

CITY OF SELMA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2014

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June 11, 2015

Honorable City Council of
The City of Selma
Selma, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 42-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Selma's financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015 on our consideration of the City of Selma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Selma's internal control over financial reporting and compliance.

Sampson, Sampson & Patterson, LLP

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, 2014. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and accompanying notes to those financial statements.

Financial Highlights

The City's governmental funds ended the year with a combined fund balance of \$6.23 million.

The City's General Fund ended the year with a balance of \$911,438, an increase of \$70,010 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 the Selma Public Finance Authority, using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

Reporting the City as a Whole

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

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

The *Statement of Activities* presents information showing how the City's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise 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.)

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2014

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

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

Business-type Activities: The City charges fees to customers to cover the costs of services provided. The City's ambulance and garbage 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 reconciliations between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements.

The City of Selma maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Maintenance Fund, Street Measure "C" Fund, PFA 1999A Reassessment Debt Service, and the Developmental Impact Sewer 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.

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2014

The City adopts an annual appropriated budget for the General Fund, Street Maintenance Fund, and Measure "C" Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance to their budgets.

Proprietary funds. The City has two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions represented as business-type activities in the government-wide financial statements. The City utilized enterprise funds to account for those activities that are supported primarily by user charges to external users, and includes the Ambulance Fund and the Sewer Fund, 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 Sewer 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.

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.

CITY OF SELMA
Management's Discussion and Analysis
June 30, 2014

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2014, with comparative data for the fiscal year ended June 30, 2013.

City of Selma's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 9,111,612	\$ 11,646,939	\$ 996,759	\$ 1,117,941	\$ 10,108,371	\$ 12,764,880
Capital and long-term assets	53,018,214	53,753,220	5,282	6,108	53,023,496	53,759,328
Total assets	\$ 62,129,826	\$ 65,400,159	\$ 1,002,041	\$ 1,124,049	\$ 63,131,867	\$ 66,524,208
Long-term liabilities outstanding	\$ 6,540,990	\$ 9,256,941	\$ -	\$ -	\$ 6,540,990	\$ 9,256,941
Other liabilities	755,877	846,936	114,231	208,687	870,108	1,055,623
Total liabilities	7,296,867	10,103,877	114,231	208,687	7,411,098	10,312,564
Net position:	\$ 54,832,959	\$ 55,296,282	\$ 887,810	\$ 915,362	\$ 55,720,769	\$ 56,211,644
Investment in capital assets, net of related debt	\$ 47,763,186	\$ 48,214,318	\$ 5,282	\$ 6,108	\$ 47,768,468	\$ 48,220,426
Restricted	6,071,389	9,947,045	-	-	6,071,389	9,947,045
Unrestricted	998,384	(2,865,081)	882,528	909,254	1,880,912	(1,955,827)
Total net position	\$ 54,832,959	\$ 55,296,282	\$ 887,810	\$ 915,362	\$ 55,720,769	\$ 56,211,644

As of June 30, 2014 the City's government-wide total assets exceeded liabilities (net position) by \$55.7 million. Governmental activities finished the year with a positive net asset balance of \$54.8 million. Business type activities finished the year with a positive balance of \$.8 million. Net assets as noted earlier may serve over time as a useful indicator of the City's financial position.

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

Restricted net position amounts to \$6.1 million of the total. Restricted net position includes 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.

CITY OF SELMA
Management's Discussion and Analysis
June 30, 2014

Governmental activities.

The following lists key components of these activities:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 516,323	\$ 531,518	\$ 2,895,802	\$ 3,155,609	\$ 3,412,125	\$ 3,687,127
Operating grants and contributions	408,695	430,818	5,561	12,396	414,256	443,214
Capital grants and contributions	401,377	1,192,817	-	-	401,377	1,192,817
General revenues:						
Taxes	9,369,175	8,879,135	-	-	9,369,175	8,879,135
Licenses and permits	359,507	342,196	-	-	359,507	342,196
Intergovernmental charges	1,621,730	1,249,150	-	-	1,621,730	1,249,150
Fines	101,485	74,045	-	-	101,485	74,045
Franchise fees	819,183	718,388	-	-	819,183	718,388
Revenue for the use of property	66,154	120,271	33,713	16,281	99,867	136,552
Miscellaneous	1,145,700	718,473	56,749	(327,304)	1,202,449	391,169
Transfers	616,302	780,423	(616,302)	(780,423)	-	-
Total revenues	15,425,631	15,037,234	2,375,523	2,076,559	17,801,154	17,113,793
Expenses:						
General government	2,285,225	1,716,306			2,285,225	1,716,306
Public safety	8,142,683	7,194,812			8,142,683	7,194,812
Public Works	3,760,152	2,853,131			3,760,152	2,853,131
Community development	419,243	1,745,380			419,243	1,745,380
Cultural and recreation	404,485	298,556			404,485	298,556
Capital Outlay	-	-			-	-
Debt Service	672,418	582,303			672,418	582,303
Ambulance			997,057	987,065	997,057	987,065
Pioneer Village			20,681	30,965	20,681	30,965
Garbage services			1,306,820	1,228,310	1,306,820	1,228,310
Cultural Arts			78,517	10,562	78,517	10,562
Total expense	15,684,206	14,390,488	2,403,075	2,256,902	18,087,281	16,647,390
Increase in net position	(258,575)	646,746	(27,552)	(180,343)	(286,127)	466,403
Prior period adjustments	-	480,000	-	-	-	480,000
Net position - beginning	55,091,534	54,169,536	915,362	1,095,705	56,006,896	55,265,241
Net position - ending	\$ 54,832,959	\$ 55,296,282	\$ 887,810	\$ 915,362	\$ 55,720,769	\$ 56,211,644

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2014

The Governmental revenues for the year were \$15.4 million. Taxes, which include property, sales and other taxes account for \$9.3 million or 61% of the City's governmental activities revenue. Total governmental expenses for the year were \$15.7 million. Public Safety, which includes police and fire, accounts for \$8.1 million or 52% of the total governmental activity expenses.

Financial Analysis of the City's Funds

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

Governmental funds. Not all of the City's governmental funds ended the year with positive fund balances. The ending fund balance for all funds is \$6.2 million, which is a decrease of \$1.3 million, when compared to the prior year.

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

General Fund Budgetary Highlights expropriations

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

Capital Assets and Debt Administration

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

	City of Selma Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,790,302	\$ 7,790,302	\$ -	\$ -	\$ 7,790,302	\$ 7,790,302
Construction in progress	54,615	6,246,978	-	-	54,615	6,246,978
Building and improvements	3,986,495	1,076,245	5,282	6,108	3,991,777	1,082,353
Machinery and equipment	3,011,324	3,172,819			3,011,324	3,172,819
Road network	38,175,478	35,466,876	-	-	38,175,478	35,466,876
Total	\$ 53,018,214	\$ 53,753,220	\$ 5,282	\$ 6,108	\$ 53,023,496	\$ 53,759,328

CITY OF SELMA
Management's Discussion and Analysis
June 30, 2014

Long-term Debt. The City's long-term debt as of June 30, 2014 was \$5.8 million with governmental activities accounting for most debt.

**City of Selma
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Special assessment debt with governmental commitment	\$ 955,000	\$ 3,585,000	\$ -	\$ -	\$ 955,000	\$ 3,585,000
Tax allocation bonds	-	-	-	-	-	-
Capital leases	295,028	463,902	-	-	295,028	463,902
Lease revenue bonds	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Revenue bonds	4,525,000	4,615,000	-	-	4,525,000	4,615,000
Contracts payable	21,203	42,530	-	-	21,203	42,530
Total	\$ 5,796,231	\$ 8,706,432	\$ -	\$ -	\$ 5,796,231	\$ 8,706,432

Economic Factors

The City's main revenue sources are property taxes and sales taxes. These revenue sources, along with the slowdown in building activity, and had a detrimental impact on the city's ability to deliver services to its residents.

Studies provided by the city sales tax consultants indicate that sales tax revenues have begun to rebound and will continue to do so for the next three years of the forecast.

Residential building activity has increased subsequent to June 30, 2013, and is anticipated that trend will continue through 2013 and beyond.

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.

CITY OF SELMA
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 5,339,905	\$ 531,086	\$ 5,870,991
Receivables:			
Accounts, net	221,621	525,673	747,294
Notes	1,156,855		1,156,855
Intergovernmental	1,330,922		1,330,922
Deposits	450,000		450,000
Internal balances	60,000	(60,000)	
Inventory	17,914		17,914
Cash with fiscal agent - restricted	534,395		534,395
Capital assets (net of accumulated depreciation):			
Non-depreciable	7,844,917		7,844,917
Depreciable	<u>45,173,297</u>	<u>5,282</u>	<u>45,178,579</u>
Total assets	<u>62,129,826</u>	<u>1,002,041</u>	<u>63,131,867</u>
Liabilities			
Accounts payable	360,408	111,432	471,840
Accrued wages/benefits	321,135	1,210	322,345
Deposits and other liabilities	74,334	1,589	75,923
Noncurrent liabilities:			
Due within one year	169,730		169,730
Due in more than one year	<u>6,371,260</u>		<u>6,371,260</u>
Total liabilities	<u>7,296,867</u>	<u>114,231</u>	<u>7,411,098</u>
Net position			
Invested in capital assets, net of related debt	47,763,186	5,282	47,768,468
Restricted for:			
Capital projects	1,958,415		1,958,415
Community development	1,213,818		1,213,818
Debt service	278,520		278,520
Public safety	116,078		116,078
Streets and roads	2,504,558		2,504,558
Unrestricted	<u>998,384</u>	<u>882,528</u>	<u>1,880,912</u>
Total net position	<u>\$54,832,959</u>	<u>\$ 887,810</u>	<u>\$55,720,769</u>

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

CITY OF SELMA
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General government	\$ 2,285,225	\$ 26,127	\$ 49,937	\$	\$ (2,209,161)	\$	\$ (2,209,161)
Public safety	8,142,683	135,289	358,758	153,403	(7,495,233)		(7,495,233)
Public works	3,760,152	247,245		247,974	(3,264,933)		(3,264,933)
Community development	419,243	60,084			(359,159)		(359,159)
Parks and recreation	404,485	47,578			(356,907)		(356,907)
Interest on long-term debt	672,418				(672,418)		(672,418)
Total governmental activities	<u>15,684,206</u>	<u>516,323</u>	<u>408,695</u>	<u>401,377</u>	<u>(14,357,811)</u>		<u>(14,357,811)</u>
Business-type activities:							
Ambulance	997,057	1,484,932				487,875	487,875
Garbage	1,306,820	1,347,577				40,757	40,757
Pioneer Village	20,681	4,666	5,561			(10,454)	(10,454)
Cultural arts	78,517	58,627				(19,890)	(19,890)
Total business-type activities	<u>2,403,075</u>	<u>2,895,802</u>	<u>5,561</u>			<u>498,288</u>	<u>498,288</u>
Total primary government	<u>\$18,087,281</u>	<u>\$3,412,125</u>	<u>\$414,256</u>	<u>\$401,377</u>	<u>\$(14,357,811)</u>	<u>\$ 498,288</u>	<u>\$(13,859,523)</u>
General revenues:							
Taxes					9,369,175		9,369,175
Licenses and Permits					359,507		359,507
Intergovernmental					1,621,730		1,621,730
Fines					101,485		101,485
Franchise fees					819,183		819,183
Use of money and property					66,154	33,713	99,867
Miscellaneous					1,145,700	56,749	1,202,449
Transfers					<u>616,302</u>	<u>(616,302)</u>	
Total general revenues and transfers					<u>14,099,236</u>	<u>(525,840)</u>	<u>13,573,396</u>
Change in net position					<u>(258,575)</u>	<u>(27,552)</u>	<u>(286,127)</u>
Net position, beginning of year					<u>55,091,534</u>	<u>915,362</u>	<u>56,006,896</u>
Net position, end of year					<u>\$ 54,832,959</u>	<u>\$ 887,810</u>	<u>\$ 55,720,769</u>

