

CITY OF SELMA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2015

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Sampson, Sampson & Patterson, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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December 21, 2015,
except for Note 12 as to which
the date is February 25, 2016

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, 2015, 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.

City of Selma
December 21, 2015,
except for Note 12 as to which
the date is February 25, 2016

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, 2015, 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.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position as discussed in Note 13 to the financial statements.

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

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 4-9 and 48-53 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 Supplemental Information and the combining and individual nonmajor fund financial statements are presented for purpose of additional analysis and are not a required part of the basic financial statements.

City of Selma
December 21, 2015,
except for Note 12 as to which
the date is February 25, 2016

The Supplemental Information and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 December 21, 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

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2015

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, 2015. 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 9.15 million.

The City's General Fund ended the year with a balance of \$1,297,965, an increase of \$386,527 from the previous year.

Overview of the Financial Statements

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

Reporting the City as a Whole

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

The *Statement of Net 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.)

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 transportation services are included here.

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2015

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

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

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

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

The City adopts an annual appropriated budget for the General Fund, Street Maintenance Fund, Street LTF Fund, and Street 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. This includes the ambulance service and garbage service, 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 Garbage, which are major funds. Other additional enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All of the internal service funds are combined into a single, aggregated presentation in the fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2015

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

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

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

Government-wide Financial Analysis

Below is a table showing the City's net position for the fiscal year ended June 30, 2015, with comparative data for the fiscal year ended June 30, 2014.

City of Selma's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 11,262,976	\$ 9,111,612	\$ 1,306,278	\$ 996,759	\$ 12,569,254	\$ 10,108,371
Capital and long-term assets	51,437,971	53,018,214	4,456	5,282	51,442,427	53,023,496
Total assets	\$ 62,700,947	\$ 62,129,826	\$ 1,310,734	\$ 1,002,041	\$ 64,011,681	\$ 63,131,867
Deferred outflows of resources:	\$ 1,191,619	\$	\$ 2,212	\$	\$ 1,193,831	\$
Long-term liabilities outstanding	\$ 6,316,411	\$ 6,540,990	\$	\$	\$ 6,316,411	\$ 6,540,990
Net pension liability	\$ 9,289,196	\$	\$ 17,246	\$	\$ 9,306,442	\$
Other liabilities	1,074,008	755,877	130,486	114,231	1,204,494	870,108
Total liabilities	16,679,615	7,296,867	147,732	114,231	16,827,347	7,411,098
Deferred inflows of resources:	2,529,336		4,696		2,534,032	
Investment in capital assets, net of related debt	\$ 46,298,333	\$ 47,763,186	\$ 4,456	\$ 5,282	\$ 46,302,789	\$ 47,768,468
Restricted	8,409,370	6,071,389			8,409,370	6,071,389
Unrestricted	(10,024,088)	998,384	1,156,062	882,528	(8,868,026)	1,880,912
Total net position	\$ 44,683,615	\$ 54,832,959	\$ 1,160,518	\$ 887,810	\$ 45,844,133	\$ 55,720,769

*The prior year has not been restated for the implementation of GASB Statement No. 68

As of June 30, 2015 the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$46 million. Governmental activities finished the year with a positive net position balance of \$44.7 million. Business type activities finished the year with a positive balance of \$1.1 million. The net position for the City decrease \$9.9 million in 2015 due to the implementation of GASB No. 68. Net assets as noted earlier may serve over time as a useful indicator of the City's financial position.

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

CITY OF SELMA**Management's Discussion and Analysis**

June 30, 2015

Restricted net assets amount to \$8.4 million of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations. The unrestricted net position may be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. At June 30, 2015 the unrestricted net position amount was a negative \$8.9 million due to the implementation of GASB Statement No. 68. The GASB Statement No. 68 adjustment reflects the cumulative effect of the unfunded liability from prior years.

Governmental activities.

