2022	27,595
2023	27,595
Total Requirements	82,785
Less: Interest	(6,279)
Present Value of Remaining Payments	\$ 76,506

NOTE 8 FUND BALANCES

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2020 were distributed as follows:

	General	TDA - LTF	CalHOME	HOME	Development Impact	McFarland Improvement Authority	Other Governmental Funds	Total
Nonspendable:								
Land Held for Resale	\$ 446,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,593
Subtotal	446,593	-	-	-	-	-	-	446,593
Restricted for:								
Streets and Transportation	-	-	-	-	-	-	719,663	719,663
Impact Fees	-	-	-	-	1,967,638	-	-	1,967,638
General Government	-	-	-	-	-	-	42,725	42,725
Capital Projects	3,071,225	-	-	-	-	3,665,771	-	6,736,996
Subtotal	3,071,225	-	-	-	1,967,638	3,665,771	782,388	9,467,022
Unassigned	(1,829,023)	(29,759)	(1,952)	(85,457)	-	-	(15,376)	(1,961,567)
Total	\$ 1,688,795	\$ (29,759)	\$ (1,952)	\$ (85,457)	\$ 1,967,638	\$ 3,665,771	\$ 747,012	\$ 7,952,048

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Description

The City's defined contribution plan provides for retirement benefits to plan members and beneficiaries. The Plan is administrated by John Hancock Life Insure 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 \$166,523.

NOTE 10 RISK MANAGEMENT

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

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

General Liability – Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member has a specific self-insured retention (SIR) level. The City of McFarland's SIR is \$25,000. The city is responsible for the first \$25,000 of each occurrence. The City does not share or pay for losses of other members with SIRs under \$25,000. Specific coverage includes general and automobile liability, personal injury, errors and omissions, and certain other coverage. Claims from \$25,000 to \$1,000,000 are covered by a special pre-funded self-insurance pool maintained by the RMA. Claims from \$1,000,000 to \$4,000,000 are self-insured by the California Affiliated Risk Management Authorities (CARMA), a joint powers authority providing excess coverage to a membership consisting of six underlying joint powers authorities, representing approximately 175 cities and special districts. Claims from \$4,000,000 to \$29,000,000 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.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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.

The audited financial information from CSJVRMA for the year ended June 30, 2020 is as follows:

Total Assets	\$ 140,373,479
Total Liabilities	<u>120,609,137</u>
Net Position	<u>\$ 19,764,342</u>
Total Revenues	\$ 58,727,520
Total Expenses	<u>57,743,994</u>
Change in Net Position	<u>\$ 983,526</u>

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

NOTE 11 OTHER INFORMATION

Fund Deficits

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

Governmental Funds:

TDA-LTF	\$ 29,759
CDBG	14,462
COPS	914
CalHOME	1,952
HOME	85,457

Commitments

The City has signed agreements to construct various capital improvements subsequent to June 30, 2020. The balance owed on the commitments at June 30, 2020 was approximately \$2,962,218.

CITY OF MCFARLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Contingencies

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

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

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,415,564	\$ 2,415,564	\$ 2,533,712	\$ 118,148
Licenses and Permits	135,915	135,915	129,010	(6,905)
Fines and Forfeitures	41,500	41,500	26,351	(15,149)
Use of Money and Property	23,296	23,296	16,330	(6,966)
Intergovernmental Revenues	4,878,924	4,931,928	612,331	(4,319,597)
Charges for Services	237,000	237,000	206,820	(30,180)
Other Revenues	4,670,730	4,670,730	150,469	(4,520,261)
Total Revenues	12,402,929	12,455,933	3,675,023	(8,780,910)
EXPENDITURES				
Current:				
General Government	964,011	984,011	1,108,031	(124,020)
Public Safety	2,247,255	2,247,255	2,421,827	(174,572)
Public Works	829,511	850,607	560,644	289,963
Community Development	521,697	521,697	304,587	217,110
Debt Service:				
Principal	786,956	786,956	329,844	457,112
Interest and Other Charges	9,136	9,136	9,136	-
Capital Outlay	9,357,679	9,508,830	2,006,836	7,501,994
Total Expenditures	14,716,245	14,908,492	6,740,905	8,167,587
Excess of Revenues Over (Under) Expenditures	(2,313,316)	(2,452,559)	(3,065,882)	(613,323)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,040,108	2,923,057	55,683	(2,867,374)
Transfers Out	(717,004)	(717,004)	-	717,004
USDA Loan	-	-	661,266	661,266
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	2,323,104	2,206,053	716,949	(1,489,104)
NET CHANGE IN FUND BALANCES	9,788	(246,506)	(2,348,933)	(2,102,427)
Fund Balances - Beginning of Year	4,037,728	4,037,728	4,037,728	-
FUND BALANCES - END OF YEAR	<u>\$ 4,047,516</u>	<u>\$ 3,791,222</u>	<u>\$ 1,688,795</u>	<u>\$ (2,102,427)</u>

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
TDA - LTF - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental Revenues	\$ 415,753	\$ 416,849	\$ 2,288	\$ (414,561)
Total Revenues	415,753	416,849	2,288	(414,561)
Excess of Revenues Over (Under) Expenditures	415,753	416,849	2,288	(414,561)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(415,753)	(416,849)	(2,415)	414,434
Total Other Financing Sources (Uses)	(415,753)	(416,849)	(2,415)	414,434
NET CHANGE IN FUND BALANCES	-	-	(127)	(127)
Fund Balances - Beginning of Year	(29,632)	(29,632)	(29,632)	-
FUND BALANCES - END OF YEAR	<u>\$ (29,632)</u>	<u>\$ (29,632)</u>	<u>\$ (29,759)</u>	<u>\$ (127)</u>

**CITY OF MCFARLAND
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT - MAJOR SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Licenses and Permits	\$ 270,000	\$ 270,000	\$ 48,088	\$ (221,912)
Use of Money and Property	1,000	1,000	1,614	614
Total Revenues	<u>271,000</u>	<u>271,000</u>	<u>49,702</u>	<u>(221,298)</u>
Excess of Revenues Over (Under) Expenditures	271,000	271,000	49,702	(221,298)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,191,777)</u>	<u>(1,323,869)</u>	<u>(9,358)</u>	<u>1,314,511</u>
Total Other Financing Sources (Uses)	<u>(1,191,777)</u>	<u>(1,323,869)</u>	<u>(9,358)</u>	<u>1,314,511</u>
NET CHANGE IN FUND BALANCES	(920,777)	(1,052,869)	40,344	1,093,213
Fund Balances - Beginning of Year	<u>1,927,294</u>	<u>1,927,294</u>	<u>1,927,294</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,006,517</u>	<u>\$ 874,425</u>	<u>\$ 1,967,638</u>	<u>\$ 1,093,213</u>

CITY OF MCFARLAND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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, Special Revenue, Debt Service and Capital Projects 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 Public Financing Corporation and the McFarland Parking Authority do not adopt budgets for their general funds.

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

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

The City did not present a budgetary schedule for the CalHOME Fund or the HOME Fund since these funds did not report a budget this year.