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

CITY OF SELMA
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Street Maintenance Fund	Street Measure "C"	PFA 1999A Reassessment Debt Service	Developmental Impact Sewer	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 818,823	\$	\$ 966,310	\$46,724	\$839,666	\$2,400,812	\$5,072,335
Cash with fiscal agent		339,536				194,859	534,395
Accounts receivable	151,608	3,610				2,628	157,846
Interest receivable	2,176						2,176
Interfund receivables	116,576					553,000	669,576
Due from other agencies	257,875		47,393			188,696	493,964
Deposits						450,000	450,000
Inventories		17,914					17,914
Total assets	<u>\$1,347,058</u>	<u>\$361,060</u>	<u>\$1,013,703</u>	<u>\$46,724</u>	<u>\$839,666</u>	<u>\$3,789,995</u>	<u>\$7,398,206</u>
Liabilities							
Accounts payable	\$ 139,908	\$ 30,112	\$			\$ 45,374	\$ 215,394
Accrued wages/benefits	266,168	14,604				29,992	310,764
Interfund payables		335,211				274,365	609,576
Other liabilities	29,544						29,544
Total liabilities	<u>435,620</u>	<u>379,927</u>				<u>349,731</u>	<u>1,165,278</u>
Fund balance							
Nonspendable							
Restricted for:							
Streets and roads			1,013,703			1,491,287	2,504,990
Public safety						115,167	115,167
Community development				46,724		57,442	104,166
Debt service						231,796	231,796
Capital projects					839,666	1,118,749	1,958,415
Committed for:							
Community development						605	605
Recreation						3,951	3,951
Capital projects						347,336	347,336
Assigned for:							
Community development						20,240	20,240
Equipment replacement						94,490	94,490
Unassigned	911,438	(18,867)				(40,799)	851,772
Total fund balance	<u>911,438</u>	<u>(18,867)</u>	<u>1,013,703</u>	<u>46,724</u>	<u>839,666</u>	<u>3,440,264</u>	<u>6,232,928</u>
Total liabilities and fund balance	<u>\$1,347,058</u>	<u>\$361,060</u>	<u>\$1,013,703</u>	<u>\$46,724</u>	<u>\$839,666</u>	<u>\$3,789,995</u>	<u>\$7,398,206</u>

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

CITY OF SELMA
Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2014

Total fund balance – governmental funds balance sheet	\$ 6,232,928
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	836,958
Capital assets used in governmental activities are not reported in the funds.	53,018,214
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(6,540,990)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position.	128,994
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>1,156,855</u>
Net assets of governmental activities – Statement of Net Position	<u>\$54,832,959</u>

CITY OF SELMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Street Maintenance Fund	Street Measure "C"	PFA 1999A Reassessment Debt Service	Developmental Impact Sewer	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 7,341,078	\$	\$	\$	\$	\$ 2,028,097	\$ 9,369,175
Licenses and permits	292,195	67,312					359,507
Intergovernmental	70,500		550,534			1,081,735	1,702,769
Charges for services	281,912	147,279			12,367	74,765	516,323
Fines	15,114					86,371	101,485
Franchise fees	711,258						711,258
Revenue for use of money and property	31,093		1,328	32,268		1,465	66,154
Assessment payments						2,117,792	2,117,792
Miscellaneous	353,397	2,196				623,143	978,736
Total revenues	<u>9,096,547</u>	<u>216,787</u>	<u>551,862</u>	<u>32,268</u>	<u>12,367</u>	<u>6,013,368</u>	<u>15,923,199</u>
Expenditures							
General government	1,923,137			58,555		287,308	2,269,000
Public safety	7,233,351					773,727	8,007,078
Public works	546,560	913,831				219,680	1,680,071
Community development	330,733					69,175	399,908
Recreation	312,212						312,212
Capital outlay	81,518	21,506				1,601,631	1,704,655
Debt service:							
Principal	132,415	76,276		3,585,000		71,510	3,865,201
Interest and fiscal charges	12,904	269,547		342,772		47,195	672,418
Total expenditures	<u>10,572,830</u>	<u>1,281,160</u>		<u>3,986,327</u>		<u>3,070,226</u>	<u>18,910,543</u>
Excess (deficiency) of revenues over (under) expenditures	(1,476,283)	(1,064,373)	551,862	(3,954,059)	12,367	2,943,142	(2,987,344)
Other financing sources (uses)							
Bond proceeds						955,000	955,000
Operating transfers in	1,734,561	1,045,527		3,520,473		1,763,317	8,063,878
Operating transfers out	(188,268)	(200,092)	(320,121)		(100,000)	(6,560,567)	(7,369,048)
Total other financing sources (uses)	<u>1,546,293</u>	<u>845,435</u>	<u>(320,121)</u>	<u>3,520,473</u>	<u>(100,000)</u>	<u>(3,842,250)</u>	<u>1,649,830</u>
Net change in fund balance	70,010	(218,938)	231,741	(433,586)	(87,633)	(899,108)	(1,337,514)
Fund balance, beginning of year	<u>841,428</u>	<u>200,071</u>	<u>781,962</u>	<u>480,310</u>	<u>927,299</u>	<u>4,339,372</u>	<u>7,570,442</u>
Fund balance (deficit), end of year	<u>\$ 911,438</u>	<u>\$ (18,867)</u>	<u>\$1,013,703</u>	<u>\$ 46,724</u>	<u>\$ 839,666</u>	<u>\$ 3,440,264</u>	<u>\$ 6,232,928</u>

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

CITY OF SELMA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balance – total governmental funds	\$(1,337,514)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the net amount of capital assets recorded in the current period.	1,650,318
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and changes in Net Position, but they did not require the use of current financial resources.	(2,385,324)
Payments received on long-term receivables are reported as revenues in the fund statements but reduced the receivable amount in the statement of net position.	(1,950,828)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position in the statement of activities.	(955,000)
Repayment of debt principal is an expenditure in the funds but is not an expense in the statement of activities.	3,865,201
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	836,958
The net revenue (expense) of internal service funds is reported with governmental activities.	211,864
Compensated absences are reported as the amount earned in the statement of activities but as the amount paid in the funds.	<div style="border-top: 1px solid black;">(194,250)</div>

Change in net position of governmental activities – Statement of Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (258,575)</div>
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CITY OF SELMA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Assets					
Current assets:					
Cash and investments	\$156,945	\$162,665	\$ 211,476	\$ 531,086	\$267,570
Accounts receivables, net	<u>525,673</u>	<u> </u>	<u> </u>	<u>525,673</u>	<u>61,599</u>
Total current assets	<u>682,618</u>	<u>162,665</u>	<u>211,476</u>	<u>1,056,759</u>	<u>329,169</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment			268,397	268,397	
Less: Accumulated depreciation	<u> </u>	<u> </u>	<u>(263,115)</u>	<u>(263,115)</u>	<u> </u>
Total noncurrent assets	<u> </u>	<u> </u>	<u>5,282</u>	<u>5,282</u>	<u> </u>
Total assets	<u>\$682,618</u>	<u>\$162,665</u>	<u>\$ 216,758</u>	<u>\$1,062,041</u>	<u>\$329,169</u>
Liabilities					
Current liabilities:					
Accounts payable	\$	\$108,955	\$ 2,477	\$ 111,432	\$145,014
Accrued wages/benefits	519		691	1,210	10,371
Other liabilities			1,589	1,589	44,790
Interfund payables	<u> </u>	<u> </u>	<u>60,000</u>	<u>60,000</u>	<u> </u>
Total liabilities	<u>519</u>	<u>108,955</u>	<u>64,757</u>	<u>174,231</u>	<u>200,175</u>
Net Position					
Invested in capital assets, net of related debt			5,282	5,282	
Unrestricted	<u>682,099</u>	<u>53,710</u>	<u>146,719</u>	<u>882,528</u>	<u>128,994</u>
Total net position	<u>682,099</u>	<u>53,710</u>	<u>152,001</u>	<u>887,810</u>	<u>128,994</u>
Total liabilities and net position	<u>\$682,618</u>	<u>\$162,665</u>	<u>\$ 216,758</u>	<u>\$1,062,041</u>	<u>\$329,169</u>

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

CITY OF SELMA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Operating Revenues					
Taxes	\$	\$1,347,577	\$	\$1,347,577	\$
Charges for services	1,484,932		63,293	1,548,225	4,053,283
Rents			33,708	33,708	
Miscellaneous	<u>56,237</u>		<u>6,073</u>	<u>62,310</u>	
Total operating revenues	<u>1,541,169</u>	<u>1,347,577</u>	<u>103,074</u>	<u>2,991,820</u>	<u>4,053,283</u>
Operating Expenses					
Personnel services	14,440		15,886	30,326	260,216
Services and supplies	982,617	1,306,820	40,170	2,329,607	838,118
Other internal services			42,316	42,316	2,664,557
Depreciation			<u>826</u>	<u>826</u>	
Total operating expenses	<u>997,057</u>	<u>1,306,820</u>	<u>99,198</u>	<u>2,403,075</u>	<u>3,762,891</u>
Operating income	544,112	40,757	3,876	588,745	290,392
Nonoperating revenues (expenses)					
Interest income		<u>5</u>		<u>5</u>	
Total nonoperating revenues (expenses)		<u>5</u>		<u>5</u>	
Income before transfers	544,112	40,762	3,876	588,750	290,392
Transfers					
Transfers out	<u>(616,302)</u>			<u>(616,302)</u>	<u>(78,528)</u>
Net transfers	<u>(616,302)</u>			<u>(616,302)</u>	<u>(78,528)</u>
Changes in net position	(72,190)	40,762	3,876	(27,552)	211,864
Net position, beginning of year	<u>754,289</u>	<u>12,948</u>	<u>148,125</u>	<u>915,362</u>	<u>(82,870)</u>
Net position, end of year	<u>\$ 682,099</u>	<u>\$ 53,710</u>	<u>\$152,001</u>	<u>\$ 887,810</u>	<u>\$ 128,994</u>

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

CITY OF SELMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities					
Cash received for current services	\$ 1,669,129	\$	\$ 63,568	\$ 1,732,697	\$ 3,993,379
Cash received for rents			33,708	33,708	
Cash received for other operating revenues	56,237	1,347,577	6,073	1,409,887	
Cash paid for services and supplies	(1,008,352)	(1,299,417)	(78,024)	(2,385,793)	(3,458,098)
Cash paid for salaries and benefits	(13,921)		(15,886)	(29,807)	(260,666)
Net cash provided by operating activities	<u>703,093</u>	<u>48,160</u>	<u>9,439</u>	<u>760,692</u>	<u>274,615</u>
Cash flows from noncapital financing activities					
Transfers (to) from other funds	(616,302)			(616,302)	(78,528)
Net cash used by financing activities	<u>(616,302)</u>			<u>(616,302)</u>	<u>(78,528)</u>
Cash flows from investing activities					
Other non-operating revenue (expenses)					
Interest received		5		5	
Net cash provided by investing activities		<u>5</u>		<u>5</u>	
Net increase in cash and cash equivalents	86,791	48,165	9,439	144,395	196,087
Cash and cash equivalents, beginning of year	<u>70,154</u>	<u>114,500</u>	<u>202,037</u>	<u>386,691</u>	<u>71,483</u>
Cash and cash equivalents, end of year	<u>\$ 156,945</u>	<u>\$ 162,665</u>	<u>\$ 211,476</u>	<u>\$ 531,086</u>	<u>\$ 267,570</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 544,112	\$ 40,757	\$ 3,876	\$ 588,745	\$ 290,392
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation			826	826	
(Increase) decrease in net assets:					
Accounts receivable	184,197		275	184,472	(59,904)
Prepaid expenses	80,333			80,333	
Inventories	772			772	680
Increase (decrease) in net liabilities:					
Accounts payable	(118)	7,403	2,477	9,762	18,238
Accrued wages/benefits	519		691	1,210	(450)
Other liabilities	(106,722)		1,294	(105,428)	25,659
Total adjustments	<u>158,981</u>	<u>7,403</u>	<u>5,563</u>	<u>171,947</u>	<u>(15,777)</u>
Net cash provided by operating activities	<u>\$ 703,093</u>	<u>\$ 48,160</u>	<u>\$ 9,439</u>	<u>\$ 760,692</u>	<u>\$ 274,615</u>

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

CITY OF SELMA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Redevelopment Successor Agency Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 998,041	\$126,698
Restricted cash with fiscal agent	360,093	
Due from other agencies	75,790	
Notes receivable	400,153	
Capital assets	<u>321,875</u>	
Total Assets	<u>\$ 2,155,952</u>	<u>\$126,698</u>
Liabilities		
Accounts payable	\$ 116	\$ 41,391
Deposits		31,314
Other liabilities	111,734	53,993
Long-term debt	<u>6,880,000</u>	
Total Liabilities	<u>6,991,850</u>	<u>126,698</u>
Net Position (Deficit)		
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(4,835,898)</u>	
Total Net Position (Deficit)	<u>\$(4,835,898)</u>	<u>\$</u>

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

CITY OF SELMA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Redevelopment Successor Agency Private-Purpose <u>Trust Funds</u>
Additions:	
Property taxes	\$ 689,532
Investment earnings	29,248
Miscellaneous	<u>1,200</u>
Total Additions	<u>719,980</u>
Deductions	
Community development	85,420
Interest and fiscal charges	<u>372,077</u>
Total Deductions	<u>457,497</u>
Change in net position	<u>262,483</u>
Net position, beginning of year	<u>(5,098,381)</u>
Net position, end of year	<u><u>\$(4,835,898)</u></u>

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Blended Component Units

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

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

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

2. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

The City reports the following major governmental funds:

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

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

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

PFA 1999A Reassessment Debt Service: This fund accounts for the debt service activity related to the 1999A Assessment Revenue Bonds.