The following lists key components of these activities:

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,196,097	\$ 516,323	\$ 3,286,646	\$ 2,895,802	\$ 4,482,743	\$ 3,412,125
Operating grants and contributions	249,157	408,695		5,561	249,157	414,256
Capital grants and contributions	397,220	401,377			397,220	401,377
General revenues:						
Taxes	10,107,696	9,369,175			10,107,696	9,369,175
Licenses and permits	482,705	359,507			482,705	359,507
Intergovernmental charges	1,098,103	1,621,730			1,098,103	1,621,730
Fines	77,869	101,485			77,869	101,485
Franchise fees	768,051	819,183			768,051	819,183
Revenue for the use of property	120,457	66,154	39,254	33,713	159,711	99,867
Miscellaneous	512,069	1,145,700	71,583	56,749	583,652	1,202,449
Transfers	569,874	616,302	(569,874)	(616,302)		
Total revenues	15,579,298	15,425,631	2,827,609	2,375,523	18,406,907	17,801,154
Expenses:						
General government	2,050,828	2,285,225			2,050,828	2,285,225
Public safety	8,239,094	8,142,683			8,239,094	8,142,683
Public Works	3,777,710	3,760,152			3,777,710	3,760,152
Community development	390,802	419,243			390,802	419,243
Cultural and recreation	417,533	404,485			417,533	404,485
Debt Service	339,541	672,418			339,541	672,418
Ambulance			1,013,649	997,057	1,013,649	997,057
Pioneer Village			63,243	20,681	63,243	20,681
Garbage services			1,340,778	1,306,820	1,340,778	1,306,820
Cultural Arts			117,335	78,517	117,335	78,517
Total expense	15,215,508	15,684,206	2,535,005	2,403,075	17,750,513	18,087,281
Increase in net position	363,790	(258,575)	292,604	(27,552)	656,394	(286,127)
Prior period adjustments	204,748				204,748	
Net position - beginning	54,832,959	55,091,534	887,810	915,362	55,720,769	56,006,896
Effects of accounting change	(10,717,882)		(19,896)		(10,737,778)	
Net position - ending	\$ 44,683,615	\$ 54,832,959	\$ 1,160,518	\$ 887,810	\$ 45,844,133	\$ 55,720,769

CITY OF SELMA

Management's Discussion and Analysis

June 30, 2015

The Governmental revenues for the year were \$15.6 million. Taxes, which include property, sales and other taxes account for \$10.1 million or 65% of the City's governmental activities revenue. Total governmental expenses for the year were \$15.2 million. Public Safety, which includes police and fire, accounts for \$8.2 million or 54% 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 \$10.3 million, which is an increase of \$4.1 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					
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 7,790,302	\$ 7,790,302	\$	\$	\$ 7,790,302	\$ 7,790,302
Construction in progress	171,675	54,615			171,675	54,615
Building and improvements	3,905,789	3,986,495	4,456	5,282	3,910,245	3,991,777
Machinery and equipment	2,920,224	3,011,324			2,920,224	3,011,324
Road network	36,649,981	38,175,478			36,649,981	38,175,478
Total	\$ 51,437,971	\$ 53,018,214	\$ 4,456	\$ 5,282	\$ 51,442,427	\$ 53,023,496

CITY OF SELMA**Management's Discussion and Analysis**

June 30, 2015

Long-term Debt. The City's long-term debt as of June 30, 2015 was \$5.7 million with governmental activities accounting for most debt.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Special assessment debt with governmental commitment	\$ 955,000	\$ 955,000	\$	\$	\$ 955,000	\$ 955,000
Capital leases	314,638	295,028			314,638	295,028
Revenue bonds	4,415,000	4,525,000			4,415,000	4,525,000
Contracts payable		21,203				21,203
Total	<u>\$ 5,684,638</u>	<u>\$ 5,796,231</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,684,638</u>	<u>\$ 5,796,231</u>

Economic Factors

The City of Selma's main revenue sources are property taxes and sales taxes. Within the fiscal year of 2014-15, the City has realized some recovery from the market down turn. Although the City has continued to reflect this financial growth and stability for the last couple of years, it has not yet reached its full economic return.

