
ITEM NO: 1.

SUBJECT: Presentation and Necessary Action to Accept Fiscal Year 2017-18 Financial Statements with Independent Auditors Report

DISCUSSION: The City is required to perform a Financial Audit for all its entities each year from an outside organization. The purpose of this service is to provide financial information to the public and investors for transparency. In addition, the auditors will test for accuracy, controls, and fiscal policy. Once complete, a report called The Financial Statements is generated with the auditor's findings and all standard governmental financial reports. Lack of completion could result in State and Federal funds being withheld.

This annual report consists of a series of financial statements. These statements include all activities of the City of Selma and its component unit, the Selma Public Finance Authority, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

The Governmental Funds within the report consist of the General, Special Revenue, Debt Services, and Capital Projects Funds. The combined governmental funds ended the fiscal year with a fund balance of \$21,179,661. The Major funds that make up 64% of the government funds ending fund balance were as follows:

General	\$2,763,856
Street LTF	\$2,628,367
Street Measure C	\$897,687
Police Station Construction	\$3,481,436
2017 Bond PD Station	\$3,877,945

Other funds types such as Proprietary and Fiduciary can be found within the report as well. The financial audit for the fiscal year of 2017-2018 was conducted and prepared by Sampson, Sampson and Patterson, LLP. Bill Patterson will be presenting an overview of the report and answering questions from Council.

RECOMMENDATION: Accept Fiscal Year 2017-2018 Financial Statements with Independent Auditors Reports.

/s/

Isaac Moreno, Assistant City Manager

March 22, 2019

Date



Teresa Gallavan, City Manager

March 25, 2019

Date

CITY OF SELMA

REPORT TO MANAGEMENT

YEAR ENDED JUNE 30, 2018

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The Honorable Mayor and Members of the City Council
City of Selma
Selma, 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 the City of Selma for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 9, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Selma are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City of Selma during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the City of Selma's financial statements were the provision for depreciation, net pension liabilities, and net other post-employment benefits (OPEB).

Management's estimate of the provision for depreciation is based on estimates of the useful lives of the City's assets and the estimates for outstanding pension and OPEB liabilities were determined outside actuaries. We evaluated the key factors and assumptions used to develop those estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material either individually or in the aggregate, to each opinion units financial statements taken as a whole.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 11, 2019.

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 City of Selma's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to required supplementary information (RSI), as identified in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (combining statements), which accompany the financial statements but are not RSI. With respect to this supplementary information, 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, 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.

Restriction on Use

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

Sampson, Sampson & Patterson, LLP

Clovis, California

March 11, 2019

CITY OF SELMA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Selma
Selma, 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 Selma as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City'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.

Auditor's 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 auditor's judgment, including the assessment of the risk 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 city'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 city'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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma as of June 30, 2018, 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.

Change in Accounting Principle

For the year ended June 30, 2018, the City of Selma adopted the provisions of the following Governmental Accounting Standards Board Statement, which is effective for the fiscal years beginning after June 15, 2017.

- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The application of Statement No. 75 required the restatement of net position as discussed in Note 13 of the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedules, and Schedules of Changes in Net Pension and Other Post-Employment Benefits (OPEB) Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Selma's financial statements. The Supplemental Information and the combining and individual nonmajor fund financial statements are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2019 on our consideration of the City of Selma'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 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 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 City of Selma's internal control over financial reporting and compliance.

Sampson, Sampson & Patterson, LLP

Clovis, California
March 11, 2019

Management's Discussion and Analysis

This discussion and analysis of the City of Selma's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and accompanying notes to those financial statements.

Financial Highlights

The City's governmental funds ended the year with a combined fund balance of 21.1 million.

The City's General Fund ended the year with a balance of \$2,763,856, an increase of \$299,893 from the previous year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the City of Selma and its component unit, the Selma Public Finance Authority, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

The *Statement of Net Position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving raise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flow in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements of the City are divided as follows:

Governmental Activities: Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes, federal and state grants and development fees.

Business-type Activities: The City charges fees to customers to cover the costs of services provided. These services include Ambulance, Garbage Disposal, Pioneer Village, and Cultural Arts.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant funds, not the city as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds due to legal requirements for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near term financing requirements.

Since the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

The City of Selma maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Local Transportation Fund (LTF), Street Measure "C", Police Station Construction and the 2017 Bond PD Station fund all of which are considered major funds. Data from the other funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City prepares an annual appropriated budget for the General Fund, Street LTF Fund, Street Measure "C", Police Station Construction Fund, and the 2017 Bond PD Station. Budgetary comparison statements have been provided for these funds to demonstrate compliance to their budgets.

Proprietary funds. The City has two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions represented as business-type activities in the government-wide financial statements. The City utilized enterprise funds to account for those activities that are supported primarily by user charges to external users. This includes the ambulance service and garbage service, plus several non-major enterprise activities. Internal service funds are used to account for activities that include employee benefits, general services, risk management and fleet services. Since all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Ambulance and the Garbage, which are major funds. Other additional enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major enterprise funds are provided in the form of combining statements elsewhere in this report. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the city. Fiduciary funds are not reflected in the government-wide financial statements because the city cannot use these funds to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements.

Other information. The combining statements referred to earlier in connection with the non-major governmental, enterprise and internal service funds are presented immediately following the required supplementary information on the City's retirement plan.

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2018, with comparative data for the fiscal year ended June 30, 2017.

City of Selma's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 26,660,456	\$ 19,129,632	\$ 4,803,824	\$ 2,268,081	\$ 31,464,280	\$ 21,397,713
Capital and long-term assets	50,566,533	49,630,659	192,964	189,810	50,759,497	49,820,469
Total assets	\$ 77,226,989	\$ 68,760,291	\$ 4,996,788	\$ 2,457,891	\$ 82,223,777	\$ 71,218,182
Deferred outflows related to pensions	\$ 3,852,035	\$ 3,373,872	\$ 27,451	\$ 20,649	\$ 3,879,486	\$ 3,394,521
Deferred outflows related to OPEB	\$ 102,892	\$ -	\$ 734	\$ -	\$ 103,626	\$ -
Deferred loss on bond refunding	125,766	135,082	-	-	125,766	135,082
	\$ 4,080,693	\$ 3,508,954	\$ 28,185	\$ 20,649	\$ 4,108,878	\$ 3,529,603
Long-term liabilities outstanding	\$ 10,296,606	6,106,013	\$ 1,179	\$ -	\$ 10,297,785	\$ 6,106,013
Net pension liability	14,933,035	13,152,198	106,420	80,494	15,039,455	13,232,692
Net OPEB liability	5,206,988	-	37,109	-	5,244,097	-
Other liabilities	2,899,167	1,336,394	144,627	153,778	3,043,794	1,490,172
Total liabilities	\$ 33,335,796	\$ 20,594,605	\$ 289,335	\$ 234,272	\$ 33,625,131	\$ 20,828,877
Deferred inflows related to pensions	\$ 92,845	\$ 463,483	\$ 662	\$ 2,837	\$ 93,507	\$ 466,320
Deferred inflows related to OPEB	\$ 477,238	\$ -	\$ 3,401	\$ -	\$ 480,639	\$ -
Investment in capital assets, net of related debt	\$ 41,350,229	\$ 44,758,432	\$ 192,964	\$ 189,810	\$ 41,543,193	\$ 44,948,242
Restricted	17,656,370	13,836,152	-	-	17,656,370	13,836,152
Unrestricted	(11,604,796)	(7,383,427)	4,538,611	2,051,621	(7,066,185)	(5,331,806)
Total net position	\$ 47,401,803	\$ 51,211,157	\$ 4,731,575	\$ 2,241,431	\$ 52,133,378	\$ 53,452,588

As of June 30, 2018 the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$52.1 million. Governmental activities finished the year with a positive net position balance of \$47.4 million. Business type activities finished the year with a positive balance of \$4.7 million. The net position of the City decreased by \$1.3 million from 2017. Net position as noted earlier may serve over time as a useful indicator of the City's financial position.

A portion the City's long-term liabilities relate to the acquisition of capital assets. Some of those assets include the City's corporation yard, equipment, and street infrastructure. These capital assets are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position amounts to \$17.7 million of the total. Restricted net position is the resource that is subject to external restrictions on how it may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations. The unrestricted net position may be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. At June 30, 2018, the unrestricted net position amount was a negative \$11.6 million due to the implementation of GASB Statement No. 68 in 2015 and 75 in 2018. The GASB Statement No. 68 adjustment reflects the cumulative effect of the unfunded pension liability from prior years. The GASB Statement No. 75 adjustment reflects the cumulative effect of the other post-employment benefits (OPEB) from prior years.

Governmental activities.

The following lists key components of these activities:

**City of Selma's
Changes in Net Position**

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,533,843	\$ 1,111,736	\$ 6,247,318	\$ 4,505,797	\$ 7,781,161	\$ 5,617,533
Operating grants and contributions	175,792	209,540		-	175,792	209,540
Capital grants and contributions	728,533	4,399,494		-	728,533	4,399,494
General revenues:						
Taxes	12,530,276	11,095,343			12,530,276	11,095,343
Licenses and permits	431,819	491,527			431,819	491,527
Intergovernmental charges	1,626,452	1,516,409			1,626,452	1,516,409
Fines	54,615	60,896			54,615	60,896
Franchise fees	880,778	810,447			880,778	810,447
Revenue for the use of property	277,435	160,350	72,236	45,352	349,671	205,702
Miscellaneous	961,695	1,299,934	107,173	109,999	1,068,868	1,409,933
Loss on disposition of capital assets	(206,496)				(206,496)	
Transfers	1,043,000	935,834	(1,043,000)	(935,834)	-	-
Total revenues	20,037,742	22,091,510	5,383,727	3,725,314	25,421,469	25,816,824
Expenses:						
General government	2,773,798	2,002,486			2,773,798	2,002,486
Public safety	10,189,560	8,942,001			10,189,560	8,942,001
Public Works	4,493,617	4,791,089			4,493,617	4,791,089
Community development	668,749	616,537			668,749	616,537
Cultural and recreation	672,730	602,789			672,730	602,789
Debt Service	448,789	188,628			448,789	188,628
Ambulance			1,230,972	1,162,325	1,230,972	1,162,325
Pioneer Village			74,776	62,734	74,776	62,734
Garbage services			1,361,841	1,353,548	1,361,841	1,353,548
Cultural Arts			188,844	195,505	188,844	195,505
Total expense	19,247,243	17,143,530	2,856,433	2,774,112	22,103,676	19,917,642
Increase in net position	790,499	4,947,980	2,527,294	951,202	3,317,793	5,899,182
Prior period adjustments	-	-	-	-	-	-
Net position - beginning	51,211,157	46,263,177	2,241,431	1,290,229	53,452,588	47,553,406
Effects of accounting change	(4,599,853)	-	(37,150)	-	(4,637,003)	-
Net position - ending	<u>\$ 47,401,803</u>	<u>\$ 51,211,157</u>	<u>\$ 4,731,575</u>	<u>\$ 2,241,431</u>	<u>\$ 52,133,378</u>	<u>\$ 53,452,588</u>

The Governmental revenues for the year were \$20.0 million. Taxes, which include property, sales and other taxes account for \$12.5 million or 63% of the City’s governmental activities revenue. Total governmental expenses for the year were \$19.2 million. Public Safety, which includes police and fire, accounts for \$10.1 million or 53% of the total governmental activity expenses.

Financial Analysis of the City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Not all of the City’s governmental funds ended the year with positive fund balances. Any negative balance funds would be trued up within this current fiscal year. The ending fund balance for all funds is \$21.2 million, which is an increase of \$4.5 million, when compared to the prior year.

Proprietary funds. As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. The Ambulance and Garbage funds ended the year with a positive unrestricted balance.

General Fund Budgetary Highlights expropriations

Throughout the fiscal year it was not considered necessary to adjust the original total General Fund budget. The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual, General Fund, shows the original budget and final budget.

Capital Assets and Debt Administration

Capital Assets. The City’s Investment in Capital Assets for its governmental and business-type activities are as follows:

	City of Selma					
	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,990,302	\$ 7,990,302	\$ -	\$ -	\$ 7,990,302	\$ 7,990,302
Construction in progress	2,853,867	1,028,092	-	-	2,853,867	1,028,092
Building and improvements	3,675,590	3,806,139	15,590	2,805	3,691,180	3,808,944
Machinery and equipment	3,945,197	3,785,499	177,374	187,005	4,122,571	3,972,504
Road network	32,101,577	33,020,627	-	-	32,101,577	33,020,627
Total	\$ 50,566,533	\$ 49,630,659	\$ 192,964	\$ 189,810	\$ 50,759,497	\$ 49,820,469

Long-term Debt. The City’s long-term debt as of June 30, 2018 was \$9.5 million with governmental activities accounting for all of debt.

Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Special assessment debt with governmental commitment	\$ 425,000	\$ 640,000	\$ -	\$ -	\$ 425,000	\$ 640,000
Tax allocation bonds	-	-	-	-	-	-
Capital leases	1,141,371	710,465	-	-	1,141,371	710,465
Lease revenue bonds	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Revenue bonds	3,797,483	4,011,762	-	-	3,797,483	4,011,762
General obligation bond	4,000,000	-	-	-	4,000,000	-
Contracts payable	150,000	150,000	-	-	150,000	150,000
Total	\$ 9,513,854	\$ 5,512,227	\$ -	\$ -	\$ 9,513,854	\$ 5,512,227

Economic Factors

The City of Selma has witnessed growth in retail and residential development in the fiscal year 2017-18 that has continued into the current year. This growth, coupled with a growing economy, has increased the city’s tax revenues by 13 percent. While some analysts and the Federal Reserve say a slowdown in the economy is looming, the City of Selma will be better positioned to withstand a downturn in the economy if it continues to pursue a prudent fiscal position. Additional development is anticipated in the upcoming years and increases in revenue are projected to continue in the year ahead.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Selma finances and to demonstrate the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Assistant City Manager, City of Selma 1710 Tucker Street, Selma, CA 93662.

