

CITY OF SELMA

Report on Examination of Financial Statements

For the Year ended June 30, 2007

And

Independent Auditor's Report

Jorge & Yribarren

Certified Public Accountants

Introductory Section

City of Selma
Annual Financial Report
For The Year Ended June 30, 2007

TABLE OF CONTENTS

	Page	Exhibit
 FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	2	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	11	A-1
Statement of Activities.....	12	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	16	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	17	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	19	A-6
Statement of Net Assets - Proprietary Funds.....	20	A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Proprietary Funds.....	22	A-8
Statement of Cash Flows - Proprietary Funds.....	24	A-9
Statement of Fiduciary Net Assets - Fiduciary Funds.....	26	A-10
Notes to the Financial Statements	27	
 <u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	41	B-1
Street Maintenance Fund.....	42	B-2
 <u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	43	C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	44	C-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	45	C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	50	C-4
 Debt Service Funds:		
Combining Balance Sheet - Nonmajor Debt Service Funds.....	56	C-5
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Debt Service Funds.....	62	C-6

City of Selma
Annual Financial Report
For The Year Ended June 30, 2007

TABLE OF CONTENTS

	Page	Exhibit
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	68	C-7
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	73	C-8
Enterprise Funds:		
Combining Statement of Net Assets - Nonmajor Enterprise Funds.....	78	C-9
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds.....	80	C-10
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	82	C-11
Internal Service Funds:		
Combining Statement of Net Assets.....	84	C-12
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	86	C-13
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities.....	88	C-14
OTHER SUPPLEMENTARY INFORMATION SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90	
Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133.....	92	
Schedule of Findings and Questioned Costs	94	
Schedule of Expenditures of Federal Awards	96	D-1
Notes to the Schedule of Expenditures of Federal Awards.....	97	

Financial Section

Jorge & Yribarren

Certified Public Accountants

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

December 13, 2007

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, 2007, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Selma as of June 30, 2007, 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 December 13, 2007, 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 required supplementary 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 schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the 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 blue ink, appearing to read "Jorge & Yribarren", followed by a long horizontal line.

Jorge and Yribarren
Certified Public Accountants

CITY OF SELMA

Managements Discussion and Analysis
June 30, 2007

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, 2007. 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 \$56.6 million. Of this balance, \$3.2 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 \$949,171, a decrease of \$261 thousand from the previous year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the City of Selma and its component units, 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 raise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flow in future fiscal periods (e.g. earned but unused vacation leave.)

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

Governmental Activities: Most of the City's basic services are included here such as public safety, transportation (street and roads), community development, culture and recreation and general government. These services are primarily financed by property and sales taxes, federal and state grants and development fees. The Selma Redevelopment Agency, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included under government activities as an integral part of the City.

CITY OF SELMA

Managements Discussion and Analysis

June 30, 2007

Business-type Activities: The City charges fees to customers to cover the costs of 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 due to legal requirements for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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 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 the ambulance service and the Selma Manufacturing Complex, plus several non-major enterprise activities. 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 the Selma Manufacturing Complex funds, 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 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.

CITY OF SELMA

Managements Discussion and Analysis June 30, 2007

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

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

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

Government-wide Financial Analysis

Below is a table showing the City's net assets for the fiscal year ended June 30, 2007, with comparative data for the fiscal year ended June 30, 2006.

City of Selma's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 12,331,594	\$ 11,115,065	\$ 2,064,184	\$ 1,866,669	\$ 14,395,778	\$ 12,981,734
Capital and intangible assets	73,483,417	72,686,719	3,039,824	4,374,411	76,523,241	77,061,130
Total assets	\$ 85,815,011	\$ 83,801,784	\$ 5,104,008	\$ 6,241,080	\$ 90,919,019	\$ 90,042,864
Long-term liabilities outstanding	\$ 28,100,551	\$ 27,270,725	\$ 239,321	\$ 181,251	\$ 28,339,872	\$ 27,451,976
Other liabilities	5,627,467	7,755,754	336,284	460,527	5,963,751	8,216,281
Total liabilities	33,728,018	35,026,479	575,605	641,778	34,303,623	35,668,257
Net assets:	\$ 52,086,993	\$ 48,775,305	\$ 4,528,403	\$ 5,599,302	\$ 56,615,396	\$ 54,374,607
Investment in capital assets, Net of related debt	\$ 46,395,133	\$ 47,095,133	\$ 2,609,776	\$ 4,123,310	\$ 49,004,909	\$ 51,218,443
Restricted	4,481,852	5,721,192			4,481,852	5,721,192
Unrestricted	1,210,008	(5,040,930)	1,918,627	1,475,992	3,128,635	(3,564,938)
Total net assets	\$ 52,086,993	\$ 47,775,395	\$ 4,528,403	\$ 5,599,302	\$ 56,615,396	\$ 53,374,697

As of June 30, 2007 the City's government-wide total assets exceeded liabilities (net assets) by \$56.6 million. Governmental activities finished the year with a positive net asset balance of \$52 million. Business type activities finished the year with a positive balance of \$4.5 million, showing a decrease of \$31 thousand. 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, 2007

Restricted net assets amount to \$4.5 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 1,238,599	\$ 2,000,339	\$ 3,518,739	\$ 3,698,859	\$ 4,757,338	\$ 5,699,198
Operating grants and contributions	50,328	50,097	273,580	281,450	323,908	331,547
Capital grants and contributions					0	0
General revenues:						
Taxes	9,107,165	7,904,080			9,107,165	7,904,080
Licenses and permits	209,180	178,975			209,180	178,975
Intergovernmental charges	3,140,725	2,724,761			3,140,725	2,724,761
Fines	122,157	57,665			122,157	57,665
Franchise Fees	580,098	539,054			580,098	539,054
Revenue for the use of money & property	2,377,594	880,562	24,752	5,557	2,402,346	886,119
Miscellaneous	1,080,325	88,012	3,320	4,512	1,083,645	92,524
Transfers	21,399	(10,000)	(61,918)	10,000	(40,519)	0
Total revenues	\$17,927,570	\$14,413,545	\$ 3,758,473	\$ 4,000,378	\$21,686,043	\$18,413,923
Expenses:						
General government	1,676,609	1,705,007			1,676,609	1,705,007
Public safety	6,354,334	5,634,681			6,354,334	5,634,681
Public works	1,814,342	1,568,802			1,814,342	1,568,802
Community development	2,907,627	2,028,550			2,907,627	2,028,550
Cultural and recreation	492,381	447,271			492,381	447,271
Capital Outlay	2,861,229	107,825			2,861,229	107,825
Debt Service	2,680,181	1,234,594			2,680,181	1,234,594
Ambulance			1,271,722	1,246,730	1,271,722	1,246,730
RDA Selma Manufacturing Complex			1,145,318	504,452	1,145,318	504,452
Pioneer Village			(2,971)	35,137	(2,971)	35,137
Transit			309,817	316,056	309,817	316,056
Garbage services			1,050,496	715,696	1,050,496	715,696
Cultural Arts			15,556	9,864	15,556	9,864
Selma Manufacturing Complex				400	0	400
Total expense	\$18,786,703	\$12,726,730	\$ 3,789,938	\$ 2,828,335	\$22,576,641	\$15,555,065
Increase in net assets	(859,133)	1,686,815	(31,465)	1,172,043	(890,598)	2,858,858
Net assets - beginning	358,694	358,694	4,427,259	4,427,259	4,785,953	4,785,953
Net assets - ending	\$ (500,439)	\$ 2,045,509	\$ 4,395,794	\$ 5,599,302	\$ 3,895,355	\$ 7,644,811

The Governmental revenues for the year were \$17.9 million. Taxes, which include property, sales and other taxes account for \$9 million or 50% of the City's governmental activities revenue.

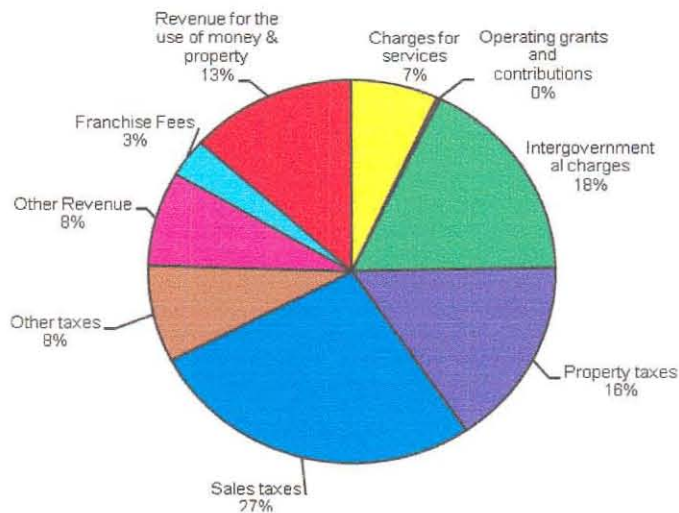
CITY OF SELMA

Managements Discussion and Analysis

June 30, 2007

Total governmental expenses for the year were \$18.8 million. Public Safety, which includes police and fire, account for \$6.3 million or 34% of the total governmental activity expenses. Community Development function accounts for \$2.9 million or 15% of the total expenses.

Revenues by Source-Governmental Activities

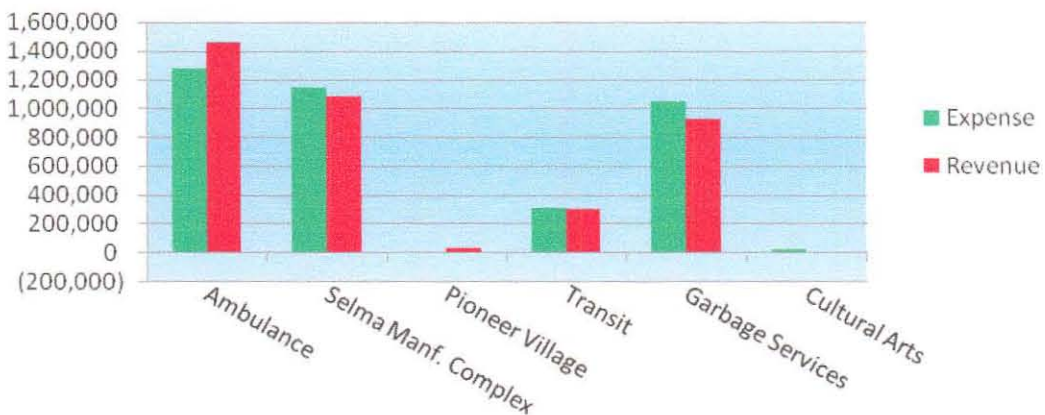


Program revenues that include charges for services and grants specific to certain programs, account for \$2.1 million of the total governmental activity revenue. The amounts necessary to fully fund the governmental activity programs are made up of "general" revenues such as taxes, interest, and unrestricted grants and contributions.

Business-type Activities

Business-type activities account for \$4.5 million of the total Government-wide net assets. This is a decrease of \$1.1 million over June 30, 2006 due to the redistribution 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

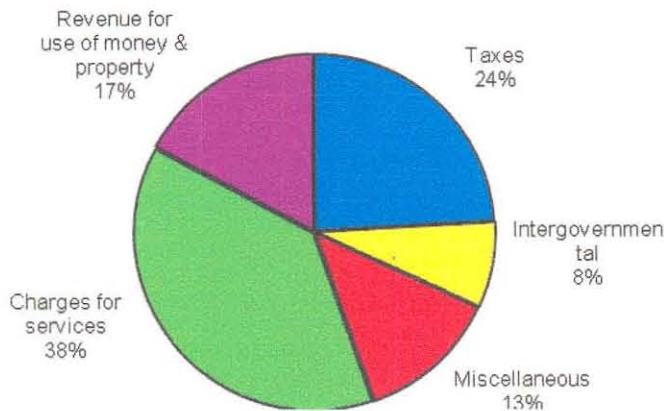


CITY OF SELMA

Managements Discussion and Analysis

June 30, 2007

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 \$6.5 million, which is a decrease of \$130 thousand or 2% when compared to the prior year. Of the total fund balance, \$1.5 million or 23% 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	\$ 1,012,855
Low-Income Housing	\$ 631,525
Capital Projects	\$ 3,323,807

The general fund total fund balance decreased \$246 thousand or 17% 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 \$721,007, and an Equipment Replacement fund, in the amount of \$86,843 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 Selma Manufacturing Complex fund finished the year with a negative change in net assets, although it had a positive ending balance due.

