

CITY OF SELMA

Report on Examination of Financial Statements

FOR THE YEAR ENDED JUNE 30, 2005

And

Independent Auditor's Report

Jorge & Yribarren

Certified Public Accountants

Introductory Section

City of Selma
Annual Financial Report
For The Year Ended June 30, 2005

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Financial Section

Jorge & Yribarren

Certified Public Accountants

Larry M. Jorge CPA, CFP
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February 15, 2006

Independent Auditor's Report on Financial Statements

City Council
City of Selma
Selma, California

Members of the City Council:

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 City of Selma as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Selma's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City has not completely valued and recorded property and depreciation in the government wide financial statements. In our opinion, property should be recorded at cost, if purchased, or at fair value, if donated or contributed to conform to accounting principles generally accepted in the United States of America, and those amounts should be depreciated over the estimated useful lives of the assets. The effects on the financial statements of the preceding practice are not reasonably determinable.

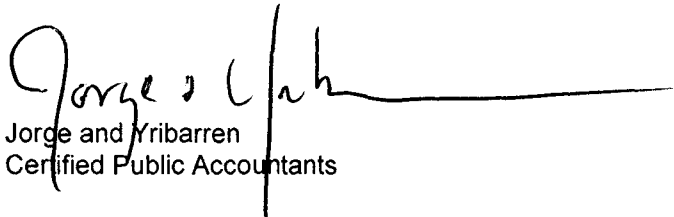
In our opinion, except for the effect on the financial statements of the omission discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Selma as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2006, on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Selma's basic financial statements. The accompanying combining financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jorge & Yribarren", followed by a long horizontal line extending to the right.

Jorge and Yribarren
Certified Public Accountants

Management's Discussion & Analysis (MD & A)

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, 2005. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and accompanying to those financial statements.

Financial Highlights

The City's governmental funds ended the year with a combined fund balance of \$7.2 million, which is a reduction of \$250 thousand over June 30, 2004. Of this balance, \$1 million is unreserved and available for spending at the City's discretion.

The City's General Fund ended the year with a fund balance of \$1.8 million, an increase of \$276 thousand from the previous year. The unreserved balance is \$1.8 million, with \$300,000 of the unreserved balance designated for contingencies.

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 Redevelopment Agency and the Selma Public Finance Authority, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Assets 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 assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increase or decreases in net assets 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 assets changed in the most recent fiscal year. All changes of net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result on 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), and 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. The Selma Redevelopment Agency, although legally separate, functions for all

CITY OF SELMA

Managements Discussion and Analysis

June 30, 2005

practical purposes as a department of the City, and therefore has been included under government activities as an integral part of the City.

Business-type Activities: The City charges fees to customers to cover the costs services provided. The City's ambulance and transportation services are included here.

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 legal responsibilities 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.

Because 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 a 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, Reserve Fund, Redevelopment Administration Fund, and Street Maintenance Fund, all of which are considered to be 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 adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance to this budget.

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, and includes ambulance service and transit service. Internal service funds are used to account for activities and include employee benefits, general services, risk management and fleet services. Because 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 transit Service funds all of 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 is provided in the form of combining statements elsewhere in this report. All of the internal service funds

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Managements Discussion and Analysis
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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 benefits 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 assets for the fiscal year ended June 30, 2005, with comparative data for the fiscal year ended June 30, 2004.

City of Selma's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	35,044,042	27,430,648	735,614	424,556	35,779,656	27,855,204
Capital and intangible assets	7,588,874		4,155,676	179,550	11,744,550	179,550
Total assets	42,632,916	27,430,648	4,891,290	604,106	47,524,206	28,034,754
Long-term liabilities outstanding	25,218,000	29,896,393	83,722	83,722	25,301,722	29,980,115
Other liabilities	9,190,464	6,203,048	380,309	315,208	9,570,773	6,518,256
Total liabilities	34,408,464	36,099,441	464,031	398,930	34,872,495	36,498,371
Net assets:	8,224,452	(8,668,793)	4,427,259	205,176	12,651,711	(8,463,617)
Investment in capital assets, net of related debt						
Restricted	6,815,242	5,353,554	4,068,654		10,883,896	5,353,554
Unrestricted	(6,476,278)	(14,022,347)	358,605	205,176	(6,117,673)	(13,817,171)
Total net assets	338,964	(8,668,793)	4,427,259	205,176	4,766,223	(8,463,617)

As of June 30, 2005 the City's government-wide total assets exceeded liabilities (net assets) by \$8.5 million. Governmental activities finished the year with a positive net asset balance, \$359 thousand. However this is not a true indication of the financial position of the City because we have not valued all of the capital assets of the City. Business type activities finished the year with a positive balance of \$4.4 million, an increase of \$4.2 million. This is due to adding in capital assets not included in the previous year's numbers. Net assets 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. Slightly less than half (49%) of the long-term liabilities are covered by an outside funding source. These include the assessment districts and bond reserves. There are receivables that offset this liability.

CITY OF SELMA
Managements Discussion and Analysis
June 30, 2005

Restricted net assets amount of \$6.6 million of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Governmental activities.

The following lists key components of these activities:

City of Selma's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	2,824,580	2,431,607	1,241,888	1,124,824	4,066,468	3,556,431
Operating grants and contributions	35,575	52,783			35,575	52,783
Capital grants and contributions						
General revenues:						
Property taxes	1,819,365	755,325			1,819,365	755,325
Sales taxes	4,193,753	4,104,995			4,193,753	4,104,995
Other taxes	2,080,830	2,371,086	284,547	225,466	2,365,377	2,596,552
Grants and contributions not restricted to specific programs	3,511,621	7,344,172	976,022	28,156	4,487,643	7,372,328
Unrestricted investment earnings	494,588	798,820	(533)	(967)	494,055	797,853
total revenues	14,960,312	17,858,788	2,501,924	1,377,479	17,462,236	19,236,267
Expenses:						
General government	2,503,745	2,222,944			2,503,745	2,222,944
Public safety	4,575,936	4,323,502			4,575,936	4,323,502
Public Works	1,331,917	1,137,416			1,331,917	1,137,416
Community development	1,619,453	1,196,264			1,619,453	1,196,264
Cultural and recreation	479,481	488,499			479,481	488,499
Intergovernmental charges		292,930			0	292,930
Capital Outlay	691,409	1,001,141			691,409	1,001,141
Debt Service	2,043,924	4,045,343			2,043,924	4,045,343
Ambulance			1,301,218	1,077,175	1,301,218	1,077,175
RDA Selma Manufacturing Complex			354,897	15,218	354,897	15,218
Pioneer Village			33,297	99,070	33,297	99,070
Transit			301,872	273,321	301,872	273,321
Cultural Arts			10,557	33,481	10,557	33,481
Total expense	13,245,865	14,708,039	2,001,841	1,498,265	15,247,706	16,206,304
Increase in net assets before transfers	1,714,447	3,150,749	500,083	(120,786)	2,214,530	3,029,963
Transfers	277,998	(9,569)	(278,000)	10,000	(2)	431
Increase in net assets	1,992,445	3,141,180	222,083	(110,786)	2,214,528	3,030,394
Net assets - beginning	(1,633,481)	(4,774,661)	4,205,176	4,315,962	2,571,695	(458,699)
Net assets - ending	358,964	(1,633,481)	4,427,259	4,205,176	4,786,223	2,571,695

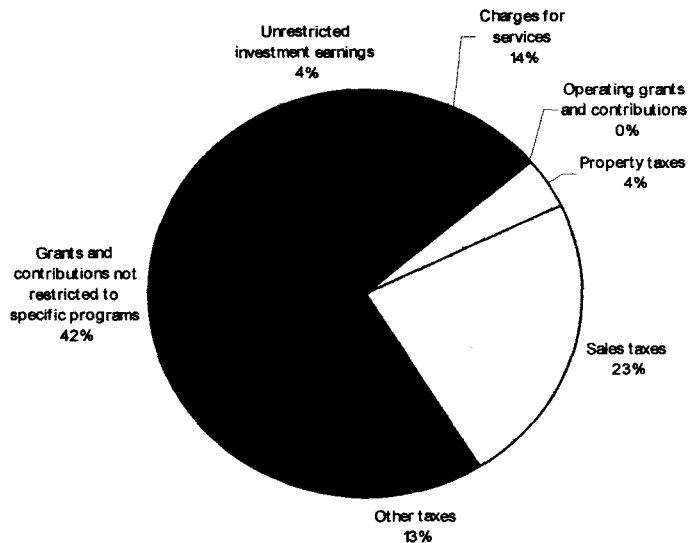
The Governmental revenues for the year were \$15 million. Taxes, which include property, sales and other taxes account for \$8.1 million or 54% of the City's governmental activities revenue.

Total governmental expenses for the year were \$13.2. Public Safety, which includes police and fire, account for \$4.6 million or 34% of the total governmental activity expenses. Community Development function accounts for \$1.6 million or 12% of the total expenses. Transportation, which includes

CITY OF SELMA
Managements Discussion and Analysis
June 30, 2005

depreciation for the City's street infrastructure, was not calculated due to the incomplete valuation of the infrastructure.

Revenues by Source-Governmental Activities

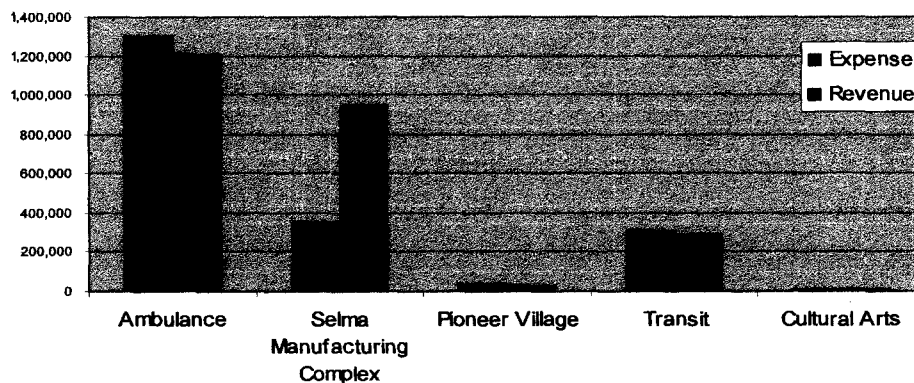


Program revenues that include charges for services and grants specific to certain programs, account for \$2.5 million of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and unrestricted grants and contributions.

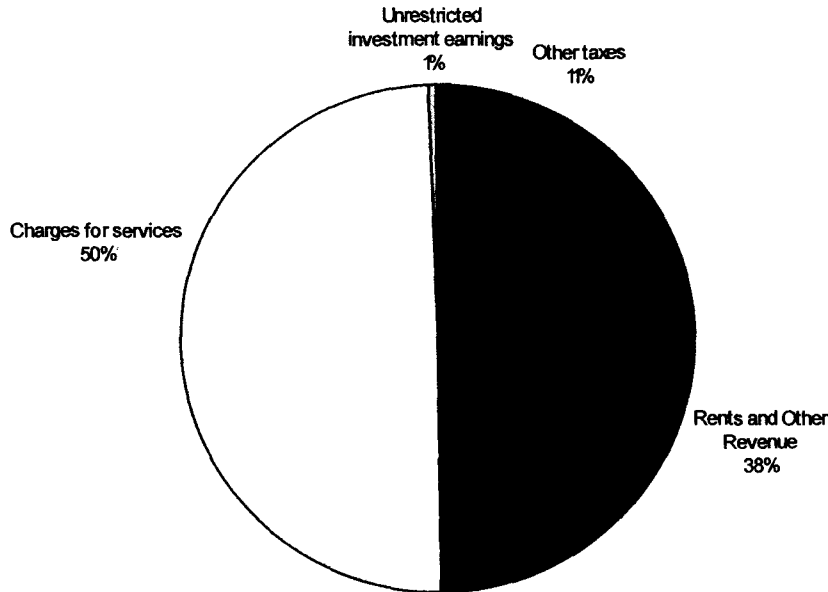
Business-type Activities

Business-type activities account for \$4.9 million of the total Government-wide net assets. This is an increase of \$4.3 million over June 30, 2004 due to the addition of asset values. Investment earnings are up from the previous year, but still reflect a negative investment rate. The low interest revenue reflects the negative cash flow in some of these funds.