Developmental Impact Sewer: This fund accounts for sewer activity funded with development impact fees.

The City reports the following major enterprise funds:

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

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

In addition, the City reports the following fund types:

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

Cash and Cash Equivalents

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Property Taxes

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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 Improvement	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Payable Balances

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

Interfund Activity

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

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

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

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Street maintenance	\$(18,867)	Retain future excess revenues
T21 Project Grant	\$ (109)	Retain future excess revenues
Assessment 91-2 Highland Debt Service	\$ (5,432)	Retain future excess revenues
Brandywine project	\$ (1,827)	Retain future excess revenues
Cultural Arts Enterprise Fund	\$(51,554)	Retain future excess revenues
CDBG Grant	\$(26,256)	Retain future excess revenues
Safe Routes to School Grant	\$ (642)	Retain future excess revenues
Safer Fire Grant	\$ (6,533)	Retain future excess revenues

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$5,870,991
Restricted cash and investments with fiscal agent	534,395
Fiduciary funds:	
Cash and investments	1,124,739
Restricted cash and investments with fiscal agent	<u>360,093</u>
 Total cash and investments	 <u><u>\$7,890,218</u></u>

Cash and investments as of June 30, 2014 consists of the following:

Cash on hand	\$ 925
Deposits with financial institutions	2,261,973
Investments	<u>5,627,320</u>
 Total cash and investments	 <u><u>\$7,890,218</u></u>

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

The table below identifies the investment types that are authorized for the City of Selma (City) by the California Government Code (or the City's investment policy, where more restrictive). The table also identified certain provisions of the California Government Code (or the City's Investment Policy, where more restrictive) that address interest rate risk, credit risk, and the concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
US Treasury Obligations	N/A	None	None
US Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with			
Banks and Savings and Loans	N/A	None	\$250,000
Certificate of Deposits	1 year	None	\$250,000
Bankers Acceptances	N/A	None	None
Commercial Paper	N/A	None	None
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

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

Investment Authorized by Debt Agreement

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

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

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

Disclosures Relating to Interest Rate Risk

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months Or Less</u>	<u>Longer Than 60 Months</u>
State Investment Pool	\$4,732,831	\$4,732,831	\$
Held by Bond Trustee:			
Money Market Funds	<u>894,489</u>	<u>894,489</u>	<u> </u>
	<u>\$5,627,320</u>	<u>\$5,627,320</u>	<u>\$</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Ratings as of Fiscal Year End</u>		
		<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAAm</u>
State Investment Pool	\$4,732,831	N/A	\$4,732,831	\$
Held by Bond Trustee:				
Money Market Funds	<u>894,489</u>	N/A	<u> </u>	<u>894,489</u>
	<u>\$5,627,320</u>		<u>\$4,732,831</u>	<u>\$894,489</u>

Concentration of Credit Risk

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (example broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state laws (unless so waived by the governmental unit). The fair value of the pledged securities and the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. In addition, as of June 30, 2014, no investments were held by the same broker-dealer (counterparty) that was used by the City of Selma to purchase the securities.

Investment in State Investment Pool

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

NOTE 4 – RECEIVABLES

The following is a list of receivables at June 30, 2014.

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds -			
Accounts	\$ 157,846	\$	\$157,846
Due from other agencies	<u>493,964</u>		<u>493,964</u>
	<u>\$ 651,810</u>	<u>\$</u>	<u>\$651,810</u>
Proprietary Funds -			
Accounts	<u>\$1,146,507</u>	<u>\$559,235</u>	<u>\$587,272</u>
Fiduciary Funds -			
Due from other agencies	\$ 75,790	\$	\$ 75,790
Notes receivable	<u>400,153</u>		<u>400,153</u>
	<u>\$ 475,943</u>	<u>\$</u>	<u>\$475,943</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

The City established the following assessment districts in order to fund improvements within the City of Selma. The property owners within the districts are responsible for the following at June 30, 2014.

Assessment District No. 1991-2 Improvement Bonds - Highland	\$ 493,615
Assessment District No. 1992-1 Improvement Bonds - Dancer II	149,348
Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III	137,647
Assessment District No. 1993-1 Improvement Bonds - Vineyard	265,517
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	86,665
Assessment District No. 1997-1 - Theater	<u>24,063</u>
	<u>\$1,156,855</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,790,302	\$	\$	\$ 7,790,302
Construction in progress	<u>6,246,978</u>	<u>1,505,510</u>	<u>7,697,873</u>	<u>54,615</u>
Total capital assets not being depreciated	<u>14,037,280</u>	<u>1,505,510</u>	<u>7,697,873</u>	<u>7,844,917</u>
Capital assets being depreciated:				
Roads and other infrastructure	90,870,648	4,669,882		95,540,530
Buildings and improvements	3,899,308	3,002,787		6,902,095
Machinery and equipment	<u>7,142,977</u>	<u>170,012</u>		<u>7,312,989</u>
Total capital assets being depreciated	<u>101,912,933</u>	<u>7,842,681</u>		<u>109,755,614</u>
Less accumulated depreciation for:				
Roads and other infrastructure	(55,403,772)	(1,961,280)		(57,365,052)
Buildings and improvements	(2,823,063)	(92,537)		(2,915,600)
Machinery and equipment	<u>(3,970,158)</u>	<u>(331,507)</u>		<u>(4,301,665)</u>
Total accumulated depreciation	<u>(62,196,993)</u>	<u>(2,385,324)</u>		<u>(64,582,317)</u>
Total capital assets being depreciated, net	<u>39,715,940</u>	<u>5,457,357</u>		<u>45,173,297</u>
Governmental activities capital assets, net	<u>\$ 53,753,220</u>	<u>\$ 6,962,867</u>	<u>\$7,697,873</u>	<u>\$ 53,018,214</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 264,882	\$	\$	\$ 264,882
Equipment	<u>3,515</u>			<u>3,515</u>
Total capital assets being depreciated	<u>268,397</u>			<u>268,397</u>
Less accumulated depreciation for:				
Buildings and improvements	(258,774)	(826)		(259,600)
Equipment	<u>(3,515)</u>			<u>(3,515)</u>
Total accumulated depreciation	<u>(262,289)</u>	<u>(826)</u>		<u>(263,115)</u>
Total capital assets being depreciated, net	<u>6,108</u>	<u>(826)</u>		<u>5,282</u>
Business-type activities capital assets, net	<u>\$ 6,108</u>	<u>\$ (826)</u>	<u>\$</u>	<u>\$ 5,282</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Depreciation was charged to functions as follows:

Governmental activities depreciation:	
General government	\$ 129,190
Public protection:	
Fire	96,939
Police	93,447
Public ways and facilities, including depreciation to general infrastructure assets	<u>2,065,748</u>
Total governmental activities depreciation expense	<u>\$2,385,324</u>
Business-type activities depreciation:	
Pioneer Village	\$ 826
Total business-type activities depreciation	<u>\$ 826</u>

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2014, consisted of the following:

Interfund Payables	Interfund Receivables	Amount	Purpose
Street Maintenance Fund	General	\$ 35,211	Short-term loans
Street Maintenance Fund	Nonmajor Capital Projects Funds	300,000	Short-term loans
Nonmajor Enterprise Funds	General	60,000	Short-term loans
Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	249,000	Short-term loans
Nonmajor Special Revenue Funds	General	21,365	Short-term loans
Nonmajor Capital Projects Funds	Nonmajor Capital Projects Funds	<u>4,000</u>	Short-term loans
		<u>\$669,576</u>	

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

Transfers To and From Other Funds

The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Transfers totaled \$8,063,878 in the fund financial statements as follows:

Transfers Out	Transfers In						Totals
	General	Street Maintenance Fund	PFA 1999A Reassessment Debt Service	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	
General	\$	\$	\$	\$	\$188,268	\$	\$ 188,268
Street Maintenance Fund				200,092			200,092
Street Measure "C"		303,928		16,193			320,121
Developmental Impact Sewer						100,000	100,000
Nonmajor Special Revenue Funds	1,130,060	709,477					1,839,537
Nonmajor Debt Service Funds			3,520,473		62,922		3,583,395
Nonmajor Capital Projects Funds	2,635					1,135,000	1,137,635
Proprietary	<u>601,866</u>	<u>32,122</u>			<u>60,842</u>		<u>694,830</u>
	<u>\$1,734,561</u>	<u>\$1,045,527</u>	<u>\$3,520,473</u>	<u>\$216,285</u>	<u>\$312,032</u>	<u>\$1,235,000</u>	<u>\$8,063,878</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

NOTE 7 – SHORT-TERM DEBT ACTIVITY

The City accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2014:

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014	Due Within One Year
Governmental activities:					
Revenue bonds – Authority	\$4,595,000	\$ 955,000	\$3,640,000	\$1,910,000	\$ 65,000
Revenue bonds – City	4,065,000		60,000	4,005,000	65,000
Notes	42,530		21,327	21,203	21,203
Capital leases	463,902		168,874	295,028	43,527
Compensated absences	550,509	194,250		744,759	
Total governmental activities	<u>\$9,716,941</u>	<u>\$1,149,250</u>	<u>\$3,890,201</u>	<u>\$6,975,990</u>	<u>\$194,730</u>
Business-type activities:					
Compensated absences	92,718		92,718		
Total business-type activities	<u>\$ 92,718</u>	<u>\$</u>	<u>\$ 92,718</u>	<u>\$</u>	<u>\$</u>

A summary of changes in bonds payable of the Authority for the year ended June 30, 2014 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2013	Issued	Retired	Outstanding June 30 2014
1994	4% - 7.25%	\$11,570,000	\$1,010,000	\$	\$ 55,000	\$ 955,000
1999-A	4.5% - 6.15%	8,165,000	3,585,000		3,585,000	
2014	3.25%	955,000		955,000		955,000
		<u>\$20,690,000</u>	<u>\$4,595,000</u>	<u>\$955,000</u>	<u>\$3,640,000</u>	<u>\$1,910,000</u>

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2014 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2013	Issued	Retired	Outstanding June 30 2014
2010-A	Various	<u>\$4,125,000</u>	<u>\$4,065,000</u>	<u>\$</u>	<u>\$60,000</u>	<u>\$4,005,000</u>
		<u>\$4,125,000</u>	<u>\$4,065,000</u>	<u>\$</u>	<u>\$60,000</u>	<u>\$4,005,000</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

1994 Revenue Bonds

On March 15, 1994, the Selma Public Finance Authority issued \$11,570,000 of Revenue Bonds to finance improvements for the City Hall of Selma, refunding of the City of Mount Shasta Assessment District No. 1989-1 Bond and other local agency obligations. The bonds have an interest rate of 7.00% and mature on September 15, 2023. The former Selma Redevelopment Agency is responsible for \$670,000 of the 1994 Revenue Bonds paid by the Selma Public Financing Authority. Bonds outstanding at January 31, 2012 were \$480,000 and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency. The balance outstanding at June 30, 2014 is \$435,000 and is held in the City's Successor Agency Private-Purpose Trust Fund. Bonds are payable annually at various amounts. The principal balance outstanding at June 30, 2014 is \$955,000.