All the internal service funds finished with growth in unrestricted net assets except Insurance. The insurance funds showed an \$118,419 loss in assets due to unanticipated increases in employee medical insurance rates.

CITY OF SELMA

Managements Discussion and Analysis

June 30, 2007

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:

\$ 17,536 General Community Development Department-Increase appropriation for Enterprise Zone application process

Capital Assets and Debt Administration

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

City of Selma Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	7,790,302	7,790,302	1,560,000	1,560,000	9,350,302	9,350,302
Building and improvements	4,170,313	3,870,107	16,272,334	16,272,334	20,442,647	20,142,441
Machinery and equipment	6,325,538	5,262,514	463,430	463,430	6,788,968	5,725,944
Road network	88,545,456	87,339,806			88,545,456	87,339,806
Total	106,831,609	104,262,729	18,295,764	18,295,764	125,127,373	122,558,493

Long-term Debt. The City's long-term debt as of June 30, 2006 was \$27.7 million with governmental activities accounting for most debt. Total debt was reduced during the year by \$1 million in debt principal payments.

City of Selma Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Special assessment debt with governmental commitment	5,510,000	5,548,000			5,510,000	5,548,000
Tax allocation bonds	3,655,000	3,690,000			3,655,000	3,690,000
Capital leases	1,247,806	257,855	137,508	183,634	1,385,314	441,489
Lease revenue bonds	5,935,000	5,935,000			5,935,000	5,935,000
Certificates of participation	795,612	1,026,619	29,388	43,381	825,000	1,070,000
Revenue bonds	9,875,000	10,702,000			9,875,000	10,702,000
Contracts payable	280,530	349,376			280,530	349,376
Total	27,298,948	27,508,850	166,896	227,015	27,465,844	27,735,865

The City issued \$ 1,113,952 in new debt this year. This was Capital Leases for new and replacement vehicles for various City departments.

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 \$131 million. The City currently has no general obligation debt outstanding.

CITY OF SELMA**Managements Discussion and Analysis**

June 30, 2007

Economic Factors and Next Year's Budgets and Rates

The City had been 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. However, the economic slowdown has delayed the construction of many of these homes. General Fund revenues reflected this slowdown and actual collection were \$619 thousand less than anticipated. Next year's revenue estimates will be lowers to reflect the economic slowdown.

Total citywide expenditures excluding capital expenditures were projected to increase approximately 8.6%. The biggest portions of these costs include salary and benefit increases based on negotiated agreements with the City's bargaining units, twelve new positions and normal step increases. Salaries are anticipated to increase \$707 thousand. Insurance program costs, including workers' compensation, are increasing 6%. 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.

For next year the total citywide expenditures are budgeted for a 16% increase. Salaries and benefits are estimated to increase by \$727 thousand due to salary and benefit increases based on negotiated agreements with the City's bargaining units, two new positions, normal step increases and a change in the retirement package for miscellaneous personnel. An increase of \$1.7 million in professional service costs have been budget for in the Community Development department to provide for special planning projects. The funding for these projects is to be reimbursed by outside developers.

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, 2007

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 8,233,221	\$ 1,145,384	\$ 9,378,605
Cash with fiscal agent	2,356,949	400,000	2,756,949
Accounts receivables	158,953	554,835	713,788
Internal balances	40,000	(40,000)	--
Due from other agencies	1,534,101	144,169	1,678,270
Deposits	(86,206)	--	(86,206)
Inventories	78,945	(69)	78,876
Prepaid items	15,631	--	15,631
Allowance for bad debt	--	(140,135)	(140,135)
Fixed assets (net, where applicable, of accumulated depreciation)	57,673,767	3,039,824	60,713,591
Notes receivable	15,809,650	--	15,809,650
Total Assets	85,815,011	5,104,008	90,919,019
Liabilities:			
Cash deficit	4,158,675	277,404	4,436,079
Accounts payable	1,125,858	24,407	1,150,265
Accrued wages/benefits	163,531	24,651	188,182
Due to other agencies	179,403	9,822	189,225
Noncurrent liabilities:	--	--	--
Due within one year	2,395,580	--	2,395,580
Due in more than one year	25,704,971	239,321	25,944,292
Total Liabilities	33,728,018	575,605	34,303,623
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	46,395,133	2,609,776	49,004,909
Restricted For:			
Federal and State Programs	(574,521)	--	(574,521)
Debt Service	737,665	--	737,665
Capital Projects	3,687,183	--	3,687,183
Low-income housing	631,525	--	631,525
Unrestricted	1,210,008	1,918,627	3,128,635
Total Net Assets	\$ 52,086,993	\$ 4,528,403	\$ 56,615,396

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,271,217)		\$ (1,271,217)
(6,209,361)		(6,209,361)
(1,187,969)		(1,187,969)
(2,880,126)		(2,880,126)
(410,437)		(410,437)
(2,861,229)		(2,861,229)
(2,680,181)		(2,680,181)
<u>(17,500,520)</u>		<u>(17,500,520)</u>
--	\$ 188,988	188,988
--	(64,013)	(64,013)
--	30,400	30,400
--	(11,229)	(11,229)
--	(128,930)	(128,930)
--	(12,835)	(12,835)
--	2,381	2,381
<u>(17,500,520)</u>	<u>2,381</u>	<u>(17,498,139)</u>
9,107,165	--	9,107,165
209,180	--	209,180
3,140,725	--	3,140,725
2,744	--	2,744
122,157	--	122,157
580,098	--	580,098
2,377,594	24,752	2,402,346
1,080,325	3,320	1,083,645
21,399	(61,918)	(40,519)
<u>16,641,387</u>	<u>(33,846)</u>	<u>16,607,541</u>
(859,132)	(31,465)	(890,597)
52,946,125	4,559,868	57,505,993
<u>\$ 52,086,993</u>	<u>\$ 4,528,403</u>	<u>\$ 56,615,396</u>

RDA General Debt Service	Developmental Impact Streets & Traffic	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,297,788	\$ 6,196,715	\$ 7,966,091
--	--	1,805,012	2,035,012
--	--	26,758	129,843
--	200,000	275,125	515,125
--	--	645,166	1,528,409
--	--	--	78,411
--	--	--	15,631
<u>\$ --</u>	<u>\$ 1,497,788</u>	<u>\$ 8,948,776</u>	<u>\$ 12,268,522</u>
\$ 1,306,210	\$ --	\$ 1,364,815	\$ 4,158,018
--	--	696,876	846,599
--	--	5,038	159,359
--	--	475,125	475,125
165,411	--	13,992	179,403
<u>1,471,621</u>	<u>--</u>	<u>2,555,846</u>	<u>5,818,504</u>
(1,353,066)	--	2,365,921	1,012,855
--	--	631,525	631,525
--	1,497,788	2,400,540	3,898,328
--	--	343,729	(574,521)
(118,555)	--	--	830,616
--	--	(156,635)	(156,635)
--	--	807,850	807,850
<u>(1,471,621)</u>	<u>1,497,788</u>	<u>6,392,930</u>	<u>6,450,018</u>
<u>\$ --</u>	<u>\$ 1,497,788</u>	<u>\$ 8,948,776</u>	<u>\$ 12,268,522</u>

CITY OF SELMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances - governmental funds balance sheet	\$ 6,450,018
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.	57,673,767
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	(67,828)
Payables for bond principal which are not due in the current period are not reported in the funds.	(24,123,614)
Payables for notes which are not due in the current period are not reported in the funds.	(3,655,000)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	15,809,650
Net assets of governmental activities - statement of net assets	\$ <u>52,086,993</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, 2007

	General Fund	Street Maintenance Fund	T-21 Project Grant
Revenue:			
Taxes	\$ 7,907,918	\$ --	\$ --
Licenses and permits	384,295	1,251	--
Intergovernmental	312,614	--	581,926
Charges for services	391,377	98,745	--
Fines	12,336	--	--
Franchise fees	580,098	--	--
Revenue for use of money & property	150,377	(35,380)	--
Assessment payment	--	--	--
Miscellaneous	214,838	415	--
Total revenues	<u>9,953,853</u>	<u>65,031</u>	<u>581,926</u>
Expenditures:			
General government	1,589,487	--	--
Public Safety	5,922,997	--	--
Public Works	600,801	1,057,052	--
Community Development	1,109,440	--	--
Recreation	488,177	--	--
Capital outlay	112,763	90,926	581,926
Debt service:			
Principal	376,336	122,612	--
Interest and fiscal charges	189,053	193,721	--
Total expenditures	<u>10,389,054</u>	<u>1,464,311</u>	<u>581,926</u>
Excess (deficiency) of revenues over (under) expenditures	(435,201)	(1,399,280)	--
Other financing sources (uses):			
Operating transfers in	--	1,001,481	--
Operating transfers out	173,393	--	--
Proceeds from bonds	--	--	--
Total other financing sources (uses)	<u>173,393</u>	<u>1,001,481</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(261,808)	(397,799)	--
Fund balances/equity, July 1	1,210,979	(520,451)	--
Fund balances/equity, June 30	<u>\$ 949,171</u>	<u>\$ (918,250)</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

RDA General Debt Service	Developmental Impact Streets & Traffic	Other Governmental Funds	Total Governmental Funds
\$ 959,450	\$ --	\$ 239,797	\$ 9,107,165
--	--	--	385,546
--	--	2,269,462	3,164,002
--	211,473	306,196	1,007,791
--	--	122,157	134,493
--	--	--	580,098
(36,063)	60,576	1,111,643	1,251,153
18,000	--	2,470,477	2,488,477
11,109	--	905,805	1,132,167
<u>952,496</u>	<u>272,049</u>	<u>7,425,537</u>	<u>19,250,892</u>
--	--	84,861	1,674,348
--	--	390,570	6,313,567
--	--	156,489	1,814,342
451,764	108,552	1,237,871	2,907,627
--	--	4,204	492,381
525,000	48,796	1,716,255	3,075,666
389,152	22,030	1,342,665	2,252,795
137,729	7,683	1,430,840	1,959,026
<u>1,503,645</u>	<u>187,061</u>	<u>6,363,755</u>	<u>20,489,752</u>
(551,149)	84,988	1,061,782	(1,238,860)
--	--	168,415	1,169,896
--	(37,447)	(1,211,430)	(1,075,484)
--	--	678,063	678,063
<u>--</u>	<u>(37,447)</u>	<u>(364,952)</u>	<u>772,475</u>
(551,149)	47,541	696,830	(466,385)
(920,472)	1,450,247	5,696,100	6,916,403
<u>\$ (1,471,621)</u>	<u>\$ 1,497,788</u>	<u>\$ 6,392,930</u>	<u>\$ 6,450,018</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, 2007

Net change in fund balances - total governmental funds \$ (466,385)

Amounts reported for governmental activities in the statement of activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	2,463,663
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,249,226)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	1,565,873
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(2,291,669)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	871,947
The net revenue (expense) of internal service funds is reported with governmental activities.	(75,272)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(678,063)

Change in net assets of governmental activities - statement of activities \$ (859,132)

The accompanying notes are an integral part of this statement.