CITY OF SELMA
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 24,183,794	\$3,271,610	\$27,455,404
Receivables:			
Accounts, net	424,804	1,538,690	1,963,494
Notes	658,317		658,317
Intergovernmental	1,230,851		1,230,851
Internal balances	6,476	(6,476)	
Cash with fiscal agent - restricted	156,214		156,214
Capital assets (net of accumulated depreciation):			
Non-depreciable	10,844,169		10,844,169
Depreciable	<u>39,722,364</u>	<u>192,964</u>	<u>39,915,328</u>
Total assets	<u>77,226,989</u>	<u>4,996,788</u>	<u>82,223,777</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	3,852,035	27,451	3,879,486
Deferred outflows related to OPEB	102,892	734	103,626
Deferred loss on bond refunding	<u>125,766</u>		<u>125,766</u>
Total deferred outflows of resources	<u>4,080,693</u>	<u>28,185</u>	<u>4,108,878</u>
Liabilities			
Accounts payable	1,295,610	142,231	1,437,841
Accrued wages/benefits	355,406	2,396	357,802
Deposits and other liabilities	1,188,054		1,188,054
Accrued interest payable	60,097		60,097
Noncurrent liabilities:			
Due within one year	658,311		658,311
Due in more than one year	9,638,295	1,179	9,639,474
Net OPEB liability	5,206,988	37,109	5,244,097
Net pension liability	<u>14,933,035</u>	<u>106,420</u>	<u>15,039,455</u>
Total liabilities	<u>33,335,796</u>	<u>289,335</u>	<u>33,625,131</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	92,845	662	93,507
Deferred inflows related to OPEB	<u>477,238</u>	<u>3,401</u>	<u>480,639</u>
Total deferred inflows of resources	<u>570,083</u>	<u>4,063</u>	<u>574,146</u>
Net position			
Invested in capital assets, net of related debt	41,350,229	192,964	41,543,193
Restricted for:			
Capital projects	9,265,987		9,265,987
Community development	1,029,213		1,029,213
Debt service	708,726		708,726
Public safety	828,115		828,115
Streets and roads	5,824,329		5,824,329
Unrestricted	<u>(11,604,796)</u>	<u>4,538,611</u>	<u>(7,066,185)</u>
Total net position	<u>\$ 47,401,803</u>	<u>\$4,731,575</u>	<u>\$52,133,378</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 2,773,798	\$ 83,973	\$ 6,523	\$	\$ (2,683,302)	\$	\$ (2,683,302)
Public safety	10,189,560	240,668	18,798	18,223	(9,911,871)		(9,911,871)
Public works	4,493,617	667,290	139,416	659,810	(3,027,101)		(3,027,101)
Community development	668,749	456,878		50,500	(161,371)		(161,371)
Parks and recreation	672,730	85,034	11,055		(576,641)		(576,641)
Interest and other charges	448,789				(448,789)		(448,789)
Total governmental activities	<u>19,247,243</u>	<u>1,533,843</u>	<u>175,792</u>	<u>728,533</u>	<u>(16,809,075)</u>		<u>(16,809,075)</u>
Business-type activities:							
Ambulance	1,230,972	4,869,878				3,638,906	3,638,906
Garbage	1,361,841	1,357,082				(4,759)	(4,759)
Pioneer Village	74,776	336				(74,440)	(74,440)
Cultural arts	188,844	20,022				(168,822)	(168,822)
Total business-type activities	<u>2,856,433</u>	<u>6,247,318</u>				<u>3,390,885</u>	<u>3,390,885</u>
Total primary government	<u>\$22,103,676</u>	<u>\$7,781,161</u>	<u>\$175,792</u>	<u>\$728,533</u>	<u>\$(16,809,075)</u>	<u>\$ 3,390,885</u>	<u>\$(13,418,190)</u>
General revenues:							
Taxes					12,530,276		12,530,276
Licenses and Permits					431,819		431,819
Intergovernmental					1,626,452		1,626,452
Fines					54,615		54,615
Franchise fees					880,778		880,778
Use of money and property					277,435	72,236	349,671
Miscellaneous					961,695	107,173	1,068,868
Loss on disposition of capital assets					(206,496)		(206,496)
Transfers					<u>1,043,000</u>	<u>(1,043,000)</u>	
Total general revenues and transfers					<u>17,599,574</u>	<u>(863,591)</u>	<u>16,735,983</u>
Change in net position					790,499	2,527,294	3,317,793
Net position – beginning of year					51,211,157	2,241,431	53,452,588
Restatement for accounting change					<u>(4,599,853)</u>	<u>(37,150)</u>	<u>(4,637,003)</u>
Net position, end of year					<u>\$ 47,401,803</u>	<u>\$ 4,731,575</u>	<u>\$ 52,133,378</u>

See independent auditor's report and notes to financial statements.

**CITY OF SELMA
Balance Sheet
Governmental Funds
June 30, 2018**

	General Fund	Street LTF	Street Measure "C"	Police Station Construction	2017 Bond PD Station	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$3,612,307	\$2,684,852	\$1,445,150	\$3,548,168	\$3,881,705	\$7,428,640	\$22,600,822
Cash with fiscal agent						156,214	156,214
Accounts receivable	142,978					242,934	385,912
Interfund receivables	230,662					116,499	347,161
Due from other agencies	426,958		45,725			336,509	809,192
Total assets	<u>\$4,412,905</u>	<u>\$2,684,852</u>	<u>\$1,490,875</u>	<u>\$3,548,168</u>	<u>\$3,881,705</u>	<u>\$8,280,796</u>	<u>\$24,299,301</u>
Liabilities							
Accounts payable	\$ 185,622	\$ 56,485	\$ 593,188	\$ 66,732	\$ 3,760	\$ 337,246	\$ 1,243,033
Accrued wages/benefits	280,373					67,495	347,868
Interfund payables						340,685	340,685
Other liabilities	1,183,054					5,000	1,188,054
Total liabilities	<u>1,649,049</u>	<u>56,485</u>	<u>593,188</u>	<u>66,732</u>	<u>3,760</u>	<u>750,426</u>	<u>3,119,640</u>
Fund balance							
Nonspendable							
Restricted for:							
Streets and roads		2,628,367	897,687			2,298,275	5,824,329
Public safety						800,415	800,415
Community development						309,196	309,196
Debt service						708,726	708,726
Capital projects				3,481,436	3,877,945	1,895,632	9,255,013
Committed for:							
Streets and roads						21,594	21,594
Community development						30,855	30,855
Recreation						8,956	8,956
Capital projects						355,971	355,971
Assigned for:							
Equipment replacement						1,151,725	1,151,725
Unassigned	2,763,856					(50,975)	2,712,881
Total fund balance	<u>2,763,856</u>	<u>2,628,367</u>	<u>897,687</u>	<u>3,481,436</u>	<u>3,877,945</u>	<u>7,530,370</u>	<u>21,179,661</u>
Total liabilities and fund balance	<u>\$4,412,905</u>	<u>\$2,684,852</u>	<u>\$1,490,875</u>	<u>\$3,548,168</u>	<u>\$3,881,705</u>	<u>\$8,280,796</u>	<u>\$24,299,301</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2018

Total fund balance – governmental funds balance sheet		\$ 21,179,661
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		421,659
Capital assets used in governmental activities are not reported in the funds.		50,566,533
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
At June 30, these liabilities consisted of the following:		
Long-term debt	\$ (9,641,304)	
Compensated absences	(655,302)	
Net OPEB liabilities	(5,206,988)	
Net pension liability	<u>(14,933,035)</u>	(30,436,629)
Interest accrued on long-term debt obligations is reported as a liability in the statement of net position but does not get reported in the fund statements.		(60,097)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds.		1,561,749
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.		658,317
Deferred outflows of resources related to pensions.		3,954,927
Deferred inflows of resources related to pensions.		(570,083)
Deferred loss on refunding		<u>125,766</u>
Net position of governmental activities – Statement of Net Position		<u>\$ 47,401,803</u>

CITY OF SELMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Street LTF	Street Measure "C"	Police Station Construction	2017 Bond PD Station	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 9,567,973	\$	\$	\$	\$	\$ 2,579,275	\$12,147,248
Licenses and permits	431,819					431,819	431,819
Intergovernmental	131,797	699,523	651,385			987,355	2,470,060
Charges for services	654,224					879,619	1,533,843
Fines	23,571					31,044	54,615
Franchise fees	862,634						862,634
Revenue for use of money and property	66,230	21,308	12,166	26,854	36,569	61,459	224,586
Assessment payments						414,584	414,584
Miscellaneous	48,005					908,088	956,093
Total revenues	<u>11,786,253</u>	<u>720,831</u>	<u>663,551</u>	<u>26,854</u>	<u>36,569</u>	<u>5,861,424</u>	<u>19,095,482</u>
Expenditures							
General government	2,535,155					96,749	2,631,904
Public safety	8,777,910					674,421	9,452,331
Public works	948,724	3,207	47,149			1,358,098	2,357,178
Community development	463,541					164,616	628,157
Recreation	475,882					34,594	510,476
Capital outlay	486,708	70,847	1,278,149	518,829		1,335,608	3,690,141
Debt service:							
Principal	282,620					284,376	566,996
Interest and fiscal charges	144,304					102,919	247,223
Total expenditures	<u>14,114,844</u>	<u>74,054</u>	<u>1,325,298</u>	<u>518,829</u>		<u>4,051,381</u>	<u>20,084,406</u>
Excess (deficiency) of revenues over (under) expenditures	(2,328,591)	646,777	(661,747)	(491,975)	36,569	1,810,043	(988,924)
Other financing sources (uses)							
Proceeds from general obligation bonds					4,000,000		4,000,000
Proceeds from bond premium						131,845	131,845
Proceeds from capital leases	482,220						482,220
Bond issuance costs					(143,760)		(143,760)
Sales of capital assets						14,980	14,980
Operating transfers in	2,451,041					1,128,406	3,579,447
Operating transfers out	(304,777)	(130,590)	(189,847)			(1,911,233)	(2,536,447)
Total other financing sources (uses)	<u>2,628,484</u>	<u>(130,590)</u>	<u>(189,847)</u>		<u>3,856,240</u>	<u>(636,002)</u>	<u>5,528,285</u>
Net change in fund balance	299,893	516,187	(851,594)	(491,975)	3,892,809	1,174,041	4,539,361
Fund balance, beginning of year	<u>2,463,963</u>	<u>2,112,180</u>	<u>1,749,281</u>	<u>3,973,411</u>	<u>(14,864)</u>	<u>6,356,329</u>	<u>16,640,300</u>
Fund balance, end of year	<u>\$ 2,763,856</u>	<u>\$2,628,367</u>	<u>\$ 897,687</u>	<u>\$3,481,436</u>	<u>\$3,877,945</u>	<u>\$ 7,530,370</u>	<u>\$21,179,661</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balance – total governmental funds	\$ 4,539,361
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the net amount of capital assets recorded in the current period.	3,566,922
Proceeds from long-term debt (including bond premiums) are reported as other financing sources in the fund statements but are not reported on the statement of activities in the government-wide statements.	(4,609,670)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and changes in Net Position, but they did not require the use of current financial resources.	(2,625,198)
Payments received on long-term receivables are reported as revenues in the fund statements but reduced the receivable amount in the statement of net position.	(124,626)
Repayment of debt principal is an expenditure in the funds but is not an expense in the statement of activities.	564,892
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	230,382
The net revenue (expense) of internal service funds is reported with governmental activities.	506,249
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and those earned was:	88,484
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements.	(60,097)
Unfunded OPEB liabilities in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(353,668)
Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the statement of net position.	<u>(932,532)</u>
Change in net position of governmental activities – Statement of Activities	<u>\$ 790,499</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities – Enterprise Funds			Total	Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds		
Assets					
Current assets:					
Cash and investments	\$3,056,886	\$118,377	\$ 96,347	\$3,271,610	\$1,582,972
Accounts receivable, net	<u>1,532,860</u>	<u> </u>	<u>5,830</u>	<u>1,538,690</u>	<u>38,892</u>
Total current assets	<u>4,589,746</u>	<u>118,377</u>	<u>102,177</u>	<u>4,810,300</u>	<u>1,621,864</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment	192,623	<u> </u>	282,397	475,020	48,452
Less: Accumulated depreciation	<u>(15,249)</u>	<u> </u>	<u>(266,807)</u>	<u>(282,056)</u>	<u>(8,711)</u>
Total noncurrent assets	<u>177,374</u>	<u> </u>	<u>15,590</u>	<u>192,964</u>	<u>39,741</u>
Total assets	<u>4,767,120</u>	<u>118,377</u>	<u>117,767</u>	<u>5,003,264</u>	<u>1,661,605</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	19,432	<u> </u>	8,019	27,451	154,264
Deferred outflows related to OPEB	<u>519</u>	<u> </u>	<u>215</u>	<u>734</u>	<u>4,120</u>
Total deferred outflow of resources	<u>19,951</u>	<u> </u>	<u>8,234</u>	<u>28,185</u>	<u>158,384</u>
Liabilities					
Current liabilities:					
Accounts payable	22,647	112,364	7,220	142,231	52,577
Accrued wages/benefits	1,943	<u> </u>	1,632	3,575	7,538
Interfund payables	<u> </u>	<u> </u>	6,476	6,476	<u> </u>
Current portion of capital leases	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>19,963</u>
Total current liabilities	<u>24,590</u>	<u>112,364</u>	<u>15,328</u>	<u>152,282</u>	<u>80,078</u>
Noncurrent liabilities:					
Capital leases	<u> </u>	<u> </u>	<u> </u>	<u> </u>	73,652
Net pension liability	75,333	<u> </u>	31,087	106,420	598,028
Net other post-employment benefits liability	<u>26,268</u>	<u> </u>	<u>10,841</u>	<u>37,109</u>	<u>208,528</u>
Total noncurrent liabilities	<u>101,601</u>	<u> </u>	<u>41,928</u>	<u>143,529</u>	<u>880,208</u>
Total liabilities	<u>126,191</u>	<u>112,364</u>	<u>57,256</u>	<u>295,811</u>	<u>960,286</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	468	<u> </u>	194	662	3,718
Deferred inflows related to OPEB	<u>2,408</u>	<u> </u>	<u>993</u>	<u>3,401</u>	<u>19,112</u>
Total Deferred inflow of resources	<u>2,876</u>	<u> </u>	<u>1,187</u>	<u>4,063</u>	<u>22,830</u>
Net Position					
Invested in capital assets, net of related debt	177,374	<u> </u>	15,590	192,964	39,741
Unrestricted	<u>4,480,630</u>	<u>6,013</u>	<u>51,968</u>	<u>4,538,611</u>	<u>797,132</u>
Total net position	<u>\$4,658,004</u>	<u>\$ 6,013</u>	<u>\$ 67,558</u>	<u>\$4,731,575</u>	<u>\$ 836,873</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Operating Revenues					
Taxes	\$	\$1,357,082	\$	\$ 1,357,082	\$
Charges for services	4,869,878		20,358	4,890,236	2,643,142
Rents			48,825	48,825	
Miscellaneous	<u>24</u>		<u>107,149</u>	<u>107,173</u>	<u>99,236</u>
Total operating revenues	<u>4,869,902</u>	<u>1,357,082</u>	<u>176,332</u>	<u>6,403,316</u>	<u>2,742,378</u>
Operating Expenses					
Personnel services	38,971		42,333	81,304	294,028
Services and supplies	1,182,370	1,361,841	183,209	2,727,420	970,339
Other internal services			36,863	36,863	969,807
Depreciation	<u>9,631</u>		<u>1,215</u>	<u>10,846</u>	<u>5,850</u>
Total operating expenses	<u>1,230,972</u>	<u>1,361,841</u>	<u>263,620</u>	<u>2,856,433</u>	<u>2,240,024</u>
Operating income (loss)	<u>3,638,930</u>	<u>(4,759)</u>	<u>(87,288)</u>	<u>3,546,883</u>	<u>502,354</u>
Nonoperating revenues (expenses)					
Interest income	23,245	166		23,411	5,579
Interest expense					<u>(1,684)</u>
Total nonoperating revenues (expenses)	<u>23,245</u>	<u>166</u>		<u>23,411</u>	<u>3,895</u>
Income (loss) before transfers	<u>3,662,175</u>	<u>(4,593)</u>	<u>(87,288)</u>	<u>3,570,294</u>	<u>506,249</u>
Transfers					
Transfers in			57,000	57,000	
Transfers out	<u>(1,100,000)</u>			<u>(1,100,000)</u>	
Net transfers	<u>(1,100,000)</u>		<u>57,000</u>	<u>(1,043,000)</u>	
Change in net position	2,562,175	(4,593)	(30,288)	2,527,294	506,249
Net position, beginning of year	2,122,127	10,606	108,698	2,241,431	539,387
Restatement for accounting change	<u>(26,298)</u>		<u>(10,852)</u>	<u>(37,150)</u>	<u>(208,763)</u>
Net position, end of year	<u>\$ 4,658,004</u>	<u>\$ 6,013</u>	<u>\$ 67,558</u>	<u>\$ 4,731,575</u>	<u>\$ 836,873</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received for current services	\$ 4,720,894	\$	\$ 20,358	\$ 4,741,252	\$ 2,676,223
Cash received for rents			48,825	48,825	
Cash received for other operating revenues		1,357,082	106,141	1,463,223	99,236
Cash paid for services and supplies	(1,192,519)	(1,360,825)	(220,168)	(2,773,512)	(1,919,180)
Cash paid for salaries and benefits	(23,242)		(37,230)	(60,472)	(278,142)
Net cash provided (used) by operating activities	<u>3,505,133</u>	<u>(3,743)</u>	<u>(82,074)</u>	<u>3,419,316</u>	<u>578,137</u>
Cash flows from noncapital financing activities					
Transfers (to) from other funds	(1,100,000)		57,000	(1,043,000)	
Loans from (to) other funds			(2,586)	(2,586)	
Net cash provided (used) by noncapital financing activities	<u>(1,100,000)</u>		<u>54,414</u>	<u>(1,045,586)</u>	
Cash flows from capital and related financing activities					
Proceeds from capital leases					103,223
Principal paid on long-term debt					(9,608)
Interest paid					(1,684)
Capital expenditures			(14,000)	(14,000)	
Net cash used by capital and related financing activities			<u>(14,000)</u>	<u>(14,000)</u>	<u>91,931</u>
Cash flows from investing activities					
Interest received	23,245	166		23,411	5,579
Net cash provided by investing activities	<u>23,245</u>	<u>166</u>		<u>23,411</u>	<u>5,579</u>
Net increase (decrease) in cash and cash equivalents	2,428,378	(3,577)	(41,660)	2,383,141	675,647
Cash and cash equivalents, beginning of year	<u>628,508</u>	<u>121,954</u>	<u>138,007</u>	<u>888,469</u>	<u>907,325</u>
Cash and cash equivalents, end of year	<u>\$ 3,056,886</u>	<u>\$ 118,377</u>	<u>\$ 96,347</u>	<u>\$ 3,271,610</u>	<u>\$ 1,582,972</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 3,638,930	\$ (4,759)	\$ (87,288)	\$ 3,546,883	\$ 502,354
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	9,631		1,215	10,846	5,850
Accounts receivable	(149,008)		(1,008)	(150,016)	33,081
Prepaid expenses					1,557
Deferred outflow of resources	(5,735)		(1,801)	(7,536)	(10,811)
Accounts payable	(10,149)	1,016	684	(8,449)	19,409
Accrued wages/benefits	657		600	1,257	1,625
Other liabilities			(780)	(780)	
Net pension related liabilities	19,914		6,012	25,926	22,749
Net OPEB	(30)		(11)	(41)	(235)
Deferred inflow of resources	923		303	1,226	2,558
Total adjustments	<u>(133,797)</u>	<u>1,016</u>	<u>5,214</u>	<u>(127,567)</u>	<u>75,783</u>
Net cash provided (used) by operating activities	<u>\$ 3,505,133</u>	<u>\$ (3,743)</u>	<u>\$ (82,074)</u>	<u>\$ 3,419,316</u>	<u>\$ 578,137</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Redevelopment Successor Agency Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 196,859	\$217,359
Restricted cash with fiscal agent	360,706	
Accounts receivable		2,718
Due from other agencies	463,602	
Notes receivable	258,961	
Capital assets (net of accumulated depreciation)	<u>321,875</u>	
Total Assets	<u>\$ 1,602,003</u>	<u>\$220,077</u>
Liabilities		
Accounts payable	\$ 11,219	\$160,065
Deposits		4,395
Other liabilities	60,281	55,617
Long-term debt	<u>5,505,000</u>	
Total Liabilities	<u>5,576,500</u>	<u>220,077</u>
Net Position (Deficit)		
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(3,974,497)</u>	
Total Net Position (Deficit)	<u>\$(3,974,497)</u>	<u>\$</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Redevelopment Successor Agency Private-Purpose Trust Funds
Additions:	
Property taxes	\$ 656,310
Investment earnings	14,833
Miscellaneous	<u>1,200</u>
Total Additions	<u>672,343</u>
 Deductions	
Community development	80,690
Interest and fiscal charges	<u>308,015</u>
Total Deductions	<u>388,705</u>
 Change in net position	 <u>283,638</u>
 Net position, beginning of year	 <u>(4,258,135)</u>
 Net position, end of year	 <u>\$(3,974,497)</u>