Residential and commercial building has played a large factor in this recovery. This growth can be attributed to the agreement with California Irrigation District (CID) and the growth in the population. The City anticipates this growth to continue for the foreseeable future.

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, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 8,271,339	\$ 477,076	\$ 8,748,415
Receivables:			
Accounts, net	360,002	904,202	1,264,204
Notes	1,028,041		1,028,041
Intergovernmental	988,091		988,091
Internal balances	75,000	(75,000)	
Inventory	8,412		8,412
Prepaid items	42,182		42,182
Cash with fiscal agent - restricted	489,909		489,909
Capital assets (net of accumulated depreciation):			
Non-depreciable	7,961,977		7,961,977
Depreciable	<u>43,475,994</u>	<u>4,456</u>	<u>43,480,450</u>
Total assets	<u>62,700,947</u>	<u>1,310,734</u>	<u>64,011,681</u>
Deferred outflow of resources:			
Deferred outflows related to pensions	1,191,619	2,212	1,193,831
Liabilities			
Accounts payable	419,552	127,454	547,006
Accrued wages/benefits	385,663	1,421	387,084
Deposits and other liabilities	75,350	1,611	76,961
Noncurrent liabilities:			
Due within one year	285,484		285,484
Due in more than one year	6,030,927		6,030,927
Net OPEB liability	193,443		193,443
Net pension liability	<u>9,289,196</u>	<u>17,246</u>	<u>9,306,442</u>
Total liabilities	<u>16,679,615</u>	<u>147,732</u>	<u>16,827,347</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	2,529,336	4,696	2,534,032
Net position			
Invested in capital assets, net of related debt	46,298,333	4,456	46,302,789
Restricted for:			
Capital projects	2,277,522		2,277,522
Community development	1,085,255		1,085,255
Debt service	470,068		470,068
Public safety	495,989		495,989
Streets and roads	4,080,536		4,080,536
Unrestricted	<u>(10,024,088)</u>	<u>1,156,062</u>	<u>(8,868,026)</u>
Total net position	<u>\$ 44,683,615</u>	<u>\$ 1,160,518</u>	<u>\$ 45,844,133</u>

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

CITY OF SELMA
Statement of Activities
For the Year Ended June 30, 2015

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		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 2,050,828	\$ 83,990	\$ 6,532	\$	\$ (1,960,306)	\$	\$ (1,960,306)
Public safety	8,239,094	172,386	221,863	139,497	(7,705,348)		(7,705,348)
Public works	3,777,710	261,083		257,723	(3,258,904)		(3,258,904)
Community development	390,802	638,492			247,690		247,690
Parks and recreation	417,533	40,146	20,762		(356,625)		(356,625)
Interest on long-term debt	339,541				(339,541)		(339,541)
Total governmental activities	<u>15,215,508</u>	<u>1,196,097</u>	<u>249,157</u>	<u>397,220</u>	<u>(13,373,034)</u>		<u>(13,373,034)</u>
Business-type activities:							
Ambulance	1,013,649	1,923,104				909,455	909,455
Garbage	1,340,778	1,341,098				320	320
Pioneer Village	63,243	4,296				(58,947)	(58,947)
Cultural arts	<u>117,335</u>	<u>18,148</u>				<u>(99,187)</u>	<u>(99,187)</u>
Total business-type activities	<u>2,535,005</u>	<u>3,286,646</u>				<u>751,641</u>	<u>751,641</u>
Total primary government	<u>\$17,750,513</u>	<u>\$4,482,743</u>	<u>\$249,157</u>	<u>\$397,220</u>	<u>\$(13,373,034)</u>	<u>\$ 751,641</u>	<u>\$(12,621,393)</u>
General revenues:							
Taxes					10,107,696		10,107,696
Licenses and Permits					482,705		482,705
Intergovernmental					1,098,103		1,098,103
Fines					77,869		77,869
Franchise fees					768,051		768,051
Use of money and property					120,457	39,254	159,711
Miscellaneous					512,069	71,583	583,652
Transfers					<u>569,874</u>	<u>(569,874)</u>	
Total general revenues and transfers					<u>13,736,824</u>	<u>(459,037)</u>	<u>13,277,787</u>
Change in net position					363,790	292,604	656,394
Net position – beginning of year					54,832,959	887,810	55,720,769
Effect of accounting change					(10,717,882)	(19,896)	(10,737,778)
Prior period adjustment					<u>204,748</u>		<u>204,748</u>
Net position, end of year					<u>\$ 44,683,615</u>	<u>\$1,160,518</u>	<u>\$ 45,844,133</u>