Expenditures exceeded budgetary appropriations for the year ended June 30, 2020 as follows:

<u>Fund/Function</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Exceeded Budget</u>
General Fund			
General Government	\$ 984,011	\$ 1,108,031	\$ (124,020)
Public Safety	\$ 2,247,255	\$ 2,421,827	\$ (174,572)

**CITY OF MCFARLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Gas Tax	CDBG	Lighting & Landscape	COPS
ASSETS				
Cash and Investments	\$ 38,254	\$ -	\$ 256,471	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	20,678	-	-
Loans Receivable	-	-	-	-
Total Assets	<u>\$ 38,254</u>	<u>\$ 20,678</u>	<u>\$ 256,471</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 17,543	\$ -
Due to Other Funds	-	35,140	-	914
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>35,140</u>	<u>17,543</u>	<u>914</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
FUND BALANCES				
Restricted	38,254	-	238,928	-
Unassigned	-	(14,462)	-	(914)
Total Fund Balances	<u>38,254</u>	<u>(14,462)</u>	<u>238,928</u>	<u>(914)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,254</u>	<u>\$ 20,678</u>	<u>\$ 256,471</u>	<u>\$ -</u>

**CITY OF MCFARLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

Miscellaneous Grants	ICE Administration	Road Maint & Rehab	Total
\$ -	\$ 1,370	\$ 442,897	\$ 738,992
-	-	-	-
136,680	-	-	157,358
-	-	-	-
<u>\$ 136,680</u>	<u>\$ 1,370</u>	<u>\$ 442,897</u>	<u>\$ 896,350</u>
\$ -	\$ 1,370	\$ -	\$ 18,913
93,895	-	-	129,949
60	-	416	476
<u>93,955</u>	<u>1,370</u>	<u>416</u>	<u>149,338</u>
-	-	-	-
42,725	-	442,481	762,388
-	-	-	(15,376)
<u>42,725</u>	<u>-</u>	<u>442,481</u>	<u>747,012</u>
<u>\$ 136,680</u>	<u>\$ 1,370</u>	<u>\$ 442,897</u>	<u>\$ 896,350</u>

CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAD ENDED JUNE 30, 2020

	Gas Tax	CDBG	Lighting & Landscape	COPS
REVENUES				
Taxes	\$ -	\$ -	\$ 133,025	\$ -
Licenses and Permits	-	-	-	-
Use of Money and Property	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Other Revenues	-	-	-	-
Total Revenues	-	-	133,025	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	914
Public Works	-	-	104,135	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	104,135	914
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	28,890	(914)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	28,890	(914)
Fund Balance - Beginning	38,254	(14,462)	210,038	-
FUND BALANCE - END OF YEAR	\$ 38,254	\$ (14,462)	\$ 238,928	\$ (914)

CITY OF MCFARLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Miscellaneous Grants	ICE Administration	Road Maint & Rehab	Total
\$ -	\$ -	\$ 280,077	\$ 413,102
-	-	-	-
-	-	-	-
173,560	-	-	173,560
-	-	-	-
<u>173,560</u>	<u>-</u>	<u>280,077</u>	<u>586,662</u>
115,454	-	-	115,454
-	-	-	914
-	-	-	104,135
-	-	-	-
-	-	-	-
<u>115,454</u>	<u>-</u>	<u>-</u>	<u>220,503</u>
58,106	-	280,077	366,159
(15,381)	-	(6,964)	(22,345)
<u>(15,381)</u>	<u>-</u>	<u>(6,964)</u>	<u>(22,345)</u>
42,725	-	273,113	343,814
-	-	169,368	403,198
<u>\$ 42,725</u>	<u>\$ -</u>	<u>\$ 442,481</u>	<u>\$ 747,012</u>

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**CITY OF MCFARLAND
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2020**



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**CITY OF MCFARLAND
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	8



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

The Honorable City Council
of the City of McFarland
McFarland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of McFarland (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 9, 2022. Our report contains qualified opinions for the governmental activities, TDA-LTF fund and aggregate remaining fund information for lack of sufficient appropriate audit evidence on which to base an opinion on for receivables and related unavailable revenue and revenue account balances.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

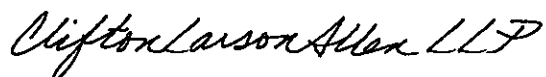
The Honorable City Council
of the City of McFarland

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
February 9, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable City Council
of the City of McFarland
McFarland, California

Report on Compliance for Each Major Federal Program

We have audited the City of McFarland's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in

The Honorable City Council
of the City of McFarland

the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 9, 2022, which contained qualified opinions on the governmental activities, TDA-LTF fund and the aggregate remaining fund information and unmodified opinions on the business-type activities, major enterprise funds and all major governmental funds other than the TDA-LTF fund. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Roseville, California
February 9, 2022

CITY OF MCFARLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program/Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Community Facilities Direct Loan and Grant Program	10.766	15-CDBG-10571	\$ 711,265	\$ -
Total U.S. Department of Justice			711,265	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of California Department of Housing and Community Development:				
HOME Investment Partnership Program (Outstanding Loans)	14.239	Unknown	\$ 709,906	\$ -
Total U.S. Department of Housing and Urban Development			709,906	-
<u>U.S. Department of Transportation</u>				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	CMAQ-8405	160,618	-
Highway Planning and Construction	20.205	STPL 5343-010- 8180	90,178	-
Highway Planning and Construction	20.205	HSIP Cycle 8- 8201	12,707	-
Subtotal - Highway Planning and Construction Cluster			263,503	-
Total U.S. Department of Transportation			263,503	-
Total Expenditures of Federal Awards			\$ 1,684,674	\$ -

See accompanying Note to Schedule of Expenditures of Federal Awards.

CITY OF MCFARLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the City of McFarland for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2020 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

NOTE 4 INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

NOTE 5 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF MCFARLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 6 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City offers property rehabilitation and first-time home buyer loans to eligible individuals as part of its HOME program. The loans have continuing compliance requirements and therefore the outstanding balances are reflected on the Schedule of Expenditures of Federal Awards. No new loans were issued during the fiscal year ended June 30, 2020.

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>	<u>Loans with Continuing Compliance Requirements</u>
10.766	Community Facilities Direct Loan and Grant Program	\$ 711,265	\$ 711,265
14.239	Home Investment Partnership Program	709,906	709,906

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:

Below is a summary of the types of opinions by opinion unit included in the auditors' report.

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
General Fund	Unmodified
TDA - LTF	Qualified
CalHOME	Unmodified
HOME	Unmodified
Development Impact	Unmodified
McFarland Improvement Authority	Unmodified
Sewer	Unmodified
Refuse	Unmodified
Water	Unmodified
Aggregate Remaining Fund Information	Qualified

2. Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported

3. Noncompliance material to financial statements noted?

 yes x no

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

2. Type of auditors' report issued on compliance for major federal programs:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes x no

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Identification of Major Federal Programs

CFDA Number(s)

Name of Federal Program or Cluster

10.766

Community Facilities Direct Loan and Grant
Program (Outstanding Loans)

14.239

HOME Investment Partnerships
(Outstanding Loans)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

2020 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The City did not have adequate design of internal controls over significant processes such as performing monthly reconciliations of accounts.

Furthermore, this year's closing process was delayed because some important procedures were not performed on time while others were performed too early in the process. The results were delays in producing closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.

Criteria or specific requirement: A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Context: Several accounts in the City's accounting system were not reconciled to supporting documentation.

Effect: Certain accounts were misstated at year end, requiring adjustment.