Expense and Program Revenues-Business-type Activities



Revenues by Source-Business-type activities



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. The ending fund balance for all funds is \$7.2 million, which is a decrease of \$250 thousand or 3% when compared to the prior year. Of the total fund balance, \$1 million or 14% is unreserved, which is available for spending at the City's discretion, within the limitations of the fund's purpose. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following:

Debt Service	\$ 444,045
Low-Income Housing	\$ 691,756
Capital Projects	\$ 5,050,146

The general fund total fund balance increased \$276 thousand or 18% from the previous fiscal year. The unreserved portion, as indicated, is available for spending at the City's discretion, but the city council has designated that a portion of these funds be set aside in special reserve funds. A General Reserve fund in the amount of \$754,368, and an Equipment Replacement fund, in the amount of \$333,797 are available for use for unanticipated needs.

Proprietary funds. As indicated in the description of proprietary funds, there are two types of funds, enterprise and internal service funds. The Ambulance fund ended the year with a positive unrestricted balance. The Transit Fund, finished the year with a negative change in net assets, had a negative ending balance due to deficiencies incurred in the current and previous years.

All the internal service funds finished with growth in unrestricted net assets.

CITY OF SELMA
Managements Discussion and Analysis
June 30, 2005

General Fund Budgetary Highlights expropriations

Throughout the fiscal year it was necessary to adjust the original 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. Below is a summary of the primary amendments:

\$286,300 Various Departments-Adjustments due to approved expenditures
 \$179,700 Various Department-Appropriation of grant program expenditures

Of these, the increase for the grant programs was funded from unanticipated grant revenues. The other increase in approved expenditures was funded by available fund balance. During the year revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance to cover unanticipated expenditures.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities has not been fully valued. The City has only partially completed asset valuation project for the City and its component units.

**City of Selma
 Capital Assets
 (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	2,946,867	3,664,312			2,946,867	3,664,312
Building and improvements	4,642,007	3,000,000	4,000,000	4,000,000	8,642,007	7,000,000
Machinery and equipment			155,676	179,549	155,676	179,549
Road network					-	-
Total	7,588,874	6,664,312	4,155,676	4,179,549	11,744,550	10,843,861

Long-term Debt. The City's long-term debt as of June 30, 2005 was \$28.7 million with governmental activities accounting for all debt. Total debt was reduced during the year by \$2.7 million in debt principal payments.

**City of Selma
 Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2003
Special assessment debt with governmental commitment	5,548,000	6,210,000			5,548,000	6,210,000
Tax allocation bonds	3,750,000	3,835,000			3,750,000	3,835,000
Capital leases	410,609	428,598			410,609	428,598
Lease revenue bonds	6,005,000	6,295,000			6,005,000	6,295,000
Certificates of participation	1,300,000	1,469,224		50,776	1,300,000	1,520,000
Revenue bonds	11,222,000	12,647,000			11,222,000	12,647,000
Contracts payable	415,310	478,538			415,310	478,538
Total	28,650,919	31,363,360	-	50,776	28,650,919	31,414,136

CITY OF SELMA
Managements Discussion and Analysis
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The City did not issue any new debt this year.

General obligation debt are direct obligations of the City and are backed by the full faith and credit of the City requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the City's total assessed valuation. The City of Selma debt limit is \$89.5 million. The city currently has no general obligation debt outstanding.

Economic Factors and Next Year's Budgets and Rates

The City is still experiencing substantial residential growth. During the budget process it was estimated 300 new single-family units and approximately five new commercial units would be constructed within the City. With the new units come estimated population increases of 1,000 people. These growth factors were utilized in developing the City's revenue estimates.

Total citywide expenditures excluding capital expenditures were projected to increase approximately 12%. The biggest portion of these costs includes salary and benefit increases based on negotiated agreements with the City's bargaining units, eight new positions and normal step increases. Salaries are anticipated to increase \$480 thousand. Insurance costs program costs including workers' compensation are increasing 26% and it's anticipated that these costs will continue to rise as insurance companies continue to raise rates. Most other expenditures were estimated to grow at the rate of inflation.

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 Finance Director, City of Selma, 1710 Tucker Street, Selma, CA 93662.

Basic Financial Statements

CITY OF SELMA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 8,541,752	\$ 79,717	\$ 8,621,469
Cash with fiscal agent	1,841,418	--	1,841,418
Accounts receivables	467,863	686,900	1,154,763
Due from other agencies	1,039,398	118,925	1,158,323
Deposits	5,015	--	5,015
Inventories	81,450	512	81,962
Prepaid items	33,789	--	33,789
Allowance for bad debt	--	(150,440)	(150,440)
Fixed assets (net, where applicable, of accumulated depreciation)	7,588,874	4,155,676	11,744,550
Notes receivable	15,409,483	--	15,409,483
Total Assets	<u>35,009,042</u>	<u>4,891,290</u>	<u>39,900,332</u>
Liabilities:			
Cash deficit	3,713,568	274,560	3,988,128
Accounts payable	2,447,651	8,649	2,456,300
Accrued wages/benefits	100,846	96,865	197,711
Due to other agencies	306,399	235	306,634
Noncurrent liabilities:	--	--	--
Due within one year	2,607,000	--	2,607,000
Due in more than one year	25,218,000	83,722	25,301,722
Total Liabilities	<u>34,393,464</u>	<u>464,031</u>	<u>34,857,495</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	204,312	4,068,654	4,272,966
Restricted For:			
Federal and State Programs	6,853	--	6,853
Debt Service	592,137	--	592,137
Capital Projects	5,320,184	--	5,320,184
Other Purposes	691,756	--	691,756
Unrestricted	(6,476,278)	358,605	(6,117,673)
Total Net Assets	<u>\$ 338,964</u>	<u>\$ 4,427,259</u>	<u>\$ 4,766,223</u>

The accompanying notes are an integral part of this statement.

CITY OF SELMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Expenditures:			
General government	\$ 2,503,745	\$ 706,344	\$ --
Public Safety	4,575,936	175,477	2,938
Public Works	1,331,917	142,929	--
Community Development	1,619,453	12,136	18,233
Recreation	479,481	68,879	14,404
Capital outlay	691,409	--	--
Debt service:	2,043,924	--	--
Total expenditures	<u>13,245,865</u>	<u>1,105,765</u>	<u>35,575</u>
Business-type Activities:			
Ambulance Service	1,301,218	1,209,433	--
RDA Selma Manufacturing Complex	354,897	942,076	--
Pioneer Village	33,297	17,331	11,950
Transit Service	301,872	31,255	253,292
Cultural Arts	10,557	3,117	1,550
Total Business-type Activities	<u>2,001,841</u>	<u>2,203,212</u>	<u>266,792</u>
Total Primary Government	<u>\$ 15,247,706</u>	<u>\$ 3,308,977</u>	<u>\$ 302,367</u>

General Revenues:
Taxes
Licenses and permits
Intergovernmental
Charges for services
Fines
Franchise fees
Revenue for use of money & property
Miscellaneous
Transfers
Total General Revenues
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,797,401)		\$ (1,797,401)
(4,397,521)		(4,397,521)
(1,188,988)		(1,188,988)
(1,589,084)		(1,589,084)
(396,198)		(396,198)
(691,409)		(691,409)
(2,043,924)		(2,043,924)
<u>(12,104,525)</u>		<u>(12,104,525)</u>
--	\$ (91,785)	(91,785)
--	587,179	587,179
--	(4,016)	(4,016)
--	(17,325)	(17,325)
--	(5,890)	(5,890)
--	468,163	468,163
<u>(12,104,525)</u>	<u>468,163</u>	<u>(11,636,362)</u>
8,093,948	--	8,093,948
208,641	--	208,641
2,420,672	--	2,420,672
1,718,815	32,856	1,751,671
56,536	--	56,536
480,938	--	480,938
494,588	(533)	494,055
344,834	(403)	344,431
277,998	(278,000)	(2)
<u>14,096,970</u>	<u>(246,080)</u>	<u>13,850,890</u>
1,992,445	222,083	2,214,528
(1,633,481)	4,205,176	2,571,695
<u>\$ 358,964</u>	<u>\$ 4,427,259</u>	<u>\$ 4,786,223</u>

CITY OF SELMA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	Street Maintenance Fund	RDA General Debt Service
Assets:			
Cash and investments	\$ 1,478,835	\$ --	\$ --
Cash with fiscal agent	230,000	--	--
Accounts receivables	75,067	1,175	--
Due from other agencies	189,275	--	--
Inventories	9,956	70,990	--
Prepaid items	17,978	--	--
Total Assets	\$ 2,001,111	\$ 72,165	\$ --
Liabilities:			
Cash deficit	\$ --	\$ 734,884	\$ 460,169
Accounts payable	126,014	371	--
Accrued wages/benefits	91,859	5,205	--
Due to other agencies	--	--	304,966
Total Liabilities	217,873	740,460	765,135
Fund balances:			
Reserved fund balancers:			
Reserved for debt service	--	--	(765,135)
Reserved for low-income housing	--	--	--
Reserved for capital projects	--	--	--
Unreserved	1,783,238	(668,295)	--
Unreserved, reported in nonmajor:			
Special revenue funds	--	--	--
Total fund balances	1,783,238	(668,295)	(765,135)
Total Liabilities and Fund Balances	\$ 2,001,111	\$ 72,165	\$ --

The accompanying notes are an integral part of this statement.

RDA Upright Debt Service	RDA Industrial Park Debt Service	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 6,946,521	\$ 8,425,356
672,358	--	939,060	1,841,418
--	--	--	76,242
--	--	847,523	1,036,798
--	--	--	80,946
--	--	10,220	28,198
<u>\$ 672,358</u>	<u>\$ --</u>	<u>\$ 8,743,324</u>	<u>\$ 11,488,958</u>
\$ 441,182	\$ 805,767	\$ 1,270,544	\$ 3,712,546
--	--	71,001	197,386
--	--	2,057	99,121
--	--	1,433	306,399
<u>441,182</u>	<u>805,767</u>	<u>1,345,035</u>	<u>4,315,452</u>
231,176	(649,132)	1,627,136	444,045
--	--	691,756	691,756
--	--	5,061,317	5,061,317
--	(156,635)	--	958,308
--	--	18,080	18,080
<u>231,176</u>	<u>(805,767)</u>	<u>7,398,289</u>	<u>7,173,506</u>
<u>\$ 672,358</u>	<u>\$ --</u>	<u>\$ 8,743,324</u>	<u>\$ 11,488,958</u>

CITY OF SELMA
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Total fund balances - governmental funds balance sheet	\$ 7,173,506
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	22,721,743
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	44,110
Payables for bond principal which are not due in the current period are not reported in the funds.	(24,100,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(5,891,040)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	390,647
Rounding difference	(2)
Net assets of governmental activities - statement of net assets	\$ <u>338,964</u>

The accompanying notes are an integral part of this statement.

CITY OF SELMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Street Maintenance Fund	RDA General Debt Service
Revenue:			
Taxes	\$ 6,944,897	\$ --	\$ 1,003,693
Licenses and permits	413,679	4,380	--
Intergovernmental	106,464	--	--
Charges for services	596,165	93,920	--
Fines	7,423	--	--
Franchise fees	482,265	--	--
Revenue for use of money & property	77,746	53,889	4,337
Miscellaneous	821,552	7,911	46,452
Total revenues	<u>9,450,191</u>	<u>160,100</u>	<u>1,054,482</u>
Expenditures:			
Current:			
General government	2,076,227	--	--
Public Safety	4,434,176	--	--
Public Works	494,834	815,524	--
Community Development	876,741	--	471,827
Recreation	447,584	--	--
Capital outlay	106,781	4,078	6,000
Debt service:			
Principal	352,031	111,555	185,640
Interest and fiscal charges	83,538	126,662	98,660
Total expenditures	<u>8,871,912</u>	<u>1,057,819</u>	<u>762,127</u>
Excess (deficiency) of revenues over (under) expenditures	578,279	(897,719)	292,355
Other financing sources (uses):			
Operating transfers in	(302,279)	1,114,489	--
Operating transfers out	--	--	--
Total other financing sources (uses)	<u>(302,279)</u>	<u>1,114,489</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	276,000	216,770	292,355
Fund balances/equity, July 1	1,507,238	(885,065)	(1,057,490)
Fund balances/equity, June 30	<u>\$ 1,783,238</u>	<u>\$ (668,295)</u>	<u>\$ (765,135)</u>

The accompanying notes are an integral part of this statement.