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

CITY OF SELMA
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Street Maintenance Fund	Street LTF	Street Measure "C"	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$1,012,701	\$ 21,233	\$1,225,037	\$1,094,528	\$4,673,033	\$ 8,026,532
Cash with fiscal agent		339,558			150,351	489,909
Accounts receivable	270,411	12,498			75,909	358,818
Interfund receivables	222,656				406,788	629,444
Due from other agencies	260,744		177,654	49,842	282,828	771,068
Inventories		8,412				8,412
Prepays	42,182					42,182
Total assets	<u>\$1,808,694</u>	<u>\$381,701</u>	<u>\$1,402,691</u>	<u>\$1,144,370</u>	<u>\$5,588,909</u>	<u>\$10,326,365</u>
Liabilities						
Accounts payable	\$ 95,339	\$ 17,901	\$	\$ 6,450	\$ 59,887	\$ 179,577
Accrued wages/benefits	340,040	19,346			11,437	370,823
Interfund payables		300,000			254,444	554,444
Other liabilities	75,350					75,350
Total liabilities	<u>510,729</u>	<u>337,247</u>		<u>6,450</u>	<u>325,768</u>	<u>1,180,194</u>
Fund balance						
Restricted for:						
Streets and roads		44,454	1,402,691	1,137,920	1,495,471	4,080,536
Public safety					495,989	495,989
Community development					57,214	57,214
Debt service					470,068	470,068
Capital projects					2,277,522	2,277,522
Committed for:						
Streets and roads					22,672	22,672
Community development					3,956	3,956
Capital projects					346,550	346,550
Assigned for:						
Equipment replacement					221,675	221,675
Unassigned	1,297,965				(127,976)	1,169,989
Total fund balance	<u>1,297,965</u>	<u>44,454</u>	<u>1,402,691</u>	<u>1,137,920</u>	<u>5,263,141</u>	<u>9,146,171</u>
Total liabilities and fund balance	<u>\$1,808,694</u>	<u>\$381,701</u>	<u>\$1,402,691</u>	<u>\$1,144,370</u>	<u>\$5,588,909</u>	<u>\$10,326,365</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, 2015

Total fund balance – governmental funds balance sheet	\$ 9,146,171
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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.	217,023
Capital assets used in governmental activities are not reported in the funds.	51,437,971
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
At June 30, these liabilities consisted of the following:	
Long-term debt	\$(5,684,638)
Compensated absences	(631,773)
Unfunded OPEB liabilities	(193,443)
Net pension liability	<u>(9,289,196)</u>
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.	(8,824)
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	1,028,041
Deferred outflows of resources related to pensions.	1,191,619
Deferred inflows of resources related to pensions.	<u>(2,529,336)</u>