CITY OF SELMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Enterprise Fund	Enterprise Fund
	Ambulance Service	Selma Mfg. Complex RDA
Assets:		
Cash and investments	\$ 201,660	\$ 275,631
Cash with fiscal agent	--	400,000
Accounts receivables	324,741	229,919
Due from other agencies	--	--
Deposits	--	--
Inventories	(69)	--
Allowance for bad debts	(140,135)	--
Fixed assets (net, where applicable, of accumulated depreciation)	173,519	2,846,416
Total Assets	<u>\$ 559,716</u>	<u>\$ 3,751,966</u>
Liabilities:		
Cash deficit	\$ --	\$ --
Accounts payable	3,153	18,550
Accrued wages/benefits	78,394	--
Due to other funds	--	--
Due to other agencies	--	9,822
Bonds payable	29,388	--
Leases payable	137,508	--
Total Liabilities	<u>248,443</u>	<u>28,372</u>
Net Assets:		
Invested in capital assets, net of related debt	--	--
Unrestricted	311,273	3,723,594
Total net assets	<u>311,273</u>	<u>3,723,594</u>
Total Liabilities and Fund Balances	<u>\$ 559,716</u>	<u>\$ 3,751,966</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 668,093	\$ 1,145,384	\$ 355
--	400,000	--
175	554,835	29,110
144,169	144,169	5,691
--	--	(86,206)
--	(69)	534
--	(140,135)	--
19,889	3,039,824	--
<u>\$ 832,326</u>	<u>\$ 5,144,008</u>	<u>\$ (50,516)</u>
\$ 277,404	\$ 277,404	\$ --
2,704	24,407	13,141
18,682	97,076	4,172
40,000	40,000	--
--	9,822	--
--	29,388	--
--	137,508	--
<u>338,790</u>	<u>615,605</u>	<u>17,313</u>
1,406	1,406	--
492,130	4,526,997	(67,829)
<u>493,536</u>	<u>4,528,403</u>	<u>(67,829)</u>
<u>\$ 832,326</u>	<u>\$ 5,144,008</u>	<u>\$ (50,516)</u>

CITY OF SELMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Fund	Enterprise Fund
	Ambulance Service	Selma Mfg. Complex RDA
Operating Revenues:		
Taxes	\$ --	\$ --
Charges for services	1,460,710	--
Intergovernmental	--	--
Revenue for use of money & property	5,739	609,451
Miscellaneous	--	480,427
Total Operating Revenues	<u>1,466,449</u>	<u>1,089,878</u>
Operating Expenses:		
Personal services - salaries and wages	683,414	--
Personal services - employee benefits	288,338	--
Purchased professional and technical services	50,891	49,119
Other internal services	233,901	558,790
Depreciation	12,620	533,639
Capital outlay	2,558	3,770
Total Operating Expenses	<u>1,271,722</u>	<u>1,145,318</u>
Operating Income (Loss)	<u>194,727</u>	<u>(55,440)</u>
Transfers:		
Interfund operating transfers in	--	--
Interfund operating transfers out	--	--
Total transfers	<u>--</u>	<u>--</u>
Net income	194,727	(55,440)
Retained earnings/fund balances, July 1	116,546	3,779,034
Retained earnings/fund balances, June 30	<u>\$ 311,273</u>	<u>\$ 3,723,594</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 921,566	\$ 921,566	\$ --
--	1,460,710	3,344,937
298,588	298,588	--
35,240	650,430	--
8,670	489,097	176,347
<u>1,264,064</u>	<u>3,820,391</u>	<u>3,521,284</u>
180,769	864,183	130,002
94,095	382,433	42,558
1,058,649	1,158,659	352,143
33,280	825,971	2,816,547
6,105	552,364	--
--	6,328	182,293
<u>1,372,898</u>	<u>3,789,938</u>	<u>3,523,543</u>
(108,834)	30,453	(2,259)
10,000	10,000	--
(71,918)	(71,918)	(73,014)
<u>(61,918)</u>	<u>(61,918)</u>	<u>(73,014)</u>
(170,752)	(31,465)	(75,273)
664,288	4,559,868	7,444
<u>\$ 493,536</u>	<u>\$ 4,528,403</u>	<u>\$ (67,829)</u>

CITY OF SELMA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds			
	Ambulance Service	Selma Mfgr Complex	Nonmajor Ent. Funds	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,466,003	\$ 1,220,122	1,264,223	\$ 3,950,348
Cash Payments to Employees for Services	(961,832)	--	(274,864)	(1,236,696)
Cash Payments to Other Suppliers for Goods and Services	(287,350)	(604,012)	(1,080,863)	(1,972,225)
Net Cash Provided (Used) by Operating Activities	<u>216,821</u>	<u>616,110</u>	<u>(91,504)</u>	<u>741,427</u>
Cash Flows from Non-capital Financing Activities:				
Transfers From (To) Primary Government	--	--	50,000	50,000
Transfers From (To) Other Funds	--	(257,210)	(71,918)	(329,128)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>(257,210)</u>	<u>(21,918)</u>	<u>(279,128)</u>
Cash Flows from Capital and Related Financing Activities:				
Principal and Interest Paid	(80,013)	--	--	(80,013)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(80,013)</u>	<u>--</u>	<u>--</u>	<u>(80,013)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	136,808	358,900	(113,422)	382,286
Cash and Cash Equivalents at Beginning of Year	64,852	316,731	781,515	1,163,098
Cash and Cash Equivalents at End of Year	<u>\$ 201,660</u>	<u>\$ 675,631</u>	<u>668,093</u>	<u>\$ 1,545,384</u>
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income (Loss)	\$ 194,727	\$ (55,440)	(108,834)	\$ 30,453
Adjustments to Reconcile Operating Income to Net Cash				
Provided by Operating Activities				
Depreciation	12,620	533,639	6,105	552,364
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	(446)	130,244	14,080	143,878
Increase (Decrease) in Accounts Payable	9,920	7,667	(2,855)	14,732
Total Adjustments	<u>22,094</u>	<u>671,550</u>	<u>17,330</u>	<u>710,974</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 216,821</u>	<u>\$ 616,110</u>	<u>(91,504)</u>	<u>\$ 741,427</u>

The accompanying notes are an integral part of this statement.

Service Funds
3,505,027
(172,560)
(3,338,986)
<u>(6,519)</u>

--
(113,212)
<u>(113,212)</u>

--
--

(113,212)
113,567
<u>355</u>

(2,259)

--
7,737
(11,997)
<u>(4,260)</u>
<u>(6,519)</u>

CITY OF SELMASTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Agency Funds
Assets:	
Cash and investments	\$ 266,775
Total Assets	<u>\$ 266,775</u>
Liabilities:	
Cash deficit	\$ 657
Accounts payable	266,118
Total Liabilities	<u>266,775</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, 2007

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.

(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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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.

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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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.

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 not to apply future FASB standards.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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 apportion taxing agencies 100% of their levy (adjusted for roll changes) with the County owning the delinquent receivables. The County will apportion the current secured and unitary into a revenue account in three installments. The first 50% was apportioned December 15, the balance will be apportioned by April 15, and June 15 at 45% and 5% respectively.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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.

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

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Cash Deposits:

At June 30, 2007, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,966,091 and the bank balance was \$7,966,091. The City's cash deposits at June 30, 2007 and during the year ended June 30, 2007, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

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.

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

D. Notes receivable

The Agency had the following receivables outstanding at June 30, 2006:

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.	\$ 8,884,553
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.	364,325
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.	10,915
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.	316,774
Secure Storage, \$444,000 installment promissory note dated with varying dates, secured by Deed of Trust, due in quarterly installments with interest at 5.5%	372,428
Signal Technologies, \$191,850 installment promissory note dated December 28, 2006, secured by Deed of Trust, due in quarterly installments with interest at 6.25%	117,810
Farmer in the Dill, LP, \$117,810 installment promissory note dated April 30, 2007, secured by Deed of Trust, due in quarterly installments with interest at 5.5%	192,935

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Glacier Air, \$103,850 installment promissory note dated May 4, 2005 secured by Deed of Trust, due in quarterly installments with interest at 5% due in January 2020.	93,890
Chavez Construction, \$99,000 installment promissory note dated June 20, 2006, secured by Deed of Trust, due in quarterly installments with interest at 5.5% due in September 2023.	94,616
Selma Pallet, \$220,000 installment promissory note dated November 8, 2006, secured by Deed of Trust, due in quarterly installments with interest at 5.5% due in September 2023.	206,100
	<u>\$ 10,667,651</u>

E. 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
	<u>\$ 25,000</u>

Future Commitments to the Authority follow:

Year Ending June 30, 2007	\$ 25,000
	<u>\$ 25,000</u>

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, 2007:

Assessment District No. 1991-2 Improvement Bonds - Highland	\$ 1,145,000
Assessment District No. 1992-1 Improvement Bonds - Dancer II	260,000
Assessment District No. 1992-1 Supplemental Improvement Bonds - Dancer III	245,000
Assessment District No. 1992-1 Third Supplemental Improvement Bonds - Pea Soup Andersen	1,895,000
Assessment District No. 1993-1 Improvement Bonds - Vineyard	495,000
Assessment District No. 1991-2 Supplemental Improvement Bonds - Stillman	259,000
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	233,000
Assessment District No. 1994-1 Supplemental Improvement Bonds - Up-Right	390,000
Assessment District No. 1997-1 - Theater	220,000
	<u>\$ 5,142,000</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

G. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 7,790,302	\$ --	\$ --	\$ 7,790,302
Total capital assets not being depreciated	7,790,302	--	--	7,790,302
Capital assets being depreciated:				
Roads and other infrastructure	87,339,806	1,205,650	--	88,545,456
Buildings and improvements	3,870,107	300,206	--	4,170,313
Equipment	5,262,514	1,063,024	--	6,325,538
Total capital assets being depreciated	96,472,427	2,568,880	--	99,041,307
Less accumulated depreciation for:				
Roads and other infrastructure	(42,670,600)	(1,823,520)	--	(44,494,120)
Buildings and improvements	(2,210,957)	(127,242)	--	(2,338,199)
Equipment	(2,194,453)	(298,464)	--	(2,492,917)
Total accumulated depreciation	(47,076,010)	(2,249,226)	--	(49,325,236)
Total capital assets being depreciated, net	49,396,417	319,654	--	49,716,071
Governmental activities capital assets, net	\$ 57,186,719	\$ 319,654	\$ --	\$ 57,506,373
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,560,000	\$ --	\$ --	\$ 1,560,000
Construction in progress	--	--	--	--
Total capital assets not being depreciated	1,560,000	--	--	1,560,000
Capital assets being depreciated:				
Buildings and improvements	16,272,334	--	--	16,272,334
Equipment	463,430	--	--	463,430
Vehicles	--	--	--	--
Total capital assets being depreciated	16,735,764	--	--	16,735,764
Less accumulated depreciation for:				
Buildings and improvements	(14,426,285)	(539,744)	--	(14,966,029)
Equipment	(277,291)	(12,620)	--	(289,911)
Vehicles	--	--	--	--
Total accumulated depreciation	(14,703,576)	(552,364)	--	(15,255,940)
Total capital assets being depreciated, net	2,032,188	(552,364)	--	1,479,824
Business-type activities capital assets, net	\$ 3,592,188	\$ (552,364)	\$ --	\$ 3,039,824

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Depreciation was charged to functions as follows:

General Government	\$	57,038
Public Protection:		
Fire Protection		75,877
Police		109,231
Public Ways and Facilities, Including		
Depreciation of General Infrastructure Assets		2,007,080
Selma Manufacturing Complex		533,639
Pioneer Village		6,104
Ambulance Service		12,620
	\$	<u>2,801,589</u>

H. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2007, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Cultural Arts Fund	\$ 40,000	Short-term loans
Development Impact Fund	Northeast Specific Plan	450,000	Short-term loans
Park & Rec. Impact Fund	Prop. 40 Parks Grant	25,125	Capital projects expenditures
	Other Balances	--	
	Total	\$ <u>515,125</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2007, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	Street Maintenance Fund	\$ 1,009,725	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	103,728	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	58,760	Reimburse expenditures
General fund	Other Governmental Funds	44,810	Supplement other funds sources
Other Governmental Funds	General Fund	126,284	Reimburse expenditures
Other Governmental Funds	General Fund	164,163	Supplement other funds sources
	Total	\$ <u>1,507,470</u>	

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2007, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Revenue bonds-Authority	\$ 23,211,619	\$ --	\$ 1,096,007	\$ 22,115,612	1,593,450
Revenue bonds-Agency	3,690,000	--	35,000	3,655,000	665,000
Notes	349,376	--	68,846	280,530	70,234
Capital leases	257,855	1,113,952	124,001	1,247,806	66,896
Compensated absences *	761,875	40,767	--	802,642	--
Total governmental activities	<u>\$ 28,270,725</u>	<u>\$ 1,154,719</u>	<u>\$ 1,323,854</u>	<u>\$ 28,101,590</u>	<u>\$ 2,395,580</u>
Business-type activities:					
General obligation bonds	\$ 43,381	\$ --	\$ 13,993	\$ 29,388	21,550
Capital leases	183,634	--	46,126	137,508	45,000
Compensated absences *	61,666	11,625	866	72,425	--
Total business-type activities	<u>\$ 288,681</u>	<u>\$ 11,625</u>	<u>\$ 60,985</u>	<u>\$ 239,321</u>	<u>\$ 66,550</u>