RDA Upright Debt Service	RDA Industrial Park Debt Service	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 250,923	\$ 8,199,513
--	--	--	418,059
--	--	1,951,188	2,057,652
--	--	1,589,856	2,279,941
--	--	56,536	63,959
--	--	--	482,265
(9,491)	26,360	197,069	349,910
--	--	3,180,208	4,056,123
<u>(9,491)</u>	<u>26,360</u>	<u>7,225,780</u>	<u>17,907,422</u>
--	--	412,858	2,489,085
--	--	141,758	4,575,934
--	--	21,558	1,331,916
36,431	1,647	232,807	1,619,453
--	--	31,898	479,482
--	--	1,789,195	1,906,054
716	35,000	2,056,181	2,741,123
--	173,165	2,811,376	3,293,401
<u>37,147</u>	<u>209,812</u>	<u>7,497,631</u>	<u>18,436,448</u>
(46,638)	(183,452)	(271,851)	(529,026)
300,000	--	(734,367)	377,843
--	--	(100,000)	(100,000)
<u>300,000</u>	<u>--</u>	<u>(834,367)</u>	<u>277,843</u>
253,362	(183,452)	(1,106,218)	(251,183)
(22,186)	(622,315)	8,504,507	7,424,689
<u>\$ 231,176</u>	<u>\$ (805,767)</u>	<u>\$ 7,398,289</u>	<u>\$ 7,173,506</u>

CITY OF SELMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds	\$ (251,183)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,682,860
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(461,325)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,767,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	(1,743,510)
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>(21,397)</u>
Change in net assets of governmental activities - statement of activities	\$ <u><u>1,972,445</u></u>

The accompanying notes are an integral part of this statement.

CITY OF SELMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Enterprise Fund	Enterprise Fund
	Ambulance Service	Selma Mfgr. Complex RDA
Assets:		
Cash and investments	\$ 29,005	\$ (9,582)
Accounts receivables	387,566	299,334
Due from other agencies	--	--
Deposits	--	--
Inventories	512	--
Prepaid items	--	--
Allowance for bad debts	(150,440)	--
Fixed assets (net, where applicable, of accumulated depreciation)	152,376	4,000,000
Total Assets	\$ 419,019	\$ 4,289,752
Liabilities:		
Cash deficit	\$ --	\$ --
Accounts payable	8,411	--
Accrued wages/benefits	79,992	--
Due to other agencies	--	235
Bonds payable	83,722	--
Total Liabilities	172,125	235
Net Assets:		
Invested in capital assets, net of related debt	118,220	--
Unrestricted	128,674	4,289,517
Total net assets	246,894	4,289,517
Total Liabilities and Fund Balances	\$ 419,019	\$ 4,289,752

The accompanying notes are an integral part of this statement.

Enterprise Fund		Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Transit Service				
\$ --	\$ 60,294	\$ 79,717	\$ 50,212	
--	--	686,900	974	
118,925	--	118,925	2,600	
--	--	--	5,015	
--	--	512	504	
--	--	--	5,591	
--	--	(150,440)	--	
--	3,300	4,155,676	--	
<u>\$ 118,925</u>	<u>\$ 63,594</u>	<u>\$ 4,891,290</u>	<u>\$ 64,896</u>	
\$ 274,560	\$ --	\$ 274,560	\$ --	
98	140	8,649	19,061	
16,873	--	96,865	1,725	
--	--	235	--	
--	--	83,722	--	
<u>291,531</u>	<u>140</u>	<u>464,031</u>	<u>20,786</u>	
--	1,406	119,626	--	
(172,606)	62,048	4,307,633	44,110	
<u>(172,606)</u>	<u>63,454</u>	<u>4,427,259</u>	<u>44,110</u>	
<u>\$ 118,925</u>	<u>\$ 63,594</u>	<u>\$ 4,891,290</u>	<u>\$ 64,896</u>	

CITY OF SELMA**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	Enterprise Fund Ambulance Service	Enterprise Fund Selma Mfgr. Complex RDA
Operating Revenues:		
Charges for services	\$ 1,236,588	\$ --
Intergovernmental	--	--
Revenue for use of money & property	782	944,547
Miscellaneous	4,521	--
Total Operating Revenues	<u>1,241,891</u>	<u>944,547</u>
Operating Expenses:		
Personal services - salaries and wages	689,235	--
Personal services - employee benefits	265,723	--
Purchased professional and technical services	87,670	34,559
Other internal services	171,684	320,005
Depreciation	23,874	--
Capital outlay	90,338	333
Total Operating Expenses	<u>1,328,524</u>	<u>354,897</u>
Operating Income (Loss)	<u>(86,633)</u>	<u>589,650</u>
Transfers:		
Interfund operating transfers in	12,000	--
Interfund operating transfers out	--	(300,000)
Total transfers	12,000	(300,000)
Net income	<u>(74,633)</u>	<u>289,650</u>
Retained earnings/fund balances, July 1	321,527	3,999,867
Retained earnings/fund balances, June 30	<u>\$ 246,894</u>	<u>\$ 4,289,517</u>

The accompanying notes are an integral part of this statement.

Enterprise Fund		Nonmajor Enterprise Funds		Total Enterprise Funds		Internal Service Funds	
Transit Service							
\$ --		\$ 9,631		\$ 1,246,219		\$ 2,854,684	
284,547		--		284,547		--	
(5,479)		14,815		954,665		80	
(3,523)		15,495		16,493		385	
<u>275,545</u>		<u>39,941</u>		<u>2,501,924</u>		<u>2,855,149</u>	
187,154		--		876,389		137,050	
80,549		--		346,272		49,976	
462		23,094		145,785		169,819	
33,707		20,760		546,156		2,418,903	
--		--		23,874		--	
--		--		90,671		100,955	
<u>301,872</u>		<u>43,854</u>		<u>2,029,147</u>		<u>2,876,703</u>	
(26,327)		(3,913)		472,777		(21,554)	
10,000		--		22,000		157	
--		--		(300,000)		--	
10,000		--		(278,000)		157	
<u>(16,327)</u>		<u>(3,913)</u>		<u>194,777</u>		<u>(21,397)</u>	
(156,279)		67,367		4,232,482		65,507	
\$ <u>(172,606)</u>		\$ <u>63,454</u>		\$ <u>4,427,259</u>		\$ <u>44,110</u>	

CITY OF SELMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Funds			
	Ambulance Service	RDA Selma Mfr.	Transit Services	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,184,726	\$ 642,744	\$ 253,783	\$ 896,527
Cash Received from Grants	—	—	10,000	10,000
Cash Payments to Employees for Services	(658,387)	—	(149,584)	(149,584)
Cash Payments to Other Suppliers for Goods and Services	(562,105)	(342,744)	(114,199)	(456,943)
Other Operating Cash Receipts (Payments)	—	(300,000)	—	(300,000)
Net Cash Provided (Used) by Operating Activities	(35,766)	—	—	—
Net Increase (Decrease) in Cash and Cash Equivalents	(35,766)	—	—	—
Cash and Cash Equivalents at Beginning of Year	64,771	—	—	—
Cash and Cash Equivalents at End of Year	<u>\$ 29,005</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income (Loss)	\$ (74,633)	289,650	\$ (16,327)	\$ 273,323
Adjustments to Reconcile Operating Income to Net Cash				
Provided by Operating Activities				
Depreciation	23,874	—	—	—
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	(23,910)	(299,334)	(21,762)	(321,096)
Increase (Decrease) in Accounts Payable	8,042	9,684	37,570	47,254
Increase (Decrease) in Accrued Wages Payable	30,861	—	519	519
Total Adjustments	38,867	(289,650)	16,327	(273,323)
Net Cash Provided (Used) by Operating Activities	<u>\$ (35,766)</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

Service Funds	
\$	2,802,438
	--
	(137,050)
	(2,776,297)
	--
	<u>(110,909)</u>
	 (110,909)
	163,721
\$	<u>52,812</u>
\$	(21,397)
	 --
	(10,262)
	(79,250)
	--
	<u>(89,512)</u>
\$	<u>(110,909)</u>

CITY OF SELMASTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Agency Funds
Assets:	
Cash and investments	\$ 66,186
Total Assets	<u>\$ 66,186</u>
Liabilities:	
Cash deficit	\$ 1,022
Accounts payable	65,164
Total Liabilities	<u>66,186</u>
Net Assets:	
Total net assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

A. 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's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

The City is a general law city 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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

(a) Blended Component Units

Based on the aforementioned oversight criteria, the operations of the Selma Redevelopment Agency (Agency), Selma Economic Development Corporation (Development Corporation), Selma Community Enhancement Corporation (Enhancement Corporation), and Selma Public Financing 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. The Agency was formed in order to maintain and revitalize the Selma redevelopment project area. The Development Corporation was formed in order to promote economic growth within the jurisdictional limits of the City of Selma. The Enhancement Corporation was formed in order to enable citizens and organizations to make tax-exempt donations that aid other citizens and organizations, and assist the City in development of services within the community.

2. Basis of Presentation, Basis of Accounting

a. 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 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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, result 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.

The City reports the following major governmental funds:

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

Street Maintenance fund. This is the fund that accounts for the maintenance of the City's streets and alleyways.

Debt service funds. These are the funds that are used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

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.

Selma Manufacturing Complex fund. This is the fund that accounts for the operations of the Upright property the City leases to outside businesses.

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 student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support City programs, these funds are not included in the government-wide statements.

b. **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 flows take 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, 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.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. 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.

b. 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% 5% respectively.

c. 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.

d. 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 date 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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and 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.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. 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.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. 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:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. 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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At June 30, 2005, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,480,487 and the bank balance was \$6,477,339. The City's cash deposits at June 30, 2005 and during the year ended June 30, 2005, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments:

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Bonds receivable

The Authority has entered into bond and lease agreements with the following at June 30, 2005:

City of Placerville Loan Refunding	\$	25,000
City of Mt. Shasta Assessment District 1994-1 Improvement Bonds		480,000
	\$	<u>505,000</u>

Future Commitments to the Authority follow:

Year Ending		
June 30		
2006	\$	505,000
	\$	<u>505,000</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

E. Notes receivable

The Agency had the following receivables outstanding at June 30, 2004:

Up-Right, Inc., a California corporation, \$7,550,000 installment promissory note dated 10/27/94, secured by Deed of Trust and equipment liens, due in monthly installments with interest from 7% to 11%, due September 15, 2014, this note is in default, due to Up-Right filing for bankruptcy protection. The bankruptcy proceedings have been completed. On December 12, 2003 the California State Superior Court granted title of the Up-Right property to the Selma Redevelopment Agency. The Agency is in the process of marketing the site to rental tenants to provide rental income. This income will provide the necessary cash flow to continue the required debt service payments.	\$ 8,214,203
Up-Right, Inc., a California corporation, \$320,000 lease-sublease development loan dated 10/27/94, due in semi-annual installments with interest at 7.25%, due September 15, 2014, this note is in default, due to Up-Right filing for bankruptcy protection. See above note. The same rental income will also be used to make these service payments.	335,325
Gustavo Oscar Chavez, \$15,270 installment promissory note dated 12/20/95, secured by Deed of Trust, due in monthly installments with interest at 7%, due March 19, 2001, this note is in default.	13,305
Nelson's Hardware, \$85,000 renovation loan dated December 15, 1997, secured by Deed of Trust, due in annual installments with interest at 7%, due October 2007.	31,230
Centerstage Partners, \$407,000 installment promissory note dated August 21, 1997, secured by Deed of Trust, due in monthly installments with interest at 8.5%, due on June 1, 2018.	371,774
Secure Storage, \$167,000 installment promissory note dated September 5, 2003, secured by Deed of Trust, due in quarterly installments with interest at 5.5% due in September 2023.	128,250
Secure Storage, \$167,000 installment promissory note dated September 5, 2003, secured by Deed of Trust, due in quarterly installments with interest at 5.5% due in September 2023.	158,546
Glacier Air, \$103,850 installment promissory note dated May 4, 2005, secured by Deed of Trust, due in quarterly installments with interest at 5.5% due in September 2020.	103,850
	\$ <u>9,356,483</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