1999-A Assessment Revenue Bonds

On September 2, 1999, the Selma Public Finance Authority issued \$8,165,000 of Assessment Revenue Bonds bearing interest at 4.40% to 6.15% payable semi-annually on March 2 and September 2 commencing March 2, 2000. The bonds mature annually at various amounts through September 2, 2023. The bonds are payable solely from revenues received by the Authority from the City with respect to the local obligations. The bond proceeds were used to refund certain outstanding Authority obligations, for funding a reserve account for the bonds and for paying the costs of issuance of the bonds. These Bonds were refinanced in June, 2014 and are considered defeased and the liability has been removed from the governmental long-term debt.

2010 Lease Revenue Refunding Bonds

On August 5, 2010 the Selma Public Finance Authority issued \$4,125,000 of Lease Revenue Bonds to provide funds to refinance a portion of the Authority's outstanding 2001 Variable Rate Demand Refunding Revenue Bonds, Series A, a portion of the Authority's outstanding 2004 Series A Refunding Bonds, fund a reserve fund for the Series 2010 Bonds, and to pay the costs incurred in connection with the cost of issuance.

The City has covenanted under the lease agreement to make all lease payments and to include all such payments in its annual budgets. The debt obligation is being recorded on the City's financial statements and thus not listed as part of the Public Finance Authority Long-Term Debt. The principal balance outstanding at June 30, 2014 is \$4,005,000.

All of the Authority's obligations with respect to the refunding Bonds (2001-A and 2004-A) have been fully discharged upon the issuance of the Series 2010 Bonds.

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

2014 Assessment Revenue Refunding Bonds

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

The Bonds are being issued to refinance the Authority's previously issued Series 1999A Assessment Revenue Bonds in the principal amount of \$8,165,000 of which \$955,000 remain outstanding at June 1, 2014. As a result the Series 1999A Assessment Revenue Bonds are considered defeased and the liability for this issue has been removed from the Long-Term Liabilities of the Governmental Activities Debt.

The aggregate debt service payments of the new debt are approximately \$125,000 less than the old debt. This issuance of the new debt resulted in an economic gain (the difference between the present value of the old debt and new debt payments of approximately \$(152,000).

1. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2014 are as follows:

Year Ending June 30,	Principal	Authority Governmental Activities Interest	Total
2015	\$ 65,000	\$ 99,756	\$ 164,756
2016	185,000	101,050	286,050
2017	195,000	91,313	286,313
2018	190,000	81,231	271,231
2019	195,000	61,626	256,626
2020-2024	<u>1,080,000</u>	<u>164,371</u>	<u>1,244,371</u>
Totals	<u>\$1,910,000</u>	<u>\$599,347</u>	<u>\$2,509,347</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Year Ending June 30,	Principal	City Governmental Activities Interest	Total
2015	\$ 65,000	\$ 274,038	\$ 339,038
2016	65,000	271,112	336,112
2017	70,000	267,375	337,375
2018	75,000	263,350	338,350
2019	80,000	259,038	339,038
2020-2024	470,000	1,214,487	1,684,487
2025-2029	655,000	1,027,600	1,682,600
2030-2034	920,000	763,700	1,683,700
3035-2039	1,290,000	393,400	1,683,400
2040-2041	<u>315,000</u>	<u>22,050</u>	<u>337,050</u>
Totals	<u>\$4,005,000</u>	<u>\$4,756,150</u>	<u>\$8,761,150</u>

2. Notes Payable

The outstanding notes payable of the City of Selma at June 30, 2014 is as follows:

Wal-Mart	<u>\$21,203</u>
	<u>\$21,203</u>

Debt Service Requirements

Debt service requirements on notes payable of the City at June 30, 2014, are as follows:

Year Ending June 30,	Principal	Governmental Activities Interest	Total
2015	<u>\$21,203</u>	<u>\$911</u>	<u>\$22,114</u>
Totals	<u>\$21,203</u>	<u>\$911</u>	<u>\$22,114</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2014 as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2015	\$ 57,865
2016	57,865
2017	57,865
2018	57,865
2019	57,865
2020	<u>57,865</u>
Total Minimum Leases	347,190
Less: Amount representing interest	<u>(52,162)</u>
Principal amount	<u>\$295,028</u>

4. Compensated Absences:

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

NOTE 9 – RISK MANAGEMENT

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

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.

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

	As of and for the Year Ended June 30, 2014
Total Assets	<u>\$80,694,798</u>
Total Liabilities	\$65,440,947
Total Net Assets	<u>15,253,851</u>
Total Liabilities and Net Assets	<u>\$80,694,798</u>
Total Revenues for the Year	\$33,835,296
Total Expenses for the Year	<u>34,466,854</u>
Change in Net Position	<u>\$ (631,558)</u>

NOTE 10 – PENSION PLAN

1. Plan Description

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

Funding Policy

City employees are required by state statute to contribute 8% for miscellaneous employees and 8% for safety employees of their annual covered salary. The City employer makes 3% of the contributions required of City employees on their behalf and for their account. The City employer is required to contribute for fiscal year 2013-2014 at an actuarially determined rate; the current rate is 25.695% for miscellaneous employees and 19.900% for safety employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2013-2014, the City's annual pension cost of \$1,470,214 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases range from 3.30% to 14.20% for miscellaneous employees and safety depending on age, service, and type of employment. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll. The amortization period at June 30, 2013 was 17 years for miscellaneous employees and 28 years for safety employees.

Three year trend information for PERS:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$1,332,003	100%	
June 30, 2013	1,452,174	100%	
June 30, 2014	1,470,214	100%	

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 70.2% funded for non-safety employees and 78.8% funded for safety employees. The actuarial accrued liability for benefits was \$17.2 million for non-safety, \$22.9 million for safety employees, and the actuarial value of assets was \$12 million for non-safety employees and \$18.1 million for safety employees, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.1 million for non-safety employees and \$48 million for safety employees. The covered payroll (annual payroll of active employees covered by the plan) was \$1.4 million for non-safety members and \$3.2 million for safety members, and the ratio of UAAL to the covered payroll was 359.1% and 147.9% respectively.

The schedule of funding progress as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF SELMA
Notes to Financial Statements
June 30, 2014
(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Commitments

The City entered into a contract with American Ambulance to provide ambulance service within the City of Selma and the surrounding area. Monthly payments under the contract, which expires on April 30, 2015, are \$83,333 per month.

Contingencies

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

Litigation

No reportable litigation was pending against the City at June 30, 2014.

NOTE 12 – POST RETIREMENT BENEFITS

The City allows its retirees who retire under provisions of a regular service retirement and who have stated years of service the opportunity to continue enrollment in the City's health insurance program until age 65. The retirees have the same choice of insurance plans as those of current employees. The retirees pay the full cost of the insurance premiums without cost to the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,127,000	\$ 7,127,000	\$ 7,341,078	\$ 214,078
Licenses and permits	389,680	389,680	292,195	(97,485)
Intergovernmental	42,100	42,100	70,500	28,400
Charges for services	313,275	313,275	281,912	(31,363)
Fines	2,500	2,500	15,114	12,614
Franchise fees	707,000	707,000	711,258	4,258
Revenue for use of money and property	32,600	32,600	31,093	(1,507)
Miscellaneous	<u>107,300</u>	<u>107,300</u>	<u>353,397</u>	<u>246,097</u>
Total revenues	<u>8,721,455</u>	<u>8,721,455</u>	<u>9,096,547</u>	<u>375,092</u>
Expenditures				
General government	1,433,651	1,433,651	1,923,137	(489,486)
Public safety	7,419,287	7,419,287	7,233,351	185,936
Public works	634,230	634,230	546,560	87,670
Community development	360,398	360,398	330,733	29,665
Recreation	329,053	329,053	312,212	16,841
Capital outlay			81,518	(81,518)
Debt service:				
Principal	22,993	22,993	132,415	(109,422)
Interest and fiscal charges	<u>7,784</u>	<u>7,784</u>	<u>12,904</u>	<u>(5,120)</u>
Total expenditures	<u>10,207,396</u>	<u>10,207,396</u>	<u>10,572,830</u>	<u>(365,434)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,485,941)	(1,485,941)	(1,476,283)	9,658
Other financing sources (uses)				
Operating transfers in	1,881,918	1,881,918	1,734,561	(147,357)
Operating transfers out			<u>(188,268)</u>	<u>(188,268)</u>
Total other financing sources (uses)	<u>1,881,918</u>	<u>1,881,918</u>	<u>1,546,293</u>	<u>(335,625)</u>
Change in fund balance	395,977	395,977	70,010	(325,967)
Fund balance, beginning of year	<u>841,428</u>	<u>841,428</u>	<u>841,428</u>	
Fund balance, end of year	<u>\$ 1,237,405</u>	<u>\$ 1,237,405</u>	<u>\$ 911,438</u>	<u>\$(325,967)</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street Maintenance Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 67,312	\$ 65,812
Charges for services	140,000	140,000	147,279	7,279
Miscellaneous	<u>600</u>	<u>600</u>	<u>2,196</u>	<u>1,596</u>
Total revenues	<u>142,100</u>	<u>142,100</u>	<u>216,787</u>	<u>74,687</u>
Expenditures				
Public Works	647,648	647,648	913,831	(266,183)
Capital outlay			21,506	(21,506)
Debt service:				
Principal	71,111	71,111	76,276	(5,165)
Interest and fiscal charges	<u>261,030</u>	<u>261,030</u>	<u>269,547</u>	<u>(8,517)</u>
Total expenditures	<u>979,789</u>	<u>979,789</u>	<u>1,281,160</u>	<u>(301,371)</u>
Excess (deficiency) of revenues over (under) expenditures	(837,689)	(837,689)	(1,064,373)	(226,684)
Other financing sources (uses)				
Operating transfers in	1,351,883	1,351,883	1,045,527	(306,356)
Operating transfers out	<u></u>	<u></u>	<u>(200,092)</u>	<u>(200,092)</u>
Total other financing sources (uses)	<u>1,351,883</u>	<u>1,351,883</u>	<u>845,435</u>	<u>(506,448)</u>
Net change in fund balance	514,194	514,194	(218,938)	(733,132)
Fund balance, beginning of year	<u>200,071</u>	<u>200,071</u>	<u>200,071</u>	<u></u>
Fund balance, end of year	<u>\$ 714,265</u>	<u>\$ 714,265</u>	<u>\$ (18,867)</u>	<u>\$(733,132)</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street Measure “C”
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 512,000	\$ 512,000	\$ 550,534	\$38,534
Revenue for the use of money and property			1,328	1,328
Total revenues	<u>512,000</u>	<u>\$ 512,000</u>	<u>551,862</u>	<u>39,862</u>
Expenditures				
Public Works				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	512,000	512,000	551,862	39,862
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	<u>(319,100)</u>	<u>(319,100)</u>	<u>(320,121)</u>	<u>(1,021)</u>
Total other financing sources (uses)	<u>(319,100)</u>	<u>(319,100)</u>	<u>(320,121)</u>	<u>(1,021)</u>
Net change in fund balance	192,900	192,900	231,741	38,841
Fund balance, beginning of year	<u>781,962</u>	<u>781,962</u>	<u>781,962</u>	
Fund balance, end of year	<u>\$ 974,862</u>	<u>\$ 974,862</u>	<u>\$1,013,703</u>	<u>\$38,841</u>

CITY OF SELMA
Required Supplementary Information
Schedule of Funding Progress PERS Information
For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)(c)
6/30/11						
Miscellaneous	\$11,066,256	\$15,968,472	\$4,902,216	69.3%	\$1,457,691	336.3%
Safety	16,223,208	20,703,591	4,480,383	78.4%	3,119,655	155.6%
6/30/12						
Miscellaneous	10,777,524	16,389,572	5,612,048	65.8%	1,357,183	413.5%
Safety	15,874,287	21,313,159	5,438,872	74.5%	2,981,691	182.4%
6/30/13						
Miscellaneous	12,060,435	17,186,592	5,126,157	70.2%	1,427,636	359.1%
Safety	18,091,899	22,946,075	4,854,176	78.8%	3,280,909	147.9%

On June 30, 2013, CALPers changed these amortization and rate smoothing policies. Also, all pooled plans are combined into two active risk pools, one for all miscellaneous groups and one for all safety groups.