Net position of governmental activities – Statement of Net Position	<u>\$ 44,683,615</u>
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CITY OF SELMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Street Maintenance Fund	Street LTF	Street Measure “C”	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 7,718,696	\$	\$	\$	\$ 2,389,000	\$10,107,696
Licenses and permits	412,700	70,005				482,705
Intergovernmental	139,675		1,333,505	578,970	532,915	2,585,065
Charges for services	391,664	163,307			641,126	1,196,097
Fines	13,576				64,293	77,869
Franchise fees	752,149					752,149
Revenue for use of money and property	30,823	129	1,263	1,276	9,555	43,046
Assessment payments					211,872	211,872
Miscellaneous	<u>244,819</u>	<u>16,404</u>			<u>245,199</u>	<u>506,422</u>
Total revenues	<u>9,704,102</u>	<u>249,845</u>	<u>1,334,768</u>	<u>580,246</u>	<u>4,093,960</u>	<u>15,962,921</u>
Expenditures						
General government	1,971,574				45,322	2,016,896
Public safety	7,427,070				640,120	8,067,190
Public works	520,359	962,947		7,680	192,891	1,683,877
Community development	340,105				59,469	399,574
Recreation	290,702					290,702
Capital outlay	103,968			175,299	423,263	702,530
Debt service:						
Principal	23,007	63,196			112,125	198,328
Interest and fiscal charges	<u>8,519</u>	<u>266,430</u>			<u>64,592</u>	<u>339,541</u>
Total expenditures	<u>10,685,304</u>	<u>1,292,573</u>		<u>182,979</u>	<u>1,537,782</u>	<u>13,698,638</u>
Excess (deficiency) of revenues over (under) expenditures	(981,202)	(1,042,728)	1,334,768	397,267	2,556,178	2,264,283
Other financing sources (uses)						
Operating transfers in	1,369,480	1,131,049			383,877	2,884,406
Operating transfers out	<u>(1,751)</u>	<u>(25,000)</u>	<u>(132,252)</u>	<u>(273,050)</u>	<u>(1,803,393)</u>	<u>(2,235,446)</u>
Total other financing sources (uses)	<u>1,367,729</u>	<u>1,106,049</u>	<u>(132,252)</u>	<u>(273,050)</u>	<u>(1,419,516)</u>	<u>648,960</u>
Net change in fund balance	386,527	63,321	1,202,516	124,217	1,136,662	2,913,243
Fund balance, beginning of year	<u>911,438</u>	<u>(18,867)</u>	<u>200,175</u>	<u>1,013,703</u>	<u>4,126,479</u>	<u>6,232,928</u>
Fund balance, end of year	<u>\$ 1,297,965</u>	<u>\$ 44,454</u>	<u>\$1,402,691</u>	<u>\$1,137,920</u>	<u>\$ 5,263,141</u>	<u>\$ 9,146,171</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, 2015

Net change in fund balance – total governmental funds	\$2,913,243
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.	730,714
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.	(2,397,692)
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.	(128,814)
Repayment of debt principal is an expenditure in the funds but is not an expense in the statement of activities.	198,328
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(824,683)
The net revenue (expense) of internal service funds is reported with governmental activities.	(133,869)
Compensated absences are reported as the amount earned in the statement of activities but as the amount paid in the funds.	112,986
Unfunded OPEB liabilities in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(193,443)
Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the statement of net position.	<u>87,020</u>
Change in net position of governmental activities – Statement of Activities	<u>\$ 363,790</u>

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

CITY OF SELMA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Assets					
Current assets:					
Cash and investments	\$ 191,420	\$124,965	\$ 160,691	\$ 477,076	\$ 244,807
Accounts receivables, net	<u>874,355</u>	<u> </u>	<u>29,847</u>	<u>904,202</u>	<u>1,184</u>
Total current assets	<u>1,065,775</u>	<u>124,965</u>	<u>190,538</u>	<u>1,381,278</u>	<u>245,991</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment			268,397	268,397	
Less: Accumulated depreciation	<u> </u>	<u> </u>	<u>(263,941)</u>	<u>(263,941)</u>	<u> </u>
Total noncurrent assets	<u> </u>	<u> </u>	<u>4,456</u>	<u>4,456</u>	<u> </u>
Total assets	<u>1,065,775</u>	<u>124,965</u>	<u>194,994</u>	<u>1,385,734</u>	<u>245,991</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	<u>107</u>	<u> </u>	<u>2,105</u>	<u>2,212</u>	<u>51,647</u>
Liabilities					
Current liabilities:					
Accounts payable	3,406	110,865	13,183	127,454	239,975
Accrued wages/benefits	435		986	1,421	14,840
Other liabilities			1,611	1,611	
Interfund payables	<u> </u>	<u> </u>	<u>75,000</u>	<u>75,000</u>	<u> </u>
Total current liabilities	<u>3,841</u>	<u>110,865</u>	<u>90,780</u>	<u>205,486</u>	<u>254,815</u>
Noncurrent liabilities:					
Net pension liability	<u>838</u>	<u> </u>	<u>16,408</u>	<u>17,246</u>	<u>402,606</u>
Total noncurrent liabilities	<u>838</u>	<u> </u>	<u>16,408</u>	<u>17,246</u>	<u>402,606</u>
Total liabilities	<u>4,679</u>	<u>110,865</u>	<u>107,188</u>	<u>222,732</u>	<u>657,421</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	<u>228</u>	<u> </u>	<u>4,468</u>	<u>4,696</u>	<u>109,620</u>
Net Position					
Invested in capital assets, net of related debt			4,456	4,456	
Unrestricted	<u>1,060,975</u>	<u>14,100</u>	<u>80,987</u>	<u>1,156,062</u>	<u>(469,403)</u>
Total net position	<u>\$1,060,975</u>	<u>\$ 14,100</u>	<u>\$ 85,443</u>	<u>\$1,160,518</u>	<u>\$(469,403)</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, 2015