F. Amounts to be provided by special assessments

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, 2005:

Assessment District No. 1991-2 Improvement Bonds - Highland	\$	1,209,000
Assessment District No. 1992-1 Improvement Bonds - Dancer II		270,000
Assessment District No. 1992-1 Supplemental Improvement Bonds - Dancer III		260,000
Assessment District No. 1992-1 Third Supplemental Improvement Bonds - Pea Soup Andersen		2,018,000
Assessment District No. 1993-1 Improvement Bonds - Vineyard		530,000
Assessment District No. 1991-2 Supplemental Improvement Bonds - Stillman		278,000
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain		253,000
Assessment District No. 1994-1 Supplemental Improvement Bonds - Up-Right		480,000
Assessment District No. 1997-1 - Theater		250,000
	\$	<u>5,548,000</u>

G. Capital Assets

Capital asset activity for the period ended June 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,664,312	\$ --	\$ 717,445	\$ 2,946,867
Construction in progress	3,000,000	1,642,007	--	4,642,007
Total capital assets not being depreciated	<u>6,664,312</u>	<u>1,642,007</u>	<u>717,445</u>	<u>7,588,874</u>
Governmental activities capital assets, net	<u>\$ 6,664,312</u>	<u>\$ 1,642,007</u>	<u>\$ 717,445</u>	<u>\$ 7,588,874</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ --	\$ --	\$ --	\$ --
Construction in progress	4,000,000	--	--	4,000,000
Total capital assets not being depreciated	<u>4,000,000</u>	<u>--</u>	<u>--</u>	<u>4,000,000</u>
Capital assets being depreciated:				
Buildings and improvements	--	--	--	--
Equipment	54,666	--	--	54,666
Vehicles	353,610	--	--	353,610
Total capital assets being depreciated	<u>408,276</u>	<u>--</u>	<u>--</u>	<u>408,276</u>
Less accumulated depreciation for:				
Buildings and improvements	--	--	--	--
Equipment	(48,182)	--	--	(48,182)
Vehicles	(180,545)	(23,873)	--	(204,418)
Total accumulated depreciation	<u>(228,727)</u>	<u>(23,873)</u>	<u>--</u>	<u>(252,600)</u>
Total capital assets being depreciated, net	<u>179,549</u>	<u>(23,873)</u>	<u>--</u>	<u>155,676</u>
Business-type activities capital assets, net	<u>\$ 4,179,549</u>	<u>\$ (23,873)</u>	<u>\$ --</u>	<u>\$ 4,155,676</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Depreciation was charged to functions as follows:

Public Protection:	
Ambulance	\$ 23,873
	<u>\$ 23,873</u>

H. Interfund Balances and Activity

1. Due To and From Other Funds
2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2005, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Street Maintenance fund	\$ 300,000	Provide resources for payment of expenditures
Other Governmental Funds	Street Maintenance fund	814,489	Provide resources for payment of expenditures
Other Governmental Funds	Other Governmental Funds	562,412	Supplement other funds sources
	Total	<u>\$ 1,676,901</u>	

I. Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2005, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Revenue bonds-Authority	\$ 26,747,000	\$ --	\$ 2,647,000	\$ 24,100,000	2,307,000
Revenue bonds-Agency	3,760,000	--	35,000	3,725,000	1,125,000
Notes	430,529	--	15,219	415,310	38,147
Capital leases	429,356	117,531	136,277	410,610	143,612
Compensated absences *	393,908	57,774	--	451,682	--
Total governmental activities	<u>\$ 31,760,793</u>	<u>\$ 175,305</u>	<u>\$ 2,833,496</u>	<u>\$ 29,102,602</u>	<u>\$ 3,613,759</u>
Business-type activities:					
Compensated absences *	\$ 30,504	\$ 46,807	\$ --	\$ 77,311	--
Total business-type activities	<u>\$ 30,504</u>	<u>\$ 46,807</u>	<u>\$ --</u>	<u>\$ 77,311</u>	<u>\$ --</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Claims and judgments	Governmental	General

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Revenue Bonds

A summary of changes in bonds payable of the Authority for the year ended June 30, 2005 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2004	Issued	Retired	Outstanding June 30, 2005
1993-C	3.75% - 7.25%	7,325,000	\$ 540,000	--	\$ 515,000	\$ 25,000
1994	4% - 7.25%	11,570,000	3,337,000	--	1,447,000	1,890,000
1994-C	7% - 11%	7,550,000	5,935,000	--	--	5,935,000
99 COP	6% - 6.15%	2,300,000	1,520,000	--	220,000	1,300,000
1999-A	4.5% - 5.85%	8,110,000	6,180,000	--	210,000	5,970,000
2001-A	variable	6,850,000	6,720,000	--	70,000	6,650,000
2004-A/B	variable	2,515,000	2,515,000	--	185,000	2,330,000
		<u>\$ 46,220,000</u>	<u>\$ 26,747,000</u>	<u>\$ --</u>	<u>\$ 2,647,000</u>	<u>\$ 24,100,000</u>

Debt Service Requirements

Debt service requirements on bonds payable of the Authority at June 30, 2005, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2006	\$ 2,307,000	\$ 1,899,074	\$ 4,206,074
2007	1,394,000	1,276,587	2,670,587
2008	1,458,000	1,183,903	2,641,903
2009	1,587,000	1,091,728	2,678,728
2010	1,757,000	1,158,228	2,915,228
2011-2015	6,262,000	3,094,540	9,356,540
2016-2020	5,647,000	2,484,537	8,131,537
2021-2025	3,273,000	2,572,363	5,845,363
2026-2030	415,000	21,212	436,212
Totals	<u>\$ 24,100,000</u>	<u>\$ 14,782,172</u>	<u>\$ 38,882,172</u>

A summary of changes in bonds payable of the Agency for the year ended June 30, 2005 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2004	Issued	Retired	Outstanding June 30, 2005
1994	7.25%	\$ 320,000	\$ 265,000	\$ --	\$ --	\$ 265,000
Industrial Park	5%	3,561,890	3,495,000	--	35,000	3,460,000
		<u>\$ 3,881,890</u>	<u>\$ 3,760,000</u>	<u>\$ --</u>	<u>\$ 35,000</u>	<u>\$ 3,725,000</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Debt Service Requirements

Debt service requirements on bonds payable of the Agency at June 30, 2005, are as follows:

Year Ending June 30,	Governmental Activities		Total
	Principal	Interest	
2006	\$ 300,000	\$ 160,965	\$ 460,965
2007	35,000	170,375	205,375
2008	40,000	168,500	208,500
2009	40,000	166,500	206,500
2010	230,000	800,000	1,030,000
2011-2014	295,000	734,375	1,029,375
2015-2019	380,000	650,750	1,030,750
2020-2024	500,000	541,250	1,041,250
2025-2029	630,000	400,500	1,030,500
2030-2034	1,275,000	247,375	1,522,375
Totals	<u>\$ 3,725,000</u>	<u>\$ 4,040,590</u>	<u>\$ 7,765,590</u>

Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2005, as follows:

<u>Year Ending June 30:</u>	
2006	\$ 143,612
2007	141,996
2008	33,425
2009	33,425
2011-2015	83,065
Total Minimum Rentals	<u>468,948</u>
Amount representing interest	58,338
Amount representing principal	<u>\$ 410,610</u>

The effective interest rate on capital leases is 8.000%.

Notes Payable

The outstanding notes payable of the City of Selma at June 30, 2005 are as follows:

Selma Health Care District	\$ 199,668
Wal-Mart	161,282
Selma Unified	54,360
	<u>\$ 415,310</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Debt Service Requirements

Debt service requirements on notes payable of the City at June 30, 2005, are as follows:

Year Ending June 30,	Governmental Activities		Total
	Principal	Interest	
2006	\$ 38,147	\$ 39,977	\$ 78,124
2007	41,147	27,270	68,417
2008	44,147	25,812	69,959
2009	47,187	18,837	66,024
2010	49,147	15,922	65,069
2011-2015	195,535	63,996	259,531
Totals	<u>\$ 415,310</u>	<u>\$ 191,814</u>	<u>\$ 607,124</u>

J. 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 \$350,000 of each worker's 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 \$25,000 and workers' compensation losses under \$50,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000 and purchases excess reinsurance from \$10,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$350,000 to \$500,000 and purchases excess reinsurance above \$500,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-five (55) 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.

K. Pension Plan

The City contributes to an employer pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

L. Commitments and Contingencies

1. 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 collectibility of any related receivable 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.

Sales Tax Revenue Reimbursement Agreement

In pursuing a strategy to ensure the continued operation of certain businesses inside the City limits, the City has entered into sales tax reimbursement agreements. The agreements run from five to fifteen years and require the City to pay the business an amount based on a formula that assures the City a required return in increased sales tax flows.

2. Litigation

No reportable litigation was pending against the City at June 30, 2005.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF SELMA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 6,765,246	\$ 6,765,246	\$ 6,944,897	\$ 179,651
Licenses and permits	611,200	611,200	413,679	(197,521)
Intergovernmental	79,300	79,300	106,464	27,164
Charges for services	701,310	701,310	596,165	(105,145)
Fines	11,000	11,000	7,423	(3,577)
Franchise fees	459,800	459,800	482,265	22,465
Revenue for use of money & property	64,295	64,295	77,746	13,451
Miscellaneous	598,489	598,489	821,552	223,063
Total revenues	<u>9,290,640</u>	<u>9,290,640</u>	<u>9,450,191</u>	<u>159,551</u>
Expenditures:				
General government	1,822,186	1,980,186	2,076,227	(96,041)
Public Safety	4,708,918	4,708,918	4,434,176	274,742
Public Works	458,121	458,121	494,834	(36,713)
Community Development	891,739	927,739	876,741	50,998
Recreation	489,190	489,190	447,584	41,606
Capital outlay	96,519	96,519	106,781	(10,262)
Debt service:	--	--	--	--
Principal	118,362	118,362	352,031	(233,669)
Interest and fiscal charges	247,066	247,066	83,538	163,528
Total expenditures	<u>8,832,101</u>	<u>9,026,101</u>	<u>8,871,912</u>	<u>154,189</u>
Excess (deficiency) of revenues over (under) expenditures	458,539	264,539	578,279	313,740
Other financing sources (uses):				
Operating transfers out	(242,644)	(242,644)	(302,279)	(59,635)
Total other financing sources (uses)	<u>(242,644)</u>	<u>(242,644)</u>	<u>(302,279)</u>	<u>(59,635)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	215,895	21,895	276,000	254,105
Fund balances/equity, July 1	1,507,238	1,507,238	1,507,238	--
Fund balances/equity, June 30	<u>\$ 1,723,133</u>	<u>\$ 1,529,133</u>	<u>\$ 1,783,238</u>	<u>\$ 254,105</u>

CITY OF SELMA
**STREET MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**
EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Licenses and permits	\$ 3,040	\$ 3,040	\$ 4,380	\$ 1,340
Charges for services	92,000	92,000	93,920	1,920
Revenue for use of money & property	(24,950)	(24,950)	53,889	78,839
Miscellaneous	--	--	7,911	7,911
Total revenues	<u>70,090</u>	<u>70,090</u>	<u>160,100</u>	<u>90,010</u>
Expenditures:				
Public Works	862,169	862,169	815,524	46,645
Capital outlay	--	--	4,078	(4,078)
Debt service:				--
Principal	95,648	95,648	111,555	(15,907)
Interest and fiscal charges	180,354	180,354	126,662	53,692
Total expenditures	<u>1,138,171</u>	<u>1,138,171</u>	<u>1,057,819</u>	<u>80,352</u>
Excess (deficiency) of revenues over (under) expenditures	(1,068,081)	(1,068,081)	(897,719)	170,362
Other financing sources (uses):				
Operating transfers in	1,167,063	1,167,063	1,114,489	(52,574)
Total other financing sources (uses)	<u>1,167,063</u>	<u>1,167,063</u>	<u>1,114,489</u>	<u>(52,574)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	98,982	98,982	216,770	117,788
Fund balances/equity, July 1	(885,065)	(885,065)	(885,065)	--
Fund balances/equity, June 30	<u>\$ (786,083)</u>	<u>\$ (786,083)</u>	<u>\$ (668,295)</u>	<u>\$ 117,788</u>