* Other long-term liabilities

Revenue Bonds

A summary of changes in bonds payable of the Authority for the year ended June 30, 2007 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2006	Issued	Retired	Outstanding June 30, 2007
1993-C	3.75% - 7.25%	7,325,000	\$ 25,000	-- \$	25,000	\$ --
1994	4% - 7.25%	11,570,000	1,775,000	--	95,000	1,680,000
1994-C	7% - 11%	7,550,000	5,935,000	--	--	5,935,000
99 COP	6% - 6.15%	2,300,000	1,070,000	--	245,000	825,000
1999-A	4.5% - 5.85%	8,110,000	5,706,619	--	226,007	5,480,612
2001-A	variable	6,850,000	6,575,000	--	275,000	6,300,000
2004-A/B	variable	2,515,000	2,125,000	--	215,000	1,910,000
		<u>\$ 46,220,000</u>	<u>\$ 23,211,619</u>	<u>\$ --</u>	<u>\$ 1,081,007</u>	<u>\$ 22,130,612</u>

CITY OF SELMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

A summary of changes in bonds payable of the enterprise fund for the year ended June 30, 2007 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2006	Issued	Retired	Outstanding June 30, 2007
1999-A	4.5% - 5.85%	230,800	43,381	--	13,993	29,388
		<u>\$ 230,800</u>	<u>\$ 43,381</u>	<u>\$ --</u>	<u>\$ 13,993</u>	<u>\$ 29,388</u>

A summary of changes in bonds payable of the Agency for the year ended June 30, 2007 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2005	Issued	Retired	Outstanding June 30, 2006
1994	7.25%	\$ 320,000	\$ 265,000	--	--	\$ 265,000
Industrial Park	5%	3,561,890	3,425,000	--	35,000	3,390,000
		<u>\$ 3,881,890</u>	<u>\$ 3,690,000</u>	<u>\$ --</u>	<u>\$ 35,000</u>	<u>\$ 3,655,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2007, are as follows:

Year Ending June 30,	Authority		
	Governmental Activities		
	Principal	Interest	Total
2008	\$ 1,465,612	\$ 1,266,322	\$ 2,731,934
2009	1,615,000	1,174,609	2,789,609
2010	1,675,000	1,064,787	2,739,787
2011	1,480,000	956,528	2,436,528
2012	1,575,000	848,571	2,423,571
2013-2017	7,660,000	2,542,274	10,202,274
2018-2022	3,760,000	922,408	4,682,408
2023-2027	2,900,000	60,850	2,960,850
2028-2032	--	--	--
Totals	<u>\$ 22,130,612</u>	<u>\$ 8,836,349</u>	<u>\$ 30,966,961</u>

Year Ending June 30,	Enterprise		
	Business-type Activities		
	Principal	Interest	Total
2008	\$ 29,388	\$ 2,426	\$ 31,814
Totals	<u>\$ 29,388</u>	<u>\$ 2,426</u>	<u>\$ 31,814</u>

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Year Ending June 30,	Agency		Total
	Governmental Activities		
	Principal	Interest	
2008	\$ 300,000	\$ 170,375	\$ 470,375
2009	40,000	168,500	208,500
2010	40,000	166,500	206,500
2011	40,000	164,500	204,500
2012	45,000	162,375	207,375
2013-2017	255,000	775,625	1,030,625
2018-2022	325,000	703,375	1,028,375
2023-2027	425,000	610,625	1,035,625
2028-2032	550,000	488,750	1,038,750
2033-2037	1,635,000	469,000	2,104,000
Totals	\$ 3,655,000	\$ 3,879,625	\$ 7,534,625

3. Capital Leases

[Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2007, as follows:

Year Ending June 30:	
2008	\$ 296,896
2009	211,896
2010	186,709
2011	173,388
2012	133,425
2013-2017	245,492
Total Minimum Rentals	\$ 1,247,806

The effective interest rate on capital leases is 7.000%.

4 Notes Payable

The outstanding notes payable of the City of Selma at June 30, 2007 are as follows:

Selma Health Care District	\$ 141,867
Wal-Mart	138,663
	\$ 280,530

Debt Service Requirements

Debt service requirements on notes payable of the City at June 30, 2007, are as follows:

Year Ending June 30,	Governmental Activities		Total
	Principal	Interest	
2008	\$ 44,147	\$ 25,812	\$ 69,959
2009	47,187	18,831	66,018
2010	49,147	15,922	65,069
2011	51,047	14,670	65,717
2012-2015	89,002	49,326	138,328
Totals	\$ 280,530	\$ 124,561	\$ 405,091

CITY OF SELMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General fund
Claims and judgments	Governmental	General fund
Compensated absences	Business-type	Ambulance fund

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.

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.

2. Litigation

No reportable litigation was pending against the City at June 30, 2007.

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, 2007

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes	\$ 7,310,000	\$ 7,310,000	\$ 7,907,918	\$ 597,918
Licenses and permits	1,638,036	1,638,036	384,295	(1,253,741)
Intergovernmental	243,786	243,786	312,614	68,828
Charges for services	637,850	637,850	391,377	(246,473)
Fines	65,500	65,500	12,336	(53,164)
Franchise fees	538,400	538,400	580,098	41,698
Revenue for use of money & property	94,215	94,215	150,377	56,162
Miscellaneous	45,500	45,500	214,838	169,338
Total revenues	<u>10,573,287</u>	<u>10,573,287</u>	<u>9,953,853</u>	<u>(619,434)</u>
Expenditures:				
General government	1,538,496	1,538,496	1,589,487	(50,991)
Public Safety	6,037,987	6,037,987	5,922,997	114,990
Public Works	564,992	564,992	600,801	(35,809)
Community Development	1,088,115	1,105,651	1,109,440	(3,789)
Recreation	512,096	512,096	488,177	23,919
Capital outlay	125,000	125,000	112,763	12,237
Debt service:				
Principal	359,930	359,930	376,336	(16,406)
Interest and fiscal charges	94,205	94,205	189,053	(94,848)
Total expenditures	<u>10,320,821</u>	<u>10,338,357</u>	<u>10,389,054</u>	<u>(50,697)</u>
Excess (deficiency) of revenues over (under) expenditures	252,466	234,930	(435,201)	(670,131)
Other financing sources (uses):				
Operating transfers out	(297,000)	(297,000)	173,393	470,393
Total other financing sources (uses)	<u>(297,000)</u>	<u>(297,000)</u>	<u>173,393</u>	<u>470,393</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(44,534)	(62,070)	(261,808)	(199,738)
Fund balances/equity, July 1	1,210,979	1,210,979	1,210,979	--
Fund balances/equity, June 30	<u>\$ 1,166,445</u>	<u>\$ 1,148,909</u>	<u>\$ 949,171</u>	<u>\$ (199,738)</u>

CITY OF SELMA
**STREET MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**
EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Licenses and permits	\$ 40,600	\$ 40,600	\$ 1,251	\$ (39,349)
Charges for services	98,500	98,500	98,745	245
Revenue for use of money & property	(20,000)	(20,000)	(35,380)	(15,380)
Miscellaneous	--	--	415	415
Total revenues	<u>119,100</u>	<u>119,100</u>	<u>65,031</u>	<u>(54,069)</u>
Expenditures:				
Public Works	1,189,723	1,189,723	1,057,052	132,671
Capital outlay	260,664	260,664	90,926	169,738
Debt service:				
Principal	119,170	119,170	122,612	(3,442)
Interest and fiscal charges	171,946	171,946	193,721	(21,775)
Total expenditures	<u>1,741,503</u>	<u>1,741,503</u>	<u>1,464,311</u>	<u>277,192</u>
Excess (deficiency) of revenues over (under) expenditures	(1,622,403)	(1,622,403)	(1,399,280)	223,123
Other financing sources (uses):				
Operating transfers in	1,195,956	1,195,956	1,001,481	(194,475)
Total other financing sources (uses)	<u>1,195,956</u>	<u>1,195,956</u>	<u>1,001,481</u>	<u>(194,475)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(426,447)	(426,447)	(397,799)	28,648
Fund balances/equity, July 1	(520,451)	(520,451)	(520,451)	--
Fund balances/equity, June 30	<u>\$ (520,451)</u>	<u>\$ (520,451)</u>	<u>\$ (918,250)</u>	<u>\$ 28,648</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, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
Assets:				
Cash and investments	\$ 151,733	\$ 933,246	\$ 5,111,736	\$ 6,196,715
Cash with fiscal agent	--	1,805,012	--	1,805,012
Accounts receivables	25,125	--	1,633	26,758
Due from other funds	--	--	275,125	275,125
Due from other agencies	613,479	31,687	--	645,166
Total Assets	<u>\$ 790,337</u>	<u>\$ 2,769,945</u>	<u>\$ 5,388,494</u>	<u>\$ 8,948,776</u>
Liabilities:				
Cash deficit	\$ 389,050	\$ 557,493	\$ 418,272	\$ 1,364,815
Accounts payable	27,395	3,166	666,315	696,876
Accrued wages/benefits	5,038	--	--	5,038
Due to other funds	25,125	--	450,000	475,125
Due to other agencies	--	--	13,992	13,992
Total Liabilities	<u>446,608</u>	<u>560,659</u>	<u>1,548,579</u>	<u>2,555,846</u>
Fund balances:				
Reserved fund balances:				
Reserved for debt service	--	2,365,921	--	2,365,921
Reserved for low-income housing	--	--	631,525	631,525
Reserved for capital projects	--	--	2,400,540	2,400,540
Reserved for federal and state programs	343,729	--	--	343,729
Unreserved, reported in nonmajor:				
Debt service funds	--	(156,635)	--	(156,635)
Capital projects funds	--	--	807,850	807,850
Total fund balances	<u>343,729</u>	<u>2,209,286</u>	<u>3,839,915</u>	<u>6,392,930</u>
Total Liabilities and Fund Balances	<u>\$ 790,337</u>	<u>\$ 2,769,945</u>	<u>\$ 5,388,494</u>	<u>\$ 8,948,776</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:				
Taxes	\$ --	\$ --	\$ 239,797	\$ 239,797
Intergovernmental	2,269,462	--	--	2,269,462
Charges for services	47,501	--	258,695	306,196
Fines	122,157	--	--	122,157
Revenue for use of money & property	7,109	938,510	166,024	1,111,643
Assessment payment	--	2,440,688	29,789	2,470,477
Miscellaneous	204,029	313,860	387,916	905,805
Total revenues	<u>2,650,258</u>	<u>3,693,058</u>	<u>1,082,221</u>	<u>7,425,537</u>
Expenditures:				
General government	47,813	36,206	842	84,861
Public Safety	361,300	--	29,270	390,570
Public Works	156,489	--	--	156,489
Community Development	205,504	83,790	948,577	1,237,871
Recreation	4,204	--	--	4,204
Capital outlay	686,508	--	1,029,747	1,716,255
Debt service:				
Principal	--	1,199,677	142,988	1,342,665
Interest and fiscal charges	--	1,427,403	3,437	1,430,840
Total expenditures	<u>1,461,818</u>	<u>2,747,076</u>	<u>2,154,861</u>	<u>6,363,755</u>
Excess (deficiency) of revenues over (under) expenditur	1,188,440	945,982	(1,072,640)	1,061,782
Other financing sources (uses):				
Operating transfers in	147,971	(41,195)	61,639	168,415
Operating transfers out	(1,149,343)	--	(62,087)	(1,211,430)
Proceeds from bonds	--	--	678,063	678,063
Total other financing sources (uses)	<u>(1,001,372)</u>	<u>(41,195)</u>	<u>677,615</u>	<u>(364,952)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	187,068	904,787	(395,025)	696,830
Fund balances/equity, July 1	156,661	1,304,499	4,234,940	5,696,100
Fund balances/equity, June 30	<u>\$ 343,729</u>	<u>\$ 2,209,286</u>	<u>\$ 3,839,915</u>	<u>\$ 6,392,930</u>