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$1,017,771	\$ 71,506	\$1,311,535	\$2,400,812
Cash with fiscal agent		194,859		194,859
Accounts receivable	986		1,642	2,628
Interfund receivable			553,000	553,000
Due from other agencies	188,644	52		188,696
Deposits			450,000	450,000
Total assets	<u>\$1,207,401</u>	<u>\$266,417</u>	<u>\$2,316,177</u>	<u>\$3,789,995</u>
Liabilities				
Accounts payable	\$ 1,974	\$ 40,053	\$ 3,347	\$ 45,374
Accrued wages/benefits	29,992			29,992
Interfund payable	<u>270,365</u>		<u>4,000</u>	<u>274,365</u>
Total liabilities	<u>302,331</u>	<u>40,053</u>	<u>7,347</u>	<u>349,731</u>
Fund balance				
Restricted for:				
Streets and roads	741,205		750,082	1,491,287
Public safety	115,167			115,167
Community development	57,442			57,442
Debt service		231,796		231,796
Capital projects			1,118,749	1,118,749
Committed for:				
Community development	605			605
Recreation	3,951			3,951
Capital projects			347,336	347,336
Assigned for:				
Community development	20,240			20,240
Equipment replacement			94,490	94,490
Unassigned	<u>(33,540)</u>	<u>(5,432)</u>	<u>(1,827)</u>	<u>(40,799)</u>
Total fund balance	<u>905,070</u>	<u>226,364</u>	<u>2,308,830</u>	<u>3,440,264</u>
Total liabilities and fund balance	<u>\$1,207,401</u>	<u>\$266,417</u>	<u>\$2,316,177</u>	<u>\$3,789,995</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,028,097	\$	\$	\$ 2,028,097
Intergovernmental	1,081,735			1,081,735
Charges for services	7,656		67,109	74,765
Fines	86,371			86,371
Revenue for use of money and property	1,012	453		1,465
Assessment payments		2,117,792		2,117,792
Miscellaneous	<u>87,402</u>	<u>3,163</u>	<u>532,578</u>	<u>623,143</u>
Total revenues	<u>3,292,273</u>	<u>2,121,408</u>	<u>599,687</u>	<u>6,013,368</u>
Expenditures				
General government	37,542	249,766		287,308
Public safety	729,307		44,420	773,727
Public works	219,680			219,680
Community development	50,756		18,419	69,175
Capital outlay	356,428		1,245,203	1,601,631
Debt service:				
Principal	41,510	30,000		71,510
Interest and fiscal charges	<u>16,355</u>	<u>30,840</u>		<u>47,195</u>
Total expenditures	<u>1,451,578</u>	<u>310,606</u>	<u>1,308,042</u>	<u>3,070,226</u>
Excess (deficiency) of revenues over (under) expenditures	1,840,695	1,810,802	(708,355)	2,943,142
Other financing sources (uses)				
Bond proceeds		955,000		955,000
Operating transfers in	216,285	312,032	1,235,000	1,763,317
Operating transfers out	<u>(1,839,537)</u>	<u>(3,583,395)</u>	<u>(1,137,635)</u>	<u>(6,560,567)</u>
Total other financing sources (uses)	<u>(1,623,252)</u>	<u>(2,316,363)</u>	<u>97,365</u>	<u>(3,842,250)</u>
Net change in fund balance	217,443	(505,561)	(610,990)	(899,108)
Fund balance, beginning of year	<u>687,627</u>	<u>731,925</u>	<u>2,919,820</u>	<u>4,339,372</u>
Fund balance, end of year	<u>\$ 905,070</u>	<u>\$ 226,364</u>	<u>\$2,308,830</u>	<u>\$ 3,440,264</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2014

	<u>Traffic Safety</u>	<u>Redevelopment Administration</u>	<u>Public Safety</u>	<u>Traffic Congestion Relief Grant</u>	<u>AB 1913 Grant</u>	<u>Street Gas Tax</u>	<u>Street LTF</u>
Assets							
Cash and investments	\$14,150	\$22,002	\$432	\$472,015	\$55,863	\$14	\$200,175
Accounts receivable							
Due from other agencies							
Total assets	<u>14,150</u>	<u>22,002</u>	<u>432</u>	<u>472,015</u>	<u>55,863</u>	<u>14</u>	<u>200,175</u>
Liabilities							
Accounts payable							
Accrued wages/benefits		1,762			4,208		
Due to other funds							
Total liabilities		<u>1,762</u>			<u>4,208</u>		
Fund balance							
Restricted for:							
Streets and roads	14,150		432	472,015	51,655	14	200,175
Public safety							
Community development							
Committed for:							
Community development							
Recreation							
Assigned for:							
Community development		20,240					
Unassigned							
Total fund balance	<u>14,150</u>	<u>20,240</u>	<u>432</u>	<u>472,015</u>	<u>51,655</u>	<u>14</u>	<u>200,175</u>
Total liabilities and fund balance	<u>\$14,150</u>	<u>\$22,002</u>	<u>\$432</u>	<u>\$472,015</u>	<u>\$55,863</u>	<u>\$14</u>	<u>\$200,175</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2014

	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant	Safe Routes to Schools Grant	Avoid Grant
Assets						
Cash and investments	\$10,121	\$39,138	\$	\$30,063	\$54,358	\$50,000
Accounts receivable						
Due from other agencies		9,112				
Total assets	<u>10,121</u>	<u>48,250</u>	<u></u>	<u>30,063</u>	<u>54,358</u>	<u>50,000</u>
Liabilities						
Accounts payable	800			800		
Accrued wages/benefits	4,557					
Due to other funds	2,000		26,256		55,000	50,000
Total liabilities	<u>7,357</u>	<u></u>	<u>26,256</u>	<u>800</u>	<u>55,000</u>	<u>50,000</u>
Fund balance						
Restricted for:						
Streets and roads	2,764					
Public safety		48,250				
Community development				29,263		
Committed for:						
Community development						
Recreation						
Assigned for:						
Community development						
Unassigned			(26,256)		(642)	
Total fund balance	<u>2,764</u>	<u>48,250</u>	<u>(26,256)</u>	<u>29,263</u>	<u>(642)</u>	<u></u>
Total liabilities and fund balance	<u>\$10,121</u>	<u>\$48,250</u>	<u>\$</u>	<u>\$30,063</u>	<u>\$54,358</u>	<u>\$50,000</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2014

	T-21 Project Grant	FEMA Grant	Sobriety Checkpoint Grant	SAFER Fire Grant	Homeland Security Fire Grant	Small Business Support Center	DOJ Byrnes Grant
Assets							
Cash and investments	\$	\$479	\$ 3,935	\$ 4,451	\$ 14 986	\$605	\$1,902
Accounts receivable							
Due from other agencies			<u>6,065</u>	<u>117,529</u>			<u>4,888</u>
Total assets	<u> </u>	<u>479</u>	<u>10,000</u>	<u>121,980</u>	<u>1,000</u>	<u>605</u>	<u>6,790</u>
Liabilities							
Accounts payable							
Accrued wages/benefits				8,513			
Due to other funds	<u>109</u>		<u>10,000</u>	<u>120,000</u>	<u>1,000</u>		<u>6,000</u>
Total liabilities	<u>109</u>		<u>10,000</u>	<u>128,513</u>	<u>1,000</u>		<u>6,000</u>
Fund balance							
Restricted for:							
Streets and roads							
Public safety							790
Community development		479					
Committed for:							
Community development						605	
Recreation							
Assigned for:							
Community development							
Unassigned	<u>(109)</u>			<u>(6,533)</u>			
Total fund balance	<u>(109)</u>	<u>479</u>		<u>(6,533)</u>		<u>605</u>	<u>790</u>
Total liabilities and fund balance	<u>\$</u>	<u>\$479</u>	<u>\$10,000</u>	<u>\$121,980</u>	<u>\$1,000</u>	<u>\$605</u>	<u>\$6,790</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2014