	Business-Type Activities – Enterprise Funds				
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues					
Taxes	\$	\$1,341,098	\$	\$1,341,098	\$
Charges for services	1,923,104		22,444	1,945,548	2,477,374
Rents			38,774	38,774	
Miscellaneous			71,583	71,583	
Total operating revenues	<u>1,923,104</u>	<u>1,341,098</u>	<u>132,801</u>	<u>3,397,003</u>	<u>2,477,374</u>
Operating Expenses					
Personnel services			23,883	23,883	262,018
Services and supplies	1,013,649	1,340,778	124,174	2,478,601	852,990
Other internal services			31,695	31,695	1,417,303
Depreciation			826	826	
Total operating expenses	<u>1,013,649</u>	<u>1,340,778</u>	<u>180,578</u>	<u>2,535,005</u>	<u>2,532,311</u>
Operating income (loss)	909,455	320	(47,777)	861,998	(54,937)
Nonoperating revenues (expenses)					
Interest income	<u>178</u>	<u>153</u>	<u>149</u>	<u>480</u>	<u>154</u>
Total nonoperating revenues (expenses)	<u>178</u>	<u>153</u>	<u>149</u>	<u>480</u>	<u>154</u>
Income (loss) before transfers	<u>909,633</u>	<u>473</u>	<u>(47,628)</u>	<u>862,478</u>	<u>(54,783)</u>
Transfers					
Transfers out	<u>(529,791)</u>	<u>(40,083)</u>		<u>(569,874)</u>	<u>(79,086)</u>
Net transfers	<u>(529,791)</u>	<u>(40,083)</u>		<u>(569,874)</u>	<u>(79,086)</u>
Change in net position	379,842	(39,610)	(47,628)	292,604	(133,869)
Net position, beginning of year	<u>682,099</u>	<u>53,710</u>	<u>152,001</u>	<u>887,810</u>	<u>128,994</u>
Effect of accounting change	<u>(966)</u>		<u>(18,930)</u>	<u>(19,896)</u>	<u>(464,528)</u>
Net position, end of year	<u>\$1,060,975</u>	<u>\$ 14,100</u>	<u>\$ 85,443</u>	<u>\$1,160,518</u>	<u>\$ (469,403)</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, 2015