CITY OF SELMA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	201	202	204	205
	Traffic Safety	Redevelopment Administration	Public Safety	Redevelopment Housing Administration
Assets:				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Accounts receivables	--	--	--	--
Due from other agencies	15,793	166,621	5,451	13,855
Total Assets	<u>\$ 15,793</u>	<u>\$ 166,621</u>	<u>\$ 5,451</u>	<u>\$ 13,855</u>
Liabilities:				
Cash deficit	\$ --	\$ 166,458	\$ --	\$ 13,855
Accounts payable	--	163	--	--
Accrued wages/benefits	--	2,280	--	719
Due to other funds	--	--	--	--
Total Liabilities	<u>--</u>	<u>168,901</u>	<u>--</u>	<u>14,574</u>
Fund balances:				
Reserved fund balances:				
Reserved for federal and state programs	15,793	(2,280)	5,451	(719)
Total fund balances	<u>15,793</u>	<u>(2,280)</u>	<u>5,451</u>	<u>(719)</u>
Total Liabilities and Fund Balances	<u>\$ 15,793</u>	<u>\$ 166,621</u>	<u>\$ 5,451</u>	<u>\$ 13,855</u>

207 Traffic Congestion Relief Grant	209 AB 1913 Grant	211 Street Gas Tax	213 Street LTF	214 Street Measure "C"
\$ 55,494	\$ 32,550	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	40,938	108,493	28,961
<u>\$ 55,494</u>	<u>\$ 32,550</u>	<u>\$ 40,938</u>	<u>\$ 108,493</u>	<u>\$ 28,961</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	1,555	--	--	--
--	--	--	--	--
<u>--</u>	<u>1,555</u>	<u>--</u>	<u>--</u>	<u>--</u>
55,494	30,995	40,938	108,493	28,961
<u>55,494</u>	<u>30,995</u>	<u>40,938</u>	<u>108,493</u>	<u>28,961</u>
<u>\$ 55,494</u>	<u>\$ 32,550</u>	<u>\$ 40,938</u>	<u>\$ 108,493</u>	<u>\$ 28,961</u>

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	220 Landscape and Lighting Assesment	228 Abandoned Vehicle Abatement	230 CDBG Grant	232 Recycling Grant
Assets:				
Cash and investments	\$ 8,187	\$ 12,994	\$ --	\$ 15,353
Accounts receivables	--	--	--	--
Due from other agencies	2,383	--	185,586	--
Total Assets	<u>\$ 10,570</u>	<u>\$ 12,994</u>	<u>\$ 185,586</u>	<u>\$ 15,353</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ 163,763	\$ --
Accounts payable	--	--	21,823	--
Accrued wages/benefits	--	--	--	--
Due to other funds	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>185,586</u>	<u>--</u>
Fund balances:				
Reserved fund balances:				
Reserved for federal and state programs	10,570	12,994	--	15,353
Total fund balances	<u>10,570</u>	<u>12,994</u>	<u>--</u>	<u>15,353</u>
Total Liabilities and Fund Balances	<u>\$ 10,570</u>	<u>\$ 12,994</u>	<u>\$ 185,586</u>	<u>\$ 15,353</u>

234 Weed & Seed Grant	236 Healthy Cities Grant	242 Traffic Grant	243 Proposition 40 Parks Grant	244 ABC Grant
\$ 4,985	\$ 15,575	\$ --	\$ --	\$ --
--	--	--	25,125	--
--	--	35,462	--	615
<u>\$ 4,985</u>	<u>\$ 15,575</u>	<u>\$ 35,462</u>	<u>\$ 25,125</u>	<u>\$ 615</u>
\$ --	\$ --	\$ 35,038	\$ --	\$ 615
4,985	--	424	--	--
--	--	484	--	--
--	--	--	25,125	--
<u>4,985</u>	<u>--</u>	<u>35,946</u>	<u>25,125</u>	<u>615</u>
--	15,575	(484)	--	--
--	<u>15,575</u>	<u>(484)</u>	--	--
<u>\$ 4,985</u>	<u>\$ 15,575</u>	<u>\$ 35,462</u>	<u>\$ 25,125</u>	<u>\$ 615</u>

CITY OF SELMA

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2007

	247 Homeland Security Fire Grant	248 Small Business Support Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets:			
Cash and investments	\$ --	\$ 6,595	\$ 151,733
Accounts receivables	--	--	25,125
Due from other agencies	9,321	--	613,479
Total Assets	<u>\$ 9,321</u>	<u>\$ 6,595</u>	<u>\$ 790,337</u>
Liabilities:			
Cash deficit	\$ 9,321	\$ --	\$ 389,050
Accounts payable	--	--	27,395
Accrued wages/benefits	--	--	5,038
Due to other funds	--	--	25,125
Total Liabilities	<u>9,321</u>	<u>--</u>	<u>446,608</u>
Fund balances:			
Reserved fund balances:			
Reserved for federal and state programs	--	6,595	343,729
Total fund balances	<u>--</u>	<u>6,595</u>	<u>343,729</u>
Total Liabilities and Fund Balances	<u>\$ 9,321</u>	<u>\$ 6,595</u>	<u>\$ 790,337</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	201	202	204	205
	Traffic Safety	Redevelopment Administration	Public Safety	Redevelopment Housing Administration
Revenue:				
Intergovernmental	\$ --	\$ --	\$ 42,575	\$ --
Charges for services	--	--	--	--
Fines	122,157	--	--	--
Revenue for use of money & property	--	(12,076)	--	(497)
Miscellaneous	--	161,708	--	40,971
Total revenues	<u>122,157</u>	<u>149,632</u>	<u>42,575</u>	<u>40,474</u>
Expenditures:				
General government	--	39,917	--	3,020
Public Safety	--	--	--	--
Public Works	--	--	--	--
Community Development	--	113,138	--	37,582
Recreation	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>--</u>	<u>153,055</u>	<u>--</u>	<u>40,602</u>
Excess (deficiency) of revenues over (under) expenditures	122,157	(3,423)	42,575	(128)
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Operating transfers out	(121,766)	--	(42,396)	--
Total other financing sources (uses)	<u>(121,766)</u>	<u>--</u>	<u>(42,396)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	391	(3,423)	179	(128)
Fund balances/equity, July 1	15,402	1,143	5,272	(591)
Fund balances/equity, June 30	<u>\$ 15,793</u>	<u>\$ (2,280)</u>	<u>\$ 5,451</u>	<u>\$ (719)</u>

207 Traffic Congestion Relief Grant	209 AB 1913 Grant	211 Street Gas Tax	213 Street LTF	214 Street Measure "C"
\$ 158,228	\$ 100,000	\$ 450,982	\$ 317,861	\$ 341,478
--	--	--	--	--
--	--	--	--	--
7,045	2,458	2,831	2,360	3,676
--	--	--	--	800
<u>165,273</u>	<u>102,458</u>	<u>453,813</u>	<u>320,221</u>	<u>345,954</u>
--	--	--	--	800
--	85,790	--	--	--
109,390	--	--	--	--
--	--	--	--	--
--	--	--	--	--
51,240	11,159	--	--	--
<u>160,630</u>	<u>96,949</u>	<u>--</u>	<u>--</u>	<u>800</u>
4,643	5,509	453,813	320,221	345,154
12,315	--	--	--	--
--	--	(413,126)	(211,728)	(350,327)
<u>12,315</u>	<u>--</u>	<u>(413,126)</u>	<u>(211,728)</u>	<u>(350,327)</u>
16,958	5,509	40,687	108,493	(5,173)
38,536	25,486	251	--	34,134
<u>\$ 55,494</u>	<u>\$ 30,995</u>	<u>\$ 40,938</u>	<u>\$ 108,493</u>	<u>\$ 28,961</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	220 Landscape and Lighting Assesment	228 Abandoned Vehicle Abatement	230 CDBG Grant	232 Recycling Grant
Revenue:				
Intergovernmental	\$ --	\$ 18,437	\$ 553,023	\$ 6,014
Charges for services	47,501	--	--	--
Fines	--	--	--	--
Revenue for use of money & property	--	754	--	851
Miscellaneous	--	--	--	--
Total revenues	<u>47,501</u>	<u>19,191</u>	<u>553,023</u>	<u>6,865</u>
Expenditures:				
General government	--	--	--	2,503
Public Safety	--	975	--	--
Public Works	47,099	--	--	--
Community Development	530	15,418	37,678	--
Recreation	--	--	--	--
Capital outlay	--	--	527,302	--
Total expenditures	<u>47,629</u>	<u>16,393</u>	<u>564,980</u>	<u>2,503</u>
Excess (deficiency) of revenues over (under) expenditu	(128)	2,798	(11,957)	4,362
Other financing sources (uses):				
Operating transfers in	2,000	--	11,147	--
Operating transfers out	--	--	--	(10,000)
Total other financing sources (uses)	<u>2,000</u>	<u>--</u>	<u>11,147</u>	<u>(10,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,872	2,798	(810)	(5,638)
Fund balances/equity, July 1	8,698	10,196	810	20,991
Fund balances/equity, June 30	<u>\$ 10,570</u>	<u>\$ 12,994</u>	<u>\$ --</u>	<u>\$ 15,353</u>

236 Healthy Cities Grant	237 State Prop 12 Parks Grant	239 FEMA Grant	242 Traffic Grant	243 Proposition 40 Parks Grant
\$ 20,000	\$ --	\$ 65,714	\$ 176,853	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	(107)	--	--
--	--	--	--	550
<u>20,000</u>	<u>--</u>	<u>65,607</u>	<u>176,853</u>	<u>550</u>
--	--	--	--	--
--	--	78,564	94,103	--
--	--	--	--	--
221	--	--	--	--
4,204	--	--	--	--
--	4,220	--	76,255	3,863
<u>4,425</u>	<u>4,220</u>	<u>78,564</u>	<u>170,358</u>	<u>3,863</u>
15,575	(4,220)	(12,957)	6,495	(3,313)
--	5,842	12,810	--	6,245
--	--	--	--	--
<u>--</u>	<u>5,842</u>	<u>12,810</u>	<u>--</u>	<u>6,245</u>
15,575	1,622	(147)	6,495	2,932
--	(1,622)	147	(6,979)	(2,932)
<u>\$ 15,575</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (484)</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, 2007

	244 ABC Grant	247 Homeland Security Fire Grant
Revenue:		
Intergovernmental	\$ 2,984	\$ 14,461
Charges for services	--	--
Fines	--	--
Revenue for use of money & property	--	(186)
Miscellaneous	--	--
Total revenues	<u>2,984</u>	<u>14,275</u>
Expenditures:		
General government	--	--
Public Safety	1,984	2,993
Public Works	--	--
Community Development	--	--
Recreation	--	--
Capital outlay	1,000	11,469
Total expenditures	<u>2,984</u>	<u>14,462</u>
Excess (deficiency) of revenues over (under) expenditures	--	(187)
Other financing sources (uses):		
Operating transfers in	--	--
Operating transfers out	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	(187)
Fund balances/equity, July 1	--	187
Fund balances/equity, June 30	<u>\$ --</u>	<u>\$ --</u>

248 Small Business Support Center	252 DOJ Brynes Grant	295 Citizen's Tax Initiative	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ 852	\$ --	\$ 2,269,462
--	--	--	47,501
--	--	--	122,157
--	--	--	7,109
--	--	--	204,029
--	852	--	2,650,258
--	--	1,573	47,813
--	852	96,039	361,300
--	--	--	156,489
937	--	--	205,504
--	--	--	4,204
--	--	--	686,508
937	852	97,612	1,461,818
(937)	--	(97,612)	1,188,440
--	--	97,612	147,971
--	--	--	(1,149,343)
--	--	97,612	(1,001,372)
(937)	--	--	187,068
7,532	--	--	156,661
\$ 6,595	\$ --	\$ --	\$ 343,729

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2007

	3021 RDA Upright Debt Service	3041 RDA Upright-Coalinga Debt Service	3071 RDA Theatre Debt Service	3091 RDA Industrial Park Debt Service
Assets:				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Cash with fiscal agent	773,975	--	--	--
Due from other agencies	--	--	--	--
Total Assets	<u>\$ 773,975</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Liabilities:				
Cash deficit	\$ 212,659	\$ 23,284	\$ 62,278	\$ 237,459
Accounts payable	--	--	--	--
Total Liabilities	<u>212,659</u>	<u>23,284</u>	<u>62,278</u>	<u>237,459</u>
Fund balances:				
Reserved fund balances:				
Reserved for debt service	561,316	(23,284)	(62,278)	(80,824)
Unreserved, reported in nonmajor:				
Debt service funds	--	--	--	(156,635)
Total fund balances	<u>561,316</u>	<u>(23,284)</u>	<u>(62,278)</u>	<u>(237,459)</u>
Total Liabilities and Fund Balances	<u>\$ 773,975</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