See independent auditor's report and notes to financial statements.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of City of Selma (the “City”) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City of Selma is a general law city incorporated on March 15, 1893 and as such draws its authority from the constitution and laws of the State of California. The City has a council/manager form of government and is governed by a five member elected council. The City Manager is appointed by the City Council. The City provides the following services: Police and fire protection, ambulance, transit, street construction and maintenance, planning and zoning, and general administrative services.

The City’s financial statements include the operations of all organizations for which the City Council exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Blended Component Units

Based on the aforementioned oversight criteria, the operations of the Selma Public Finance Authority (Authority) have been blended into the accompanying financial statements. Members of the City Council, as well as City administrative personnel make up a significant portion of the governing bodies.

The Authority’s specific and primary purpose is to provide financial assistance to the City of Selma and other agencies by acquiring qualified obligations which were issued for the acquisition, construction, and improvement of public facilities and property.

Separate financial statements for the Authority can be obtained from the Finance Director, City of Selma, 1710 Tucker Street, Selma, CA 93662.

2. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for 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. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, results from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Funds:

Major funds are defined as funds that have either assets, and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reports the following major governmental funds:

General Fund: The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street LTF Fund: This fund accounts for the activities of the City's local transportation fund allocation for various transit projects.

Street Measure "C": This fund accounts for street activity funded with Measure C funds.

Police Station Construction: This fund accounts for the construction of a new police station funded with an appropriation from the State of California.

2017 Bond PD Station: This fund accounts for the proceeds from the Series 2017 General Obligation Bonds, which are to be used to finance the construction of the new police station.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The City reports the following major enterprise funds:

Ambulance Fund: This is the fund that accounts for the operations of the ambulance service provided by the City.

Garbage Fund: This is the fund that accounts for the transactions between the City and Selma Disposal, who provides the commercial and residential garbage collection for the City.

In addition, the City reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report resources held in a purely custodial capacity (assets equal liabilities) Agency funds typically involve only the receipt, temporary investment, and remittance to fiduciary resources to individuals, private organizations, or other governments.

Private Purpose Trust Fund: This fund is used to account for the assets of the former City of Selma Redevelopment Agency during the wind down period.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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 flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned,

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Taxes are payable in two installments on November 1 and March 1. They become delinquent on December 10 and April 10 respectively. The lien date is January 1 of each year. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes for the City.

On October 12, 1993, the Fresno County Board of Supervisors voted to adopt an alternate method of property tax apportionment known as the Teeter Plan. The method applies to current secured and supplemental, but not to unsecured. The basic concept of the Teeter Plan is that the County will apportion taxing agencies 100% of their levy (adjusted for roll changes) with the County owning the delinquent receivables. The County will apportion the current secured and unitary into a revenue account in three installments. The first 50% was apportioned December 15, the balance will be apportioned by April 15, and June 15 at 45% and 5% respectively.

Inventories and Prepaid Items

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Pensions

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the end of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used for machine and equipment, and \$10,000 is used for buildings and building improvement.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Building Improvement	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

Payable Balances

The City believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Committed Fund Balance – represents amounts that can only be used for specific purposes because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category, deferred outflows related to pensions, deferred outflows related to OPEB, and deferred loss on bond refunding.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has two types of deferred inflows which arises only under a full accrual basis of accounting, deferred inflows related to pensions and deferred inflows related to OPEB.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2017
Measurement Period	June 30, 2016 to June 30, 2017

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
Cultural Arts Enterprise Fund	\$ <u>(24,410)</u>	Retain future excess revenues
Capital Project Funds:		
Development Impact Police Facility	\$ (10,974)	Retain future excess revenues
Selma Crossing Project	(3,704)	Retain future excess revenues
Capital Projects - Parks	<u>(7,008)</u>	Retain future excess revenues
Total Capital Project Funds	<u>\$ (21,686)</u>	
Special Revenue Funds:		
ATP 17-089	\$ (61,700)	Retain future excess revenues
Housing Related Parks Program	<u>(88,130)</u>	Retain future excess revenues
Total Special Revenue Funds	<u>\$ (149,830)</u>	

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$27,455,404
Restricted cash and investments with fiscal agent	156,214
Fiduciary funds:	
Cash and investments	414,218
Restricted cash and investments with fiscal agent	<u>360,706</u>
Total cash and investments	<u>\$28,386,542</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Cash and investments as of June 30, 2018 consists of the following:

Cash on hand	\$	1,475
Deposits with financial institutions		5,552,949
Investments		<u>22,832,118</u>
Total cash and investments		<u>\$28,386,542</u>

Investment Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City of Selma (City) by the California Government Code (or the City’s investment policy, where more restrictive). The table also identified certain provisions of the California Government Code (or the City’s Investment Policy, where more restrictive) that address interest rate risk, credit risk, and the concentration of credit risk. This table does not address investment 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	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
US Treasury Obligations	N/A	None	None
US Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	None
Certificate of Deposits	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	10%
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	10%

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

Investment Authorized by Debt Agreement

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest-rate risk, credit risk, and concentration of credit risk.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
US Treasury Obligations	N/A	None	None
US Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with			
Banks and Savings and Loans	N/A	None	None
Certificate of Deposits	1 year	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	N/A	None	None
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Investment Agreements	N/A	None	None

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk the changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	12 Months or Less
State Investment Pool	\$22,315,198	\$22,315,198
Held by Bond Trustee:		
Money Market Funds	<u>516,920</u>	<u>516,920</u>
	<u>\$22,832,118</u>	<u>\$22,832,118</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest-rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Ratings as of Fiscal Year End</u>		
		<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAAm</u>
State Investment Pool	\$22,315,198	N/A	\$22,315,198	\$
Held by Bond Trustee: Money Market Funds	<u>516,920</u>	N/A	<u> </u>	<u>516,920</u>
	<u>\$22,832,118</u>		<u>\$22,315,198</u>	<u>\$516,920</u>

Concentration of Credit Risk

The investment policy of the City of Selma contains no limitations on the amount that can be invested with any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represented 5% or more of the total investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (example broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state laws (unless so waived by the governmental unit). The fair value of the pledged securities and 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. In addition, as of June 30, 2018, no investments were held by the same broker-dealer (counterparty) that was used by the City of Selma to purchase the securities.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the value provided by (LAIF) for the entire (LAIF) portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by (LAIF), which are recorded on an amortized cost basis.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

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Notes to Financial Statements
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(Continued)

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be the market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant markets.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City Management's perceived risk of that investment. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from a third-party service provider.

The City has no investments subject to categorization.

Investments Not Subject to Fair Value Hierarchy:	
California Local Agency Investment Fund	\$22,315,198
Held with Fiscal Agent:	
Money Market Mutual Funds	<u>516,920</u>
Total Investment Portfolio	<u>\$22,832,118</u>

NOTE 4 – RECEIVABLES

The following is a list of receivables at June 30, 2018.

	Receivable	Allowance	Net
Governmental Funds -			
Accounts	\$ 385,912	\$	\$ 385,912
Due from other agencies	<u>809,192</u>	<u> </u>	<u>809,192</u>
	<u>\$1,195,104</u>	<u>\$ </u>	<u>\$1,195,104</u>
Internal Service Funds -			
Accounts	<u>\$ 38,892</u>	<u>\$ </u>	<u>\$ 38,892</u>
Enterprise Funds -			
Accounts	<u>\$2,078,205</u>	<u>\$539,515</u>	<u>\$1,538,690</u>
Fiduciary Funds -			
Accounts	\$ 2,718	\$	\$ 2,718
Due from other agencies	463,602		463,602
Notes receivable	<u>258,961</u>		<u>258,961</u>
	<u>\$ 725,281</u>	<u>\$ </u>	<u>\$ 725,281</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The City established the following assessment districts in order to fund improvements within the City of Selma. The property owners within the districts are responsible for the following at June 30, 2018.