	Foreclosed Homes Project	Sports Hall of Fame	State Asset Forfeiture Fund	CHRP Grant	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Assets						
Cash and investments	\$27,700	\$3,951	\$930	\$381	\$25,092	\$1,017,771
Accounts receivable						986
Due from other agencies					51,050	188,644
Total assets	<u>27,700</u>	<u>3,951</u>	<u>930</u>	<u>381</u>	<u>76,142</u>	<u>1,207,401</u>
Liabilities						
Accounts payable					374	1,974
Accrued wages/benefits				381	10,571	29,992
Due to other funds						270,365
Total liabilities				<u>381</u>	<u>10,945</u>	<u>302,331</u>
Fund balance						
Restricted for:						
Streets and roads						741,205
Public safety			930		65,197	115,167
Community development	27,700					57,442
Committed for:						
Community development						605
Recreation		3,951				3,951
Assigned for:						
Community development						20,240
Unassigned						(33,540)
Total fund balance	<u>27,700</u>	<u>3,951</u>	<u>930</u>		<u>65,197</u>	<u>905,070</u>
Total liabilities and fund balance	<u>\$27,700</u>	<u>\$3,951</u>	<u>\$930</u>	<u>\$381</u>	<u>\$76,142</u>	<u>\$1,207,401</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Traffic Safety	Successor Agency Administration	Public Safety	Traffic Congestion Relief Grant	AB 1913 Grant	Street Gas Tax	Street LTF
Revenues							
Taxes	\$	\$	\$	\$	\$	\$ 394,520	\$
Intergovernmental					90,000		
Charges for services							
Fines	44,613						
Revenue for use of money and property				915		14	83
Miscellaneous		46,789	40,613				
Total revenues	<u>44,613</u>	<u>46,789</u>	<u>40,613</u>	<u>915</u>	<u>90,000</u>	<u>394,534</u>	<u>83</u>
Expenditures							
General government							
Public safety					85,310		
Public works							
Community development		48,551					
Capital outlay							
Debt service:							
Principal							
Interest and fiscal charges							
Total expenditures		<u>48,551</u>			<u>85,310</u>		
Excess (deficiency) of revenues over (under) expenditures	44,613	(1,762)	40,613	915	4,690	394,534	83
Other financing sources (uses)							
Operating transfers in							200,092
Operating transfers out	(44,613)		(40,613)			(394,520)	
Total other financing sources (uses)	<u>(44,613)</u>		<u>(40,613)</u>			<u>(394,520)</u>	<u>200,092</u>
Net change in fund balance		(1,762)		915	4,690	14	200,175
Fund balance, beginning of year	<u>14,150</u>	<u>22,002</u>	<u>432</u>	<u>471,100</u>	<u>46,965</u>		
Fund balance, end of year	<u>\$ 14,150</u>	<u>\$20,240</u>	<u>\$ 432</u>	<u>\$472,015</u>	<u>\$51,655</u>	<u>\$ 14</u>	<u>\$ 200,175</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Reg Safe Transportation Program (RSTP)	Street HUTA Fund	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant	Safe Routes to School Grant
Revenues							
Taxes	\$	\$	\$198,309	\$	\$	\$	\$
Intergovernmental	26,250	314,957			221,724	6,643	145,903
Charges for services							
Fines				41,758			
Revenue for use of money and property							
Miscellaneous							
Total revenues	<u>26,250</u>	<u>314,957</u>	<u>198,309</u>	<u>41,758</u>	<u>221,724</u>	<u>6,643</u>	<u>145,903</u>
Expenditures							
General government				28,004		8,688	
Public safety							56,568
Public works			193,309		26,371		
Community development							
Capital outlay	26,250				221,609		108,569
Debt service:							
Principal							
Interest and fiscal charges							
Total expenditures	<u>26,250</u>	<u> </u>	<u>193,309</u>	<u>28,004</u>	<u>247,980</u>	<u>8,688</u>	<u>165,137</u>
Excess (deficiency) of revenues over (under) expenditures		314,957	5,000	13,754	(26,256)	(2,045)	(19,234)
Other financing sources (uses)							
Operating transfers in							16,193
Operating transfers out		(314,957)					
Total other financing sources (uses)		<u>(314,957)</u>					<u>16,193</u>
Net change in fund balance			5,000	13,754	(26,256)	(2,045)	(3,041)
Fund balance, beginning of year			(2,236)	34,496		31,308	2,399
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 2,764</u>	<u>\$48,250</u>	<u>\$ (26,256)</u>	<u>\$29,263</u>	<u>\$ (642)</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Avoid Grant	T-21 Project Grant	FEMA Grant	Sobriety Check Point Grant	SAFER Fire Grant	Homeland Security Fire Grant	Small Business Support Center
Revenues							
Taxes	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	5,713			23,472	215,067	7,500	
Charges for services							
Fines							
Revenue for use of money and property							
Miscellaneous							
Total revenues	<u>5,713</u>	<u>—</u>	<u>—</u>	<u>23,472</u>	<u>215,067</u>	<u>7,500</u>	<u>—</u>
Expenditures							
General government							
Public safety	5,713			23,472	228,192	7,500	
Public works							
Community development							
Capital outlay							
Debt service:							
Principal							
Interest and fiscal charges							
Total expenditures	<u>5,713</u>	<u>—</u>	<u>—</u>	<u>23,472</u>	<u>228,192</u>	<u>7,500</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures					(13,125)		
Other financing sources (uses)							
Operating transfers in							
Operating transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance					(13,125)		
Fund balance, beginning of year	<u>—</u>	<u>(109)</u>	<u>479</u>	<u>—</u>	<u>6,592</u>	<u>—</u>	<u>605</u>
Fund balance, end of year	<u>\$</u>	<u>\$(109)</u>	<u>\$479</u>	<u>\$</u>	<u>\$ (6,533)</u>	<u>\$</u>	<u>\$605</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	DOJ Byrnes Grant	Grip Grant	Foreclosed Homes Project	Sports Hall of Fame	State Asset Forfeiture Fund	Citizen's Tax Initiative	Total Nonmajor Special Revenue Funds
Revenues							
Taxes	\$	\$	\$	\$	\$	\$ 1,435,268	\$ 2,028,097
Intergovernmental	11,444	13,062					1,081,735
Charges for services			4,200	3,456			7,656
Fines							86,371
Revenue for use of money and property							1,012
Miscellaneous							87,402
Total revenues	<u>11,444</u>	<u>13,062</u>	<u>4,200</u>	<u>3,456</u>	<u>—</u>	<u>1,435,268</u>	<u>3,292,273</u>
Expenditures							
General government			850				37,542
Public safety	11,396					311,156	729,307
Public works							219,680
Community development				2,205			50,756
Capital outlay							356,428
Debt service:							
Principal						41,510	41,510
Interest and fiscal charges						<u>16,355</u>	<u>16,355</u>
Total expenditures	<u>11,396</u>	<u>—</u>	<u>850</u>	<u>2,205</u>	<u>—</u>	<u>369,021</u>	<u>1,451,578</u>
Excess (deficiency) of revenues over (under) expenditures	48	13,062	3,350	1,251		1,066,247	1,840,695
Other financing sources (uses)							
Operating transfers in							216,285
Operating transfers out		(18,834)				(1,026,000)	(1,839,537)
Total other financing sources (uses)		<u>(18,834)</u>				<u>(1,026,000)</u>	<u>(1,623,252)</u>
Net change in fund balance	48	(5,772)	3,350	1,251		40,247	217,443
Fund balance, beginning of year	<u>742</u>	<u>5,772</u>	<u>24,350</u>	<u>2,700</u>	<u>930</u>	<u>24,950</u>	<u>687,627</u>
Fund balance, end of year	<u>\$ 790</u>	<u>\$</u>	<u>\$27,700</u>	<u>\$3,951</u>	<u>\$930</u>	<u>\$ 65,197</u>	<u>\$ 905,070</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2014

	1994 Debt Service	Assessment 91-2 Highland Debt Service	Assessment 91-2 Watermain Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Assets					
Cash and investments	\$ 36,937	\$ 2,175	\$32,394	\$	\$ 71,506
Cash with fiscal agent	154,112			40,747	194,859
Due from other agencies		<u>52</u>			<u>52</u>
Total assets	<u>191,049</u>	<u>2,227</u>	<u>32,394</u>	<u>40,747</u>	<u>266,417</u>
Liabilities					
Accounts payable		<u>7,659</u>	<u>32,394</u>		<u>40,053</u>
Total liabilities		<u>7,659</u>	<u>32,394</u>		<u>40,053</u>
Fund balance					
Restricted for:					
Debt service	191,049			40,747	231,796
Unassigned		<u>(5,432)</u>			<u>(5,432)</u>
Total fund balance	<u>191,049</u>	<u>(5,432)</u>		<u>40,747</u>	<u>226,364</u>
Total liabilities and fund balance	<u>\$191,049</u>	<u>\$ 2,227</u>	<u>\$32,394</u>	<u>\$40,747</u>	<u>\$266,417</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2014

	1994 Debt Service	PFA Hotel Debt Service	Assessment 91-2 Highland Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service	Assessment 91-2 Watermain Debt Service
Revenues						
Revenue for use of money and property	\$ 453	\$	\$	\$	\$	\$
Miscellaneous revenue		3,163				
Assessment Payments			<u>312,818</u>	<u>25,142</u>	<u>24,385</u>	<u>43,223</u>
Total revenues	<u>453</u>	<u>3,163</u>	<u>312,818</u>	<u>25,142</u>	<u>24,385</u>	<u>43,223</u>
Expenditures						
General government	1,204		6,411	1,543	2,010	960
Debt Service:						
Principal	30,000					
Interest and fiscal charges	<u>30,840</u>					
Total expenditures	<u>62,044</u>		<u>6,411</u>	<u>1,543</u>	<u>2,010</u>	<u>960</u>
Excess (deficiency) of revenues over (under) expenditures	(61,591)	3,163	306,407	23,599	22,375	42,263
Other financing sources (uses)						
Bond proceeds						
Operating transfers in	98,981		25,508		14,054	
Operating transfers out			<u>(474,153)</u>	<u>(78,364)</u>	<u>(64,637)</u>	<u>(118,945)</u>
Total other financing sources (uses)	<u>98,981</u>		<u>(448,645)</u>	<u>(78,364)</u>	<u>(50,583)</u>	<u>(118,945)</u>
Net change in fund balance	37,390	3,163	(142,238)	(54,765)	(28,208)	(76,682)
Fund balance, beginning of year	<u>153,659</u>	<u>(3,163)</u>	<u>136,806</u>	<u>54,765</u>	<u>28,208</u>	<u>76,682</u>
Fund balance, end of year	<u>\$191,049</u>	<u>\$</u>	<u>\$ (5,432)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2014

	Assessment 91-2 Stillman Debt Service	Assessment 91-2 Peasoup Debt Service	Assessment 93-1 Briarwood/ Vineyard Debt Service	Assessment Theater Debt Service	PFA 2004 A-B Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Revenues							
Revenue for use of money and property	\$	\$	\$	\$	\$	\$	\$ 453
Miscellaneous revenue							3,163
Assessment Payments	<u>195,159</u>	<u>1,464,336</u>	<u>39,243</u>	<u>13,486</u>	<u> </u>	<u> </u>	<u>2,117,792</u>
Total revenues	<u>195,159</u>	<u>1,464,336</u>	<u>39,243</u>	<u>13,486</u>	<u> </u>	<u> </u>	<u>2,121,408</u>
Expenditures							
General government	3,644	22,528	761	76,455		134,250	249,766
Debt Service:							
Principal							30,000
Interest and fiscal charges	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>30,840</u>
Total expenditures	<u>3,644</u>	<u>22,528</u>	<u>761</u>	<u>76,455</u>	<u> </u>	<u>134,250</u>	<u>310,606</u>
Excess (deficiency) of revenues over (under) expenditures	191,515	1,441,808	38,482	(62,969)		(134,250)	1,810,802
Other financing sources (uses)							
Bond proceeds						955,000	955,000
Operating transfers in	21,967	39,546		111,976			312,032
Operating transfers out	<u>(213,482)</u>	<u>(1,608,791)</u>	<u>(97,906)</u>	<u>(108,973)</u>	<u>(38,141)</u>	<u>(780,003)</u>	<u>(3,583,395)</u>
Total other financing sources (uses)	<u>(191,515)</u>	<u>(1,569,245)</u>	<u>(97,906)</u>	<u>3,003</u>	<u>(38,141)</u>	<u>174,997</u>	<u>(2,316,363)</u>
Net change in fund balance		(127,437)	(59,424)	(59,966)	(38,141)	40,747	(505,561)
Fund balance, beginning of year	<u> </u>	<u>127,437</u>	<u>59,424</u>	<u>59,966</u>	<u>38,141</u>	<u> </u>	<u>731,925</u>
Fund balance, end of year	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ 40,747</u>	<u>\$ 226,364</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2014

	Reserve	Equipment Replacement	Development Impact Streets & Traffic	Development Impact Police Facility	Development Impact Fire Facility	Developmental Impact City Facilities	Developmental Impact Storm Drain
Assets							
Cash and investments	\$693	\$93,797	\$306,690	\$111,516	\$131,707	\$ 76,271	\$28,885
Accounts receivable							
Interfund receivables			300,000	6,000	120,000	127,000	
Deposits							
Total assets	<u>693</u>	<u>93,797</u>	<u>606,690</u>	<u>117,516</u>	<u>251,707</u>	<u>203,271</u>	<u>28,885</u>
Liabilities							
Accounts payable							
Interfund payable							
Total liabilities							
Fund balance							
Restricted for:							
Streets and roads			606,690				
Capital projects				117,516	251,707	203,271	28,885
Committed for:							
Capital projects							
Assigned for:							
Equipment replacement	693	93,797					
Unassigned							
Total fund balance	<u>693</u>	<u>93,797</u>	<u>606,690</u>	<u>117,516</u>	<u>251,707</u>	<u>203,271</u>	<u>28,885</u>
Total liabilities and fund balance	<u>\$693</u>	<u>\$93,797</u>	<u>\$606,690</u>	<u>\$117,516</u>	<u>\$251,707</u>	<u>\$203,271</u>	<u>\$28,885</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2014

	Developmental Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Construction 97-2 Theater	City Hall Construction	Northeast Plan Project	South Selma Specific Plan Project
Assets							
Cash and investments	\$ 6,693	\$13,664	\$60,677	\$70	\$19,764	\$80,722	\$11,342
Accounts receivable							
Interfund receivables							
Deposits	<u>450,000</u>						
Total assets	<u>456,693</u>	<u>13,664</u>	<u>60,677</u>	<u>70</u>	<u>19,764</u>	<u>80,722</u>	<u>11,342</u>
Liabilities							
Accounts payable							
Interfund payable							
Total liabilities							
Fund balance							
Restricted for:							
Streets and roads							
Capital projects	456,693		60,677				
Committed for:							
Capital projects		13,664		70	19,764	80,722	11,342
Assigned for:							
Equipment replacement							
Unassigned							
Total fund balance	<u>456,693</u>	<u>13,664</u>	<u>60,677</u>	<u>70</u>	<u>19,764</u>	<u>80,722</u>	<u>11,342</u>
Total liabilities and fund balance	<u>\$456,693</u>	<u>\$13,664</u>	<u>\$60,677</u>	<u>\$70</u>	<u>\$19,764</u>	<u>\$80,722</u>	<u>\$11,342</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2014