Cause: The City did not allocate sufficient resources to the accounting function.

Repeat Finding: This is a repeat finding from the prior year (2019-001).

Recommendation: We recommend the City establish procedures for reconciling the general ledger accounts for cash, receivables, prepaids, accounts payable, capital assets and long-term debt to supporting documentation monthly. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

We further recommend that the finance department prepare a year-end closing schedule and include all tasks that are necessary to close the year-end. Such a list should include, at a minimum, the following: a list of year-end tasks, due date of each task, and the responsible employee and management reviewer of each task.

Views of responsible officials: There is no disagreement with this finding.

2020 – 002

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, we noted the cash reconciliation provided did not reconcile the cash balance from the bank statements to the general ledger balance.

During much of the year, the operating bank account reconciliations appeared to be generally incomplete. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Criteria or specific requirement: Year-end reconciliations and adjustments will ensure meaningful and accurate financial statements.

Context: Cash reconciliations weren't performed for approximately 7 months.

Effect: Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

Cause: Management did not review the cash reconciliations to confirm the amounts from the monthly cash reconciliations agreed to the general ledger balance.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by the finance department. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result be recorded.

Views of responsible officials: There is no disagreement with this finding.

2020 – 003

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, we noted the City did not record the activity for existing debt and new debt issued during the year, including the balance of the cash with fiscal agent at year-end and related activity such as the issuance of debt and payment of interest.

Criteria or specific requirement: All account balances of the City should be reflected in its accounting system to make financial reports generated by the system as meaningful as possible.

Context: Cash with fiscal agent and debt balances were not at year end. Approximately \$50,000 of new debt was excluded from the City's general ledger.

Effect: Several accounts related to the debt issuance were materially misstated at year-end.

Cause: All activity for the bonds is maintained in a separate fiscal agent account separate from the City's primary operating account.

Repeat Finding: This is a repeat finding from the prior year (2019-003).

Recommendation: We recommend the City establish procedures to capture, summarize and record all debt transactions during the year and ensure that advances are properly classified.

We further recommend the City establish procedures to summarize and record the external fiscal agent account statements at least quarterly. These procedures should include reconciling the cash balances recorded in the general ledger to the monthly bank statements.

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Views of responsible officials: There is no disagreement with this finding.

2020 – 004

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit we noted the City had recorded unearned revenues for grants in which the City had met all eligibility requirements. As a result, adjustments were necessary to recognize revenue in the proper period.

Criteria or specific requirement: For voluntary nonexchange transactions and government-mandated nonexchange transactions (examples: certain grants, state, and federal mandates on local governments, etc.), revenues and expenditures should be recorded in the period when all eligibility requirements have been met.

Context: The City recorded adjustments in excess of \$400,000 to correct unearned revenue balances at year end.

Effect: Revenue and restricted fund balance accounts were materially misstated at year end.

Cause: The City appeared to be trying to match revenue with project expenditures incurred instead of recording revenue and restricted fund balance when eligibility requirements were already met. There was no requirement that the City first incur allowable costs to qualify for the resources.

Repeat Finding: This is a repeat finding from the prior year (2019-004).

Recommendation: We recommend the City review its funding agreements to determine the proper timing of recognition based on the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Management should reconcile grant revenue and receivables with expenditures to determine proper revenue recognition monthly.

Views of responsible officials: There is no disagreement with this finding.

2020 – 005

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our audit we noted there was a lack of supporting documentation relating to receivable balances. It is likely that material misstatements exist within accounts receivable and due from other government accounts but CLA was unable to determine the quantitative impact to the financial statements.

Criteria or specific requirement: Amounts recorded in the financial statements should be supported by reconciled subsidiary records.

Context: CLA is unable to determine this amount resulting in a scope limitation and modified opinion. Our opinions on the governmental activities, general and TDA-LTF funds and aggregate remaining fund information were qualified for this scope limitation.

**CITY OF MCFARLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Effect: Receivables, unavailable revenues and revenues could be understated or overstated, but due to lack of supporting documentation CLA is unable to determine this amount resulting in a scope limitation and modified opinions.

Cause: The City did not have procedures in place to reconcile year-end receivable and unavailable revenue balances to supporting documentation such as reimbursement claims and subsequent receipts.

In addition, the City's lack of timely preparation and submission of cost reimbursement claims has created additional complexities in recording and tracking receivables for its various projects.

Repeat Finding: This is a repeat finding from the prior year (2019-005).

Recommendation: To make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts for receivables, unavailable revenue and revenue to supporting documentation during the year-end close.

Views of responsible officials: There is no disagreement with this finding.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. CliftonLarsonAllen LLP



MEMORANDUM

CITY OF McFarland

TO: Honorable Mayor and Council Members

FROM: Mario Gonzales – Public Works Director

DATE: March 10, 2022

SUBJECT: Various Road Design 2022

Discussion:

The public works department has identified various roads as needing reconstruction. These various roads exhibit a paved surface and structure that is in extremely poor condition, consisting of alligator cracking, block cracking, and numerous patches creating a hazardous surface that is well beyond its useful life.

An estimated cost for repair and design is needed to locate funding to correct the poor condition of the roads. Therefore, the city has requested task orders from BHT Engineering to complete Preliminary Engineering which includes project cost estimate and design.

Recommendation:

Public Works Director is requesting authorization to approve BHT Engineering Task Orders to commence the engineering and design phase of:

Overpasses- Sherwood Ave., Perkins Ave. & Elmo Hwy.
E. Kern Ave.- Industrial to San Pedro St.
San Juan St.- E. Sherwood Ave. to E. Perkins Ave.

Fiscal Impact:

Task Order	Funding	Total Amount
Overpasses- Sherwood Ave., Perkins Ave. & Elmo Hwy.	SB1	\$37,615.00
E. Kern Ave.- Industrial to San Pedro St.	SB1	\$30,910.00
San Juan St.- E. Sherwood Ave. to E. Perkins Ave.	SB1	\$36,740.00
		<i>Total \$105,265.00</i>

Attachments:

Task Orders

TASK ORDER**FOR PRELIMINARY ENGINEERING****E. KERN AVE. - 3" GRIND & OVERLAY - FROM INDUSTRIAL ST. TO SAN PEDRO ST.**

BHT Engineering, Inc. will perform Preliminary Engineering services as outline in the RFQ for City Engineering and Surveying Services dated December 2018, and per Engineering Services Agreement dated December 20, 2018.