Assessment District No. 1991-2 Improvement Bonds - Highland	\$274,594
Assessment District No. 1992-1 Improvement Bonds - Dancer II	88,802
Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III	80,293
Assessment District No. 1993-1 Improvement Bonds - Vineyard	174,224
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	<u>40,404</u>
	<u>\$658,317</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,990,302	\$	\$	\$ 7,990,302
Construction in progress	<u>1,028,092</u>	<u>2,842,631</u>	<u>(1,016,856)</u>	<u>2,853,867</u>
Total capital assets not being depreciated	<u>9,018,394</u>	<u>2,842,631</u>	<u>(1,016,856)</u>	<u>10,844,169</u>
Capital assets being depreciated:				
Roads and other infrastructure	96,307,487	1,072,244		97,379,731
Buildings and improvements	7,120,881	38,400		7,159,281
Machinery and equipment	<u>9,137,864</u>	<u>923,918</u>	<u>(1,540,668)</u>	<u>8,521,114</u>
Total capital assets being depreciated	<u>112,566,232</u>	<u>2,034,562</u>	<u>(1,540,668)</u>	<u>113,060,126</u>
Less accumulated depreciation for:				
Roads and other infrastructure	(63,286,860)	(1,991,294)		(65,278,154)
Buildings and improvements	(3,314,742)	(168,949)		(3,483,691)
Machinery and equipment	<u>(5,352,365)</u>	<u>(464,954)</u>	<u>1,241,402</u>	<u>(4,575,917)</u>
Total accumulated depreciation	<u>(71,953,967)</u>	<u>(2,625,197)</u>	<u>1,241,402</u>	<u>(73,337,762)</u>
Total capital assets being depreciated, net	<u>40,612,265</u>	<u>(590,635)</u>	<u>(299,266)</u>	<u>39,722,364</u>
Governmental activities capital assets, net	<u>\$ 49,630,659</u>	<u>\$ 2,251,996</u>	<u>\$(1,316,122)</u>	<u>\$ 50,566,533</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 264,882	\$ 14,000	\$	\$ 278,882
Equipment	<u>196,138</u>	<u> </u>	<u> </u>	<u>196,138</u>
Total capital assets being depreciated	<u>461,020</u>	<u>14,000</u>	<u> </u>	<u>475,020</u>
Less accumulated depreciation for:				
Buildings and improvements	(262,077)	(1,215)		(263,292)
Equipment	<u>(9,133)</u>	<u>(9,631)</u>	<u> </u>	<u>(18,764)</u>
Total accumulated depreciation	<u>(271,210)</u>	<u>(10,846)</u>	<u> </u>	<u>(282,056)</u>
Total capital assets being depreciated, net	<u>189,810</u>	<u>3,154</u>	<u> </u>	<u>192,964</u>
Business-type activities capital assets, net	<u>\$ 189,810</u>	<u>\$ 3,154</u>	<u>\$</u>	<u>\$ 192,964</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Depreciation was charged to functions as follows:

Governmental activities depreciation:	
General government	\$ 205,400
Public protection:	
Fire	104,883
Police	197,464
Public ways and facilities, including depreciation to general infrastructure assets	<u>2,117,450</u>
Total governmental activities depreciation expense	<u>\$ 2,625,197</u>
Business-type activities depreciation:	
Pioneer Village	\$ 1,215
Ambulance	<u>9,631</u>
Total business-type activities depreciation	<u>\$ 10,846</u>

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2018, consisted of the following:

<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Enterprise Funds	General	\$ 6,476	Short-term loans
Nonmajor Special Revenue Funds	General	210,628	Short-term loans
Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	113,299	Short-term loans
Nonmajor Capital Projects Funds	General	13,558	Short-term loans
Nonmajor Capital Projects Funds	Nonmajor Capital Projects Funds	<u>3,200</u>	Short-term loans
		<u>\$347,161</u>	

All amounts due are scheduled to be repaid within one year.

Transfers To and From Other Funds

The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Transfers totaled \$3,636,517 in the fund financial statements as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General</u>	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Proprietary Funds</u>	
General	\$	\$ 42,777	\$	\$205,000	\$57,000	\$ 304,777
Street LTF		130,590				130,590
Street Measure “C”		189,847				189,847
Nonmajor Special Revenue Funds	1,351,041	388,635				1,739,676
Nonmajor Debt Service Funds			171,487			171,487
Nonmajor Capital Projects Funds			70			70
Proprietary	<u>1,100,000</u>					<u>1,100,000</u>
	<u>\$2,451,041</u>	<u>\$751,849</u>	<u>\$171,557</u>	<u>\$205,000</u>	<u>\$57,000</u>	<u>\$3,636,447</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of changes in the City’s long-term liabilities for the fiscal year ended June 30, 2018:

	<u>Balance at July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds – Authority	\$ 990,000	\$	\$250,000	\$ 740,000	\$145,000
Revenue bonds – City	4,011,762		214,279	3,797,483	220,901
General obligation bonds - City		4,000,000		4,000,000	75,000
Bond premium		131,845	4,395	127,450	
Capital leases	710,465	585,443	154,537	1,141,371	207,410
Contract payable	150,000			150,000	50,000
Compensated absences	<u>743,786</u>		<u>88,484</u>	<u>655,302</u>	
Total governmental activities	<u>\$6,606,013</u>	<u>\$4,717,288</u>	<u>\$711,695</u>	<u>\$10,611,606</u>	<u>\$698,311</u>
Business-type activities:					
Compensated absences	<u>747</u>	<u>432</u>		<u>1,179</u>	
Total business-type activities	<u>\$ 747</u>	<u>\$ 432</u>	<u>\$</u>	<u>\$ 1,179</u>	<u>\$</u>

A summary of changes in bonds payable of the Authority for the year ended June 30, 2018 is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount Original Issue</u>	<u>Outstanding June 30 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding June 30 2018</u>
1994	4% - 7.25%	\$11,570,000	\$350,000	\$	\$ 35,000	\$315,000
2014	3.25%	<u>955,000</u>	<u>640,000</u>		<u>215,000</u>	<u>425,000</u>
		<u>\$12,525,000</u>	<u>\$990,000</u>	<u>\$</u>	<u>\$250,000</u>	<u>\$740,000</u>

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2018 is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding June 30, 2018</u>
2015	3.09%	<u>\$4,344,619</u>	<u>\$4,011,762</u>	<u>\$</u>	<u>\$214,279</u>	<u>\$3,797,483</u>
		<u>\$4,344,619</u>	<u>\$4,011,762</u>	<u>\$</u>	<u>\$214,279</u>	<u>\$3,797,483</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

1994 Revenue Bonds

On December 23, 2015, the City of Selma issued \$4,344,619 Lease Obligation Refunding Bonds with an average interest rate of 3.09% to advance refund \$3,940,000 of outstanding 2010 Lease Revenue Refunding Bonds with an average interest rate of 7.00% and partial refunding of 1994 Revenue Bonds of \$450,000 with an average interest rate of 6.0%. The interest is payable semi-annually on February 1st and August 1st, commencing February 1, 2016. The bonds mature annually at various amounts through February 1, 2030. The bond program continues to be in default of its debt service reserve requirement, but the trustee believes there are sufficient assets remaining in Trust to service the remaining Bonds Outstanding. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance on the 1994 revenue bonds at June 30, 2018 was \$315,000.

The Bonds were issued to partially refinance the Authority's previously issued 1994 Revenue Bonds in the principal amount of \$450,000, of which \$380,000 remained outstanding at June 30, 2016. As a result, the \$450,000 is considered defeased and the liability for this issue has been removed from the Long-Term Liabilities of the Governmental Activities Debt.

2014 Assessment Revenue Refunding Bonds

On June 1, 2014, the Selma Public Financing Authority issued \$955,000 Series 2014 Assessment Revenue Refunding Bonds bearing interest of 3.250% payable semi-annually on September 2nd and March 2nd, commencing September 2, 2014. The bonds mature annually at various amounts through September 2, 2022. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance outstanding at June 30, 2018 was \$425,000.

The Bonds were issued to refinance the Authority's previously issued Series 1999A Assessment Revenue Bonds in the principal amount of \$8,165,000. As a result, the Series 1999A Assessment Revenue Bonds are considered defeased and the liability for this issue has been removed from the Long-Term Liabilities of the Governmental Activities Debt.

Series 2015 Refunding Lease Obligations

On December 23, 2015, the City of Selma issued \$4,344,619 Series 2015 Refunding Lease Obligations Bonds, bearing interest of 3.090% payable semi-annually on February 1st and August 1st, commencing February 1, 2016. The bonds mature annually at various amounts through February 1, 2032. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance on the Series 15 Refunding Lease Obligation Bond at June 30, 2018 was \$3,797,483.

The Bonds were issued to refinance the City of Selma Financing Authority's previously issued 2010 Lease Revenue Refunding Bonds outstanding of \$3,900,000 and partial refinance of their 1994 Revenue Bonds of \$450,000. As a result the 2010 Lease Revenue Refunding Bonds and the \$450,000 1994 Revenue Bonds are considered defeased and the liability for these issues have been removed from the Long-Term Liabilities of the Governmental Activities.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Series 2017 General Obligation Bonds

On July 6, 2017, the City of Selma issued \$4,000,000 Series 2017 General Obligation Bonds, bearing interest rates varying from 2.0% to 4.0% payable semi-annually on February 1, and August 1, commencing February 1, 2018. The bonds mature annually at various amounts through August 1, 2047. The bonds are general obligations of the City. Payable solely from property taxes levied by the City and collected by the County of Fresno. The principal balance on Series 2017 General Obligation Bonds at June 30, 2018 was \$4,000,000.

The Bonds are being issued to finance the costs of acquiring and constructing a new police station and associated improvements, and to pay the costs of issuing the Bonds. The bonds were authorized at an election of the registered voters of the City held on November 6, 2016 at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of the Bonds.

1. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Authority Governmental Activities Interest</u>	<u>Total</u>
2019	\$145,000	\$48,681	\$193,681
2020	155,000	36,388	191,388
2021	185,000	27,181	212,181
2022	130,000	17,994	147,994
2023	60,000	10,450	70,450
2024	<u>65,000</u>	<u>3,575</u>	<u>68,575</u>
Totals	<u>\$740,000</u>	<u>\$144,269</u>	<u>\$884,269</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>City Governmental Activities Interest</u>	<u>Total</u>
2019	\$ 220,901	\$117,342	\$ 338,243
2020	227,727	110,516	338,243
2021	234,763	103,480	338,243
2022	242,018	96,225	338,243
2023	249,496	88,747	338,243
2024-2028	1,367,997	323,218	1,691,215
2029-2032	<u>1,254,581</u>	<u>98,391</u>	<u>1,352,972</u>
Totals	<u>\$3,797,483</u>	<u>\$937,919</u>	<u>\$4,735,402</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The annual debt service requirements for the General Obligation Bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>City Governmental Activities Interest</u>	<u>Total</u>
2019	\$ 75,000	\$ 140,613	\$ 215,613
2020	85,000	139,012	224,012
2021	85,000	137,313	222,313
2022	90,000	135,562	225,562
2023	90,000	133,763	223,763
2024-2028	480,000	631,112	1,111,112
2029-2033	575,000	534,188	1,109,188
2034-2038	700,000	414,194	1,114,194
2039-2043	825,000	279,850	1,104,850
2044-2048	995,000	102,500	1,097,500
Totals	<u>\$4,000,000</u>	<u>\$2,648,107</u>	<u>\$6,648,107</u>

1. Capital Leases

Capital leases at June 30, 2018, consisted of the following:

	<u>Balance at July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2018</u>	<u>Due Within One Year</u>
Ford Credit-2 police vehicles	\$ 22,273	\$	\$ 22,273	\$	\$
Tymco Inc.-street sweeper	152,345		36,962	115,383	37,702
Bank of the West-surveillance camera	42,381		12,080	30,301	12,081
Santander Leasing-Fire Truck	465,919		46,068	419,851	47,400
3SFire-fire training property	27,546		27,546		
Umpqua Bank-computer equipment		103,223	9,608	93,615	19,963
Umpqua Bank-10 Ford Explorers, 1 F150 pick-up		<u>482,221</u>		<u>482,221</u>	<u>90,264</u>
	<u>\$710,464</u>	<u>\$585,444</u>	<u>\$154,537</u>	<u>\$1,141,371</u>	<u>\$207,410</u>

The City has entered into multiple lease agreements for financing the acquisition of police vehicles, fire truck, police and fire equipment, computer equipment, and a street sweeper. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 2.33% to 3.68% with the final payment on these leases in 2032.

2016 Capital Lease for Street Sweeper

In February, 2016 the City entered into a capital lease agreement with Tymco Inc. The purchase price of the equipment was \$250,502 and is payable over a period of five years. Semi-annual payments on the contract are \$13,249. The effective interest rate on the contract is 2.65% per annum. The balance outstanding at June 30, 2018, was \$115,383.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The annual debt service requirements for the 2016 Capital Lease for the street sweeper at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$37,702	\$2,045	\$ 39,747
2020	38,456	1,290	39,746
2021	<u>39,225</u>	<u>521</u>	<u>39,746</u>
	<u>\$115,383</u>	<u>\$3,856</u>	<u>\$119,239</u>

2015 Capital Lease for Surveillance Camera

In December, 2015 the City entered into a capital lease agreement with Bank of the West for the purchase of camera equipment with a purchase price of \$60,602. Monthly payments on the contract are \$1,220 for 60 months. No stated interest, but imputed at \$1,362 for the year. The balance outstanding as of June 30, 2018, was \$30,301.

The annual debt service requirements for the 2015 Capital Lease for the surveillance camera at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$12,081	\$1,361	\$13,442
2020	12,081	1,361	13,442
2021	<u>6,139</u>	<u>680</u>	<u>6,819</u>
	<u>\$30,301</u>	<u>\$3,402</u>	<u>\$33,703</u>

2016 Capital Lease for Fire Truck

In March, 2016 the City entered into a capital lease agreement with Santander Leasing for a fire truck with a purchase price of \$510,694. Monthly payments of \$59,533 for 10 years. The effective interest rate 3.42% per annum. The balance outstanding at June 30, 2018, was \$419,851.

The annual debt service requirements for the 2016 Capital Lease for the fire truck at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 47,400	\$12,134	\$59,534
2020	48,769	10,764	59,533
2021	50,179	9,354	59,533
2022	51,629	7,904	59,533
2023	53,121	6,412	59,533
2024-2026	<u>168,753</u>	<u>9,847</u>	<u>178,600</u>
	<u>\$419,851</u>	<u>\$56,415</u>	<u>\$476,266</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

2017 Capital Lease for Computer Equipment

In December, 2017 the City entered into a capital lease agreement with Umpqua Bank for computer equipment with a purchase price of \$103,223. Semi-annual payments of \$11,021 for five years. The effective interest rate of 2.33% per annum. The balance outstanding at June 30, 2018, was \$93,615.

The annual debt service requirements for the 2017 Capital Lease for the computer equipment at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 9,923	\$1,098	\$11,021
2020	20,197	1,845	22,042
2021	20,674	1,368	22,042
2022	21,161	881	22,042
2023	<u>21,660</u>	<u>382</u>	<u>22,042</u>
	<u>\$93,615</u>	<u>\$5,574</u>	<u>\$99,189</u>

2018 Capital Lease for Police Vehicles

In April, 2018 the City entered into a capital lease agreement with Umpqua for police vehicles with a purchase price of \$482,220. Semi-annual payments of \$53,685 for five years. The effective interest rate of 3.26% per annum. The balance outstanding at June 30, 2018, was \$482,221.

The annual debt service requirements for the 2018 Capital Lease for the police vehicles at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$90,264	\$15,105	\$105,369
2020	93,253	12,116	105,369
2021	96,342	9,027	105,369
2022	99,532	5,837	105,369
2023	<u>102,830</u>	<u>2,539</u>	<u>105,369</u>
	<u>\$482,221</u>	<u>\$44,624</u>	<u>\$526,845</u>

2. Contract Payable:

In July of 2015 the City entered into an agreement with the Consolidated Irrigation District (CID) to obtain from the District certain real property known as “Rockwell Pond.” The agreement calls for the exchange of City owned property of a 38.73 acre parcel with a fair market value of \$534,000 and a payment of a non interest bearing note of \$200,000, payable in annual installments of \$50,000 for the years 2016 through 2019. The purpose of the exchange was for development of water retention and sewer drains. Balance owing on the note at June 30, 2018 was \$150,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

3. Compensated Absences:

The liability for vested leave (vacation, compensated time off, holiday) earned but not used in governmental funds is expensed and established as a liability and is reported in the government-wide statement of net assets in the governmental activities column. Vested leave of proprietary funds (ambulance fund) is recorded as an expense and liability of that fund as the benefits accrue. No liability is recorded for non-vesting leave such as sick leave.