	Business-Type Activities – Enterprise Funds				
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received for current services	\$ 1,574,422	\$	\$ 22,444	\$ 1,596,866	\$ 2,537,789
Cash received for rents			38,774	38,774	
Cash received for other operating revenues		1,341,098	41,736	1,382,834	
Cash paid for services and supplies	(1,010,334)	(1,338,868)	(145,141)	(2,494,343)	(2,220,122)
Cash paid for salaries and benefits			(23,747)	(23,747)	(261,498)
Net cash provided (used) by operating activities	<u>564,088</u>	<u>2,230</u>	<u>(65,934)</u>	<u>500,384</u>	<u>56,169</u>
Cash flows from noncapital financing activities					
Transfers (to) from other funds	(529,791)	(40,083)		(569,874)	(79,086)
Loans from (to) other funds			<u>15,000</u>	<u>15,000</u>	
Net cash provided (used) by noncapital financing activities	<u>(529,791)</u>	<u>(40,083)</u>	<u>15,000</u>	<u>(554,874)</u>	<u>(79,086)</u>
Cash flows from investing activities					
Other non-operating revenue (expenses)					
Interest received	<u>178</u>	<u>153</u>	<u>149</u>	<u>480</u>	<u>154</u>
Net cash provided by investing activities	<u>178</u>	<u>153</u>	<u>149</u>	<u>480</u>	<u>154</u>
Net increase (decrease) in cash and cash equivalents	34,475	(37,700)	(50,785)	(54,010)	(22,763)
Cash and cash equivalents, beginning of year	<u>156,945</u>	<u>162,665</u>	<u>211,476</u>	<u>531,086</u>	<u>267,570</u>
Cash and cash equivalents, end of year	<u>\$ 191,420</u>	<u>\$ 124,965</u>	<u>\$ 160,691</u>	<u>\$ 477,076</u>	<u>\$ 244,807</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 909,455	\$ 320	\$ (47,777)	\$ 861,998	\$ (54,937)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation			826	826	
(Increase) decrease in net assets:					
Accounts receivable	(348,682)		(29,847)	(378,529)	60,415
Increase (decrease) in net liabilities:					
Accounts payable	3,406	1,910	10,706	16,022	94,961
Accrued wages/benefits	(84)		295	211	4,469
Other liabilities			22	22	(44,790)
Net pension related liabilities	(7)		(159)	(166)	(3,949)
Total adjustments	<u>(345,367)</u>	<u>1,910</u>	<u>(18,157)</u>	<u>(361,614)</u>	<u>111,106</u>
Net cash provided (used) by operating activities	<u>\$ 564,088</u>	<u>\$ 2,230</u>	<u>\$ (65,934)</u>	<u>\$ 500,384</u>	<u>\$ 56,169</u>

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

CITY OF SELMA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Redevelopment Successor Agency Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 951,552	\$88,207
Restricted cash with fiscal agent	360,073	
Accounts receivable		5,081
Due from other agencies	31,000	
Notes receivable	376,074	
Capital assets	<u>321,875</u>	
Total Assets	<u>\$ 2,040,574</u>	<u>\$93,288</u>
Liabilities		
Accounts payable	\$ 588	\$
Deposits		32,712
Other liabilities	337,731	60,576
Long-term debt	<u>6,555,000</u>	
Total Liabilities	<u>6,893,319</u>	<u>93,288</u>
Net Position (Deficit)		
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(4,852,745)</u>	
Total Net Position (Deficit)	<u>\$(4,852,745)</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, 2015

	Redevelopment Successor Agency Private-Purpose <u>Trust Funds</u>
Additions:	
Property taxes	\$ 383,256
Investment earnings	19,063
Miscellaneous	<u>19,462</u>
Total Additions	<u>421,781</u>
Deductions	
Community development	79,313
Interest and fiscal charges	<u>359,315</u>
Total Deductions	<u>438,628</u>
Change in net position	<u>(16,847)</u>
Net position, beginning of year	<u>(4,835,898)</u>
Net position, end of year	<u><u>\$(4,852,745)</u></u>

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015

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, 2015
(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, 2015
(Continued)

Major Funds:

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

The City reports the following major governmental funds:

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

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

Street Maintenance Fund: This fund 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.

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

Cash and Cash Equivalents

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(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.