SCOPE OF WORK	Estimated Hours	Rate / hr.	Total
Environmental CEQA Compliance: Prepare a Categorical Exemption and file it with the Kern County Clerk. A \$50.00 County filing fee is included.	4	\$ 125.00	\$ 500.00
Topographic Survey of Existing Site - Two Man Crew: Perform field topo survey necessary for preliminary engineering, design, cost estimates, quantity calculations	16	\$ 260.00	\$ 4,160.00
Prepare Construction Plans: Perform preliminary and final project design: demolition, asphalt improvements, cross gutters, sidewalks, ADA ramps, street striping/markings improvements, etc. Record Data/ Right of Way Investigation	90	\$ 125.00	\$ 11,250.00
Prepare Specifications: Prepare Project Specifications, Engineer's Estimate, Contract Bid Documents, etc.	70	\$ 125.00	\$ 8,750.00
Bidding and Award of Project: Coordinate with City Staff for the advertisement and award of the project. Assist City in all aspects of the bidding process: including advertise project, maintain list of bidders, respond to RFIs, prepare addendums, attend and conduct pre-bid meeting, review bid results and qualify lowest responsible bidder, and make recommendations for awarding the construction contract. The advertising costs are to be paid by the City directly to the advertising newspaper and are not included in this proposal.	30	\$ 125.00	\$ 3,750.00
Project Management/Internal Team Coordination: Internal coordination meetings to ensure team members are current in project goals and criteria, as well as apprised of any project adjustments. This task includes project setup, coordination, budget/schedule monitoring, and invoicing.	20	\$ 125.00	\$ 2,500.00
Sub Total= \$ 30,910.00			
Option 1: Pavement Recommendation Report - By Subconsultant - Estimate Only	1	\$ 10,000.00	\$ 10,000.00

Total with No Soils Report= \$ 30,910.00
Total with Soils Report (Option 1)= \$ 40,910.00

NOTES:

***This is a non-reimbursable cost.**

*This total estimated time is considered a maximum amount based on scope of work and expected course of construction. Scope of work / course of construction changes could reflect changes in time. Additional cost of time and materials, which BHT Engineering, Inc. would work with the City.

•The work as described for this task order shall be completed by December 31, 2022. This timeline may be extended

The signatures below shall serve as an authorization to proceed on Task Order from the City and is acknowledged by the consultant BHT Engineering, Inc.

BHT Engineering, Inc.



Juan M. Pantoja, Principal Engineer

Date: 02/15/22

City of McFarland

Mario Gonzales, Public Works Director

Date:

TASK ORDER**FOR PRELIMINARY ENGINEERING****SAN JUAN STREET - 3" GRIND & OVERLAY - FROM E. SHERWOOD AVE. TO E. PERKINS AVE.**

BHT Engineering, Inc. will perform Preliminary Engineering services as outline in the RFQ for City Engineering and Surveying Services dated December 2018, and per Engineering Services Agreement dated December 20, 2018.

SCOPE OF WORK	Estimated Hours	Rate / hr.	Total
Environmental CEQA Compliance: Prepare a Categorical Exemption and file it with the Kern County Clerk. A \$50.00 County filing fee is included.	4	\$ 125.00	\$ 500.00
Topographic Survey of Existing Site - Two Man Crew: Perform field topo survey necessary for preliminary engineering, design, cost estimates, quantity calculations	24	\$ 260.00	\$ 6,240.00
Prepare Construction Plans: Perform preliminary and final project design: demolition, asphalt improvements, cross gutters, sidewalks, ADA ramps, street striping/markings improvements, etc. Record Data/ Right of Way Investigation	120	\$ 125.00	\$ 15,000.00
Prepare Specifications: Prepare Project Specifications, Engineer's Estimate, Contract Bid Documents, etc.	70	\$ 125.00	\$ 8,750.00
Bidding and Award of Project: Coordinate with City Staff for the advertisement and award of the project. Assist City in all aspects of the bidding process: including advertise project, maintain list of bidders, respond to RFIs, prepare addendums, attend and conduct pre-bid meeting, review bid results and qualify lowest responsible bidder, and make recommendations for awarding the construction contract. The advertising costs are to be paid by the City directly to the advertising newspaper and are not included in this proposal.	30	\$ 125.00	\$ 3,750.00
Project Management/Internal Team Coordination: Internal coordination meetings to ensure team members are current in project goals and criteria, as well as apprised of any project adjustments. This task includes project setup, coordination, budget/schedule monitoring, and invoicing.	20	\$ 125.00	\$ 2,500.00
Sub Total= \$ 36,740.00			
Option 1: Pavement Recommendation Report - By Subconsultant - Estimate Only	1	\$ 14,000.00	\$ 14,000.00

Total with No Soils Report= \$ 36,740.00

Total with Soils Report (Option 1)= \$ 50,740.00

NOTES:

***This is a non-reimbursable cost.**

*This total estimated time is considered a maximum amount based on scope of work and expected course of construction. Scope of work / course of construction changes could reflect changes in time. Additional cost of time and materials, which BHT Engineering, Inc. would work with the City.

•The work as described for this task order shall be completed by December 31, 2022. This timeline may be extended

The signatures below shall serve as an authorization to proceed on Task Order from the City and is acknowledged by the consultant BHT Engineering, Inc.

BHT Engineering, Inc.



Juan M. Pantoja, Principal Engineer

Date: 02/15/22

City of McFarland

Mario Gonzales, Public Works Director

Date:

TASK ORDER
FOR PRELIMINARY ENGINEERING
OVERPASSES - 3" GRIND & OVERLAY - SHERWOOD AVE., PERKINS AVE. & ELMO HWY.

BHT Engineering, Inc. will perform Preliminary Engineering services as outline in the RFQ for City Engineering and Surveying Services dated December 2018, and per Engineering Services Agreement dated December 20, 2018.

SCOPE OF WORK	Estimated Hours	Rate / hr.	Total
Environmental CEQA Compliance: Prepare a Categorical Exemption and file it with the Kern County Clerk. A \$50.00 County filing fee is included.	4	\$ 125.00	\$ 500.00
Topographic Survey of Existing Site - Two Man Crew: Perform field topo survey necessary for preliminary engineering, design, cost estimates, quantity calculations	24	\$ 260.00	\$ 6,240.00
Prepare Construction Plans: Perform preliminary and final project design: demolition, asphalt improvements, ADA ramps, street striping/markings improvements, etc. Record Data/ Right of Way Investigation	115	\$ 125.00	\$ 14,375.00
Prepare Specifications: Prepare Project Specifications, Engineer's Estimate, Contract Bid Documents, etc.	70	\$ 125.00	\$ 8,750.00
Caltrans Encroachment Permit Prepare and submit Encroachment Permit paperwork to Caltrans. Coordination for approval.	12	\$ 125.00	\$ 1,500.00
Bidding and Award of Project: Coordinate with City Staff for the advertisement and award of the project. Assist City in all aspects of the bidding process: including advertise project, maintain list of bidders, respond to RFIs, prepare addendums, attend and conduct pre-bid meeting, review bid results and qualify lowest responsible bidder, and make recommendations for awarding the construction contract. The advertising costs are to be paid by the City directly to the advertising newspaper and are not included in this proposal.	30	\$ 125.00	\$ 3,750.00
Project Management/Internal Team Coordination: Internal coordination meetings to ensure team members are current in project goals and criteria, as well as apprised of any project adjustments. This task includes project setup, coordination, budget/schedule monitoring, and invoicing.	20	\$ 125.00	\$ 2,500.00

Grand Total= \$ 37,615.00

NOTES:

***This is a non-reimbursable cost.**

*This total estimated time is considered a maximum amount based on scope of work and expected course of construction. Scope of work / course of construction changes could reflect changes in time. Additional cost of time and materials, which BHT Engineering, Inc. would work with the City.

*The work as described for this task order shall be completed by December 31, 2022. This timeline may be extended

The signatures below shall serve as an authorization to proceed on Task Order from the City and is acknowledged by the consultant BHT Engineering, Inc.

BHT Engineering, Inc.