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF SELMA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
Assets:				
Cash and investments	\$ 96,448	\$ 814,905	\$ 6,035,168	\$ 6,946,521
Cash with fiscal agent	--	939,060	--	939,060
Due from other agencies	832,193	15,330	--	847,523
Prepaid items	6,610	--	3,610	10,220
Total Assets	<u>\$ 935,251</u>	<u>\$ 1,769,295</u>	<u>\$ 6,038,778</u>	<u>\$ 8,743,324</u>
Liabilities:				
Cash deficit	\$ 847,279	\$ 138,993	\$ 284,272	\$ 1,270,544
Accounts payable	67,835	3,166	--	71,001
Accrued wages/benefits	2,057	--	--	2,057
Due to other agencies	--	--	1,433	1,433
Total Liabilities	<u>917,171</u>	<u>142,159</u>	<u>285,705</u>	<u>1,345,035</u>
Fund balances:				
Reserved fund balancers:				
Reserved for debt service	--	1,627,136	--	1,627,136
Reserved for low-income housing	--	--	691,756	691,756
Reserved for capital projects	--	--	5,061,317	5,061,317
Unreserved, reported in nonmajor:				
Special revenue funds	18,080	--	--	18,080
Total fund balances	<u>18,080</u>	<u>1,627,136</u>	<u>5,753,073</u>	<u>7,398,289</u>
Total Liabilities and Fund Balances	<u>\$ 935,251</u>	<u>\$ 1,769,295</u>	<u>\$ 6,038,778</u>	<u>\$ 8,743,324</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:				
Taxes	\$ --	\$ --	\$ 250,923	\$ 250,923
Intergovernmental	1,951,188	--	--	1,951,188
Charges for services	38,701	--	1,551,155	1,589,856
Fines	56,536	--	--	56,536
Revenue for use of money & property	(11,273)	119,411	88,931	197,069
Miscellaneous	281,158	2,849,353	49,697	3,180,208
Total revenues	<u>2,316,310</u>	<u>2,968,764</u>	<u>1,940,706</u>	<u>7,225,780</u>
Expenditures:				
Current:				
General government	153,849	258,351	658	412,858
Public Safety	141,758	--	--	141,758
Public Works	20,911	--	647	21,558
Community Development	124,851	2,155	105,801	232,807
Recreation	31,898	--	--	31,898
Capital outlay	1,059,544	--	729,651	1,789,195
Debt service:				
Principal	--	1,807,000	249,181	2,056,181
Interest and fiscal charges	--	2,811,376	--	2,811,376
Total expenditures	<u>1,532,811</u>	<u>4,878,882</u>	<u>1,085,938</u>	<u>7,497,631</u>
Excess (deficiency) of revenues over (under) expenditur	783,499	(1,910,118)	854,768	(271,851)
Other financing sources (uses):				
Operating transfers in	(829,686)	100,000	(4,681)	(734,367)
Operating transfers out	--	--	(100,000)	(100,000)
Total other financing sources (uses)	<u>(829,686)</u>	<u>100,000</u>	<u>(104,681)</u>	<u>(834,367)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(46,187)	(1,810,118)	750,087	(1,106,218)
Fund balances/equity, July 1	64,267	3,437,254	5,002,986	8,504,507
Fund balances/equity, June 30	<u>\$ 18,080</u>	<u>\$ 1,627,136</u>	<u>\$ 5,753,073</u>	<u>\$ 7,398,289</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	201	202	204	205
	Traffic Safety	Redevelopment Administration	Public Safety	Redevelopment Housing Administration
Assets:				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Due from other agencies	3,867	290,543	5,184	762
Prepaid items	--	--	--	3,610
Total Assets	<u><u>\$ 3,867</u></u>	<u><u>\$ 290,543</u></u>	<u><u>\$ 5,184</u></u>	<u><u>\$ 4,372</u></u>
Liabilities:				
Cash deficit	\$ --	\$ 409,184	\$ --	\$ 3,850
Accounts payable	--	--	--	--
Accrued wages/benefits	--	1,535	--	522
Total Liabilities	<u><u>--</u></u>	<u><u>410,719</u></u>	<u><u>--</u></u>	<u><u>4,372</u></u>
Fund balances:				
Unreserved, reported in nonmajor:				
Special revenue funds	3,867	(120,176)	5,184	--
Total fund balances	<u><u>3,867</u></u>	<u><u>(120,176)</u></u>	<u><u>5,184</u></u>	<u><u>--</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,867</u></u>	<u><u>\$ 290,543</u></u>	<u><u>\$ 5,184</u></u>	<u><u>\$ 4,372</u></u>

207 Traffic Congestion Relief Grant	209 AB 1913 Grant	213 Street LTF	214 Street Measure "C"	220 Landscape and Lighting Assesment
\$ 50,851	\$ 2,200	\$ --	\$ --	\$ 13,622
--	--	70,108	27,956	--
--	--	--	--	--
<u>\$ 50,851</u>	<u>\$ 2,200</u>	<u>\$ 70,108</u>	<u>\$ 27,956</u>	<u>\$ 13,622</u>
\$ --	\$ --	\$ --	\$ --	\$ --
50,850	--	--	--	--
--	--	--	--	--
<u>50,850</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1	2,200	70,108	27,956	13,622
<u>1</u>	<u>2,200</u>	<u>70,108</u>	<u>27,956</u>	<u>13,622</u>
<u>\$ 50,851</u>	<u>\$ 2,200</u>	<u>\$ 70,108</u>	<u>\$ 27,956</u>	<u>\$ 13,622</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	228 Abandoned Vehicle Abatement	230 CDBG Grant	232 Recycling Grant	234 Weed & Seed Grant
Assets:				
Cash and investments	\$ 3,497	\$ --	\$ 1,401	\$ --
Due from other agencies	1,944	103,329	1,670	--
Prepaid items	--	--	--	--
Total Assets	\$ 5,441	\$ 103,329	\$ 3,071	\$ --
Liabilities:				
Cash deficit	\$ --	\$ 103,329	\$ --	\$ --
Accounts payable	--	--	3,669	5,875
Accrued wages/benefits	--	--	--	--
Total Liabilities	--	103,329	3,669	5,875
Fund balances:				
Unreserved, reported in nonmajor:				
Special revenue funds	5,441	--	(598)	(5,875)
Total fund balances	5,441	--	(598)	(5,875)
Total Liabilities and Fund Balances	\$ 5,441	\$ 103,329	\$ 3,071	\$ --

235 Bureau of Justice Grant	236 Healthy Cities Grant	238 T-21 Project Grant	240 HODAG Grant	242 Traffic Grant
\$ 1,802	\$ 7,441	\$ --	\$ 7,934	\$ --
--	--	286,723	--	16,095
--	--	--	3,000	--
<u>\$ 1,802</u>	<u>\$ 7,441</u>	<u>\$ 286,723</u>	<u>\$ 10,934</u>	<u>\$ 16,095</u>
\$ --	\$ --	\$ 288,347	\$ --	\$ 18,157
--	7,441	--	--	--
--	--	--	--	--
<u>--</u>	<u>7,441</u>	<u>288,347</u>	<u>--</u>	<u>18,157</u>
1,802	--	(1,624)	10,934	(2,062)
<u>1,802</u>	<u>--</u>	<u>(1,624)</u>	<u>10,934</u>	<u>(2,062)</u>
<u>\$ 1,802</u>	<u>\$ 7,441</u>	<u>\$ 286,723</u>	<u>\$ 10,934</u>	<u>\$ 16,095</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	243 Proposition 40 Parks Grant	247 Homeland Security Fire Grant	248 Small Business Support Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets:				
Cash and investments	\$ --	\$ --	\$ 7,700	\$ 96,448
Due from other agencies	17,159	6,853	--	832,193
Prepaid items	--	--	--	6,610
Total Assets	<u><u>\$ 17,159</u></u>	<u><u>\$ 6,853</u></u>	<u><u>\$ 7,700</u></u>	<u><u>\$ 935,251</u></u>
Liabilities:				
Cash deficit	\$ 24,412	\$ --	\$ --	\$ 847,279
Accounts payable	--	--	--	67,835
Accrued wages/benefits	--	--	--	2,057
Total Liabilities	<u><u>24,412</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>917,171</u></u>
Fund balances:				
Unreserved, reported in nonmajor:				
Special revenue funds	(7,253)	6,853	7,700	18,080
Total fund balances	<u><u>(7,253)</u></u>	<u><u>6,853</u></u>	<u><u>7,700</u></u>	<u><u>18,080</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 17,159</u></u>	<u><u>\$ 6,853</u></u>	<u><u>\$ 7,700</u></u>	<u><u>\$ 935,251</u></u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	1002 Governmental Component Unit	201 Traffic Safety	202 Redevelopment Administration	204 Public Safety
Revenue:				
Intergovernmental	\$ --	\$ --	\$ --	\$ 37,420
Charges for services	--	--	--	--
Fines	--	56,536	--	--
Revenue for use of money & property	--	--	(13,077)	--
Miscellaneous	33,908	--	158,252	--
Total revenues	<u>33,908</u>	<u>56,536</u>	<u>145,175</u>	<u>37,420</u>
Expenditures:				
Current:				
General government	--	--	52,562	--
Public Safety	--	--	--	--
Public Works	--	--	--	--
Community Development	--	--	91,866	--
Recreation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>144,428</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditure	33,908	56,536	747	37,420
Other financing sources (uses):				
Operating transfers in	--	(62,051)	--	(37,369)
Total other financing sources (uses)	<u>--</u>	<u>(62,051)</u>	<u>--</u>	<u>(37,369)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	33,908	(5,515)	747	51
Fund balances/equity, July 1	(33,908)	9,382	(120,923)	5,133
Fund balances/equity, June 30	<u>\$ --</u>	<u>\$ 3,867</u>	<u>\$ (120,176)</u>	<u>\$ 5,184</u>

205 Redevelopment Housing Administration	207 Traffic Congestion Relief Grant	208 Cleop High Technology Grant	209 AB 1913 Grant	211 Street Gas Tax
\$ --	\$ --	\$ --	\$ 100,000	\$ 398,443
--	--	--	--	--
--	--	--	--	--
(440)	1,169	182	491	1,063
82,686	--	--	--	--
<u>82,246</u>	<u>1,169</u>	<u>182</u>	<u>100,491</u>	<u>399,506</u>
51,728	--	--	--	--
--	--	280	92,857	--
--	--	--	--	--
30,182	--	--	--	--
--	--	--	--	--
--	50,850	8,948	78,794	--
<u>81,910</u>	<u>50,850</u>	<u>9,228</u>	<u>171,651</u>	<u>--</u>
336	(49,681)	(9,046)	(71,160)	399,506
--	--	(74)	75	(399,866)
<u>--</u>	<u>--</u>	<u>(74)</u>	<u>75</u>	<u>(399,866)</u>
336	(49,681)	(9,120)	(71,085)	(360)
(336)	49,682	9,120	73,285	360
<u>\$ --</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 2,200</u>	<u>\$ --</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	213	214	220	228
	Street LTF	Street Measure "C"	Landscape and Lighting Assesment	Abandoned Vehicle Abatement
Revenue:				
Intergovernmental	\$ 234,610	\$ 291,914	\$ --	\$ --
Charges for services	--	--	38,701	--
Fines	--	--	--	--
Revenue for use of money & property	714	1,322	--	31
Miscellaneous	--	--	--	5,410
Total revenues	<u>235,324</u>	<u>293,236</u>	<u>38,701</u>	<u>5,441</u>
Expenditures:				
Current:				
General government	--	800	--	--
Public Safety	--	--	--	--
Public Works	--	--	20,911	--
Community Development	--	--	--	--
Recreation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>--</u>	<u>800</u>	<u>20,911</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditu	235,324	292,436	17,790	5,441
Other financing sources (uses):				
Operating transfers in	(165,595)	(293,539)	(10,000)	--
Total other financing sources (uses)	<u>(165,595)</u>	<u>(293,539)</u>	<u>(10,000)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	69,729	(1,103)	7,790	5,441
Fund balances/equity, July 1	379	29,059	5,832	--
Fund balances/equity, June 30	<u>\$ 70,108</u>	<u>\$ 27,956</u>	<u>\$ 13,622</u>	<u>\$ 5,441</u>