3152 PFA 1993 C Debt Service	3201 RDA-Low Income Hsng. Debt Service	3202 PFA 1994 Debt Service	3302 PFA 1994 B-C Debt Service	3352 PFA Hotel Debt Service
\$ --	\$ 220,919	\$ --	\$ --	\$ 3,163
114,711	--	219,583	4	--
--	--	--	--	--
<u>\$ 114,711</u>	<u>\$ 220,919</u>	<u>\$ 219,583</u>	<u>\$ 4</u>	<u>\$ 3,163</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	3,163
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,163</u>
114,711	220,919	219,583	4	--
--	--	--	--	--
<u>114,711</u>	<u>220,919</u>	<u>219,583</u>	<u>4</u>	<u>--</u>
<u>\$ 114,711</u>	<u>\$ 220,919</u>	<u>\$ 219,583</u>	<u>\$ 4</u>	<u>\$ 3,163</u>

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2007

	350 Assmt 91-2 Highland Debt Service	3502 PFA 1999 A Reassessme Debt Service	351 Assmt 92-1 Dancer II Debt Service	352 Assmt 92-1 Dancer III Debt Service
Assets:				
Cash and investments	\$ 129,691	\$ --	\$ 64,439	\$ 36,703
Cash with fiscal agent	--	145,014	--	--
Due from other agencies	6,411	--	1,295	1,262
Total Assets	<u>\$ 136,102</u>	<u>\$ 145,014</u>	<u>\$ 65,734</u>	<u>\$ 37,965</u>
Liabilities:				
Cash deficit	\$ --	\$ 13,512	\$ --	\$ --
Accounts payable	--	--	--	--
Total Liabilities	<u>--</u>	<u>13,512</u>	<u>--</u>	<u>--</u>
Fund balances:				
Reserved fund balances:				
Reserved for debt service	136,102	131,502	65,734	37,965
Unreserved, reported in nonmajor:				
Debt service funds	--	--	--	--
Total fund balances	<u>136,102</u>	<u>131,502</u>	<u>65,734</u>	<u>37,965</u>
Total Liabilities and Fund Balances	<u>\$ 136,102</u>	<u>\$ 145,014</u>	<u>\$ 65,734</u>	<u>\$ 37,965</u>

353 Assmt 91-2 Watermain Debt Service	354 Assmt 91-2 Stillman Debt Service	355 Assmt 91-2 Peasoup Debt Service	3552 PFA 1999 COP Debt Service	356 Assmt 93-1 Briarwood/Vineyar Debt Service
\$ 56,935	\$ --	\$ 148,282	\$ 18,076	\$ 107,289
--	--	--	233,581	--
7,748	1,357	9,645	--	2,474
<u>\$ 64,683</u>	<u>\$ 1,357</u>	<u>\$ 157,927</u>	<u>\$ 251,657</u>	<u>\$ 109,763</u>
\$ --	\$ 5,042	\$ --	\$ --	\$ --
--	--	--	--	--
<u>--</u>	<u>5,042</u>	<u>--</u>	<u>--</u>	<u>--</u>
64,683	(3,685)	157,927	251,657	109,763
--	--	--	--	--
<u>64,683</u>	<u>(3,685)</u>	<u>157,927</u>	<u>251,657</u>	<u>109,763</u>
<u>\$ 64,683</u>	<u>\$ 1,357</u>	<u>\$ 157,927</u>	<u>\$ 251,657</u>	<u>\$ 109,763</u>

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2007

	357 Assmt Theater Debt Service	358 Assmt 91-2 Health Center Debt Service
Assets:		
Cash and investments	\$ 57,040	\$ --
Cash with fiscal agent	--	--
Due from other agencies	1,495	--
Total Assets	<u>\$ 58,535</u>	<u>\$ --</u>
Liabilities:		
Cash deficit	\$ --	\$ 3,259
Accounts payable	--	--
Total Liabilities	<u>--</u>	<u>3,259</u>
Fund balances:		
Reserved fund balances:		
Reserved for debt service	58,535	(3,259)
Unreserved, reported in nonmajor:		
Debt service funds	--	--
Total fund balances	<u>58,535</u>	<u>(3,259)</u>
Total Liabilities and Fund Balances	<u>\$ 58,535</u>	<u>\$ --</u>

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)
\$ 39,923	\$ --	\$ 50,786	\$ 933,246
--	66,347	251,797	1,805,012
--	--	--	31,687
<u>\$ 39,923</u>	<u>\$ 66,347</u>	<u>\$ 302,583</u>	<u>\$ 2,769,945</u>
\$ --	\$ --	\$ --	\$ 557,493
--	3	--	3,166
<u>--</u>	<u>3</u>	<u>--</u>	<u>560,659</u>
39,923	66,344	302,583	2,365,921
--	--	--	(156,635)
<u>39,923</u>	<u>66,344</u>	<u>302,583</u>	<u>2,209,286</u>
<u>\$ 39,923</u>	<u>\$ 66,347</u>	<u>\$ 302,583</u>	<u>\$ 2,769,945</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	3021 RDA Upright Debt Service	3041 RDA Upright-Coalinga Debt Service	3071 RDA Theatre Debt Service	3091 RDA Industrial Park Debt Service
Revenue:				
Revenue for use of money & property	\$ 13,401	\$ (1,074)	\$ (3,746)	\$ 841,187
Assessment payment	--	--	62,700	--
Miscellaneous	250,000	--	--	--
Total revenues	<u>263,401</u>	<u>(1,074)</u>	<u>58,954</u>	<u>841,187</u>
Expenditures:				
General government	--	--	--	--
Community Development	79,462	--	320	4,008
Debt service:				
Principal	677	--	30,000	35,000
Interest and fiscal charges	--	--	14,030	169,071
Total expenditures	<u>80,139</u>	<u>--</u>	<u>44,350</u>	<u>208,079</u>
Excess (deficiency) of revenues over (under) expenditu	183,262	(1,074)	14,604	633,108
Other financing sources (uses):				
Operating transfers in	(96,358)	--	--	--
Total other financing sources (uses)	<u>(96,358)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	86,904	(1,074)	14,604	633,108
Fund balances/equity, July 1	474,412	(22,210)	(76,882)	(870,567)
Fund balances/equity, June 30	<u>\$ 561,316</u>	<u>\$ (23,284)</u>	<u>\$ (62,278)</u>	<u>\$ (237,459)</u>

3152 PFA 1993 C Debt Service	3201 RDA-Low Income Hsng. Debt Service	3202 PFA 1994 Debt Service	3302 PFA 1994 B-C Debt Service	350 Assmt 91-2 Highland Debt Service
\$ 5,198	\$ --	\$ 9,277	\$ --	\$ 4,224
--	--	200,453	--	112,498
--	--	--	--	--
<u>5,198</u>	<u>--</u>	<u>209,730</u>	<u>--</u>	<u>116,722</u>
--	--	10,291	--	1,350
--	--	--	--	--
--	10,000	35,000	--	35,000
--	61,600	107,950	--	77,230
<u>--</u>	<u>71,600</u>	<u>153,241</u>	<u>--</u>	<u>113,580</u>
5,198	(71,600)	56,489	--	3,142
--	55,163	--	--	--
<u>--</u>	<u>55,163</u>	<u>--</u>	<u>--</u>	<u>--</u>
5,198	(16,437)	56,489	--	3,142
109,513	237,356	163,094	4	132,960
<u>\$ 114,711</u>	<u>\$ 220,919</u>	<u>\$ 219,583</u>	<u>\$ 4</u>	<u>\$ 136,102</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	3502 PFA 1999 A Reassessm 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
Revenue:				
Revenue for use of money & property	\$ 24,777	\$ 2,548	\$ 1,282	\$ 2,469
Assessment payment	504,367	25,887	25,241	23,093
Miscellaneous	--	--	--	--
Total revenues	<u>529,144</u>	<u>28,435</u>	<u>26,523</u>	<u>25,562</u>
Expenditures:				
General government	--	1,275	1,235	1,320
Community Development	--	--	--	--
Debt service:				
Principal	190,000	5,000	5,000	9,000
Interest and fiscal charges	309,593	17,423	16,037	16,637
Total expenditures	<u>499,593</u>	<u>23,698</u>	<u>22,272</u>	<u>26,957</u>
Excess (deficiency) of revenues over (under) expenditu	29,551	4,737	4,251	(1,395)
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	29,551	4,737	4,251	(1,395)
Fund balances/equity, July 1	101,951	60,997	33,714	66,078
Fund balances/equity, June 30	<u>\$ 131,502</u>	<u>\$ 65,734</u>	<u>\$ 37,965</u>	<u>\$ 64,683</u>

354 Assmt 91-2 Stillman Debt Service	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
\$ (634)	\$ 3,749	\$ 10,846	\$ 4,160	\$ (54)
27,146	192,900	299,003	49,472	29,900
--	--	1,838	--	43,854
<u>26,512</u>	<u>196,649</u>	<u>311,687</u>	<u>53,632</u>	<u>73,700</u>
895	1,155	1,837	1,190	500
--	--	--	--	--
10,000	65,000	245,000	20,000	15,000
17,040	128,080	54,003	33,485	14,858
<u>27,935</u>	<u>194,235</u>	<u>300,840</u>	<u>54,675</u>	<u>30,358</u>
(1,423)	2,414	10,847	(1,043)	43,342
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(1,423)	2,414	10,847	(1,043)	43,342
(2,262)	155,513	240,810	110,806	15,193
<u>\$ (3,685)</u>	<u>\$ 157,927</u>	<u>\$ 251,657</u>	<u>\$ 109,763</u>	<u>\$ 58,535</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	358 Assmt 91-2 Health Center Debt Service	359 Assmt Upright Debt Service
Revenue:		
Revenue for use of money & property	\$ --	\$ 1,977
Assessment payment	6,624	--
Miscellaneous	--	--
Total revenues	<u>6,624</u>	<u>1,977</u>
Expenditures:		
General government	--	500
Community Development	--	--
Debt service:		
Principal	--	--
Interest and fiscal charges	--	--
Total expenditures	<u>--</u>	<u>500</u>
Excess (deficiency) of revenues over (under) expenditures	6,624	1,477
Other financing sources (uses):		
Operating transfers in	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	6,624	1,477
Fund balances/equity, July 1	(9,883)	38,446
Fund balances/equity, June 30	<u>\$ (3,259)</u>	<u>\$ 39,923</u>

3602 PFA 2001 A Debt Service	3652 PFA 2004 A-B Debt Service	Total Nonmajor Debt Service Funds (See Exhibit C-2)
\$ 2,420	\$ 16,503	\$ 938,510
584,250	297,154	2,440,688
16,168	2,000	313,860
<u>602,838</u>	<u>315,657</u>	<u>3,693,058</u>
12,658	2,000	36,206
--	--	83,790
275,000	215,000	1,199,677
294,837	95,529	1,427,403
<u>582,495</u>	<u>312,529</u>	<u>2,747,076</u>
20,343	3,128	945,982
--	--	(41,195)
<u>--</u>	<u>--</u>	<u>(41,195)</u>
20,343	3,128	904,787
46,001	299,455	1,304,499
<u>\$ 66,344</u>	<u>\$ 302,583</u>	<u>\$ 2,209,286</u>

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	110	111	402	4021
	Reserve	Equipment Replacement	Development Impact Police Facility	RDA Courthouse Capital Project
Assets:				
Cash and investments	\$ 721,007	\$ 86,843	\$ 93,388	\$ 264,225
Accounts receivables	--	--	--	--
Due from other funds	--	--	--	--
Total Assets	<u>\$ 721,007</u>	<u>\$ 86,843</u>	<u>\$ 93,388</u>	<u>\$ 264,225</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ --
Accounts payable	--	--	23,416	--
Due to other funds	--	--	--	--
Due to other agencies	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>23,416</u>	<u>--</u>
Fund balances:				
Reserved fund balances:				
Reserved for low-income housing	--	--	--	--
Reserved for capital projects	--	--	69,972	264,225
Unreserved, reported in nonmajor:				
Capital projects funds	721,007	86,843	--	--
Total fund balances	<u>721,007</u>	<u>86,843</u>	<u>69,972</u>	<u>264,225</u>
Total Liabilities and Fund Balances	<u>\$ 721,007</u>	<u>\$ 86,843</u>	<u>\$ 93,388</u>	<u>\$ 264,225</u>