City of McFarland



Juan M. Pantoja, Principal Engineer

Date: 02/15/22

Mario Gonzales, Public Works Director

Date:

RESOLUTION NO. 2022-0012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCFARLAND APPROVING AN ADDITIONAL ALLOCATION OF FUNDS FROM SB1 FOR THE DESIGN OF VARIOUS PROJECTS.

WHEREAS, the City Council of the City of McFarland has approved a fiscal year budget for 2021/2022; and

WHEREAS, the current budget does not allocate funds for design of the projects mentioned in the attached Staff Report; including East Kern Avenue, San Juan Street, and Overpasses

WHEREAS, a one time allocation in the amount of \$105,265.00 is needed to design certain projects.

WHEREAS, the City desires to allocate an additional \$105,265.00 to the budget line for Capital Improvement Project Funds from the City's SB1 funds for to the design of three projects in the attached Staff Report; including East Kern Avenue, San Juan Street, and Overpasses.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of McFarland that it hereby finds and determines as follows:

- 1) The foregoing recitals are true and correct and incorporated herein as if set forth in full.
- 2) An additional \$105,265.00 shall be allocated to the budget line for the Capital Improvement Funds from the City's SB1 funds.
- 3) The City Manager is hereby authorized and directed to increase the Budget line for capital improvement project funds by \$105,265.00 for the design of various projects throughout the city of McFarland and transfer said amount from the SB1 funds.
- 4) The City Clerk shall certify to the passage and adoption of this resolution.
- 5) This resolution is effective immediately.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of McFarland on the 10th day of March 2022 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST:

Francisca Alvarado, City Clerk

CITY OF MCFARLAND:

Sally Tafoya, Mayor

I, _____, City Clerk of the City of McFarland, California, DO HEREBY CERTIFY that the foregoing resolution is a true and accurate copy of the Resolution passed and adopted by the City Council of the City of McFarland on the date and by the vote indicated herein.

Francisca Alvarado, City Clerk

CITY OF MCFARLAND

MEMORANDUM

TO: HONORABLE MAYOR AND COUNCIL MEMBERS
FROM: Peter Cosentini, Assistant City Manager
DATE: March 10, 2022
SUBJECT: Hiring Ms. Lisa Tucker

Recommendation:

It is recommended that the City Council approve the attached letter of engagement to hire Ms. Lisa Tucker of A1 Multi Business Center Inc. to assist with 2020-2021 audit in doing bank reconciliations and other accounting work in support of the audit.

Fiscal Impact:

The fiscal impact is anticipated to be between \$3,500 and \$7,000. The money is already budgeted in the current budget in the Non-Departmental section under line item 5220 contract services.

Discussion:

As the Council is aware, we are playing catch up on the historic audits that have not been done. Council has already engaged our auditors to do the audit for the 2020-2021 fiscal year. This is the next audit to do as we catch up to the current fiscal year.

During the last audit performed, for the 2019-2020 fiscal year, our auditors used Lisa Tucker of A1 Multi Business Center Inc. to assist with bank reconciliations and other accounting services. We found that this team was very effective, so we wish to assemble the same team for this next audit for 2020-2021. This is why we are recommending the hiring of Ms. Lisa Tucker of A1 Multi Business Inc.

Attachments:

None

Dear Client:

This letter will confirm the terms and limitations of the audit services from our firm, A-1 Multi Business Center Inc. has agreed to perform for the Client for the year ending June 2021. We will audit the consolidated information as provided to ensure accuracy and account balances moving forward. Encompassed in that responsibility is the establishment and maintenance of effective internal control over financial reporting, the establishment and maintenance of proper accounting records, the selection of appropriate accounting principles, the safeguarding of assets and compliance with relevant laws and regulations. Management is also responsible for making all financial records and related information available to us. Our responsibility is to express an opinion on the account balances and banking information. Based on our audit any adjustments necessary will be approved by CPA or Chief Counsel. If circumstances preclude us from issuing an unqualified opinion, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. We will conduct our audit in accordance with generally accepted auditing

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, all banking statements and direct information from the banks

Although the audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements, it is not designed and cannot be relied upon to disclose all fraud, theft, embezzlements or other illegal or dishonest acts. However, we will inform you of any material errors, and all irregularities or illegal acts, unless they are clearly inconsequential, that come to our attention.

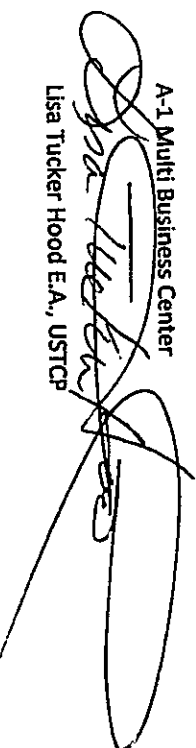
Our fees will be billed as work progresses and are based on the amount of time required. Invoices are payable upon presentation. We will notify you immediately of any circumstances we encounter that could significantly affect our initial estimate of total fees, which will range from \$42 to \$225 an hour. Our estimate to complete the scope of work is determined by the comprehensive extent of information provided by your organization. This estimate shall be \$3500 to \$7000.

The working papers for this engagement are the property of our firm and constitute confidential information and will be retained by us in accordance with our policies and procedures. If any dispute arises (between/among) the parties hereto, the parties agree first to try in good faith to settle the dispute through non-binding mediation. The costs of mediation shall be shared equally by the parties.. This Agreement is fully and voluntarily entered into by the Parties.

If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us. We appreciate the opportunity to serve you and trust that return it to us. We appreciate the opportunity to serve you and trust that our association will be a long and pleasant one.

Sincerely,

A-1 Multi Business Center


Lisa Tucker Hood E.A., USTCP

Client: _____



401 W. Kern Avenue
McFarland, CA 93250
661-792-3091 Office
661-792-3093 Fax

TO: Mayor and City Council
FROM: Chief of Police / City Manager Kenny Williams
DATE: March 7, 2022
SUBJECT: New Phone System

RECOMMENDATION:

Staff recommends the City Council report, discuss, and possibly approve the quote from GotoConnect to establish them as the new vendor for the cities phone system.

This proposal includes replacing all city telephones with new telephones which are voice over the internet based. This would allow the city to improve the cities service to the community and provide costs savings as well.

BACKGROUND:

For many years now the city has used Frontier as the telephone service for the city. This phone system is old technology and is not conducive to providing the community with an efficient and effective method to connect with the various departments within the city.

Currently, when someone leaves a position within the city it is extremely cumbersome to switch the phone to the person replacing their position. This often causes previous employees' voice recording to remain on the system until the voice recording can be changed from someone with the expertise to do so. This is problematic as it provides inaccurate information to potential customers of the city and is confusing to the public.

The phone system is also cumbersome to forward calls to cellular phones and link groups of individuals together on one call. A new phone system would update the city phones to allow for multiple features to improve our service to the city. Some of these features include:

- **Voice Prompt:** This allows immediate transfers by the push of a button which allows customization of transfers incorporated into the designated buttons and is expandable for the main phone systems.
- **Voicemail to Email:** This feature allows staff to retrieve their phone message via the cities email system. This is a great feature when staff is away from the office.
- **HD Video Conferencing:** This system allows staff to host professional meetings with up to 250 attendees using screen share.