230 CDBG Grant	232 Recycling Grant	234 Weed & Seed Grant	235 Bureau of Justice Grant	236 Healthy Cities Grant
\$ 309,772	\$ 12,540	\$ 25,293	\$ 10,222	\$ 20,000
--	--	--	--	--
--	--	--	--	--
--	73	--	114	108
(220)	12	97	--	--
<u>309,552</u>	<u>12,625</u>	<u>25,390</u>	<u>10,336</u>	<u>20,108</u>
--	11,851	182	--	--
--	--	3,301	7,359	--
--	--	--	--	--
281	--	--	--	--
--	--	16,490	--	15,408
309,491	3,690	--	6,355	6,306
<u>309,772</u>	<u>15,541</u>	<u>19,973</u>	<u>13,714</u>	<u>21,714</u>
(220)	(2,916)	5,417	(3,378)	(1,606)
220	--	9,238	--	(87)
<u>220</u>	<u>--</u>	<u>9,238</u>	<u>--</u>	<u>(87)</u>
--	(2,916)	14,655	(3,378)	(1,693)
--	2,318	(20,530)	5,180	1,693
\$ <u>--</u>	\$ <u>(598)</u>	\$ <u>(5,875)</u>	\$ <u>1,802</u>	\$ <u>--</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	237 State Prop 12 Parks Grant	238 T-21 Project Grant	239 FEMA Grant
Revenue:			
Intergovernmental	\$ 598	\$ 378,742	\$ 61,243
Charges for services	--	--	--
Fines	--	--	--
Revenue for use of money & property	(288)	(2,174)	(50)
Miscellaneous	--	--	--
Total revenues	<u>310</u>	<u>376,568</u>	<u>61,193</u>
Expenditures:			
Current:			
General government	726	--	--
Public Safety	--	--	6,378
Public Works	--	--	--
Community Development	--	2,470	--
Recreation	--	--	--
Capital outlay	29	494,503	65,025
Total expenditures	<u>755</u>	<u>496,973</u>	<u>71,403</u>
Excess (deficiency) of revenues over (under) expenditures	(445)	(120,405)	(10,210)
Other financing sources (uses):			
Operating transfers in	445	119,046	9,296
Total other financing sources (uses)	<u>445</u>	<u>119,046</u>	<u>9,296</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	(1,359)	(914)
Fund balances/equity, July 1	--	(265)	914
Fund balances/equity, June 30	<u>\$ --</u>	<u>\$ (1,624)</u>	<u>\$ --</u>

240	242	243	244
HODAG Grant	Traffic Grant	Proposition 40 Parks Grant	ABC Grant
\$ --	\$ 45,562	\$ --	\$ --
--	--	--	--
--	--	--	--
162	--	(253)	--
--	--	1,013	--
<u>162</u>	<u>45,562</u>	<u>760</u>	<u>--</u>
36,000	--	--	--
--	21,496	--	(1)
--	--	--	--
--	--	--	--
--	27,540	8,013	--
<u>36,000</u>	<u>49,036</u>	<u>8,013</u>	<u>(1)</u>
(35,838)	(3,474)	(7,253)	1
--	482	--	--
<u>--</u>	<u>482</u>	<u>--</u>	<u>--</u>
(35,838)	(2,992)	(7,253)	1
46,772	930	--	(1)
<u>\$ 10,934</u>	<u>\$ (2,062)</u>	<u>\$ (7,253)</u>	<u>\$ --</u>

CITY OF SELMA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	247 Homeland Security Fire Grant	248 Small Business Support Center	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Intergovernmental	\$ 17,329	\$ 7,500	\$ 1,951,188
Charges for services	--	--	38,701
Fines	--	--	56,536
Revenue for use of money & property	(420)	--	(11,273)
Miscellaneous	--	--	281,158
Total revenues	<u>16,909</u>	<u>7,500</u>	<u>2,316,310</u>
Expenditures:			
Current:			
General government	--	--	153,849
Public Safety	10,088	--	141,758
Public Works	--	--	20,911
Community Development	--	52	124,851
Recreation	--	--	31,898
Capital outlay	--	--	1,059,544
Total expenditures	<u>10,088</u>	<u>52</u>	<u>1,532,811</u>
Excess (deficiency) of revenues over (under) expenditur	6,821	7,448	783,499
Other financing sources (uses):			
Operating transfers in	93	--	(829,686)
Total other financing sources (uses)	<u>93</u>	<u>--</u>	<u>(829,686)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	6,914	7,448	(46,187)
Fund balances/equity, July 1	(61)	252	64,267
Fund balances/equity, June 30	<u>\$ 6,853</u>	<u>\$ 7,700</u>	<u>\$ 18,080</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2005

	3041 RDA Upright-Coalinga Debt Service	3071 RDA Theatre Debt Service	3152 PFA 1993 C Debt Service	3201 RDA-Low Income Hsng. Debt Service
Assets:				
Cash and investments	\$ 439	\$ --	\$ --	\$ 176,378
Cash with fiscal agent	--	--	79,714	--
Due from other agencies	--	--	--	--
Total Assets	<u><u>\$ 439</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 79,714</u></u>	<u><u>\$ 176,378</u></u>
Liabilities:				
Cash deficit	\$ --	\$ 106,859	\$ --	\$ --
Accounts payable	--	--	--	--
Total Liabilities	<u><u>--</u></u>	<u><u>106,859</u></u>	<u><u>--</u></u>	<u><u>--</u></u>
Fund balances:				
Reserved fund balancers:				
Reserved for debt service	439	(106,859)	79,714	176,378
Total fund balances	<u><u>439</u></u>	<u><u>(106,859)</u></u>	<u><u>79,714</u></u>	<u><u>176,378</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 439</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 79,714</u></u>	<u><u>\$ 176,378</u></u>

3202 PFA 1994 Debt Service	3302 PFA 1995 B-C Debt Service	3352 PFA Hotel Debt Service	350 Assmt 91-2 Highland Debt Service	3502 PFA 1999 A Reassessr Debt Service
\$ --	\$ --	\$ 3,163	\$ 129,635	\$ 18,033
129,415	4	--	--	145,640
--	--	--	--	--
<u>\$ 129,415</u>	<u>\$ 4</u>	<u>\$ 3,163</u>	<u>\$ 129,635</u>	<u>\$ 163,673</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	3,163	--	--
--	--	<u>3,163</u>	--	--
129,415	4	--	129,635	163,673
<u>129,415</u>	<u>4</u>	<u>--</u>	<u>129,635</u>	<u>163,673</u>
<u>\$ 129,415</u>	<u>\$ 4</u>	<u>\$ 3,163</u>	<u>\$ 129,635</u>	<u>\$ 163,673</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2005

	351 Assmt 92-1 Dancer II Debt Service	352 Assmt 92-1 Dancer III Debt Service	353 Assmt 91-2 Watermain Debt Service	354 Assmt 91-2 Stillman Debt Service
Assets:				
Cash and investments	\$ 61,428	\$ 38,409	\$ 65,279	\$ 1,127
Cash with fiscal agent	--	--	--	--
Due from other agencies	--	--	--	--
Total Assets	<u>\$ 61,428</u>	<u>\$ 38,409</u>	<u>\$ 65,279</u>	<u>\$ 1,127</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ --
Accounts payable	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances:				
Reserved fund balancers:				
Reserved for debt service	61,428	38,409	65,279	1,127
Total fund balances	<u>61,428</u>	<u>38,409</u>	<u>65,279</u>	<u>1,127</u>
Total Liabilities and Fund Balances	<u>\$ 61,428</u>	<u>\$ 38,409</u>	<u>\$ 65,279</u>	<u>\$ 1,127</u>

355 Assmt 91-2 Peasoup Debt Service	3552 PFA 1999 COP Debt Service	356 Assmt 93-1 Briarwood/Vineyard Debt Service	357 Assmt Theater Debt Service	358 Assessment 91-2 Health Center Debt Service
\$ 150,835	\$ 1,393	\$ 104,428	\$ 17,713	\$ --
--	231,550	--	--	--
--	--	--	--	15,330
<u>\$ 150,835</u>	<u>\$ 232,943</u>	<u>\$ 104,428</u>	<u>\$ 17,713</u>	<u>\$ 15,330</u>
\$ --	\$ --	\$ --	\$ --	\$ 32,134
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>32,134</u>
150,835	232,943	104,428	17,713	(16,804)
<u>150,835</u>	<u>232,943</u>	<u>104,428</u>	<u>17,713</u>	<u>(16,804)</u>
<u>\$ 150,835</u>	<u>\$ 232,943</u>	<u>\$ 104,428</u>	<u>\$ 17,713</u>	<u>\$ 15,330</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2005

	359 Assmt Upright Debt Service	3602 PFA 2001 A Debt Service	3652 PFA 2004 A-B Debt Service	Total Nonmajor Debt Service Funds (See Exhibit C-1)
Assets:				
Cash and investments	\$ 38,319	\$ 3	\$ 8,323	\$ 814,905
Cash with fiscal agent	--	66,921	285,816	939,060
Due from other agencies	--	--	--	15,330
Total Assets	<u>\$ 38,319</u>	<u>\$ 66,924</u>	<u>\$ 294,139</u>	<u>\$ 1,769,295</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ 138,993
Accounts payable	--	3	--	3,166
Total Liabilities	<u>--</u>	<u>3</u>	<u>--</u>	<u>142,159</u>
Fund balances:				
Reserved fund balancers:				
Reserved for debt service	38,319	66,921	294,139	1,627,136
Total fund balances	<u>38,319</u>	<u>66,921</u>	<u>294,139</u>	<u>1,627,136</u>
Total Liabilities and Fund Balances	<u>\$ 38,319</u>	<u>\$ 66,924</u>	<u>\$ 294,139</u>	<u>\$ 1,769,295</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	300 Lease Purchase Debt Service City	3002 PFA 1992-A Debt Service	3041 RDA Upright-Coalinga Debt Service	3052 PFA 1993 Debt Service
Revenue:				
Revenue for use of money & property	\$ --	\$ --	\$ 8	\$ --
Miscellaneous	675,828	599	--	--
Total revenues	<u>675,828</u>	<u>599</u>	<u>8</u>	<u>--</u>
Expenditures:				
General government	8,231	509	--	5,222
Community Development	--	--	--	--
Debt service:				
Principal	360,000	--	--	--
Interest and fiscal charges	307,597	--	--	--
Total expenditures	<u>675,828</u>	<u>509</u>	<u>--</u>	<u>5,222</u>
Excess (deficiency) of revenues over (under) expenditu	--	90	8	(5,222)
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	90	8	(5,222)
Fund balances/equity, July 1	--	(90)	431	5,222
Fund balances/equity, June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 439</u>	<u>\$ --</u>