4. Fiduciary Long-Term Debt

2001 Industrial Park Limited Obligation Improvement Bonds

The former Selma Redevelopment Agency issued limited obligation bonds in the amount of \$3,561,890. The interest rate was 5% and the final payment is scheduled for September 2040. Bonds outstanding at January, 2012 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Redevelopment Agency. The balance outstanding at June 30, 2018 was \$2,850,000 and is held in the City's Redevelopment Successor Agency Private-Purpose Trust Funds.

Industrial Park Limited Obligation Improvement Bonds at June 30, 2018, consisted of the following:

Balance June 30, 2017	Adjustments	Reductions	Balance June 30, 2018
\$2,910,000		\$60,000	\$2,850,000

2010A Tax Allocation Bonds

The former Selma Redevelopment Agency issued \$3,600,000 tax allocation bonds, with the rate of 2.875-5.750% to refund previous refunding bonds 2001A and 2004A. The bonds mature in September 2024. Bonds outstanding at June 30, 2018 was \$2,340,000 and are held in the City's Redevelopment Successor Agency Private-Purchase Trust Funds.

Tax Allocation Bonds at June 30, 2018, consisted of the following:

Balance June 30, 2017	Adjustments	Reductions	Balance June 30, 2018
\$2,610,000		\$270,000	\$2,340,000

1994 Revenue Bonds

The 1994 Revenue Bonds were previously issued by the City of Selma Financing Authority to finance the prior Redevelopment Agency Housing Project. The debt is an obligation of the City's Redevelopment Successor Agency and thus appears in the Successor Agency Private-Purpose Trust Fund account. The principal balance of the 1994 Revenue Bonds was \$315,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 8 – RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which established the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which among other expenses, charges the City's account for liability losses under \$50,000 and workers' compensation losses under \$50,000. The SCJVRMA participates in an excess pool which provides general liability coverages from \$1,000,000 to \$29,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$500,000 to \$5,000,000 and purchases excess reinsurance above \$5,000,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-four (54) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors which meets three times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

The most recent condensed financial information of CSJVRMA is as follows:

	As of and for the Year Ended June 30, 2018
Total Assets	<u>\$110,234,633</u>
Total Liabilities	\$ 92,209,231
Total Net Position	<u>18,025,402</u>
Total Liabilities and Net Position	<u>\$110,234,633</u>
Total Revenues for the Year	\$ 47,652,408
Total Expenses for the Year	<u>47,601,577</u>
Change in Net Position	<u>\$ 50,831</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 9 – PENSION PLAN

General Information

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans. Benefit provisions under plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 52 years with statutory reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for each plan are applied as specified by the Public Employees’ Retirement Law.

Effective January 1, 2013, CalPERS instituted a new pension plan as a result of the Public Employee Pension Reform Act (PEPRA). Employees hired from that date on are subject to the new 2% at 62 benefit formula. The 2.5% at 55 benefit formula has been closed to new hires from January 1, 2013 on, unless they meet the rules for a CalPERS Classic employee. A Classic employee is already CalPERS member through prior employment and was employed by a CalPERS member within the last 6 months. See the CalPERS website for more information.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

Date of Hire	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2.50%	2.00%
Benefit vesting schedule	5 years’ service	5 years’ service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a percentage of eligible compensation	2.0%-2.5%	1.0-2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	25.70%	6.25%

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Date of Hire	Safety	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	57
Monthly benefits, as a percentage of eligible compensation	3.00%	2.0 to 2.7%
Required employee contribution rates	9%	11.50%
Required employer contribution rates	19.90%	11.50%

Contributions

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

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plans are as follows:

	<u>Plans</u>
Contributions – employer	\$1,344,043

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>	
	<u>2017</u>	<u>2016</u>
Miscellaneous	\$ 7,123,581	\$ 6,417,380
Safety	<u>7,915,874</u>	<u>6,815,312</u>
Total Net Pension Liability	<u>\$15,039,455</u>	<u>\$13,232,692</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2016	.135%	.144%
Proportion – June 30, 2017	.130%	.144%
Change – Increase (Decrease)	.005%	.000%

For the year ended June 30, 2018, the City recognized pension expense of \$1,344,043. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	Changes of Assumptions	Differences Between Expected and Actual Experiences	Net Differences Between Projected Earnings and Actual on Pension Plan Investments	Total Pension-related Deferred Outflows
Miscellaneous Plan	\$ 804,192	\$	\$196,888	\$1,001,080
Safety Plan	<u>1,188,168</u>	<u>65,600</u>	<u>280,595</u>	<u>1,534,363</u>
Total	<u>\$1,992,360</u>	<u>\$65,600</u>	<u>\$477,483</u>	<u>\$2,535,443</u>

Deferred Inflows of Resources

	Changes Of Assumptions	Total Pension-related Deferred Inflows
Miscellaneous Plan	\$(93,507)	\$(93,507)
Safety Plan	<u>0</u>	<u>0</u>
Total	<u>\$(93,507)</u>	<u>\$(93,507)</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Measurement Period Ended June 30	Outflows (Inflows) of Resources	
	Safety Plans	Miscellaneous Plans
2018	\$ 360,017	\$ 211,126
2019	825,549	508,226
2020	512,983	305,117
2021	(164,186)	(116,896)
2022	0	0
Thereafter	0	0

Actuarial Assumptions

For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	All Plans (3)
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Post Retirement Benefit Increase	

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS experience study report available on CalPERS website.
- (4) All of the City's plan for Miscellaneous and Safety employed the same assumptions

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rates should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would mostly result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in the calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	<u>2.0%</u>	-0.40%	-.90%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$8,518,408	\$9,022,989
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$7,123,581	\$7,915,874
1% Increase	8.15%	8.15%
Net Pension Liability	\$6,127,276	\$6,698,046

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$91,388 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City participates in the CalPERS medical program under the Public Employees’ Medical and Hospital and Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires (1) attainment of age 50 (age 52, if a new miscellaneous member to PERS on or after January 1, 2013) with 5 years of State or public agency service or (2) an approved disability retirement.

The City is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. The City has an “unequal contribution” resolution with CalPERS, executed in 2001. This resolution defines the City’s contribution toward active employee medical premiums to be the PEMHCA minimum employer contribution (MEC). The MEC was \$122 per month in 2016.

The amount payable by the City for each retirees was \$133 per month in 2018.

Employees Covered

As of June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	79
Retirees	31
Retirees waiving coverage	<u>15</u>
Total	<u>125</u>

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods of assumptions:

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percentage of pay
Asset Valuation Method	Market value of assets (\$0; plan is not yet funded)
Discount Rate	2.92% as of June 30, 2016 3.56% as of June 30, 2017
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed Wage Inflation	3.0% per year; a component of assumed salary increases
General Inflation Rate	2.75% per year
Healthcare Cost Trend Rates	8.00% as of January 1, 2019, decreasing .50% per year to 5.00% for years 2025 and thereafter
Mortality Improvements	Based on data from two published sources (1) the Society of Actuaries Mortality Improvement Scale MP 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Part A and Part B at age 65

Discount Rate

The City is currently financing its OPEB liability on a pay-as-you-go basis. The discount rate used in this valuation is based on the Fidelity Muni GO AA 20 Year Bond Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.92% as of June 30, 2016 and 3.56% as of June 30, 2017.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Measurement Date June 30, 2016)	<u>\$5,284,913</u>	\$ _____	<u>\$5,284,913</u>
Changes recognized for the measurement period:			
Service cost	375,561		375,561
Interest	164,777		164,777
Changes of assumptions	(546,300)		(546,300)
Benefit payments	<u>(34,854)</u>	_____	<u>(34,854)</u>
Net Changes	<u>(40,816)</u>	_____	<u>(40,816)</u>
Balance at June 30, 2018 (Measurement Date June 30, 2017)	<u>\$5,244,097</u>	\$ _____	<u>\$5,244,097</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2018 is 3.56%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$6,135,368	\$5,244,097	\$4,532,021
Net OPEB Liability	\$6,135,368	\$5,244,097	\$4,532,021

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The healthcare cost trend was assumed to start at 8% (effective January 1, 2019) and grade down to 5% for years 2025 and thereafter. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$4,386,403	\$5,244,097	\$6,658,597
Net OPEB Liability	\$4,386,403	\$5,244,097	\$6,658,597

Payable to the OPEB Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$371,047. As of fiscal year ended June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$103,626	\$
Changes of assumptions	_____	<u>480,639</u>
Total	<u>\$103,626</u>	<u>\$480,639</u>

The \$103,626 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Net Deferred Outflows/(Inflows) of Resources
2019	\$ (65,661)
2020	(65,661)
2021	(65,661)
2022	(65,661)
2023	(65,661)
Thereafter	<u>(152,334)</u>
Total	<u>\$(480,639)</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

No reportable litigation was pending against the City at June 30, 2018.

NOTE 12 – CONTINGENT LIABILITIES

The City participates in a number of federally assisted grant programs. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with the appropriate statutes, grant terms and regulations. The City believes no significant liabilities would result from any such audits.

NOTE 13 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the City adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which is effective for the fiscal years beginning after June 15, 2017.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The intension of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

The implementation of the above Statement resulted in the reduction of the beginning net positions of the Governmental Activities by \$4,599,853 and the Business-Type Activities by \$37,150.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,115,440	\$ 8,115,440	\$ 9,567,973	\$ 1,452,533
Licenses and permits	323,189	323,189	431,819	108,630
Intergovernmental	169,503	169,503	131,797	(37,706)
Charges for services	475,136	475,136	654,224	179,088
Fines	4,000	4,000	23,571	19,571
Franchise fees	741,000	741,000	862,634	121,634
Revenue for use of money and property	27,600	27,600	66,230	38,630
Miscellaneous	<u>30,759</u>	<u>30,759</u>	<u>48,005</u>	<u>17,246</u>
Total revenues	<u>9,886,627</u>	<u>9,886,627</u>	<u>11,786,253</u>	<u>1,899,626</u>
Expenditures				
General government	1,930,560	1,930,560	2,535,155	(604,595)
Public safety	8,587,572	8,587,572	8,777,910	(190,338)
Public works	588,769	587,799	948,724	(360,925)
Community development	410,869	410,869	463,541	(52,672)
Recreation	411,798	411,798	475,882	(64,084)
Capital outlay	31,600	8,970	486,708	(477,738)
Debt service:				
Principal	49,886	70,908	282,620	(211,712)
Interest and fiscal charges	<u>31,293</u>	<u>33,871</u>	<u>144,304</u>	<u>(110,433)</u>
Total expenditures	<u>12,042,347</u>	<u>12,042,347</u>	<u>14,114,844</u>	<u>(2,072,497)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,155,720)	(2,155,720)	(2,328,591)	(172,871)
Other financing sources (uses)				
Proceeds from capital leases			482,220	482,220
Operating transfers in	2,300,220	2,300,220	2,451,041	150,821
Operating transfers out	<u>(144,500)</u>	<u>(144,500)</u>	<u>(304,777)</u>	<u>(160,277)</u>
Total other financing sources (uses)	<u>2,155,720</u>	<u>2,155,720</u>	<u>2,628,484</u>	<u>472,764</u>
Net change in fund balance			299,893	299,893
Fund balance, beginning of year	<u>2,463,963</u>	<u>2,463,963</u>	<u>2,463,963</u>	<u> </u>
Fund balance, end of year	<u>\$ 2,463,963</u>	<u>\$ 2,463,963</u>	<u>\$ 2,763,856</u>	<u>\$ 299,893</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street LTF
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 602,477	\$ 602,477	\$ 699,523	\$ 97,046
Revenue for use of money and property	<u> </u>	<u> </u>	<u>21,308</u>	<u>21,308</u>
Total revenues	<u>602,477</u>	<u>602,477</u>	<u>720,831</u>	<u>118,354</u>
Expenditures				
Public works			3,207	(3,207)
Capital outlay	<u>995,000</u>	<u>995,000</u>	<u>70,847</u>	<u>924,153</u>
Total expenditures	<u>995,000</u>	<u>995,000</u>	<u>74,054</u>	<u>920,946</u>
Excess (deficiency) of revenues over (under) expenditures	(392,523)	(392,523)	646,777	1,039,300
Other financing sources (uses)				
Operating transfers out	<u> </u>	<u> </u>	<u>(130,590)</u>	<u>(130,590)</u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u>(130,590)</u>	<u>(130,590)</u>
Net change in fund balance	(392,523)	(392,523)	516,187	908,710
Fund balance, beginning of year	<u>2,112,180</u>	<u>2,112,180</u>	<u>2,112,180</u>	<u> </u>
Fund balance, end of year	<u>\$1,719,657</u>	<u>\$1,719,657</u>	<u>\$2,628,367</u>	<u>\$ 908,710</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street Measure “C”
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 633,971	\$ 633,971	\$ 651,385	\$ 17,414
Revenue for use of money and property			<u>12,166</u>	<u>12,166</u>
Total revenues	<u>633,971</u>	<u>633,971</u>	<u>663,551</u>	<u>29,580</u>
Expenditures				
Public Works			47,149	(47,149)
Capital outlay	<u>758,000</u>	<u>758,000</u>	<u>1,278,149</u>	<u>(520,149)</u>
Total expenditures	<u>758,000</u>	<u>758,000</u>	<u>1,325,298</u>	<u>(567,298)</u>
Excess (deficiency) of revenues over (under) expenditures	(124,029)	(124,029)	(661,747)	(537,718)
Other financing sources (uses)				
Operating transfers out			<u>(189,847)</u>	<u>(189,847)</u>
Total other financing sources (uses)			<u>(189,847)</u>	<u>(189,847)</u>
Net change in fund balance	(124,029)	(124,029)	(851,594)	(727,565)
Fund balance, beginning of year	<u>1,749,281</u>	<u>1,749,281</u>	<u>1,749,281</u>	_____
Fund balance, end of year	<u>\$1,625,252</u>	<u>\$1,625,252</u>	<u>\$ 897,687</u>	<u>\$(727,565)</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Police Station Construction
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Revenue for use of money and property	\$ _____	\$ _____	\$ 26,854	\$ 26,854
Total revenues	_____	_____	26,854	26,854
Expenditures				
Capital outlay	_____	_____	518,829	(518,829)
Total expenditures	_____	_____	518,829	(518,829)
Excess (deficiency) of revenues over (under) expenditures	_____	_____	(491,975)	(491,975)
Net change in fund balance			(491,975)	(491,975)
Fund balance, beginning of year	<u>3,973,411</u>	<u>3,973,411</u>	<u>3,973,411</u>	_____
Fund balance, end of year	<u>\$3,973,411</u>	<u>\$3,973,411</u>	<u>\$3,481,436</u>	<u>\$(491,975)</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
2017 Bond PD Station
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Revenue for use of money and property	\$ _____	\$ _____	\$ 36,569	\$ 36,569
Total revenues	_____	_____	<u>36,569</u>	<u>36,569</u>
Expenditures				
Capital outlay	_____	_____	_____	_____
Total expenditures	_____	_____	_____	_____
Excess (deficiency) of revenues over (under) expenditures	_____	_____	<u>36,569</u>	<u>36,569</u>
Other financing sources (uses)				
Proceeds from general obligation bonds	_____	_____	4,000,000	4,000,000
Bond issuance costs	_____	_____	<u>(143,760)</u>	<u>(143,760)</u>
Total other financing sources (uses)	_____	_____	<u>3,856,240</u>	<u>3,856,240</u>
Net change in fund balance			3,892,809	3,892,809
Fund balance, beginning of year	<u>(14,864)</u>	<u>(14,864)</u>	<u>(14,864)</u>	_____
Fund balance, end of year	<u>\$(14,864)</u>	<u>\$(14,864)</u>	<u>\$3,877,945</u>	<u>\$3,892,809</u>