- **Virtual Fax:** This system allows staff to send and receive faxes and view them as an email address.
- **Conference Bridge:** Allows staff to utilize an unlimited number of conferences using the desk phone or the included conferencing phones
- **Mobile Apps:** Staff can transfer their desk phone to their cell phone which is masked as their desk phone.
- **Music on Hold:** The system will have a music on hold feature.

COSTS:

Frontier is the city's current phone provider, and all phones are owned by the city. The current monthly service fee for the phone service including all city phones is approximately \$2100. The current annual cost for the phone service is approximately \$26,000.

To assure the city was providing the best cost savings, staff sought out three separate phone bids. The phone companies were requested to include the same features listed above as well as the costs of forty new phones and two new conference phones. In addition, the bid included the monthly cost associated with the phone lines. The quotes are separated by company as listed below.

- **Vonage:** Vonage bid the one-time cost of purchasing the phones at \$7378.06. The monthly fee was listed as \$1133.05
- **Ring Central:** Ring central bid the one-time costs of purchasing the phones at \$5130.22. The monthly fee was listed as \$1551.56
- **GoToConnect:** GoToConnect bid the one-time cost of purchasing the phones at \$1188.01. The monthly fee was listed as \$756.42

PROBLEMS:

There is a one-time setup fee as well as ongoing costs associated with the transition to another phone system. The one-time cost involves the purchase and installation of the hardware to operate the new phone system. This hardware will be needed regardless of who the city chooses as their phone provider. AOS provided a quote that includes all items necessary to make this transition. The cost is \$12,932.89.

SOLUTIONS:

The one-time fees for the new phone system meet the criteria under the ARPA funding and therefore the setup costs and equipment purchase costs can be charged under the ARPA funds.

FISCAL IMPACT:

Out of the three bids, GoToConnect has the lowest costs for the city. The one-time costs are \$1188.01, and the monthly fee is \$756.42. In addition, our technical support provider, American Office Solutions, (AOS) currently uses GoToConnect and believes this company to be the best solution for the city.

The cost for the installation of the hardware from AOS is \$12,932.89. The cost for the equipment is \$1188.01. The total one-time cost for the new phone system is \$14,120.90. This cost can be covered through ARPA funding and therefore has no cost to the city.

The monthly cost for the GoToConnect phone system is \$756.42 while our current monthly cost for the Frontier service is \$2100. Switching to the new phone system will provide an overall costs savings as follows:

- Monthly cost savings..... \$ 1,344
- Annuals cost savings..... \$16,128

Based on this cost savings, staff is recommending the council allow the city to approve the purchase and installation of the new phone system.

ATTACHMENT:

AOS equipment and installation quote.
Three phone quotes as listed above.



THANK YOU! HERE IS YOUR PROPOSAL FOR SERVICES

City Of McFarland

Quote #: Q-510911

Quote Name:

Authorized Partner:

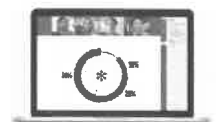
American Office Solutions LLC

Jeff Jones

Phone # 6618691001

jeff@aoffs.com (mailto:jeff@aoffs.com)

CHOOSE GOTO WHEN YOU WANT TO:





Increase Productivity

Frictionless technology that empowers your business to focus on successful outcomes.



Improve Flexibility

Depending on your unique needs, GoTo can deliver all, some or one of its solutions. It's that simple.



Respond Quicker

Reach your customers quickly on their terms; whenever, wherever, however.



Reduce Costs

One trusted provider. One big savings. One sizable reduction in headaches.



Collaborate More

Meetings, Phone, Messaging, Rooms, Webinars. Your business demands innovative options.



Satisfy Customers

When it matters most, your collaboration products must be fast, easy, and reliable.

GLOBAL PRODUCT — LOCAL PRESENCE

Purchasing through a certified GoTo partner ensures:

- ✓ Local resource and advocate
- ✓ Enhanced setup and install experience
- ✓ Greater order success
- ✓ Custom designed solution
- ✓ Network pre-qualification
- ✓ Unlimited customer service
- ✓ Unlimited technical support

COLLABORATE AND WIN TOGETHER

Highest Rated

Join other satisfied customers who have already made us their GoTo.

Most Reliable

With more datacenters worldwide than any competitor, your communications are always routed through the closest datacenter to ensure the quickest connection.

There's a GoTo solution for that

The GoTo Collaboration Cloud brings together the easiest, fastest, and most innovative unified communications and collaboration products that help your business succeed.

PROPOSAL DETAILS

Quote #: Q-510911

Contract Term: 36

Prepared for:

City Of McFarland

Fernando Lara

flara@mcfarlandcity.org

+16617923091

Contract Term: 36

Billing Address:

401 W Kern Ave

Mc Farland, California 93250-1352

United States

Prepared by:

American Office Solutions LLC

Jeff Jones

6618691001

jeff@aoffs.com

If you need assistance with this quote or any product offerings, please contact your Partner, or the Partner Success Team at 888.990.4262.

MONTHLY CHARGES	QTY	MSRP	DISCOUNT	QUOTED PRICE	SUB TOTAL
Conference Device User- Monthly Service	2	\$29.95	\$28.00	\$15.95	\$31.90
GoToConnect Standard	40	\$23.00	\$282.00	\$15.95	\$638.00
Interconnected VoIP, Low Usage - Monthly Charge	2	\$12.95	\$6.00	\$9.95	\$19.90
Voice - Standard DID - Monthly Charge	8	\$5.00	\$36.00	\$0.50	\$4.00

* Taxes are estimated based on the zip code provided and are subject to Local, State, and Federal laws.

Savings	Sub Total
\$352.00	\$693.80
Estimated Taxes*	\$62.62
Monthly Total	\$756.42

TODAY'S TOTAL	QTY	MSRP	DISCOUNT	QUOTED PRICE	SUB TOTAL
Cisco ATA 191 Multiplatform Analog Telephone Adapter (2 port)	2	\$145.00	\$124.26	\$82.87	\$165.74
Voice Number DID - Configuration/Port Fee	8	\$5.00	\$32.00	\$1.00	\$8.00
Yealink CP960 HD IP Conference Phone includes PoE injector	2	\$958.00	\$981.50	\$467.25	\$934.50
Yealink T54W IP Phone w/Power Supply	40	\$294.00	\$11,760.00	\$0.00	\$0.00

* Taxes are estimated based on the zip code provided and are subject to Local, State, and Federal laws.

Savings	Sub Total
\$12,897.76	\$1,108.24
Estimated Taxes*	\$79.77
Today's Total	\$1,188.01

Today's Total
\$1,188.01

Monthly Total
\$756.42

Hardware Specs

PRODUCT NAME	IMAGE	DESCRIPTION
Cisco ATA 191 Multiplatform Analog Telephone Adapter (2 port)	No Image Available.	
Yealink CP960 HD IP Conference Phone includes PoE injector		
Yealink T54W IP Phone w/Power Supply	No Image Available.	©2022 GoTo All Rights Reserved


www.aoffs.com
(661) 869-1001

819 18th Street, Bakersfield, CA 93301

Quote AAAQ1297

Valid through November 5, 2021

Prepared For:

City of McFarland
 Fernando Lara
 Phone: (661) 792-3091 x2100
 401 West Kern Avenue
 McFarland, CA 93250
flara@mcfarlandcity.org

Prepared By:

Jeff Jones
 Phone: (661) 869-1001
 Fax: (661) 370-0411
 Email: jeff@aoffs.com



For the full presentation proposal, [click here](#) to view or download the PDF version of this quote. You can sign and fax this in, or you can save time by simply electronically accepting this quote below.