3071 RDA Theatre Debt Service	3102 PFA 1993 A-B Debt Service	3152 PFA 1993 C Debt Service	3201 RDA-Low Income Hsng. Debt Service	3202 PFA 1994 Debt Service
\$ (2,186)	\$ --	\$ 35,654	\$ 18,903	\$ 9,175
49,800	--	35,588	--	153,169
<u>47,614</u>	<u>--</u>	<u>71,242</u>	<u>18,903</u>	<u>162,344</u>
--	25,218	15,880	--	28,499
147	--	--	2,008	--
20,000	--	515,000	10,000	35,000
18,861	--	331,885	63,800	964,697
<u>39,008</u>	<u>25,218</u>	<u>862,765</u>	<u>75,808</u>	<u>1,028,196</u>
8,606	(25,218)	(791,523)	(56,905)	(865,852)
--	--	--	100,000	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>100,000</u>	<u>--</u>
8,606	(25,218)	(791,523)	43,095	(865,852)
(115,465)	25,218	871,237	133,283	995,267
<u>\$ (106,859)</u>	<u>\$ --</u>	<u>\$ 79,714</u>	<u>\$ 176,378</u>	<u>\$ 129,415</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	3252 PFA 1994 A Debt Service	3302 PFA 1995 B-C Debt Service	3402 PFA 97 A Debt Service	350 Assmt 91-2 Highland Debt Service
Revenue:				
Revenue for use of money & property	\$ --	\$ --	\$ --	\$ 2,128
Miscellaneous	24,152	--	17,894	110,636
Total revenues	<u>24,152</u>	<u>--</u>	<u>17,894</u>	<u>112,764</u>
Expenditures:				
General government	--	3,452	143	467
Community Development	--	--	--	--
Debt service:				
Principal	--	--	--	29,000
Interest and fiscal charges	--	--	--	82,694
Total expenditures	<u>--</u>	<u>3,452</u>	<u>143</u>	<u>112,161</u>
Excess (deficiency) of revenues over (under) expenditu	24,152	(3,452)	17,751	603
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	24,152	(3,452)	17,751	603
Fund balances/equity, July 1	(24,152)	3,456	(17,751)	129,032
Fund balances/equity, June 30	<u>\$ --</u>	<u>\$ 4</u>	<u>\$ --</u>	<u>\$ 129,635</u>

3502 PFA 1999 A Reassessment Debt Service	351 Assmt 92-1 Dancer II Debt Service	352 Assmt 92-1 Dancer III Debt Service	353 Assmt 91-2 Watermain Debt Service	354 Assmt 91-2 Stillman Debt Service
\$ 25,168	\$ 1,201	\$ 643	\$ 1,300	\$ (206)
564,828	26,994	29,254	24,226	28,248
<u>589,996</u>	<u>28,195</u>	<u>29,897</u>	<u>25,526</u>	<u>28,042</u>
72,599	267	92	213	73
--	--	--	--	--
210,000	10,000	5,000	3,000	7,000
359,780	18,670	17,810	17,209	18,970
<u>642,379</u>	<u>28,937</u>	<u>22,902</u>	<u>20,422</u>	<u>26,043</u>
(52,383)	(742)	6,995	5,104	1,999
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(52,383)	(742)	6,995	5,104	1,999
216,056	62,170	31,414	60,175	(872)
<u>\$ 163,673</u>	<u>\$ 61,428</u>	<u>\$ 38,409</u>	<u>\$ 65,279</u>	<u>\$ 1,127</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	355 Assmt 91-2 Peasoup Debt Service	3552 PFA 1999 COP Debt Service	356 Assmt 93-1 Briarwood/Vineyard Debt Service	357 Assmt Theater Debt Service
Revenue:				
Revenue for use of money & property	\$ 2,125	\$ 3,165	\$ 1,990	\$ (671)
Miscellaneous	192,657	300,234	55,631	31,715
Total revenues	<u>194,782</u>	<u>303,399</u>	<u>57,621</u>	<u>31,044</u>
Expenditures:				
General government	32,390	31,420	4,062	73
Community Development	--	--	--	--
Debt service:				
Principal	53,000	220,000	15,000	15,000
Interest and fiscal charges	139,008	78,877	36,238	17,058
Total expenditures	<u>224,398</u>	<u>330,297</u>	<u>55,300</u>	<u>32,131</u>
Excess (deficiency) of revenues over (under) expenditures	(29,616)	(26,898)	2,321	(1,087)
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(29,616)	(26,898)	2,321	(1,087)
Fund balances/equity, July 1	180,451	259,841	102,107	18,800
Fund balances/equity, June 30	<u>\$ 150,835</u>	<u>\$ 232,943</u>	<u>\$ 104,428</u>	<u>\$ 17,713</u>

358 Assessment 91-2 Health Center Debt Service	359 Assmt Upright Debt Service	3602 PFA 2001 A Debt Service	3652 PFA 2004 A-B Debt Service	Total Nonmajor Debt Service Funds (See Exhibit C-2)
\$ --	\$ 2,719	\$ 963	\$ 17,332	\$ 119,411
39,069	3,452	197,614	287,765	2,849,353
<u>39,069</u>	<u>6,171</u>	<u>198,577</u>	<u>305,097</u>	<u>2,968,764</u>
24,152	239	3,150	2,000	258,351
--	--	--	--	2,155
--	45,000	70,000	185,000	1,807,000
--	33,333	195,169	109,720	2,811,376
<u>24,152</u>	<u>78,572</u>	<u>268,319</u>	<u>296,720</u>	<u>4,878,882</u>
14,917	(72,401)	(69,742)	8,377	(1,910,118)
--	--	--	--	100,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,000</u>
14,917	(72,401)	(69,742)	8,377	(1,810,118)
(31,721)	110,720	136,663	285,762	3,437,254
<u>\$ (16,804)</u>	<u>\$ 38,319</u>	<u>\$ 66,921</u>	<u>\$ 294,139</u>	<u>\$ 1,627,136</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005

	110	111	401	402
	Reserve	Equipment Replacement	Developmental Impact Streets & Traffic	Development Impact Police Facility
Assets:				
Cash and investments	\$ 754,368	\$ 333,797	\$ 1,141,654	\$ 48,455
Prepaid items	--	--	--	--
Total Assets	<u>\$ 754,368</u>	<u>\$ 333,797</u>	<u>\$ 1,141,654</u>	<u>\$ 48,455</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ --
Due to other agencies	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances:				
Reserved fund balancers:				
Reserved for low-income housing	--	--	--	--
Reserved for capital projects	754,368	333,797	1,141,654	48,455
Total fund balances	<u>754,368</u>	<u>333,797</u>	<u>1,141,654</u>	<u>48,455</u>
Total Liabilities and Fund Balances	<u>\$ 754,368</u>	<u>\$ 333,797</u>	<u>\$ 1,141,654</u>	<u>\$ 48,455</u>

4021 RDA Civic Center/Courthouse Capital Project	403 Development Impact Fire Facility	404 Developmental Impact City Facilities	4041 RDA Housing Project Capital Project	405 Developmental Impact Storm Drain
\$ 270,025	\$ 64,523	\$ 513,884	\$ 744,365	\$ --
--	--	--	3,610	--
<u>\$ 270,025</u>	<u>\$ 64,523</u>	<u>\$ 513,884</u>	<u>\$ 747,975</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ 262,349
--	--	--	762	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>762</u>	<u>262,349</u>
--	--	--	691,756	--
270,025	64,523	513,884	55,457	(262,349)
<u>270,025</u>	<u>64,523</u>	<u>513,884</u>	<u>747,213</u>	<u>(262,349)</u>
<u>\$ 270,025</u>	<u>\$ 64,523</u>	<u>\$ 513,884</u>	<u>\$ 747,975</u>	<u>\$ --</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005

	406 Developmental Impact Sewer	407 Developmental Impact Parks and Recreation	408 Long Range Planning Fee	4121 RDA Industrial Park Capital Project
Assets:				
Cash and investments	\$ 486,824	\$ 600,915	\$ 35,303	\$ 25,934
Prepaid items	--	--	--	--
Total Assets	<u><u>\$ 486,824</u></u>	<u><u>\$ 600,915</u></u>	<u><u>\$ 35,303</u></u>	<u><u>\$ 25,934</u></u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ --
Due to other agencies	--	--	--	671
Total Liabilities	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>671</u></u>
Fund balances:				
Reserved fund balancers:				
Reserved for low-income housing	--	--	--	--
Reserved for capital projects	486,824	600,915	35,303	25,263
Total fund balances	<u><u>486,824</u></u>	<u><u>600,915</u></u>	<u><u>35,303</u></u>	<u><u>25,263</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 486,824</u></u>	<u><u>\$ 600,915</u></u>	<u><u>\$ 35,303</u></u>	<u><u>\$ 25,934</u></u>

4151 RDA Housing Bond Capital Project	432 Construction 97-2 Theater	435 City Hall Construction	439 Construction Upright Tax Exempt	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 946,771	\$ --	\$ 24,247	\$ 44,103	\$ 6,035,168
--	--	--	--	3,610
<u>\$ 946,771</u>	<u>\$ --</u>	<u>\$ 24,247</u>	<u>\$ 44,103</u>	<u>\$ 6,038,778</u>
\$ --	\$ 21,923	\$ --	\$ --	\$ 284,272
--	--	--	--	1,433
<u>--</u>	<u>21,923</u>	<u>--</u>	<u>--</u>	<u>285,705</u>
--	--	--	--	691,756
<u>946,771</u>	<u>(21,923)</u>	<u>24,247</u>	<u>44,103</u>	<u>5,061,317</u>
<u>946,771</u>	<u>(21,923)</u>	<u>24,247</u>	<u>44,103</u>	<u>5,753,073</u>
<u>\$ 946,771</u>	<u>\$ --</u>	<u>\$ 24,247</u>	<u>\$ 44,103</u>	<u>\$ 6,038,778</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	110	111	401	402
	Reserve	Equipment Replacement	Developmental Impact Streets & Traffic	Development Impact Police Facility
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ --
Charges for services	--	--	687,680	28,548
Revenue for use of money & property	17,290	7,607	13,922	785
Miscellaneous	--	20,000	--	--
Total revenues	<u>17,290</u>	<u>27,607</u>	<u>701,602</u>	<u>29,333</u>
Expenditures:				
General government	--	--	290	--
Public Works	--	--	385	--
Community Development	--	--	--	--
Capital outlay	--	45,550	--	--
Debt service:				
Principal	--	--	29,452	--
Total expenditures	<u>--</u>	<u>45,550</u>	<u>30,127</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expendit	17,290	(17,943)	671,475	29,333
Other financing sources (uses):				
Operating transfers in	10,000	--	(14,681)	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>10,000</u>	<u>--</u>	<u>(14,681)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	27,290	(17,943)	656,794	29,333
Fund balances/equity, July 1	727,078	351,740	484,860	19,122
Fund balances/equity, June 30	<u>\$ 754,368</u>	<u>\$ 333,797</u>	<u>\$ 1,141,654</u>	<u>\$ 48,455</u>

4021 RDA Civic Center/Courthouse Capital Project	403 Development Impact Fire Facility	404 Developmental Impact City Facilities	4041 RDA Housing Project Capital Project	405 Developmental Impact Storm Drain
\$ --	\$ --	\$ --	\$ 250,923	\$ --
--	36,341	189,989	--	116,206
--	1,075	11,978	13,633	3,053
--	--	--	29,697	--
--	37,416	201,967	294,253	119,259
--	--	--	--	--
--	--	--	--	--
(444)	--	--	58,583	37,572
--	--	32,646	49,255	566,243
--	--	178,312	30,958	--
(444)	--	210,958	138,796	603,815
444	37,416	(8,991)	155,457	(484,556)
--	--	--	--	--
--	--	--	(100,000)	--
--	--	--	(100,000)	--
444	37,416	(8,991)	55,457	(484,556)
269,581	27,107	522,875	691,756	222,207
\$ 270,025	\$ 64,523	\$ 513,884	\$ 747,213	\$ (262,349)