CITY OF SELMA
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Last 10 Years*
For the Year Ended June 30, 2018

**Schedule of Plan's Proportionate Share of the Net Pension
Liability and Related Ratios as of the Measurement Date**

	Miscellaneous			
	2018	2017	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.17582%	.18473%	.19888%	.07296%
Plan's Proportion share of the Net Pension Liability (Asset)	\$7,123,581	\$6,417,380	\$5,456,437	\$4,540,156
Plan's Covered Employee Payroll	\$1,694,454	\$1,609,297	\$1,636,530	\$1,470,465
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	420.41%	398.77 %	333.42%	308.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	65.86%	66.99%	71.14%	76.31%
	Safety			
	2018	2017	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.14971%	.13159 %	.12509%	.07659%
Plan's Proportion share of the Net Pension Liability (Asset)	\$7,915,874	\$6,815,312	\$5,154,581	\$4,765,927
Plan's Covered Employee Payroll	\$3,505,756	\$2,878,438	\$3,453,182	\$3,379,336
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	315.51%	236.77%	149.27%	141.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.95%	75.04%	80.18%	81.42%

*Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

CITY OF SELMA
Required Supplementary Information
Schedule of Funding Progress PERS Information
For the Year Ended June 30, 2018

Schedule Contributions

	Miscellaneous			
	For the Year Ended June 30,			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 619,237	\$ 526,961	\$ 381,662	\$ 367,790
Contributions in relation to the actuarially determined contributions	<u>(619,237)</u>	<u>(526,961)</u>	<u>(381,662)</u>	<u>(367,790)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$1,694,454</u>	<u>\$1,609,297</u>	<u>\$1,636,530</u>	<u>\$1,470,465</u>
Contributions as a percentage of covered-employee payroll	36.54%	32.74%	23.32%	25.01%

	Safety			
	For the Year Ended June 30,			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 840,006	\$ 682,202	\$ 660,953	\$ 655,346
Contributions in relation to the actuarially determined contributions	<u>(840,006)</u>	<u>(682,202)</u>	<u>(660,953)</u>	<u>(655,346)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$3,505,756</u>	<u>\$2,878,438</u>	<u>\$3,379,336</u>	<u>\$3,379,336</u>
Contributions as a percentage of covered-employee payroll	23.96%	23.70%	19.14%	19.39%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2015 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.5%, Net of Pension Plan Investment and Administrative Expenses; Includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SELMA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Measurement Period Ending June 30, 2017
Total OPEB Liability	
Service cost	\$ 375,557
Interest cost	164,777
Assumption changes	(546,300)
Benefit payments	(34,854)
	(40,820)
Net change in total OPEB liability	5,284,913
Total OPEB liability – beginning	5,244,093
Total OPEB liability – ending (a)	\$5,244,093
Fiduciary Net Position	
Employer contributions	\$ 34,854
Benefit payments	(34,854)
	\$ 0
Net OPEB (asset) liability – ending (a)-(b)	\$5,244,093
Covered-employee payroll	\$6,169,019
Net OPEB liability as a percentage of covered-employee payroll	85.01%

Notes to Schedule:

Changes in Assumptions

The discount rate was changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017, based on the published change in return for the applicable municipal bond index.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF SELMA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Year Ended June 30, 2018
Actuarially Determined Contribution (ADC)	\$ 474,673
Contributions in relation to the ADC	<u>(103,626)</u>
Contribution deficiency (excess)	<u>\$ 371,047</u>
Covered-employee payroll	<u>\$6,169,019</u>
Contributions as a percentage of covered-employee payroll	1.68%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets (\$0; plan is not yet funded)
Discount Rate	2.92% as of June 30, 2016 3.56% as of June 30, 2017
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; a component of assumed salary increases
General Inflation Rate	2.75% per year

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and investments	\$2,050,238	\$552,512	\$4,825,890	\$7,428,640
Cash with fiscal agent		156,214		156,214
Accounts receivable	232,710		10,224	242,934
Interfund receivables			116,499	116,499
Due from other agencies	<u>336,509</u>			<u>336,509</u>
Total assets	<u>\$2,619,457</u>	<u>\$708,726</u>	<u>\$4,952,613</u>	<u>\$8,280,796</u>
Liabilities				
Accounts payable	\$ 275,762	\$	\$ 61,484	\$ 337,246
Accrued wages/benefits	67,495			67,495
Interfund payables	323,927		16,758	340,685
Other liabilities	<u>5,000</u>			<u>5,000</u>
Total liabilities	<u>672,184</u>	<u> </u>	<u>78,242</u>	<u>750,426</u>
Fund balance				
Restricted for:				
Streets and roads	836,687		1,461,588	2,298,275
Public safety	800,415			800,415
Community development	309,196			309,196
Debt service		708,726		708,726
Capital projects			1,895,632	1,895,632
Committed for:				
Streets and roads	21,594			21,594
Community development	30,855			30,855
Recreation	8,956			8,956
Capital projects			355,971	355,971
Assigned for:				
Equipment replacement			1,151,725	1,151,725
Unassigned	<u>(60,430)</u>		<u>9,455</u>	<u>(50,975)</u>
Total fund balance	<u>1,947,273</u>	<u>708,726</u>	<u>4,874,371</u>	<u>7,530,370</u>
Total liabilities and fund balance	<u>\$2,619,457</u>	<u>\$708,726</u>	<u>\$4,952,613</u>	<u>\$8,280,796</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,579,275	\$	\$	\$ 2,579,275
Intergovernmental	936,855		50,500	987,355
Charges for services	400,566		479,053	879,619
Fines	31,044			31,044
Revenue for use of money and property	13,646	15,245	32,568	61,459
Assessment payments		414,584		414,584
Miscellaneous	<u>237,034</u>		<u>671,054</u>	<u>908,088</u>
Total revenues	<u>4,198,420</u>	<u>429,829</u>	<u>1,233,175</u>	<u>5,861,424</u>
Expenditures				
General government	69,842	26,907		96,749
Public safety	566,822		107,599	674,421
Public works	1,216,712		141,386	1,358,098
Community development	152,405		12,211	164,616
Recreational			34,594	34,594
Capital outlay	708,124		627,484	1,335,608
Debt service:				
Principal		210,000	74,376	284,376
Interest and fiscal charges		<u>98,773</u>	<u>4,146</u>	<u>102,919</u>
Total expenditures	<u>2,713,905</u>	<u>335,680</u>	<u>1,001,796</u>	<u>4,051,381</u>
Excess (deficiency) of revenues over (under) expenditures	1,484,515	94,149	231,379	1,810,043
Other financing sources (uses)				
Premium on sale of bonds		131,845		131,845
Sale of capital assets			14,980	14,980
Operating transfers in	751,849	171,557	205,000	1,128,406
Operating transfers out	<u>(1,739,676)</u>	<u>(171,487)</u>	<u>(70)</u>	<u>(1,911,233)</u>
Total other financing sources (uses)	<u>(987,827)</u>	<u>131,915</u>	<u>219,910</u>	<u>(636,002)</u>
Net change in fund balance	496,688	226,064	451,289	1,174,041
Fund balance, beginning of year	<u>1,450,585</u>	<u>482,662</u>	<u>4,423,082</u>	<u>6,356,329</u>
Fund balance, end of year	<u>\$ 1,947,273</u>	<u>\$ 708,726</u>	<u>\$ 4,874,371</u>	<u>\$ 7,530,370</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018

	<u>Redevelopment Administration</u>	<u>Sidewalk Repair Funds</u>	<u>AB 1913 Grant</u>	<u>Street Maintenance CE Fund</u>	<u>Street Gas Tax</u>	<u>Road Maintenance & Rehabilitation</u>	<u>Reg Safe Trans Program (RSTP)</u>	<u>CID Groundwater Surcharge</u>
Assets								
Cash and investments	\$	\$21,259	\$57,400	\$274,556	\$545,849	\$94,085	\$3,667	\$331,658
Accounts receivable		335		640				
Due from other agencies	<u>50,661</u>							
Total assets	<u>50,661</u>	<u>21,594</u>	<u>57,400</u>	<u>275,196</u>	<u>545,849</u>	<u>94,085</u>	<u>3,667</u>	<u>331,658</u>
Liabilities								
Accounts payable				36,259				
Accrued wages/benefits	1,979		3,150	39,653	1,198			
Interfund payables	48,682							
Other liabilities				<u>5,000</u>				
Total liabilities	<u>50,661</u>		<u>3,150</u>	<u>80,912</u>	<u>1,198</u>			
Fund balance								
Restricted for:								
Streets and roads				194,284	544,651	94,085	3,667	
Public safety			54,250					
Community development								331,658
Committed for:								
Streets and roads		21,594						
Community development								
Recreation								
Unassigned								
Total fund balance		<u>21,594</u>	<u>54,250</u>	<u>194,284</u>	<u>544,651</u>	<u>94,085</u>	<u>3,667</u>	<u>331,658</u>
Total liabilities and fund balance	<u>\$50,661</u>	<u>\$21,594</u>	<u>\$57,400</u>	<u>\$275,196</u>	<u>\$545,849</u>	<u>\$94,085</u>	<u>\$3,667</u>	<u>\$331,658</u>

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018**

	CFD 2006-1 Vineyard Estates	CFD 2017 Services	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant	HSIP Grant	Small Business Support Center
Assets								
Cash and investments	\$30,250	\$910	\$16,039	\$4,770	\$	\$9,142	\$	\$605
Accounts receivable							223,879	
Due from other agencies					15,886			
Total assets	<u>30,250</u>	<u>910</u>	<u>16,039</u>	<u>4,770</u>	<u>15,886</u>	<u>9,142</u>	<u>223,879</u>	<u>605</u>
Liabilities								
Accounts payable		910	8,394			600	221,158	
Accrued wages/benefits			7,645					
Interfund payables					15,886		2,721	
Other liabilities								
Total liabilities		<u>910</u>	<u>16,039</u>		<u>15,886</u>	<u>600</u>	<u>223,879</u>	
Fund balance								
Restricted for:								
Streets and roads								
Public safety				4,770				
Community development						8,542		
Committed for:								
Streets and roads								
Community development	30,250							605
Recreation								
Unassigned								
Total fund balance	<u>30,250</u>			<u>4,770</u>		<u>8,542</u>		<u>605</u>
Total liabilities and fund balance	<u>\$30,250</u>	<u>\$910</u>	<u>\$16,039</u>	<u>\$4,770</u>	<u>\$15,886</u>	<u>\$9,142</u>	<u>\$223,879</u>	<u>\$605</u>