403 Development Impact Fire Facility	404 Developmental Impact City Facilities	4041 RDA Housing Projecct Capital Project	405 Developmental Impact Storm Drain	406 Developmental Impact Sewer
\$ 134,606	\$ 538,563	\$ 1,145,380	\$ --	\$ 578,056
--	--	--	--	--
--	--	--	--	100,000
<u>\$ 134,606</u>	<u>\$ 538,563</u>	<u>\$ 1,145,380</u>	<u>\$ --</u>	<u>\$ 678,056</u>
\$ --	\$ --	\$ --	\$ 291,457	\$ --
5,854	87,460	500,000	--	--
--	--	--	--	--
--	--	13,855	--	--
<u>5,854</u>	<u>87,460</u>	<u>513,855</u>	<u>291,457</u>	<u>--</u>
--	--	631,525	--	--
128,752	451,103	--	(291,457)	678,056
--	--	--	--	--
<u>128,752</u>	<u>451,103</u>	<u>631,525</u>	<u>(291,457)</u>	<u>678,056</u>
<u>\$ 134,606</u>	<u>\$ 538,563</u>	<u>\$ 1,145,380</u>	<u>\$ --</u>	<u>\$ 678,056</u>

CITY OF SELMA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	407 Developmental Impact Parks and Recreation	408 Long Range Planning Fee	4121 RDA Industrial Park Capital Project	4151 RDA Housing Bond Capital Project
Assets:				
Cash and investments	\$ 328,729	\$ 67,336	\$ --	\$ 946,771
Accounts receivables	--	--	--	--
Due from other funds	175,125	--	--	--
Total Assets	<u>\$ 503,854</u>	<u>\$ 67,336</u>	<u>\$ --</u>	<u>\$ 946,771</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ 125,182	\$ --
Accounts payable	37,250	--	--	--
Due to other funds	--	--	--	--
Due to other agencies	--	--	137	--
Total Liabilities	<u>37,250</u>	<u>--</u>	<u>125,319</u>	<u>--</u>
Fund balances:				
Reserved fund balances:				
Reserved for low-income housing	--	--	--	--
Reserved for capital projects	466,604	67,336	(125,319)	946,771
Unreserved, reported in nonmajor:				
Capital projects funds	--	--	--	--
Total fund balances	<u>466,604</u>	<u>67,336</u>	<u>(125,319)</u>	<u>946,771</u>
Total Liabilities and Fund Balances	<u>\$ 503,854</u>	<u>\$ 67,336</u>	<u>\$ --</u>	<u>\$ 946,771</u>

432 Construction 97-2 Theater	435 City Hall Construction	441 Northeast Plan Project	443 South Selma Specific Plan Project	445 Equipment Lease 07
\$ 70	\$ 19,856	\$ 76,354	\$ 64,460	\$ --
--	--	--	--	1,633
--	--	--	--	--
<u>\$ 70</u>	<u>\$ 19,856</u>	<u>\$ 76,354</u>	<u>\$ 64,460</u>	<u>\$ 1,633</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,633
--	--	--	5,131	--
--	--	450,000	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>450,000</u>	<u>5,131</u>	<u>1,633</u>
--	--	--	--	--
70	19,856	(373,646)	59,329	--
--	--	--	--	--
<u>70</u>	<u>19,856</u>	<u>(373,646)</u>	<u>59,329</u>	<u>--</u>
<u>\$ 70</u>	<u>\$ 19,856</u>	<u>\$ 76,354</u>	<u>\$ 64,460</u>	<u>\$ 1,633</u>

CITY OF SELMA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2007

	446 Amberwood Project	448 Selma Crossing Project	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
Assets:			
Cash and investments	\$ 35,801	\$ 10,291	\$ 5,111,736
Accounts receivables	--	--	1,633
Due from other funds	--	--	275,125
Total Assets	<u>\$ 35,801</u>	<u>\$ 10,291</u>	<u>\$ 5,388,494</u>
Liabilities:			
Cash deficit	\$ --	\$ --	\$ 418,272
Accounts payable	4,908	2,296	666,315
Due to other funds	--	--	450,000
Due to other agencies	--	--	13,992
Total Liabilities	<u>4,908</u>	<u>2,296</u>	<u>1,548,579</u>
Fund balances:			
Reserved fund balances:			
Reserved for low-income housing	--	--	631,525
Reserved for capital projects	30,893	7,995	2,400,540
Unreserved, reported in nonmajor:			
Capital projects funds	--	--	807,850
Total fund balances	<u>30,893</u>	<u>7,995</u>	<u>3,839,915</u>
Total Liabilities and Fund Balances	<u>\$ 35,801</u>	<u>\$ 10,291</u>	<u>\$ 5,388,494</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	110	111	402	4021
	Reserve	Equipment Replacement	Development Impact Police Facility	RDA Courthouse Capital Project
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ --
Charges for services	--	--	26,273	--
Revenue for use of money & property	32,401	8,162	4,359	--
Assessment payment	--	--	--	--
Miscellaneous	--	29,500	--	--
Total revenues	<u>32,401</u>	<u>37,662</u>	<u>30,632</u>	<u>--</u>
Expenditures:				
General government	--	--	--	--
Public Safety	--	--	23,416	--
Community Development	--	--	--	--
Capital outlay	--	59,478	--	--
Debt service:				
Principal	--	--	--	--
Interest and fiscal charges	--	--	--	--
Total expenditures	<u>--</u>	<u>59,478</u>	<u>23,416</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditu	32,401	(21,816)	7,216	--
Other financing sources (uses):				
Operating transfers in	20,000	41,639	--	--
Operating transfers out	--	--	(30,000)	--
Proceeds from bonds	--	--	--	--
Total other financing sources (uses)	<u>20,000</u>	<u>41,639</u>	<u>(30,000)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	52,401	19,823	(22,784)	--
Fund balances/equity, July 1	668,606	67,020	92,756	264,225
Fund balances/equity, June 30	<u>\$ 721,007</u>	<u>\$ 86,843</u>	<u>\$ 69,972</u>	<u>\$ 264,225</u>

403 Development Impact Fire Facility	404 Developmental Impact City Facilities	4041 RDA Housing Project Capital Project	405 Developmental Impact Storm Drain	406 Developmental Impact Sewer
\$ --	\$ --	\$ 239,797	\$ --	\$ --
29,436	75,310	--	72,544	41,928
5,890	24,694	43,952	(13,377)	24,972
--	--	29,789	--	--
--	--	2,630	--	--
<u>35,326</u>	<u>100,004</u>	<u>316,168</u>	<u>59,167</u>	<u>66,900</u>
--	--	--	751	--
5,854	--	--	--	--
--	--	508,055	5,287	--
--	113,849	--	9,541	--
--	92,660	40,971	--	--
--	--	--	--	--
<u>5,854</u>	<u>206,509</u>	<u>549,026</u>	<u>15,579</u>	<u>--</u>
29,472	(106,505)	(232,858)	43,588	66,900
--	--	--	--	--
(20,000)	--	--	--	--
--	--	--	--	--
<u>(20,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
9,472	(106,505)	(232,858)	43,588	66,900
119,280	557,608	864,383	(335,045)	611,156
<u>\$ 128,752</u>	<u>\$ 451,103</u>	<u>\$ 631,525</u>	<u>\$ (291,457)</u>	<u>\$ 678,056</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	407 Developmental Impact Parks and Recreation	408 Long Range Planning Fee	4121 RDA Industrial Park Capital Project	4151 RDA Housing Bond Capital Project
Revenue:				
Taxes	\$ --	\$ --	\$ --	\$ --
Charges for services	--	13,204	--	--
Revenue for use of money & property	20,482	3,359	--	--
Assessment payment	--	--	--	--
Miscellaneous	--	--	--	--
Total revenues	<u>20,482</u>	<u>16,563</u>	<u>--</u>	<u>--</u>
Expenditures:				
General government	--	--	--	--
Public Safety	--	--	--	--
Community Development	--	15,148	42,472	--
Capital outlay	156,707	--	7,809	--
Debt service:				
Principal	9,010	--	347	--
Interest and fiscal charges	3,437	--	--	--
Total expenditures	<u>169,154</u>	<u>15,148</u>	<u>50,628</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditu	(148,672)	1,415	(50,628)	--
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Operating transfers out	(12,087)	--	--	--
Proceeds from bonds	--	--	--	--
Total other financing sources (uses)	<u>(12,087)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(160,759)	1,415	(50,628)	--
Fund balances/equity, July 1	627,363	65,921	(74,691)	946,771
Fund balances/equity, June 30	<u>\$ 466,604</u>	<u>\$ 67,336</u>	<u>\$ (125,319)</u>	<u>\$ 946,771</u>

432 Construction 97-2 Theater	435 City Hall Construction	441 Northeast Plan Project	443 South Selma Specific Plan Project	445 Equipment Lease 07
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	5,606	4,700	--
--	--	--	--	--
21,993	--	--	218,793	--
<u>21,993</u>	<u>--</u>	<u>5,606</u>	<u>223,493</u>	<u>--</u>
--	91	--	--	--
--	--	--	--	--
--	--	136,515	164,164	--
--	4,300	--	--	678,063
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>4,391</u>	<u>136,515</u>	<u>164,164</u>	<u>678,063</u>
21,993	(4,391)	(130,909)	59,329	(678,063)
--	--	--	--	--
--	--	--	--	--
--	--	--	--	678,063
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>678,063</u>
21,993	(4,391)	(130,909)	59,329	--
(21,923)	24,247	(242,737)	--	--
<u>\$ 70</u>	<u>\$ 19,856</u>	<u>\$ (373,646)</u>	<u>\$ 59,329</u>	<u>\$ --</u>

CITY OF SELMA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	446 Amberwood Project	448 Selma Crossing Project	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenue:			
Taxes	\$ --	\$ --	\$ 239,797
Charges for services	--	--	258,695
Revenue for use of money & property	428	396	166,024
Assessment payment	--	--	29,789
Miscellaneous	65,000	50,000	387,916
Total revenues	<u>65,428</u>	<u>50,396</u>	<u>1,082,221</u>
Expenditures:			
General government	--	--	842
Public Safety	--	--	29,270
Community Development	34,535	42,401	948,577
Capital outlay	--	--	1,029,747
Debt service:			
Principal	--	--	142,988
Interest and fiscal charges	--	--	3,437
Total expenditures	<u>34,535</u>	<u>42,401</u>	<u>2,154,861</u>
Excess (deficiency) of revenues over (under) expenditur	30,893	7,995	(1,072,640)
Other financing sources (uses):			
Operating transfers in	--	--	61,639
Operating transfers out	--	--	(62,087)
Proceeds from bonds	--	--	678,063
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>677,615</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	30,893	7,995	(395,025)
Fund balances/equity, July 1	--	--	4,234,940
Fund balances/equity, June 30	<u>\$ 30,893</u>	<u>\$ 7,995</u>	<u>\$ 3,839,915</u>

CITY OF SELMA

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2007

	Enterprise Fund	Enterprise Fund
	Pioneer Village	Transit Service
Assets:		
Cash and investments	\$ 206,734	\$ --
Accounts receivables	175	--
Due from other agencies	--	79,959
Fixed assets (net, where applicable, of accumulated depreciation)	19,889	--
Total Assets	<u>\$ 226,798</u>	<u>\$ 79,959</u>
Liabilities:		
Cash deficit	\$ --	\$ 277,404
Accounts payable	2,704	--
Accrued wages/benefits	--	18,682
Due to other funds	--	--
Total Liabilities	<u>2,704</u>	<u>296,086</u>
Net Assets:		
Invested in capital assets, net of related debt	--	--
Unrestricted	224,094	(216,127)
Total net assets	<u>224,094</u>	<u>(216,127)</u>
Total Liabilities and Fund Balances	<u>\$ 226,798</u>	<u>\$ 79,959</u>

Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-7)
Garbage Service	Cultural Arts	
\$ 430,292	\$ 31,067	\$ 668,093
--	--	175
64,210	--	144,169
--	--	19,889
<u>\$ 494,502</u>	<u>\$ 31,067</u>	<u>\$ 832,326</u>
\$ --	\$ --	\$ 277,404
--	--	2,704
--	--	18,682
--	40,000	40,000
<u>--</u>	<u>40,000</u>	<u>338,790</u>
--	1,406	1,406
494,502	(10,339)	492,130
<u>494,502</u>	<u>(8,933)</u>	<u>493,536</u>
<u>\$ 494,502</u>	<u>\$ 31,067</u>	<u>\$ 832,326</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Fund	Enterprise Fund
	Pioneer Village	Transit Service
Operating Revenues:		
Taxes	\$ --	\$ --
Intergovernmental	--	298,588
Revenue for use of money & property	30,999	(13,001)
Miscellaneous	7,803	(7,512)
Total Operating Revenues	<u>38,802</u>	<u>278,075</u>
Operating Expenses:		
Personal services - salaries and wages	--	180,769
Personal services - employee benefits	--	94,095
Purchased professional and technical services	2,399	742
Other internal services	(11,475)	34,211
Depreciation	6,105	--
Total Operating Expenses	<u>(2,971)</u>	<u>309,817</u>
Operating Income (Loss)	<u>41,773</u>	<u>(31,742)</u>
Transfers:		
Interfund operating transfers in	--	10,000
Interfund operating transfers out	--	--
Total transfers	<u>--</u>	<u>10,000</u>
Net income	41,773	(21,742)
Retained earnings/fund balances, July 1	182,321	(194,385)
Retained earnings/fund balances, June 30	<u>\$ 224,094</u>	<u>\$ (216,127)</u>

Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit A-8)
Garbage Service	Cultural Arts	
\$ 921,566	\$ --	\$ 921,566
--	--	298,588
15,997	1,245	35,240
--	8,379	8,670
<u>937,563</u>	<u>9,624</u>	<u>1,264,064</u>
--	--	180,769
--	--	94,095
1,050,496	5,012	1,058,649
--	10,544	33,280
--	--	6,105
<u>1,050,496</u>	<u>15,556</u>	<u>1,372,898</u>
(112,933)	(5,932)	(108,834)
--	--	10,000
(71,918)	--	(71,918)
<u>(71,918)</u>	<u>--</u>	<u>(61,918)</u>
(184,851)	(5,932)	(170,752)
679,353	(3,001)	664,288
<u>\$ 494,502</u>	<u>\$ (8,933)</u>	<u>\$ 493,536</u>

CITY OF SELMA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Pioneer Village	Transit Service	Garbage Service
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 49,368	\$ --	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	301,336	928,557
Cash Payments to Employees	--	(274,864)	--
Cash Payments to Suppliers for Goods and Services	--	(36,472)	(1,050,496)
Net Cash Provided (Used) by Operating Activities	<u>49,368</u>	<u>(10,000)</u>	<u>(121,939)</u>
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Primary Government	--	10,000	--
Transfers From (To) Other Funds	--	--	(71,918)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>10,000</u>	<u>(71,918)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,368	--	(193,857)
Cash and Cash Equivalents at Beginning of Year	157,366	--	624,149
Cash and Cash Equivalents at End of Year	<u>\$ 206,734</u>	<u>\$ --</u>	<u>\$ 430,292</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 41,773	\$ (31,742)	\$ (112,933)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	6,105	--	--
Provision for Uncollectible Accounts	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	(175)	23,261	(9,006)
Decrease (Increase) in Inventories	--	--	--
Decrease (Increase) in Prepaid Expenses	--	--	--
Increase (Decrease) in Accounts Payable	1,665	(1,519)	--
Increase (Decrease) in Payroll Deductions	--	--	--
Increase (Decrease) in Accrued Wages Payable	--	--	--
Increase (Decrease) in Interfund Payables	--	--	--
Increase (Decrease) in Due to Other Governments	--	--	--
Increase (Decrease) in Accrued Expenses	--	--	--
Increase (Decrease) in Unearned Revenue	--	--	--
Total Adjustments	<u>7,595</u>	<u>21,742</u>	<u>(9,006)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,368</u>	<u>\$ (10,000)</u>	<u>\$ (121,939)</u>

EXHIBIT C-11

Cultural Arts	Total Nonmajor Enterprise Funds (See Exhibit A-9)
\$ 9,624	\$ 58,992
(18,557)	1,211,336
--	(274,864)
--	(1,086,968)
<u>(8,933)</u>	<u>(91,504)</u>
40,000	50,000
--	(71,918)
<u>40,000</u>	<u>(21,918)</u>
31,067	(113,422)
--	781,515
<u>\$ 31,067</u>	<u>\$ 668,093</u>
\$ (5,932)	\$ (108,834)
--	6,105
--	--
--	14,080
--	--
--	--
(3,001)	(2,855)
--	--
--	--
--	--
--	--
<u>(3,001)</u>	<u>17,330</u>
<u>\$ (8,933)</u>	<u>\$ (91,504)</u>

CITY OF SELMA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

	700	701
	Insurance	Fleet Management
Assets:		
Cash and investments	\$ --	\$ --
Accounts receivables	--	--
Due from other agencies	--	5,691
Deposits	(86,206)	--
Inventories	--	--
Total Assets	<u>\$ (86,206)</u>	<u>\$ 5,691</u>
Liabilities:		
Accounts payable	\$ 50	\$ 5,390
Accrued wages/benefits	--	1,228
Total Liabilities	<u>50</u>	<u>6,618</u>
Net Assets:		
Unrestricted	<u>(86,256)</u>	<u>(927)</u>
Total net assets	<u>(86,256)</u>	<u>(927)</u>
Total Liabilities and Fund Balances	<u>\$ (86,206)</u>	<u>\$ 5,691</u>

702	703	704	Total Internal Service Funds (See Exhibit A-7)
Building & Utility	General Overhead	Information Processing	
\$ --	\$ 355	\$ --	\$ 355
341	275	28,494	29,110
--	--	--	5,691
--	--	--	(86,206)
--	534	--	534
<u>\$ 341</u>	<u>\$ 1,164</u>	<u>\$ 28,494</u>	<u>\$ (50,516)</u>
\$ 4,441	\$ 30	\$ 3,230	\$ 13,141
1,371	380	1,193	4,172
<u>5,812</u>	<u>410</u>	<u>4,423</u>	<u>17,313</u>
(5,471)	754	24,071	(67,829)
<u>(5,471)</u>	<u>754</u>	<u>24,071</u>	<u>(67,829)</u>
<u>\$ 341</u>	<u>\$ 1,164</u>	<u>\$ 28,494</u>	<u>\$ (50,516)</u>

CITY OF SELMA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	700	701
	Insurance	Fleet Management
Operating Revenues:		
Charges for services	\$ 1,551,267	\$ 658,554
Miscellaneous	70,249	19,764
Total Operating Revenues	<u>1,621,516</u>	<u>678,318</u>
Operating Expenses:		
Personal services - salaries and wages	--	42,079
Personal services - employee benefits	--	21,471
Purchased professional and technical services	--	129,034
Other internal services	1,739,935	374,765
Capital outlay	--	19,953
Total Operating Expenses	<u>1,739,935</u>	<u>587,302</u>
Operating Income (Loss)	<u>(118,419)</u>	<u>91,016</u>
Transfers:		
Interfund operating transfers in	--	--
Interfund operating transfers out	--	(73,014)
Total transfers	<u>--</u>	<u>(73,014)</u>
Net income	(118,419)	18,002
Retained earnings/fund balances, July 1	32,163	(18,929)
Retained earnings/fund balances, June 30	<u>\$ (86,256)</u>	<u>\$ (927)</u>

702	703	704	Total Internal Service Funds (See Exhibit A-8)
Building & Utility	General Overhead	Information Processing	
\$ 645,735	\$ 158,521	\$ 330,860	\$ 3,344,937
--	200	86,134	176,347
<u>645,735</u>	<u>158,721</u>	<u>416,994</u>	<u>3,521,284</u>
27,113	15,416	45,394	130,002
9,941	(1,233)	12,379	42,558
194	21,946	200,969	352,143
608,364	46,873	46,610	2,816,547
--	76,205	86,135	182,293
<u>645,612</u>	<u>159,207</u>	<u>391,487</u>	<u>3,523,543</u>
123	(486)	25,507	(2,259)
--	--	--	--
--	--	--	(73,014)
--	--	--	(73,014)
123	(486)	25,507	(75,273)
(5,594)	1,240	(1,436)	7,444
<u>\$ (5,471)</u>	<u>\$ 754</u>	<u>\$ 24,071</u>	<u>\$ (67,829)</u>

CITY OF SELMA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2007

	800	802	803	804
	Finance	Community	Planning	Public
	Clearing	Services	Clearing	Works
	Clearing	Clearing	Clearing	Clearing
Assets:				
Cash and investments	\$ 1,404	\$ 370	\$ 234,636	\$ 3,121
Total Assets	<u>\$ 1,404</u>	<u>\$ 370</u>	<u>\$ 234,636</u>	<u>\$ 3,121</u>
Liabilities:				
Cash deficit	\$ --	\$ --	\$ --	\$ --
Accounts payable	1,404	370	234,636	3,121
Total Liabilities	<u>1,404</u>	<u>370</u>	<u>234,636</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	820 Payroll Clearing	836 Graffiti Reward Fund	Total Agency Funds (See Exhibit A-10)
\$ 16,838	\$ 9,706	\$ --	\$ 700	\$ 266,775
<u>\$ 16,838</u>	<u>\$ 9,706</u>	<u>\$ --</u>	<u>\$ 700</u>	<u>\$ 266,775</u>
\$ --	\$ --	\$ 657	\$ --	\$ 657
16,838	9,706	(657)	700	266,118
<u>16,838</u>	<u>9,706</u>	<u>--</u>	<u>700</u>	<u>266,775</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.

Certified Public Accountants

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

December 13, 2007

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, 2007, which collectively comprise the City of Selma's basic financial statements and have issued our report thereon dated December 13, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Selma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Selma's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Selma's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Selma's financial statements that is more than inconsequential will not be prevented by the City of Selma's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Selma's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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 or other matters 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, 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 Accountant

Jorge & Yribarren

Certified Public Accountants

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

December 13, 2007

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, 2007. 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 of 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, 2007.

Internal Control Over Compliance

The management of City of Selma is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Selma's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control 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,

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

Jorge and Yribarren
Certified Public Accountants

CITY OF SELMA**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007****A. Summary of Auditor's Results****1. Financial Statements**Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedNoncompliance material to financial
statements noted? Yes X No**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified? Yes X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedType of auditor's report issued on compliance for
major programs: UnqualifiedAny 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:

CFDA Number(s) Name of Federal Program or Cluster

20.205 TEA 21 Program

Dollar threshold used to distinguish between
type A and type B programs: \$300,000Auditee qualified as low-risk auditee? X Yes No

CITY OF SELMA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF SELMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2007

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	--	\$ 4,425
Total U.S. Department of Housing and Urban Development			<u>4,425</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Program:			
TEA 21 *	20.205	--	581,926
Total U. S. Department of Transportation			<u>581,926</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Programs:			
Supplemental Law Enforcement Services Fund	16.592	--	126,139
Supplemental Traffic Congestion Relief Grant	16.592	--	160,630
Office of Justice Programs	16.592	--	3,765
Total Direct Programs			<u>290,534</u>
Total U. S. Department of Justice			<u>290,534</u>
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Direct Program:			
Community Development Block Grant *	14.219	--	1,062,256
Total U. S. Department of Housing & Urban Development			<u>1,062,256</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Programs:			
FMAAA-Title IIIB *	93.044	--	14,628
FMAAA-Title IIIC-1 *	93.045	--	6,858
Total Direct Programs			<u>21,486</u>
Total U. S. Department of Health and Human Services			<u>21,486</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Program:			
FEMA Fire Grant	85.554		65,456
Total Department of Homeland Security			<u>65,456</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,026,083</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, 2007**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.