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED JUNE 30, 2005

	406 Developmental Impact Sewer	407 Developmental Impact Parks and Recreation	408 Long Range Planning Fee	4121 RDA Industrial Park Capital Project
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ --
Charges for services	172,218	291,774	28,399	--
Revenue for use of money & property	8,736	10,336	516	--
Miscellaneous	--	--	--	--
Total revenues	<u>180,954</u>	<u>302,110</u>	<u>28,915</u>	<u>--</u>
Expenditures:				
General government	--	368	--	--
Public Works	--	262	--	--
Community Development	--	3,200	--	6,890
Capital outlay	--	1,995	--	33,962
Debt service:				
Principal	--	10,252	--	207
Total expenditures	<u>--</u>	<u>16,077</u>	<u>--</u>	<u>41,059</u>
Excess (deficiency) of revenues over (under) expenditu	180,954	286,033	28,915	(41,059)
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	180,954	286,033	28,915	(41,059)
Fund balances/equity, July 1	305,870	314,882	6,388	66,322
Fund balances/equity, June 30	<u>\$ 486,824</u>	<u>\$ 600,915</u>	<u>\$ 35,303</u>	<u>\$ 25,263</u>

4151 RDA Housing Bond Capital Project	432 Construction 97-2 Theater	435 City Hall Construction	439 Construction Upright Tax Exempt	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ --	\$ 250,923
--	--	--	--	1,551,155
--	--	--	--	88,931
--	--	--	--	49,697
--	--	--	--	1,940,706
--	--	--	--	658
--	--	--	--	647
--	--	--	--	105,801
--	--	--	--	729,651
--	--	--	--	249,181
--	--	--	--	1,085,938
--	--	--	--	854,768
--	--	--	--	(4,681)
--	--	--	--	(100,000)
--	--	--	--	(104,681)
--	--	--	--	750,087
946,771	(21,923)	24,247	44,103	5,002,986
\$ 946,771	\$ (21,923)	\$ 24,247	\$ 44,103	\$ 5,753,073

CITY OF SELMA

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2005

	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-7)
	Pioneer Village	Cultural Arts	
Assets:			
Cash and investments	\$ 58,775	\$ 1,519	\$ 60,294
Fixed assets (net, where applicable, of accumulated depre	--	3,300	3,300
Total Assets	<u>\$ 58,775</u>	<u>\$ 4,819</u>	<u>\$ 63,594</u>
Liabilities:			
Accounts payable	\$ 140	\$ --	\$ 140
Total Liabilities	<u>140</u>	<u>--</u>	<u>140</u>
Net Assets:			
Invested in capital assets, net of related debt	--	1,406	1,406
Unrestricted	58,635	3,413	62,048
Total net assets	<u>58,635</u>	<u>4,819</u>	<u>63,454</u>
Total Liabilities and Fund Balances	<u>\$ 58,775</u>	<u>\$ 4,819</u>	<u>\$ 63,594</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-8)
	Pioneer Village	Cultural Arts	
Operating Revenues:			
Charges for services	\$ 9,631	\$ --	\$ 9,631
Revenue for use of money & property	13,468	1,347	14,815
Miscellaneous	11,950	3,545	15,495
Total Operating Revenues	<u>35,049</u>	<u>4,892</u>	<u>39,941</u>
Operating Expenses:			
Purchased professional and technical services	17,524	5,570	23,094
Other internal services	15,773	4,987	20,760
Total Operating Expenses	<u>33,297</u>	<u>10,557</u>	<u>43,854</u>
Operating Income (Loss)	<u>1,752</u>	<u>(5,665)</u>	<u>(3,913)</u>
Transfers:			
Interfund operating transfers in	--	--	--
Interfund operating transfers out	--	--	--
Net income	<u>1,752</u>	<u>(5,665)</u>	<u>(3,913)</u>
Retained earnings/fund balances, July 1	56,883	10,484	67,367
Retained earnings/fund balances, June 30	<u>\$ 58,635</u>	<u>\$ 4,819</u>	<u>\$ 63,454</u>

CITY OF SELMA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

	700	701
	<u>Insurance</u>	<u>Fleet Management</u>
Assets:		
Cash and investments	\$ 50,212	\$ --
Accounts receivables	--	--
Due from other agencies	--	2,600
Deposits	5,015	--
Inventories	--	--
Prepaid items	3,486	--
Total Assets	<u>\$ 58,713</u>	<u>\$ 2,600</u>
Liabilities:		
Accounts payable	\$ 167	\$ 7,423
Accrued wages/benefits	--	899
Total Liabilities	<u>167</u>	<u>8,322</u>
Net Assets:		
Unrestricted	<u>58,546</u>	<u>(5,722)</u>
Total net assets	<u>58,546</u>	<u>(5,722)</u>
Total Liabilities and Fund Balances	<u>\$ 58,713</u>	<u>\$ 2,600</u>

702	703	704	Total Internal Service Funds (See Exhibit A-7)
Building & Utility	General Overhead	Information Processing	
\$ --	\$ --	\$ --	\$ 50,212
335	639	--	974
--	--	--	2,600
--	--	--	5,015
--	504	--	504
2,105	--	--	5,591
<u>\$ 2,440</u>	<u>\$ 1,143</u>	<u>\$ --</u>	<u>\$ 64,896</u>
\$ 8,627	\$ 290	\$ 2,554	\$ 19,061
--	229	597	1,725
<u>8,627</u>	<u>519</u>	<u>3,151</u>	<u>20,786</u>
(6,187)	624	(3,151)	44,110
<u>(6,187)</u>	<u>624</u>	<u>(3,151)</u>	<u>44,110</u>
<u>\$ 2,440</u>	<u>\$ 1,143</u>	<u>\$ --</u>	<u>\$ 64,896</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	700	701
	Insurance	Fleet Management
Operating Revenues:		
Charges for services	\$ 1,441,621	\$ 429,392
Revenue for use of money & property	--	80
Miscellaneous	--	1
Total Operating Revenues	<u>1,441,621</u>	<u>429,473</u>
Operating Expenses:		
Personal services - salaries and wages	--	38,451
Personal services - employee benefits	--	18,036
Purchased professional and technical services	--	109,624
Other internal services	1,506,607	248,084
Capital outlay	--	20,482
Total Operating Expenses	<u>1,506,607</u>	<u>434,677</u>
Operating Income (Loss)	<u>(64,986)</u>	<u>(5,204)</u>
Transfers:		
Interfund operating transfers in	--	190
Interfund operating transfers out	--	--
Total transfers	--	190
Net income	<u>(64,986)</u>	<u>(5,014)</u>
Retained earnings/fund balances, July 1	123,532	(708)
Retained earnings/fund balances, June 30	<u>\$ 58,546</u>	<u>\$ (5,722)</u>

EXHIBIT C-12

702	703	704	Total Internal Service Funds (See Exhibit A-8)
Building & Utility	General Overhead	Information Processing	
\$ 661,763	\$ 210,533	\$ 111,375	\$ 2,854,684
--	--	--	80
--	384	--	385
<u>661,763</u>	<u>210,917</u>	<u>111,375</u>	<u>2,855,149</u>
32,182	34,625	31,792	137,050
10,305	16,870	4,765	49,976
564	21,457	38,174	169,819
579,540	49,829	34,843	2,418,903
671	78,628	1,174	100,955
<u>623,262</u>	<u>201,409</u>	<u>110,748</u>	<u>2,876,703</u>
38,501	9,508	627	(21,554)
(244)	5	206	157
--	--	--	--
(244)	5	206	157
<u>38,257</u>	<u>9,513</u>	<u>833</u>	<u>(21,397)</u>
(44,444)	(8,889)	(3,984)	65,507
<u>\$ (6,187)</u>	<u>\$ 624</u>	<u>\$ (3,151)</u>	<u>\$ 44,110</u>

CITY OF SELMA**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES****AGENCY FUNDS****JUNE 30, 2005**

	800 Finance Clearing	802 Community Services Clearing	803 Planning Clearing	804 Public Works Clearing
Assets:				
Cash and investments	\$ --	\$ 884	\$ 42,593	\$ 3,121
Total Assets	<u>\$ --</u>	<u>\$ 884</u>	<u>\$ 42,593</u>	<u>\$ 3,121</u>
Liabilities:				
Cash deficit	\$ 1,022	\$ --	\$ --	\$ --
Accounts payable	<u>(1,022)</u>	<u>884</u>	<u>42,593</u>	<u>3,121</u>
Total Liabilities	<u>--</u>	<u>884</u>	<u>42,593</u>	<u>3,121</u>
Net Assets:				
Total net assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

805 Senior Citizens Clearing	806 Police Dept Clearing	834 Sister City Fund	836 Graffiti Reward Fund	Total Agency Funds (See Exhibit A-10)
\$ 12,245	\$ 5,968	\$ 675	\$ 700	\$ 66,186
<u>\$ 12,245</u>	<u>\$ 5,968</u>	<u>\$ 675</u>	<u>\$ 700</u>	<u>\$ 66,186</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,022
12,245	5,968	675	700	65,164
<u>12,245</u>	<u>5,968</u>	<u>675</u>	<u>700</u>	<u>66,186</u>
\$ --	\$ --	\$ --	\$ --	\$ --

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Jorge & Yribarren

Certified Public Accountants

Larry M. Jorge CPA, CFP
Steven B. Yribarren, CPA

Tom F. Zarate, CPA

February 15, 2006

Independent Auditors' Report

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

City Council
City of Selma
Selma, California

Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Selma as of and for the year ended June 30, 2005, and have issued our report thereon dated February 15, 2006. 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.

Internal Control Over Financial Reporting

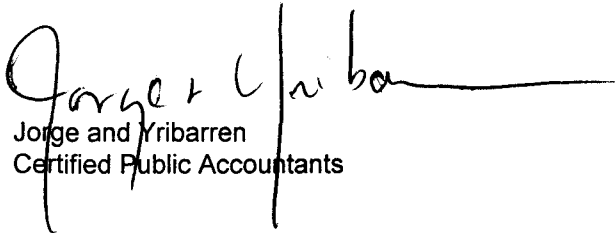
In planning and performing our audit, we considered City of Selma's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 that are required to be reported under GOVERNMENT AUDITING STANDARDS.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jorge and Yribarren", with a long horizontal line extending to the right. The signature is written over the printed name and title.

Jorge and Yribarren
Certified Public Accountants

Jorge & Yribarren

Certified Public Accountants

Larry M. Jorge CPA, CFP
Steven B. Yribarren, CPA

Tom F. Zarate, CPA

February 15, 2006

Independent Auditors' Report

Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133

City Council
City of Selma
Selma, California

Members of the City Council:

Compliance

We have audited the compliance of City of Selma with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to each of its major federal programs for the year ended June 30, 2005. City of Selma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Selma's management. Our responsibility is to express an opinion on City of Selma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Selma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Selma's compliance with those requirements.

In our opinion, City of Selma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

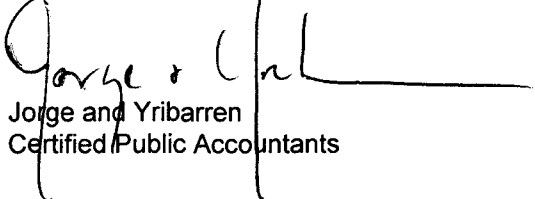
Internal Control Over Compliance

The management of City of Selma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Selma's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Jorge and Yribarren
Certified Public Accountants

CITY OF SELMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

20.205	TEA 21 Program
--------	----------------

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF SELMASCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT D-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Program:			
Healthy Cities Grant	Unavailable	--	\$ 20,000
Total U.S. Department of Housing and Urban Development			<u>20,000</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Program:			
TEA 21 *	20.205	--	490,318
Total U. S. Department of Transportation			<u>490,318</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	--	13,703
Supplemental Law Enforcement Services Fund	16.592	--	121,167
Supplemental Law Enforcement CLEEP Grant	16.592	--	7,545
Executive Office of Weed & Seed	16.595	--	19,973
Total Direct Programs			<u>162,388</u>
Total U. S. Department of Justice			<u>162,388</u>
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Direct Program:			
Community Development Block Grant *	14.219	--	309,772
Total U. S. Department of Housing & Urban Development			<u>309,772</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Programs:			
FMAAA-Title IIIB *	93.044	--	14,404
FMAAA-Title IIIC-1 *	93.045	--	6,754
Total Direct Programs			<u>21,158</u>
Total U. S. Department of Health and Human Services			<u>21,158</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Program:			
FEMA Fire Grant	85.554		61,243
Total Department of Homeland Security			<u>61,243</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,064,879</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

CITY OF SELMA**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005****Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Selma and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.