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018**

	ATP Planning Grant	ATP 17-089	Foreclosed Homes Projects	Sports Hall of Fame	ACT Program	Selma Activities League	Housing Related Parks Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Assets									
Cash and investments	\$	\$	\$28,505	\$3,351	\$	\$5,680	\$	\$622,512	\$2,050,238
Accounts receivable			2,191					5,665	232,710
Due from other agencies	<u>97,158</u>				<u>41,842</u>			<u>130,962</u>	<u>336,509</u>
Total assets	<u>97,158</u>		<u>30,696</u>	<u>3,351</u>	<u>41,842</u>	<u>5,680</u>		<u>759,139</u>	<u>2,619,457</u>
Liabilities									
Accounts payable					300	75		8,066	275,762
Accrued wages/benefits					3,808			10,062	67,495
Interfund payables	69,458	61,700			37,350		88,130		323,927
Other liabilities									5,000
Total liabilities	<u>69,458</u>	<u>61,700</u>			<u>41,458</u>	<u>75</u>	<u>88,130</u>	<u>18,128</u>	<u>672,184</u>
Fund balance									
Restricted for:									
Streets and roads									836,687
Public safety					384			741,011	800,415
Community development		(61,700)	30,696						309,196
Committed for:									
Streets and roads									21,594
Community development									30,855
Recreation				3,351		5,605			8,956
Unassigned	<u>27,700</u>						<u>(88,130)</u>		<u>(60,430)</u>
Total fund balance	<u>27,700</u>	<u>(61,700)</u>	<u>30,696</u>	<u>3,351</u>	<u>384</u>	<u>5,605</u>	<u>(88,130)</u>	<u>741,011</u>	<u>1,947,273</u>
Total liabilities and fund balance	<u>\$97,158</u>	<u>\$</u>	<u>\$30,696</u>	<u>\$3,351</u>	<u>\$41,842</u>	<u>\$5,680</u>	<u>\$</u>	<u>\$759,139</u>	<u>\$2,619,457</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Traffic Safety	Successor Agency Administration	Public Safety	Sidewalk Repair Funds	AB 1913 Grant	Street Maintenance Fund	Street Gas Tax	Road Maintenance & Rehabilitation
Revenues								
Taxes	\$	\$	\$ 54,533	\$	\$	\$	\$ 521,634	\$
Intergovernmental					139,416			94,085
Charges for services						174,907		
Fines	31,044							
Revenue for use of money and property							6,454	
Miscellaneous		<u>50,661</u>		<u>1,155</u>		<u>11,220</u>		
Total revenues	<u>31,044</u>	<u>50,661</u>	<u>54,533</u>	<u>1,155</u>	<u>139,416</u>	<u>186,127</u>	<u>528,088</u>	<u>94,085</u>
Expenditures								
General government								
Public safety					82,658			
Public works				765		927,394	43,873	
Community development		50,661						
Capital outlay					<u>26,880</u>	<u>748</u>	<u>61,560</u>	
Total expenditures		<u>50,661</u>		<u>765</u>	<u>109,538</u>	<u>928,142</u>	<u>105,433</u>	
Excess (deficiency) of revenues over (under) expenditures	31,044		54,533	390	29,878	(742,015)	422,655	94,085
Other financing sources (uses)								
Operating transfers in						709,072		
Operating transfers out	<u>(31,044)</u>		<u>(54,533)</u>				<u>(388,635)</u>	
Total other financing sources (uses)	<u>(31,044)</u>		<u>(54,533)</u>			<u>709,072</u>	<u>(388,635)</u>	
Net change in fund balance				390	29,878	(32,943)	34,020	94,085
Fund balance, beginning of year				<u>21,204</u>	<u>24,372</u>	<u>227,227</u>	<u>510,631</u>	
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$21,594</u>	<u>\$ 54,250</u>	<u>\$ 194,284</u>	<u>\$ 544,651</u>	<u>\$94,085</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Reg Safe Trans Program (RSTP)	CID Groundwater Surcharge	CFD 2006-1 Vineyard Estates	CFD 2017 Services	Landscape And Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant
Revenues								
Taxes	\$	\$	\$25,967	\$	\$215,753	\$	\$	\$
Intergovernmental	18,223						322,073	6,523
Charges for services		222,659						
Fines								
Revenue for use of money and property		2,510						
Miscellaneous								
Total revenues	<u>18,223</u>	<u>225,169</u>	<u>25,967</u>	<u>—</u>	<u>215,753</u>	<u>—</u>	<u>322,073</u>	<u>6,523</u>
Expenditures								
General government			6	7,455				
Public safety			3,329					
Public works					244,680			
Community development								5,452
Capital outlay	<u>14,556</u>				<u>2,244</u>		<u>322,073</u>	
Total expenditures	<u>14,556</u>		<u>3,335</u>	<u>7,455</u>	<u>246,924</u>		<u>322,073</u>	<u>5,452</u>
Excess (deficiency) of revenues over (under) expenditures	3,667	225,169	22,632	(7,455)	(31,171)			1,071
Other financing sources (uses)								
Operating transfers in				7,455	31,171			
Operating transfers out								
Total other financing sources (uses)				<u>7,455</u>	<u>31,171</u>			
Net change in fund balance	3,667	225,169	22,632					1,071
Fund balance, beginning of year		<u>106,489</u>	<u>7,618</u>			<u>4,770</u>		<u>7,471</u>
Fund balance, end of year	<u>\$ 3,667</u>	<u>\$331,658</u>	<u>\$30,250</u>	<u>\$</u>	<u>\$</u>	<u>\$4,770</u>	<u>\$</u>	<u>\$8,542</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Avoid Grant	ABC Grant	HSIP Grant	Small Business Support Center	DOJ Brynes Grant	ATP Planning Grant	ATP 17-089	Foreclosed Homes Project
Revenues								
Taxes	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	13,936		227,029		4,862	100,708		
Charges for services								3,000
Fines								
Revenue for use of money and property								
Miscellaneous								12,724
Total revenues	<u>13,936</u>	<u>—</u>	<u>227,029</u>	<u>—</u>	<u>4,862</u>	<u>100,708</u>	<u>—</u>	<u>15,724</u>
Expenditures								
General government								4,039
Public safety	13,936	197			4,862			
Public works								
Community development						34,592	61,700	
Capital outlay			227,029					
Total expenditures	<u>13,936</u>	<u>197</u>	<u>227,029</u>	<u>—</u>	<u>4,862</u>	<u>34,592</u>	<u>61,700</u>	<u>4,039</u>
Excess (deficiency) of revenues over (under) expenditures		(197)				66,116	(61,700)	11,685
Other financing sources (uses)								
Operating transfers in						4,151		
Operating transfers out								
Total other financing sources (uses)						<u>4,151</u>		
Net change in fund balance		(197)				70,267	(61,700)	11,685
Fund balance, beginning of year		197		605		(42,567)		19,011
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$605</u>	<u>\$</u>	<u>\$ 27,700</u>	<u>\$(61,700)</u>	<u>\$30,696</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Sports Hall of Fame	CHRP Grant	ACT Program	Citizens Tax Initiative	Housing Related Parks Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Revenues							
Taxes	\$	\$	\$	\$	\$	\$ 1,761,388	\$ 2,579,275
Intergovernmental				10,000			936,855
Charges for services							400,566
Fines							31,044
Revenue for use of money and property						4,682	13,646
Miscellaneous			<u>142,968</u>			<u>18,306</u>	<u>237,034</u>
Total revenues			<u>142,968</u>	<u>10,000</u>		<u>1,784,376</u>	<u>4,198,420</u>
Expenditures							
General government				4,395	53,947		69,842
Public safety			155,655			306,185	566,822
Public works							1,216,712
Community development							152,405
Capital outlay					<u>34,183</u>	<u>18,851</u>	<u>708,124</u>
Total expenditures			<u>155,655</u>	<u>4,395</u>	<u>88,130</u>	<u>325,036</u>	<u>2,713,905</u>
Excess (deficiency) of revenues over (under) expenditures			(12,687)	5,605	(88,130)	1,459,340	1,484,515
Other financing sources (uses)							
Operating transfers in							751,849
Operating transfers out		(381)				(1,265,083)	(1,739,676)
Total other financing sources (uses)		<u>(381)</u>				<u>(1,265,083)</u>	<u>(987,827)</u>
Net change in fund balance		(381)	(12,687)	5,605	(88,130)	194,257	496,688
Fund balance, beginning of year	<u>3,351</u>	<u>381</u>	<u>13,071</u>			<u>546,754</u>	<u>1,450,585</u>
Fund balance, end of year	<u>\$3,351</u>	<u>\$</u>	<u>\$ 384</u>	<u>\$ 5,605</u>	<u>\$(88,130)</u>	<u>\$ 741,011</u>	<u>\$ 1,947,273</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2018

	1994 Debt Service	Assessment 91-2 Highland Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service	Assessment 92-1 Watermain Debt Service
Assets					
Cash and investments	\$ 87,215	\$83,646	\$19,783	\$22,515	\$17,579
Cash with fiscal agent	<u>119,021</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>206,236</u>	<u>83,646</u>	<u>19,783</u>	<u>22,515</u>	<u>17,579</u>
Liabilities					
Accounts payable	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance					
Restricted for:					
Debt service	<u>206,236</u>	<u>83,646</u>	<u>19,783</u>	<u>22,515</u>	<u>17,579</u>
Total fund balance	<u>206,236</u>	<u>83,646</u>	<u>19,783</u>	<u>22,515</u>	<u>17,579</u>
Total liabilities and fund balance	<u>\$206,236</u>	<u>\$83,646</u>	<u>\$19,783</u>	<u>\$22,515</u>	<u>\$17,579</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2018

	<u>Assessment 93-1 Briarwood/ Vineyard Debt Service</u>	<u>2017 Police Station Debt Service</u>	<u>2014 Assessment Bond</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets				
Cash and investments	\$36,763	\$285,011	\$	\$552,512
Cash with fiscal agent			<u>37,193</u>	<u>156,214</u>
Total assets	<u>36,763</u>	<u>285,011</u>	<u>37,193</u>	<u>708,726</u>
Liabilities				
Accounts payable	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance				
Restricted for:				
Debt service	<u>36,763</u>	<u>285,011</u>	<u>37,193</u>	<u>708,726</u>
Total fund balance	<u>36,763</u>	<u>285,011</u>	<u>37,193</u>	<u>708,726</u>
Total liabilities and fund balance	<u>\$36,763</u>	<u>\$285,011</u>	<u>\$37,193</u>	<u>\$708,726</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

	<u>1994</u> <u>Debt Service</u>	<u>Assessment</u> <u>91-2</u> <u>Highland</u> <u>Debt Service</u>	<u>Assessment</u> <u>92-1</u> <u>Dancer II</u> <u>Debt Service</u>	<u>Assessment</u> <u>92-1</u> <u>Dancer III</u> <u>Debt Service</u>
Revenues				
Intergovernmental	\$	\$	\$	\$
Revenue for use of money and property	12,992			
Assessment Payments		<u>82,454</u>	<u>24,474</u>	<u>22,928</u>
Total revenues	<u>12,992</u>	<u>82,454</u>	<u>24,474</u>	<u>22,928</u>
Expenditures				
General government	22,931	1,025	811	714
Debt Service:				
Principal				
Interest and fiscal charges				
Total expenditures	<u>22,931</u>	<u>1,025</u>	<u>811</u>	<u>714</u>
Excess (deficiency) of revenues over (under) expenditures	(9,939)	81,429	23,663	22,214
Other financing sources (uses)				
Operating transfers in				
Operating transfers out		<u>(76,998)</u>	<u>(23,009)</u>	<u>(21,562)</u>
Total other financing sources (uses)		<u>(76,998)</u>	<u>(23,009)</u>	<u>(21,562)</u>
Net change in fund balance	(9,939)	4,431	654	652
Fund balance, beginning of year	<u>216,175</u>	<u>79,215</u>	<u>19,129</u>	<u>21,863</u>
Fund balance, end of year	<u>\$206,236</u>	<u>\$ 83,646</u>	<u>\$ 19,783</u>	<u>\$ 22,515</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

	<u>Assessment 91-2 Watermain Debt Service</u>	<u>Assessment 93-1 Briarwood/ Vineyard Debt Service</u>	<u>2017 Police Station Debt Service</u>	<u>2014 Assessment Bond</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues					
Revenue for use of money and property	\$	\$	\$ 2,157	\$ 96	\$ 15,245
Assessment payments	<u>20,513</u>	<u>32,708</u>	<u>231,507</u>	<u> </u>	<u>414,584</u>
Total revenues	<u>20,513</u>	<u>32,708</u>	<u>233,664</u>	<u>96</u>	<u>429,829</u>
Expenditures					
General government	577	849			26,907
Debt Service:					
Principal				210,000	210,000
Interest and fiscal charges	<u> </u>	<u> </u>	<u>80,498</u>	<u>18,275</u>	<u>98,773</u>
Total expenditures	<u>577</u>	<u>849</u>	<u>80,498</u>	<u>228,275</u>	<u>335,680</u>
Excess (deficiency) of revenues over (under) expenditures	19,936	31,859	153,166	(228,179)	94,149
Other financing sources (uses)					
Premium on sale of bonds			131,845		131,845
Operating transfers in				171,557	171,557
Operating transfers out	<u>(19,315)</u>	<u>(30,603)</u>	<u> </u>	<u> </u>	<u>(171,487)</u>
Total other financing sources (uses)	<u>(19,315)</u>	<u>(30,603)</u>	<u>131,845</u>	<u>171,557</u>	<u>131,915</u>
Net change in fund balance	621	1,256	285,011	(56,622)	226,064
Fund balance, beginning of year	<u>16,958</u>	<u>35,507</u>	<u> </u>	<u>93,815</u>	<u>482,662</u>
Fund balance, end of year	<u>\$ 17,579</u>	<u>\$ 36,763</u>	<u>\$285,011</u>	<u>\$ 37,193</u>	<u>\$ 708,726</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018

	<u>Equipment Replacement</u>	<u>Development Impact Streets & Traffic</u>	<u>Development Impact Police Facility</u>	<u>Development Impact Fire Facility</u>	<u>Development Impact City Facilities</u>	<u>Development Impact Storm Drain</u>	<u>Development Impact Sewer</u>
Assets							
Cash and investments	\$1,175,656	\$1,187,655	\$	\$36,639	\$327,176	\$86,250	\$729,170
Accounts receivable							
Due from other funds		61,700			3,200		
Total assets	<u>1,175,656</u>	<u>1,249,355</u>	<u> </u>	<u>36,639</u>	<u>330,376</u>	<u>86,250</u>	<u>729,170</u>
Liabilities							
Accounts payable	23,931		1,120	6,858			
Due to other funds			9,854				
Total liabilities	<u>23,931</u>	<u> </u>	<u>10,974</u>	<u>6,858</u>	<u> </u>	<u> </u>	<u> </u>
Fund balance							
Restricted for:							
Streets and roads		1,249,355					
Capital projects			(10,974)	29,781	330,376	86,250	729,170
Committed for:							
Capital projects							
Assigned for:							
Equipment replacement	1,151,725						
Unassigned							
Total fund balance	<u>1,151,725</u>	<u>1,249,355</u>	<u>(10,974)</u>	<u>29,781</u>	<u>330,376</u>	<u>86,250</u>	<u>729,170</u>
Total liabilities and fund balance	<u>\$1,175,656</u>	<u>\$1,249,355</u>	<u>\$ </u>	<u>\$36,639</u>	<u>\$330,376</u>	<u>\$86,250</u>	<u>\$729,170</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018

	Development Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Development Impact Waste Water Collection	Development Impact Public Facilities	Development Impact Open Space Acquisition	City Hall Construction
Assets							
Cash and investments	\$530,549	\$309,603	\$67,235	\$29,987	\$38,394	\$4,683	\$19,764
Accounts receivable	8,582						
Due from other funds	51,599						
Total assets	<u>590,730</u>	<u>309,603</u>	<u>67,235</u>	<u>29,987</u>	<u>38,394</u>	<u>4,683</u>	<u>19,764</u>
Liabilities							
Accounts payable							
Due to other funds	_____	_____	_____	_____	_____	_____	_____
Total liabilities	_____	_____	_____	_____	_____	_____	_____
Fund balance							
Restricted for:							
Streets and roads							
Capital projects	590,730		67,235	29,987	38,394	4,683	
Committed for:							
Capital projects		309,603					19,764
Assigned for:							
Equipment replacement							
Unassigned							
Total fund balance	<u>590,730</u>	<u>309,603</u>	<u>67,235</u>	<u>29,987</u>	<u>38,394</u>	<u>4,683</u>	<u>19,764</u>
Total liabilities and fund balance	<u>\$590,730</u>	<u>\$309,603</u>	<u>\$67,235</u>	<u>\$29,987</u>	<u>\$38,394</u>	<u>\$4,683</u>	<u>\$19,764</u>

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018**

	Amberwood Project	Tutelian Project	Selma Crossing Project	Caltrans Mitigation Fund	Capital Projects Parks	Total Nonmajor Capital Projects Funds
Assets						
Cash and investments	\$29,058	\$28,606	\$	\$212,233	\$13,232	\$4,825,890
Accounts receivable		1,642				10,224
Due from other funds						116,499
Total assets	<u>29,058</u>	<u>30,248</u>	<u>—</u>	<u>212,233</u>	<u>13,232</u>	<u>4,952,613</u>
Liabilities						
Accounts payable	2,454	6,881			20,240	61,484
Due to other funds		<u>3,200</u>	<u>3,704</u>			<u>16,758</u>
Total liabilities	<u>2,454</u>	<u>10,081</u>	<u>3,704</u>	<u>—</u>	<u>20,240</u>	<u>78,242</u>
Fund balance						
Restricted for:						
Streets and roads				212,233		1,461,588
Capital projects						1,895,632
Committed for:						
Capital projects	26,604					355,971
Assigned for:						
Equipment replacement						1,151,725
Unassigned		<u>20,167</u>	<u>(3,704)</u>		<u>(7,008)</u>	<u>9,455</u>
Total fund balance	<u>26,604</u>	<u>20,167</u>	<u>(3,704)</u>	<u>212,233</u>	<u>(7,008)</u>	<u>4,874,371</u>
Total liabilities and fund balance	<u>\$29,058</u>	<u>\$30,248</u>	<u>\$</u>	<u>\$212,233</u>	<u>\$13,232</u>	<u>\$4,952,613</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