Line Item Detail

Qty	Description	Picture	Unit Price	Ext Price
2	Aruba Central Managed 2530 48G PoE+ Switch - 48 Ports - Manageable - 2 Layer Supported - Modular - 4 SFP Slots - Twisted Pair, Optical Fiber - 1U High - Rack-mountable, Wall Mountable, Desktop - Lifetime Limited Warranty		\$2,247.54	\$4,495.08
1	Aruba Central Managed 2530 24G PoE+ Switch - 24 Ports - Manageable - 2 Layer Supported - Modular - 4 SFP Slots - Twisted Pair, Optical Fiber - 1U High - Rack-mountable, Wall Mountable, Desktop - Lifetime Limited Warranty		\$1,396.07	\$1,396.07
3	Aruba Central Managed 2530 8G PoE+ Switch - 8 Ports - Manageable - 2 Layer Supported - Modular - 2 SFP Slots - Optical Fiber, Twisted Pair - 1U High - Rack-mountable, Wall Mountable, Surface Mount - Lifetime Limited Warranty		\$508.57	\$1,525.71
1	Tripp Lite 12U Wall Mount Rack Enclosure Server Cabinet w/ Door & Side Panels - 12U Rack Height x 19" Rack Width - Wall Mountable - Black - 200 lb Maximum Weight Capacity		\$377.13	\$377.13
40	Flexboot Cat6 Ethernet Patch Cable - Snagless RJ45, Stranded, 550Mhz, UTP, Pure Bare Copper Wire, 24AWG, 3ft, Black		\$13.00	\$520.00
4	Cable runs		\$100.00	\$400.00
16	CableTesting labor		\$100.00	\$1,600.00
12	Programming Labor		\$100.00	\$1,200.00
7	Installation Labor		\$100.00	\$700.00

SubTotal:	\$12,213.99
Shipping:	\$0.00
Tax:	\$718.90
Total:	\$12,932.89
Deposit Required:	\$6,466.45

Payment Options

☒ eCheckACH Purchase (deposit amount \$6,466.45)

\$6,466.45

deposit payment
(Quote Total \$12,932.89)

Ready to Accept?

Order Confirmation

We reserve the right to cancel orders arising from errors, inaccuracies, or omissions.

☐ I agree to the terms and conditions of the above document and PDF attachment with an electronic signature below.

IP Address 97.78.229.242

PO Number
(Optional: Enter PO Number as your reference only.)

Comments

Email flara@mcfarlandcity.org

Address

Printed Name

Signature

"signatures" could include: /john smith/; /js/; /js123/, etc

[Click to Accept](#)

(Note: After accepting you will have the opportunity to provide payment.)

Uploads Area

Customer Uploads (0) ()

SalesRep Uploads (0) ()



Drag and drop a file you want to upload
or select a file below

 Select File(s) to Upload

Total files: 0

Have Questions?**Not Ready To Accept? Have Questions?****Submit***(Note, you will receive a copy of your message by email.)***Fernando Lara** said October 28, 2021 @ 3:20 pm[Approved](#)**Fernando Lara** said October 28, 2021 @ 9:01 am[No questions](#)*Time expressed in Pacific Daylight Time UTC-07:00*

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Sales Order

Sales Order #: Q-518163
Customer: AOS
Customer Contact: Jeff Jones
Sales Order Valid for Customer Signature Until: Feb 28, 2022 at 11:59 pm (EST)
Subscription Services Initial Term: 3 Year
Subscription Service Term Start Date: 14 Days After Sales Order Acceptance
Subscription Services Involcing Frequency: Monthly
Payment Terms: Due on receipt
Sales Order Currency: USD

Account Executive

Samantha Vanover
sam.vanover@vonage.com

Contact your Account Executive with
any questions

Included at no extra cost:

The "Vonage Business Cloud" Mobile app! Call and text using your personal business number on-the-go, check voicemails, access paid add-ons and more. Available on the App Store and Google Play. Mobile data charges may apply.

Quote #Q-518163

Name	Address	One time	Monthly price ^
Bakersfield Primary	819 18TH ST BAKERSFIELD, CA 93301 US	\$ 7,378.06	\$ 1,133.05

Bakersfield
819 18TH ST, BAKERSFIELD, CA 93301 US

Purchase order:

One time set up charge ^

Product	Quantity	Unit price	Subtotal
Yealink SIP-T54W with Power Supply Purchase	40	\$ 229.99	\$ 9,199.60
Yealink SIP-T54W with Power Supply Purchase Discount**			(\$ 2,800.00)
Yealink CP960 IP Conf Phone w. POE Inj - Purchase	2	\$ 622.99	\$ 1,245.98
Yealink CP960 IP Conf Phone w. POE Inj - Purchase Discount**			(\$ 344.00)
Grandstream HT802 ATA Purchase	2	\$ 44.99	\$ 89.98
Grandstream HT802 ATA Purchase Discount**			(\$ 13.50)
Location Activation	1	\$ 400.00	\$ 400.00
Location Activation Discount			(\$ 400.00)
Product total			\$ 7,378.06
Shipping			
Standard Shipping	44	\$ 0.00	\$ 0.00

Taxes	
Local - Sales Tax	\$ 73.78
County - Sales Tax	\$ 92.23
State - Sales Tax	\$ 442.69
Subtotal (excludes taxes)	\$ 7,378.06

Monthly charge (upon activation)[^]

Product	Quantity	Unit price	Subtotal
Unlimited Extension	44	\$ 19.99	\$ 879.56
Local Company Number	6	\$ 4.99	\$ 29.94
Call Group	1	\$ 4.99	\$ 4.99
Fees			
Recovery Fee			\$ 175.00
Emergency Services Fee			\$ 43.56
Subtotal [^]			\$ 1,133.05

[^] Taxes, Fees, Customs Duty, Shipping and Handling and other surcharges not included.

^{**} While supplies last, the discounted equipment is only available for new account activations. Accounts must be active and in good standing for at least ninety (90) consecutive days following activation or the account will be charged the full cost of the equipment discount as noted in the above quote. Unless otherwise noted above, this offer cannot be combined with any other discounts or promotions and is not applicable to past purchases. International rate charges (if applicable), additional services, fees and taxes not included. The equipment is tied to the Vonage Business network. Shipping and handling charges may apply. Allow up to 2 weeks for shipping. Other restrictions may apply.

Total (all locations)	One time	Monthly price [^]
	\$ 7,378.06	\$ 1,133.05

[^] Taxes, Fees, Customs Duty, Shipping and Handling and other surcharges not included.

Please note:

1. Notwithstanding the then-current retention period (if any) for Customer Data; upon termination of the Agreement, Customer Data will be available to retrieve or download for a period of 30 days only. Thereafter, Vonage shall permanently delete all Customer Data. If termination occurs before the expiry of the then-current retention period (whether the standard inclusive period or extension to that period), no refund will be available to the Customer.