	Amberwood Project	Tutelian Project	Selma Crossing Project	Brandywine Project	WalMart EIR	Caltrans Mitigation Fund	Cultural Arts Construction Fund	Total Nonmajor Capital Projects Funds
Assets								
Cash and investments	\$29,951	\$ 358	\$253	\$ 173	\$129,401	\$143,392	\$65,516	\$1,311,535
Accounts receivable		1,642						1,642
Interfund receivables								553,000
Deposits								450,000
Total assets	<u>\$29,951</u>	<u>\$2,000</u>	<u>\$253</u>	<u>\$ 173</u>	<u>\$129,401</u>	<u>\$143,392</u>	<u>\$65,516</u>	<u>\$2,316,177</u>
Liabilities								
Accounts payable	3,347							3,347
Interfund payable		2,000		2,000				4,000
Total liabilities	<u>3,347</u>	<u>2,000</u>	<u></u>	<u>2,000</u>	<u></u>	<u></u>	<u></u>	<u>7,347</u>
Fund balance								
Restricted for:								
Streets and roads						143,392		750,082
Capital projects								1,118,749
Committed for:								
Capital projects	26,604		253		129,401		65,516	347,336
Assigned for:								
Equipment replacement								94,490
Unassigned				(1,827)				(1,827)
Total fund balance	<u>26,604</u>	<u></u>	<u>253</u>	<u>(1,827)</u>	<u>129,401</u>	<u>143,392</u>	<u>65,516</u>	<u>2,308,830</u>
Total liabilities and fund balance	<u>\$29,951</u>	<u>\$2,000</u>	<u>\$253</u>	<u>\$ 173</u>	<u>\$129,401</u>	<u>\$143,392</u>	<u>\$65,516</u>	<u>\$2,316,177</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2014

	Reserve	Equipment Replacement	Developmental Impact Streets & Traffic	Development Impact Police Facility	Development Impact Fire Facility	Developmental Impact City Facilities	Developmental Impact Storm Drain
Revenues							
Charges for services	\$	\$	\$ 17,918	\$ 4,609	\$ 5,241	\$ 14,017	\$ 19,140
Miscellaneous	—	<u>20,000</u>	—	—	—	—	—
Total revenues	—	<u>20,000</u>	<u>17,918</u>	<u>4,609</u>	<u>5,241</u>	<u>14,017</u>	<u>19,140</u>
Expenditures							
Public safety				44,420			
Community development							
Capital outlay	—	—	—	—	—	—	—
Total expenditures	—	—	—	<u>44,420</u>	—	—	—
Excess (deficiency) of revenues over (under) expenditures		20,000	17,918	(39,811)	5,241	14,017	19,140
Other financing sources (uses)							
Operating transfers in							270,000
Operating transfers out	—	<u>(135,000)</u>	<u>(510,000)</u>	—	—	<u>(490,000)</u>	—
Total other financing sources (uses)	—	<u>(135,000)</u>	<u>(510,000)</u>	—	—	<u>(490,000)</u>	<u>270,000</u>
Net change in fund balance		(115,000)	(492,082)	(39,811)	5,241	(475,983)	289,140
Fund balance, beginning of year	<u>693</u>	<u>208,797</u>	<u>1,098,772</u>	<u>157,327</u>	<u>246,466</u>	<u>679,254</u>	<u>(260,255)</u>
Fund balance, end of year	<u>\$693</u>	<u>\$ 93,797</u>	<u>\$ 606,690</u>	<u>\$117,516</u>	<u>\$251,707</u>	<u>\$203,271</u>	<u>\$ 28,885</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2014

	Developmental Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Construction 97-2 Theater	City Hall Construction	Northeast Plan Project	South Selma Specific Plan Project
Revenues							
Charges for services	\$	\$ 6,184	\$	\$	\$	\$	\$
Miscellaneous	_____	_____	_____	_____	_____	_____	_____
Total revenues	_____	<u>6,184</u>	_____	_____	_____	_____	_____
Expenditures							
Public safety							
Community development							
Capital outlay	_____	_____	_____	_____	_____	_____	_____
Total expenditures	_____	_____	_____	_____	_____	_____	_____
Excess (deficiency) of revenues over (under) expenditures		6,184					
Other financing sources (uses)							
Operating transfers in		290,000				450,000	90,000
Operating transfers out	<u>(2,635)</u>	_____	_____	_____	_____	_____	_____
Total other financing sources (uses)	<u>(2,635)</u>	<u>290,000</u>	_____	_____	_____	<u>450,000</u>	<u>90,000</u>
Net change in fund balance	(2,635)	296,184				450,000	90,000
Fund balance, beginning of year	<u>459,328</u>	<u>(282,520)</u>	<u>60,677</u>	<u>70</u>	<u>19,764</u>	<u>(369,278)</u>	<u>(78,658)</u>
Fund balance, end of year	<u>\$456,693</u>	<u>\$ 13,664</u>	<u>\$60,677</u>	<u>\$70</u>	<u>\$19,764</u>	<u>\$ 80,722</u>	<u>\$ 11,342</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2014

	Amberwood Project	Selma Crossing Project	Brandywine Project	WalMart EIR	Caltrans Mitigation Fund	Cultural Arts Construction Fund	Total Nonmajor Capital Projects Funds
Revenues							
Charges for services	\$	\$	\$	\$	\$	\$	\$ 67,109
Miscellaneous		<u>2,283</u>				<u>510,295</u>	<u>532,578</u>
Total revenues		<u>2,283</u>				<u>510,295</u>	<u>599,687</u>
Expenditures							
Public safety							44,420
Community development		2,030	3,272			13,117	18,419
Capital outlay						<u>1,245,203</u>	<u>1,245,203</u>
Total expenditures		<u>2,030</u>	<u>3,272</u>			<u>1,258,320</u>	<u>1,308,042</u>
Excess (deficiency) of revenues over (under) expenditures		253	(3,272)			(748,025)	(708,355)
Other financing sources (uses)							
Operating transfers in						135,000	1,235,000
Operating transfers out							<u>(1,137,635)</u>
Total other financing sources (uses)						<u>135,000</u>	<u>97,365</u>
Net change in fund balance		253	(3,272)			(613,025)	(610,990)
Fund balance, beginning of year	<u>26,604</u>		<u>1,445</u>	<u>129,401</u>	<u>143,392</u>	<u>678,541</u>	<u>2,919,820</u>
Fund balance, end of year	<u>\$26,604</u>	<u>\$ 253</u>	<u>\$(1,827)</u>	<u>\$129,401</u>	<u>\$143,392</u>	<u>\$ 65,516</u>	<u>\$2,308,830</u>

CITY OF SELMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
	<hr/>	<hr/>	<hr/>
Assets			
Current assets			
Cash and investments	\$ 199,682	\$ 11,794	\$ 211,476
Total current assets	<u>199,682</u>	<u>11,794</u>	<u>211,476</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	264,882	3,515	268,397
Less: accumulated depreciation	<u>(259,600)</u>	<u>(3,515)</u>	<u>(263,115)</u>
Total noncurrent assets	<u>5,282</u>	<u> </u>	<u>5,282</u>
Total assets	<u>\$ 204,964</u>	<u>\$ 11,794</u>	<u>\$ 216,758</u>
Liabilities			
Current liabilities:			
Accounts payable	\$	\$ 2,477	\$ 2,477
Accrued wages/benefits		691	691
Other liabilities	1,409	180	1,589
Interfund payables	<u> </u>	<u>60,000</u>	<u>60,000</u>
Total liabilities	<u>1,409</u>	<u>63,348</u>	<u>64,757</u>
Net position			
Invested in capital assets, net of related debt	5,282		5,282
Unrestricted	<u>198,273</u>	<u>(51,554)</u>	<u>146,719</u>
Total net position	<u>203,555</u>	<u>(51,554)</u>	<u>152,001</u>
Total liabilities and net position	<u>\$ 204,964</u>	<u>\$ 11,794</u>	<u>\$ 216,758</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 4,666	\$ 58,627	\$ 63,293
Rents	14,679	19,029	33,708
Miscellaneous	<u>2,887</u>	<u>3,186</u>	<u>6,073</u>
Total operating revenues	<u>22,232</u>	<u>80,842</u>	<u>103,074</u>
Operating Expenses			
Personnel services		15,886	15,886
Services and supplies	5,538	34,632	40,170
Other internal services	14,317	27,999	42,316
Depreciation	<u>826</u>	<u> </u>	<u>826</u>
Total operating expenses	<u>20,681</u>	<u>78,517</u>	<u>99,198</u>
Operating income	<u>1,551</u>	<u>2,325</u>	<u>3,876</u>
Changes in net position	1,551	2,235	3,876
Net position (deficit), beginning of year	<u>202,004</u>	<u>(53,879)</u>	<u>148,125</u>
Net position (deficit), end of year	<u>\$203,555</u>	<u>\$(51,554)</u>	<u>\$152,001</u>

CITY OF SELMA
Combining Statement of Net Position –
Internal Service Funds
June 30, 2014

	<u>Insurance</u>	<u>Fleet Management</u>	<u>Building & Utility</u>	<u>General Overhead</u>	<u>Information Processing</u>	<u>Total Internal Service Funds</u>
Assets						
Current assets:						
Cash and investments	\$ 8,336	\$109,546	\$87,742	\$47,710	\$14,236	\$267,570
Accounts receivable	<u>45,955</u>	<u> </u>	<u>2,603</u>	<u> </u>	<u>13,041</u>	<u>61,599</u>
Total assets	<u>\$54,291</u>	<u>\$109,546</u>	<u>\$90,345</u>	<u>\$47,710</u>	<u>\$27,277</u>	<u>\$329,169</u>
Liabilities						
Current liabilities:						
Accounts payable	\$16,284	\$ 20,862	\$86,665	\$ 125	\$21,078	\$145,014
Accrued wages/benefits		3,560	2,292	1,277	3,242	10,371
Due to Selma Successor Agency				<u>44,790</u>		<u>44,790</u>
Total liabilities	<u>16,284</u>	<u>24,422</u>	<u>88,957</u>	<u>46,192</u>	<u>24,320</u>	<u>200,175</u>
Net position:						
Unrestricted	<u>38,007</u>	<u>85,124</u>	<u>1,388</u>	<u>1,518</u>	<u>2,957</u>	<u>128,994</u>
Total net position	<u>38,007</u>	<u>85,124</u>	<u>1,388</u>	<u>1,518</u>	<u>2,957</u>	<u>128,994</u>
 Total liabilities and net position	<u>\$54,291</u>	<u>\$109,546</u>	<u>\$90,345</u>	<u>\$47,710</u>	<u>\$27,277</u>	<u>\$329,169</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position–
Internal Service Funds
For the Year Ended June 30, 2014