	Equipment Replacement	Development Impact Streets & Traffic	Development Impact Police Facility	Development Impact Fire Facility	Development Impact City Facilities	Development Impact Storm Drain	Development Impact Sewer
Revenues							
Intergovernmental	\$ 50,500	\$	\$	\$	\$	\$	\$
Charges for services	63,878	216,949	12,187	10,575	36,157	50,214	5,785
Revenue for use of money & property	8,141	9,477			2,476		5,725
Miscellaneous	<u>627,904</u>					<u>6,800</u>	
Total revenues	<u>750,423</u>	<u>226,426</u>	<u>12,187</u>	<u>10,575</u>	<u>38,633</u>	<u>57,014</u>	<u>11,510</u>
Expenditures							
Public safety	80,288		27,311				
Public works		48,348				38,477	54,561
Community development							
Recreation							
Capital outlay	244,119			69,435		69,800	
Debt Service:							
Principal	36,962		12,081	25,333			
Interest and fiscal charges	<u>2,784</u>		<u>1,362</u>				
Total expenditures	<u>364,153</u>	<u>48,348</u>	<u>40,754</u>	<u>94,768</u>		<u>108,277</u>	<u>54,561</u>
Excess (deficiency) of revenues over (under) expenditures	386,270	178,078	(28,567)	(84,193)	38,633	(51,263)	(43,051)
Other financing sources (uses)							
Sale of capital assets	14,980						
Operating transfers in	100,000						
Operating transfers out							
Total other financing sources (uses)	<u>114,980</u>						
Net change in fund balance	501,250	178,078	(28,567)	(84,193)	38,633	(51,263)	(43,051)
Fund balance, beginning of year	<u>650,475</u>	<u>1,071,277</u>	<u>17,593</u>	<u>113,974</u>	<u>291,743</u>	<u>137,513</u>	<u>772,221</u>
Fund balance, end of year	<u>\$1,151,725</u>	<u>\$1,249,355</u>	<u>\$(10,974)</u>	<u>\$ 29,781</u>	<u>\$330,376</u>	<u>\$ 86,250</u>	<u>\$729,170</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

	Development Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Development Impact Waste Water Collection	Development Impact Public Facilities	Development Impact Open Space Acquisition	Construction 97-2 Theater
Revenues							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services	8,585	15,432	1,120	5,633	1,318	980	
Revenue for use of money & property	4,406	2,343					
Miscellaneous							
Total revenues	<u>12,991</u>	<u>17,775</u>	<u>1,120</u>	<u>5,633</u>	<u>1,318</u>	<u>980</u>	<u>—</u>
Expenditures							
Public safety							
Public works							
Community development							
Recreation							
Capital outlay							
Debt Service:							
Principal							
Interest and fiscal charges							
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	12,991	17,775	1,120	5,633	1,318	980	
Other financing sources (uses)							
Sale of capital assets							
Operating transfers in							
Operating transfers out							(70)
Total other financing sources (uses)							<u>(70)</u>
Net change in fund balance	12,991	17,775	1,120	5,633	1,318	980	(70)
Fund balance, beginning of year	<u>577,739</u>	<u>291,828</u>	<u>66,115</u>	<u>24,354</u>	<u>37,076</u>	<u>3,703</u>	<u>70</u>
Fund balance, end of year	<u>\$590,730</u>	<u>\$309,603</u>	<u>\$67,235</u>	<u>\$29,987</u>	<u>\$38,394</u>	<u>\$4,683</u>	<u>\$—</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

	City Hall Construction	Amberwood Project	Tutelian Project	Selma Crossing Project	Caltrans Mitigation Fund	Capital Project- Parks	Total Nonmajor Capital Projects Funds
Revenues							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 50,500
Charges for services					50,240		479,053
Revenue for use of money & property							32,568
Miscellaneous	<u> </u>	<u> </u>	36,350	<u> </u>	<u> </u>	<u> </u>	671,054
Total revenues	<u> </u>	<u> </u>	<u>36,350</u>	<u> </u>	<u>50,240</u>	<u> </u>	<u>1,233,175</u>
Expenditures							
Public safety							107,599
Public works							141,386
Community development			10,099	2,112			12,211
Recreation						34,594	34,594
Capital outlay						244,130	627,484
Debt Service:							
Principal							74,376
Interest and fiscal charges							4,146
Total expenditures	<u> </u>	<u> </u>	<u>10,099</u>	<u>2,112</u>	<u> </u>	<u>278,724</u>	<u>1,001,796</u>
Excess (deficiency) of revenues over (under) expenditures			26,251	(2,112)	50,240	(278,724)	231,379
Other financing sources (uses)							
Sale of capital assets							14,980
Operating transfers in						105,000	205,000
Operating transfers out							(70)
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>105,000</u>	<u>219,910</u>
Net change in fund balance			26,251	(2,112)	50,240	(173,724)	451,289
Fund balance, beginning of year	<u>19,764</u>	<u>26,604</u>	<u>(6,084)</u>	<u>(1,592)</u>	<u>161,993</u>	<u>166,716</u>	<u>4,423,082</u>
Fund balance, end of year	<u>\$19,764</u>	<u>\$26,604</u>	<u>\$20,167</u>	<u>\$(3,704)</u>	<u>\$212,233</u>	<u>\$ (7,008)</u>	<u>\$4,874,371</u>

CITY OF SELMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Cash and investments	\$ 96,347	\$	\$ 96,347
Accounts receivable, net	<u>1,880</u>	<u>3,950</u>	<u>5,830</u>
Total current assets	<u>98,227</u>	<u>3,950</u>	<u>102,177</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	278,882	3,515	282,397
Less: accumulated depreciation	<u>(263,292)</u>	<u>(3,515)</u>	<u>(266,807)</u>
Total noncurrent assets	<u>15,590</u>	<u> </u>	<u>15,590</u>
Total assets	<u>113,817</u>	<u>3,950</u>	<u>117,767</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	4,504	3,515	8,019
Deferred outflows related to OPEB	<u>121</u>	<u>94</u>	<u>215</u>
Total deferred outflow of resources	<u>4,625</u>	<u>3,609</u>	<u>8,234</u>
Liabilities			
Current liabilities:			
Accounts payable	1,304	5,916	7,220
Accrued wages/benefits	952	680	1,632
Interfund payables	<u> </u>	<u>6,476</u>	<u>6,476</u>
Total current liabilities	<u>2,256</u>	<u>13,072</u>	<u>15,328</u>
Noncurrent liabilities:			
Net pension liability	17,461	13,626	31,087
Net other post-employment benefits liability	<u>6,090</u>	<u>4,751</u>	<u>10,841</u>
Total noncurrent liabilities	<u>23,551</u>	<u>18,377</u>	<u>41,928</u>
Total liabilities	<u>25,807</u>	<u>31,449</u>	<u>57,256</u>
Deferred inflows of resources			
Deferred inflows related to pensions	109	85	194
Deferred inflows related to OPEB	<u>558</u>	<u>435</u>	<u>993</u>
Total deferred inflow of resources	<u>667</u>	<u>520</u>	<u>1,187</u>
Net position			
Invested in capital assets, net of related debt	15,590		15,590
Unrestricted	<u>76,378</u>	<u>(24,410)</u>	<u>51,968</u>
Total net position	<u>\$ 91,968</u>	<u>\$(24,410)</u>	<u>\$ 67,558</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 336	\$ 20,022	\$ 20,358
Rents	22,274	26,551	48,825
Miscellaneous	<u>6,540</u>	<u>100,609</u>	<u>107,149</u>
Total operating revenues	<u>29,150</u>	<u>147,182</u>	<u>176,332</u>
Operating Expenses			
Personnel services	10,947	31,386	42,333
Services and supplies	58,852	124,357	183,209
Other internal services	3,762	33,101	36,863
Depreciation	<u>1,215</u>	<u>188,844</u>	<u>1,215</u>
Total operating expenses	<u>74,776</u>	<u>188,844</u>	<u>263,620</u>
Operating income (loss)	<u>(45,626)</u>	<u>(41,662)</u>	<u>(87,288)</u>
Income (loss) before transfers	<u>(45,626)</u>	<u>(41,662)</u>	<u>(87,288)</u>
Transfers			
Transfers in	<u>15,000</u>	<u>42,000</u>	<u>57,000</u>
Changes in net position	(30,626)	338	(30,288)
Net position (deficit), beginning of year	<u>128,689</u>	<u>(19,991)</u>	<u>108,698</u>
Restatement for accounting change	<u>(6,095)</u>	<u>(4,757)</u>	<u>(10,852)</u>
Net position (deficit), end of year	<u>\$ 91,968</u>	<u>\$ (24,410)</u>	<u>\$ 67,558</u>

CITY OF SELMA
Combining Statement of Net Position –
Internal Service Funds
June 30, 2018

	Insurance	Fleet Management	Building & Utility	General Overhead	Information Processing	Total Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$261,959	\$526,153	\$426,034	\$55,890	\$312,936	\$1,582,972
Accounts receivable, net	<u>38,892</u>					<u>38,892</u>
Total current assets	<u>300,851</u>	<u>526,153</u>	<u>426,034</u>	<u>55,890</u>	<u>312,936</u>	<u>1,621,864</u>
Noncurrent assets:						
Capital assets:						
Machinery and equipment			38,400		10,052	48,452
Less: Accumulated depreciation			<u>(4,858)</u>		<u>(3,853)</u>	<u>(8,711)</u>
Total noncurrent assets			<u>33,542</u>		<u>6,199</u>	<u>39,741</u>
Total assets	300,851	526,153	459,576	55,890	319,135	1,661,605
Deferred outflows of resources:						
Deferred outflows related to pensions		80,511	73,423		330	154,264
Deferred outflows related to OPEB		<u>2,151</u>	<u>1,961</u>		<u>8</u>	<u>4,120</u>
Total deferred outflow of resources		<u>82,662</u>	<u>75,384</u>		<u>338</u>	<u>158,384</u>
Liabilities						
Current liabilities:						
Accounts payable	5,777	30,551	10,329	103	5,817	52,577
Accrued wages/benefits		3,383	2,609		1,546	7,538
Current portion of capital leases					<u>19,963</u>	<u>19,963</u>
Total current liabilities	<u>5,777</u>	<u>33,934</u>	<u>12,938</u>	<u>103</u>	<u>27,326</u>	<u>80,078</u>
Noncurrent liabilities:						
Capital leases					73,652	73,652
Net pension liability		312,114	284,637		1,277	598,028
Net other post-employment benefits liability		<u>108,831</u>	<u>99,250</u>		<u>447</u>	<u>208,528</u>
Total noncurrent liabilities		<u>420,945</u>	<u>383,887</u>		<u>75,376</u>	<u>880,208</u>
Total liabilities	<u>5,777</u>	<u>454,879</u>	<u>396,825</u>	<u>103</u>	<u>102,702</u>	<u>960,286</u>
Deferred inflows of resources:						
Deferred inflow of pensions		1,941	1,770		7	3,718
Deferred inflow related to OPEB		<u>9,975</u>	<u>9,097</u>		<u>40</u>	<u>19,112</u>
Total deferred inflow of resources		<u>11,916</u>	<u>10,867</u>		<u>47</u>	<u>22,830</u>
Net position:						
Invested in capital assets, net of related debt			33,542		6,199	39,741
Unrestricted	<u>295,074</u>	<u>142,020</u>	<u>93,726</u>	<u>55,787</u>	<u>210,525</u>	<u>797,132</u>
Total net position	<u>\$295,074</u>	<u>\$142,020</u>	<u>\$127,268</u>	<u>\$55,787</u>	<u>\$216,724</u>	<u>\$ 836,873</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position–
Internal Service Funds
For the Year Ended June 30, 2018

	Insurance	Fleet Management	Building & Utility	General Overhead	Information Processing	Total Internal Service Funds
Operating Revenues						
Charges for services	\$1,075,603	\$ 747,818	\$410,542	\$14,964	\$394,215	\$2,643,142
Miscellaneous	<u>137</u>	<u>223</u>	<u> </u>	<u>681</u>	<u>98,195</u>	<u>99,236</u>
Total operating revenues	<u>1,075,740</u>	<u>748,041</u>	<u>410,542</u>	<u>15,645</u>	<u>492,410</u>	<u>2,742,378</u>
Operating Expenses						
Personnel services		170,412	118,963		4,653	294,028
Services and supplies		437,816	106,057	15,326	411,140	970,339
Other internal services	969,807					969,807
Depreciation			<u>3,840</u>		<u>2,010</u>	<u>5,850</u>
Total operating expenses	<u>969,807</u>	<u>608,228</u>	<u>228,860</u>	<u>15,326</u>	<u>417,803</u>	<u>2,240,024</u>
Operating income (loss)	105,933	139,813	181,682	319	74,607	502,354
Nonoperating revenues (expenses)						
Interest income		3,218	2,361			5,579
Interest expense					<u>(1,684)</u>	<u>(1,684)</u>
Total nonoperating revenues (expenses)		<u>3,218</u>	<u>2,361</u>		<u>(1,684)</u>	<u>3,895</u>
Changes in net position	105,933	143,031	184,043	319	72,923	506,249
Net position, beginning of year	189,141	107,943	42,588	55,468	144,247	539,387
Restatement for Accounting Change		<u>(108,954)</u>	<u>(99,363)</u>		<u>(446)</u>	<u>(208,763)</u>
Net position, end of year	<u>\$ 295,074</u>	<u>\$ 142,020</u>	<u>\$127,268</u>	<u>\$55,787</u>	<u>\$216,724</u>	<u>\$ 836,873</u>

CITY OF SELMA
Combining Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30, 2018

	<u>Finance Clearing</u>	<u>Planning Clearing</u>	<u>Senior Citizens Clearing</u>	<u>Police Department Clearing</u>	<u>Graffiti Reward Fund</u>	<u>Total Agency Funds</u>
Assets						
Cash and investments	\$157,529	\$20,999	\$18,630	\$19,501	\$700	\$217,359
Accounts receivable	<u>2,718</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>2,718</u>
Total assets	<u>160,247</u>	<u>20,999</u>	<u>18,630</u>	<u>19,501</u>	<u>700</u>	<u>220,077</u>
Liabilities						
Accounts payable	158,897	1,168				160,065
Deposits	1,350	3,045				4,395
Other	<u>16,786</u>	<u>16,786</u>	<u>18,630</u>	<u>19,501</u>	<u>700</u>	<u>55,617</u>
Total liabilities	<u>160,247</u>	<u>20,999</u>	<u>18,630</u>	<u>19,501</u>	<u>700</u>	<u>220,077</u>
Net Position:						
Total net position	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

OTHER INDEPENDENT AUDITOR'S REPORTS



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

The Honorable Mayor and Members of the City Council
City of Selma
Selma, 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 Selma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Selma's basic financial statements, and have issued our report thereon dated March 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Selma's internal control over financial reporting (internal control) to determine the 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 of Selma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Selma'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and Members of the City Council
City of Selma
Selma, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Selma's financial statements are free of 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 determination of financial statement amounts. 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sampson, Sampson & Patterson, LLP

Clovis, California
March 11, 2019