2. Payments are due in the currency and on the terms and frequency stated in this Sales Order.

3. Any applicable taxes and fees will be determined based on the laws and regulations of the applicable authority(ies) governing the provision of the Services and purchase of Vonage Equipment in the Country/Region/location provided by Customer on this Sales Order

Validity and Authorized Signatures

This Sales Order remains valid for acceptance by Customer until the Sales Order expiration date as detailed above. Upon Customer acceptance, this Sales Order constitutes the valid and binding agreement between Vonage and the Customer identified below to purchase and use the Vonage products and services specified in this Sales Order. This Sales Order, together with any terms or conditions set forth in any applicable amendment, addendum, exhibit or schedule to this Sales Order, is subject to and governed by the Terms of Service Agreement set forth at <https://www.vonage.com/legal/unified-communications/tos/global-vbc-tos/> (the "TOS"), which include provisions relating to payment, service term, early termination, limitations of liability and emergency services, and which are hereby made part of and incorporated by this reference into this Sales Order. Any

capitalized terms not otherwise defined in this Sales Order shall have the meaning ascribed to such terms in the TOS. The Person who has accepted this Sales Order as stated below warrants that they are authorized to accept this Sales Order and to acknowledge and accept the TOS.

The authorized representative of Customer has accepted this Sales Order effective on the date below.

Customer Information

Name:

Jeff Jones

Email Address:

jeff@aoffs.com

Title:

Accepted On:



Sales proposal



QUOTE PREPARED FOR
City Of McFarland

PREPARED BY
Marites Cabacungan
Partner Sales Specialist
marites.cabacungan@ringcentral.com

Our mission is to make communications simple and effortless for everyone

Say goodbye to complicated legacy systems and hello to cutting-edge technology with a secure, one-stop solution for all your communications needs. Your teams will have all the accessibility they need to seamlessly communicate and collaborate from anywhere, becoming more productive, effective, and efficient as a result.

Our cloud-based communications and collaboration platform offers much more than traditional office phone systems, VoIP business phone service, or virtual PBX. It includes a comprehensive set of business capabilities that unify voice, video, team messaging and collaboration, SMS, conferencing and online meetings, contact center, and fax.



Global | Open Platform | AI | Analytics

All-inclusive cloud communications and collaboration system

Ease of management

- Manage all offices and users with a single easy-to-use interface from anywhere, including mobile devices
- Enjoy complete administrative control, self-service capabilities for users, and reduced dependence on service providers

Open platform

- Over 230 ready-to-use integrations with business cloud apps, including Microsoft Office 365, Salesforce,
- ServiceNow, Zendesk, and Google G Suite; for the latest, refer to <https://www.ringcentral.com/apps>
- Developer platform with open APIs and SDKs to enhance business workflows with custom integrations



Global availability: Wherever you are, we're there for you!

- Deploy and manage a single solution globally in 40+ countries
- Instantly provision and activate employees in countries with local capabilities
- Number availability in over 100 countries
- Multi-lingual product and support
- Product localization in 15+ languages and multi-lingual support



RingCentral Inc., 20 Davis Drive, Belmont, CA 94002, United States

Awards and industry recognition

RingCentral is a leader in cloud-based business communications and collaboration solutions.

	A Gartner Magic Quadrant Leader for UCaaS, Worldwide, 6 years in a row
	#1 Leader in the IHS Markit North American UCaaS Scorecard, 3 years in a row
	Leader in The Forrester Wave for UCaaS Providers, 2019
	Frost & Sullivan Company of the Year 2019, 2017, and 2016
	Leader in the Aragon Research Globe for UCC, 3 years in a row
	Best in Communications APIs, 2019
	API the Docs - Best Developer Dashboard
	Developer Week Devies - Best in Communications Innovations 2020
	IDC MarketScape names RingCentral a Worldwide Leader for UCaaS Service Providers for Enterprise and SMB

Resources

RingCentral service portal—login.ringcentral.com

Trust Center—ringcentral.com/trust-center.html

Online training and educational resources—support.ringcentral.com

See our ever growing list of customers and industry-relevant case studies here:

<https://ringcentral.com/whyringcentral/casestudies.html>



RingCentral Inc., 20 Davis Drive, Belmont, CA 94002, United States

Budgetary Quote

Prepared for:

City Of McFarland
401 West Kern Avenue
McFarland CALIFORNIA 93250
United States

Kenny Williams

Chief

kwilliams@mcfarlandcity.org
661) 792-2121

Quote Name: City Of McFarland 1
Quote Creation Date: February 17th, 2022
Quote Expiration Date: February 25th, 2022
Estimated Contract Start Date:
Initial Term: 36 Months
Renewal Term: 36 Months
Currency: USD
Payment Plan: Monthly

RingCentral MVP Services

Recurring Services			
Summary of Service	Qty	Rate	Subtotal
DigitalLine Unlimited Standard	42	\$35.99	\$1,511.58
DigitalLine Unlimited Standard		\$30.99	
Compliance and Administrative Cost Recovery Fee		\$4.00	
e911 Service Fee		\$1.00	
DigitalLine Basic	2	\$19.99	\$39.98
DigitalLine Basic		\$14.99	
Compliance and Administrative Cost Recovery Fee		\$4.00	
e911 Service Fee		\$1.00	
RingCentral Video	1	\$0.00	\$0.00
TotalMonthlyPrice*			\$1,551.56

One-Time Items			
Summary of Item(s)	Qty	Rate	Subtotal
Polycom OBi302 ATA	2	\$23.70	\$47.40



RingCentral Inc., 20 Davis Drive, Belmont, CA 94002, United States

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One-Time Items			
Summary of Item(s)	Qty	Rate	Subtotal
Poly Trio C60 Smart Conference Phone	2	\$284.70	\$569.40
Yealink T54W Prime Business Phone	40	\$65.70	\$2,628.00
One-Time Total*			\$3,244.80

Total Amount*	\$4,796.36
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Taxes			
Recurring Taxes	Qty	Rate	Subtotal
CA TRS	1	\$2.00	\$2.00
CASF	1	\$1.83	\$1.83
CA High Cost Fund A	1	\$1.26	\$1.26
Universal Lifeline Telephone Service Charge	1	\$8.54	\$8.54
CA Teleconnect Fund	1	\$1.40	\$1.40
P.U.C. Fee (VoIP) NF	1	\$1.05	\$1.05
Universal Lifeline Telephone Service Charge (VoIP)	1	\$8.66	\$8.66
CASF (VoIP)	1	\$1.86	\$1.86
CA Teleconnect Fund (VoIP)	1	\$1.42	\$1.42
CA High Cost Fund A (VoIP)	1	\$1.28	\$1.28
TRS (VoIP)	1	\$2.02	\$2.02
FUSF (VoIP)	1	\$54.09	\$54.09
E911 (VoIP)	1	\$13.20	\$13.20
Total Monthly Tax Amount*			\$98.61

One-Time Taxes			
Summary of Item(s)	Qty	Rate	Subtotal
Sales Tax	1	\$235.25	\$235.25
One-Time Total			\$235.25
Total Amount with Taxes*			\$5,130.22



RingCentral Inc., 20 Davis Drive, Belmont, CA 94002, United States

*These are estimated taxes and fees. Actual taxes and fees will be calculated when the invoices are processed.

RingCentral Office is now RingCentral MVP. All references to "RingCentral Office", whether in the Agreement or its attachments, Order Forms or descriptions, mean "RingCentral MVP"



RingCentral Inc., 20 Davis Drive, Belmont, CA 94002, United States