	Insurance	Fleet Management	Building & Utility	General Overhead	Information Processing	Total Internal Service Funds
Operating Revenues						
Charges for services	<u>\$2,072,382</u>	<u>\$625,627</u>	<u>\$843,933</u>	<u>\$147,394</u>	<u>\$363,947</u>	<u>\$4,053,283</u>
Total operating revenues	<u>2,072,382</u>	<u>625,627</u>	<u>843,933</u>	<u>147,394</u>	<u>363,947</u>	<u>4,053,283</u>
Operating Expenses						
Personnel services		88,438	54,812	33,186	83,780	260,216
Services and supplies		472,301	110,435	28,631	226,751	838,118
Other internal services	<u>1,876,317</u>	<u>55,978</u>	<u>671,247</u>	<u>24,962</u>	<u>36,053</u>	<u>2,664,557</u>
Total operating expenses	<u>1,876,317</u>	<u>616,717</u>	<u>836,494</u>	<u>86,779</u>	<u>346,584</u>	<u>3,762,891</u>
Operating income (loss)	196,065	8,910	7,439	60,615	17,363	290,392
Transfers						
Transfers out	<u> </u>	<u>(10,494)</u>	<u>(1,962)</u>	<u>(60,840)</u>	<u>(5,232)</u>	<u>(78,528)</u>
Net transfers	<u> </u>	<u>(10,494)</u>	<u>(1,962)</u>	<u>(60,840)</u>	<u>(5,232)</u>	<u>(78,528)</u>
Changes in net position	196,065	(1,584)	5,477	(225)	12,131	211,864
Net position (deficit), beginning of year	<u>(158,058)</u>	<u>86,708</u>	<u>(4,089)</u>	<u>1,743</u>	<u>(9,174)</u>	<u>(82,870)</u>
Net position, end of year	<u>\$ 38,007</u>	<u>\$ 85,124</u>	<u>\$ 1,388</u>	<u>\$ 1,518</u>	<u>\$ 2,957</u>	<u>\$ 128,994</u>

CITY OF SELMA
Combining Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30, 2014

	<u>Finance Clearing</u>	<u>Community Services Clearing</u>	<u>Planning Clearing</u>	<u>Public Works Clearing</u>	<u>Senior Citizens Clearing</u>	<u>Police Department Clearing</u>	<u>Asset Seizure Clearing</u>	<u>Graffiti Reward Fund</u>	<u>Total Agency Funds</u>
Assets									
Cash and investments	<u>\$40,057</u>	<u>\$1,151</u>	<u>\$15,643</u>	<u>\$18,241</u>	<u>\$34,965</u>	<u>\$14,188</u>	<u>\$1,753</u>	<u>\$700</u>	<u>\$126,698</u>
Total assets	<u>40,057</u>	<u>1,151</u>	<u>15,643</u>	<u>18,241</u>	<u>34,965</u>	<u>14,188</u>	<u>1,753</u>	<u>700</u>	<u>126,698</u>
Liabilities									
Accounts payable	38,552				2,839				41,391
Deposits	1,505	1,151	8,660	18,241		4	1,753		31,314
Other	<u> </u>	<u> </u>	<u>6,983</u>	<u> </u>	<u>32,126</u>	<u>14,184</u>	<u> </u>	<u>700</u>	<u>53,993</u>
Total liabilities	<u>40,057</u>	<u>1,151</u>	<u>15,643</u>	<u>18,241</u>	<u>34,965</u>	<u>14,188</u>	<u>1,753</u>	<u>700</u>	<u>126,698</u>
Net Position:									
Total net position	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

SINGLE AUDIT SECTION



Sampson, Sampson & Patterson, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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June 11, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Selma's basic financial statements, and have issued our report thereon dated June 11, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Items #2014-1 – #2014-4.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. Item #2014-5.

Compliance and Other Matters

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

City of Selma's Response to Findings

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

Purpose of this Report

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

Sampson, Sampson & Patterson, LLP



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June 11, 2015

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the City of Selma's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Selma's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Selma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Selma's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Selma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of City of Selma is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered City of Selma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Selma's internal control over compliance.

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

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

The purpose to this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sampson, Sampson & Patterson, LLP

CITY OF SELMA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2014
(continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Justice			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0853	\$ <u>11,396</u>
Total Department of Justice			<u>11,396</u>
U.S. Department of Transportation			
Passed through State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	AC 1445	5,713
	20.600	SC 13402	17,408
	20.600	SC 14402	<u>6,065</u>
Total U.S. Department of Transportation			<u>29,186</u>
U.S. Department of Housing and Urban Development			
Passed through County of Fresno:			
Community Development Block Grant	14.218	12.651	194,244
Community Development Block Grant	14.218	13.651	<u>27,365</u>
Total Department of Housing and Urban Development			<u>221,609</u>
U.S. Department of Health and Urban Development			
Passed through Fresno/Madera Area Agency on Aging:			
FMAAAA-Title IIIC-1	93.045	14-0201	<u>9,144</u>
Total U.S. Department of Health and Human Services			<u>9,144</u>
U.S. Department of Homeland Security			
Passed through County of Fresno:			
State Homeland Security Grant Program	97.067	10-108	7,500
Direct Program:			
Staffing for Adequate Fire Emergency Response	97.044	EMW-2011-FH-60528	<u>228,191</u>
Total U.S. Department of Homeland Security			<u>235,691</u>
Total Expenditures of Federal Awards			<u>\$507,026</u>

CITY OF SELMA
Notes to the Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2014

NOTE 1 – REPORTING ENTITY:

The financial reporting entity consists of (a) the primary government, City of Selma, California (the “City”), (b) organizations for which the primary government is financially accountable, including the Selma Successor Agency, and Selma Public Finance Authority, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

Funds received under the various grant programs have been recorded within governmental fund types of the City. The City utilizes the modified accrual method of accounting for the governmental fund type. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared on the modified accrual basis of accounting.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal finance assistance passed through the State of California or County of Fresno is included in the Schedule.

The Schedule was presented only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		<u>Unmodified</u>		
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(s) identified not considered to be material weakness(es)?	<u> X </u>	Yes	<u> </u>	No
Noncompliance material to financial statements notes?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(s) identified not considered to be material weakness(es)?	<u> </u>	Yes	<u> X </u>	No
Type of auditor's report issued on compliance for major programs:				

		<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510 (a))?	<u> </u>	Yes	<u> X </u>	No

Programs Subjected to Audit Procedures as Major Programs

	<u>Name of Federal Program or Cluster</u>
97.044	Staffing for Adequate Fire and Emergency Response
14.218	Community Development Block Grant
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

Part II - Financial Statement Finding Section

Significant Deficiencies, Material Weaknesses, and Instances of Noncompliance Related to the Financial Statements:

MATERIAL WEAKNESS

2014-1 JOURNAL ENTRY TESTING

Condition:

As part of our required journal entry testing we selected a total of nine (9) journal entries from the journal entry listing report for the fiscal year. From our audit procedures we noted the following:

- One journal entry was not reviewed
- Four journal entries selected were not properly supported
- One journal entry was input into the accounting system by the preparer

Criteria:

Good accounting practices include timely approval of journal entries by authorized individuals and adequate supporting documentation for those entries.

Effect of Condition:

Erroneous journal entries could be made to the books and records thus distorting financial data. In addition, the workload increases for the finance department and auditors when reconciling misstated accounts due to erroneous journal entries.

Cause of Condition:

No formal journal entry policy is being followed when creating and posting journal entries.

Recommendation:

We recommend all journal entries be reviewed by a supervisor. We recommend a formal journal entry policy be established that provides review procedures. Review procedures will help lessen the need for multiple reclassification journal entries as mistakes will be caught before the journal entry is posted to the general ledger. We recommend all journal entries be properly supported and have a proper purpose. We recommend the preparer of the journal entry not be allowed to input their own journal entries into the accounting system. This will ensure additional review of the journal entries.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

Response:

A meeting was held with all finance department staff to review and enforce current securities and procedures regarding posting to the general ledger. All journal entries are to be reviewed and signed off by the Finance Department Manager prior to posting. In addition, no entry will be approved without the appropriate supporting documentation.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

MATERIAL WEAKNESS

2014-2 CASH DISBURSEMENT TESTING

Condition:

During our testing of internal controls over cash disbursements we selected a sample of forty-five (45) disbursements for the year to ensure disbursements were appropriately supported, reviewed, and coded. We noted the following:

- Checks had no support (1)

Criteria:

Strong internal controls over cash disbursement should be established and continuously monitored to reduce the possibility of misappropriation of City's funds.

Effect of Condition:

Inadequate controls over cash disbursements increase the risk that the City's funds can be misappropriated without being detected.

Cause of Condition:

Internal control procedures are not being consistently followed

Recommendation:

We recommend management perform a thorough review of all cash disbursements to ensure no disbursements is paid without the appropriate support.

Response:

A meeting was held with the finance department and other department heads to review procedures and controls on cash disbursements. The Finance Department Manager will not approve any request for payment without the appropriate documentation attached at the time of request.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

MATERIAL WEAKNESS

2014-3 LONG-TERM LIABILITIES

Condition:

Debt principal and interest payments were posted to several wrong accounts and amounts, for the most part, did not agree with actual debt and interest payments including the new 2014 Assessment Refunding Assessment Bonds.

Criteria:

Debt payments posted to wrong accounts is a deficiency in internal controls as it indicates a lack of understanding of governmental accounting and a failure to reconcile debt payment accounts.

Effect of Condition:

Due to all the posting errors, amounts in several funds were not correct. Expenses for debt payments were overstated in some funds and understated in others.

Cause of Condition:

Failure on the part of the finance staff to recognize erroneous postings and failure to review the general ledger on an ongoing basis.

Recommendation:

All debt payments and entries need to be reviewed by a knowledgeable finance person on an ongoing monthly basis. Additional training of finance staff in long-term debt accounting should be considered.

Response:

After meeting with the Finance Department Staff it was determined that all Long-Term Liabilities will be handled by the Finance Department Manager with consultation from the Financial Consultant for the City.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

MATERIAL WEAKNESS

2014-4 GENERAL LEDGER

Condition:

As a result of the audit process several journal entries were required to adjust the general ledger for it to reflect proper account balances for the year. The following is a list of problems that were encountered while working with the general ledger.

1. Cash accounts reconciliations at year end were not complete.
2. Journal entries are not being properly reviewed and approved prior to posting to the general ledger.
3. Long-term liabilities had several misspostings and did not reflect correct amounts in the applicable funds, payroll and related liability accounts were incorrect and needed to be analyzed and adjusted.
4. Interfund transfers did not balance.
5. Completed construction projects were not capitalized and depreciated.

Criteria:

Controls over the general ledger should be established and monitored to reduce the risk of material misstatement in the financial statements.

Cause of Condition:

Controls over the general ledger are not being properly monitored or consistently followed.

Effect of Condition:

Inadequate maintenance of general ledger controls increases the risk of material misstatement within the financial statements.

Recommendation:

City finance staff are able to keep detailed subsidiary records current for the most part, however, the General Ledger needs to be maintained as this is the prime financial record for the City. Maintenance of the general ledger should be one of the highest priorities. Cash, Accounts Receivable, Accounts Payable, Long-Term Debt, Payroll Liabilities, and Capital Assets should reflect proper balances and be adjusted on a regular basis. All journal entries should be kept organized and should be thoroughly reviewed prior to posting.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

Response:

A meeting was held with all finance department staff to reemphasize the importance of maintaining a clean and accurate general ledger. The general ledger is the primary financial record for the City. All information being posted needs to be precise and supported. All journal entries will be properly filed by period and in numerical order using the Journal Entry number given from the accounting software.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

SIGNIFICANT DEFICIENCY

2014-5 BANK RECONCILIATIONS

Condition:

A review of the bank reconciliations at June 30, 2014 indicated that they are not being reconciled to the general ledger on a timely basis. Also, the trustee statements for cash-with-agent accounts were not reconciled to the general ledger for the entire year.

Criteria:

Failure to reconcile cash in a timely manner is a deficiency in internal controls over significant account balances.

Effect of Condition:

Not reconciling the bank accounts to the general ledger on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time consuming to reconcile accounts while transactions are fresh in mind.

Cause of Condition:

Turnover of finance staff and failure of the finance department to prioritize the cash reconciliation process.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is the key to maintaining adequate control over cash receipts and disbursements. We recommend that all bank accounts be reconciled each month to the City's financial statements (i.e. the general ledger).

Response:

Staff shortage and turnover had created a situation where bank reconciliations were deferred until later date. With the addition of new staff monthly bank reconciliation will become a higher priority and will be completed by the Finance Department Manager in a timely manner.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2014
(Continued)

Part III - Federal Award Findings and Questioned Costs Section

Significant Deficiencies, Material Weaknesses, and Instances of Noncompliance Related to the Audit of Major Federal Programs:

None.

CITY OF SELMA
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2014
(Continued)

There were no reportable audit findings in the prior fiscal year ended June 30, 2013.