Pensions

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

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

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

Payable Balances

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

Interfund Activity

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

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

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

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

Net Position

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

Deferred Outflows/Inflows of Resources

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

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

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

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Notes to Financial Statements
June 30, 2015
(Continued)

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

Fund Name	Deficit Amount	Remarks
Reg Safe Transportation Program (RSTP)	\$ (3,500)	Retain future excess revenues
Brandywine project	\$ (1,827)	Retain future excess revenues
Cultural Arts Enterprise Fund	\$ (66,459)	Retain future excess revenues
CDBG Grant	\$ (26,328)	Retain future excess revenues
ATC Program	\$ (5,753)	Retain future excess revenues
Safer Fire Grant	\$ (6,533)	Retain future excess revenues
North Selma Sewer Project	\$ (84,035)	Retain future excess revenues
Insurance Internal Service Fund	\$(112,974)	Retain future excess revenues
Fleet Management Internal Service Fund	\$ (54,746)	Retain future excess revenues
Building and Utility Internal Service Fund	\$(111,216)	Retain future excess revenues
General Overhead Internal Service Fund	\$ (36,252)	Retain future excess revenues
Information Processing Internal Service Fund	\$(154,215)	Retain future excess revenues

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 8,748,415
Restricted cash and investments with fiscal agent	489,909
Fiduciary funds:	
Cash and investments	1,039,759
Restricted cash and investments with fiscal agent	<u>360,073</u>
Total cash and investments	<u>\$10,638,156</u>

Cash and investments as of June 30, 2015 consists of the following:

Cash on hand	\$ 1,350
Deposits with financial institutions	2,494,721
Investments	<u>8,142,085</u>
Total cash and investments	<u>\$10,638,156</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

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

Investment Authorized by Debt Agreement

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Fair Value	12 Months or Less	Longer Than 60 Months
State Investment Pool	\$7,292,103	\$7,292,103	\$
Held by Bond Trustee:			
Money Market Funds	<u>849,982</u>	<u>849,982</u>	<u> </u>
	<u><u>\$8,142,085</u></u>	<u><u>\$8,142,085</u></u>	<u><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).

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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.

Investment Type	Amount	Ratings as of Fiscal Year End		
		Minimum Legal Rating	Not Rated	AAAm
State Investment Pool	\$7,292,103	N/A	\$7,292,103	\$
Held by Bond Trustee:				
Money Market Funds	<u>849,982</u>	N/A	<u> </u>	<u>849,982</u>
	<u>\$8,142,085</u>		<u>\$7,292,103</u>	<u>\$849,982</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

As of June 30, 2015, 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, 2015.

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds -			
Accounts	\$ 358,818	\$	\$ 358,818
Due from other agencies	<u>771,068</u>	<u> </u>	<u>771,068</u>
	<u>\$1,129,886</u>	<u>\$</u>	<u>\$1,129,886</u>
Proprietary Funds -			
Accounts	<u>\$1,589,158</u>	<u>\$683,772</u>	<u>\$ 905,386</u>
Fiduciary Funds -			
Due from other agencies	\$ 31,000	\$	\$ 31,000
Notes receivable	<u>376,074</u>	<u> </u>	<u>376,074</u>
	<u>\$ 407,074</u>	<u>\$</u>	<u>\$ 407,074</u>

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, 2015.

Assessment District No. 1991-2 Improvement Bonds - Highland	\$ 441,311
Assessment District No. 1992-1 Improvement Bonds - Dancer II	133,203
Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III	122,352
Assessment District No. 1993-1 Improvement Bonds - Vineyard	237,241
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	80,809
Assessment District No. 1997-1 - Theater	<u>13,125</u>
	<u>\$1,028,041</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,790,302	\$	\$	\$ 7,790,302
Construction in progress	<u>54,615</u>	<u>648,387</u>	<u>(531,327)</u>	<u>171,675</u>
Total capital assets not being depreciated	<u>7,844,917</u>	<u>648,387</u>	<u>(531,327)</u>	<u>7,961,977</u>
Capital assets being depreciated:				
Roads and other infrastructure	95,540,530	447,516		95,988,046
Buildings and improvements	6,902,095	68,671	(55,926)	6,914,840
Machinery and equipment	<u>7,312,989</u>	<u>240,128</u>	<u></u>	<u>7,553,117</u>
Total capital assets being depreciated	<u>109,755,614</u>	<u>756,315</u>	<u>(55,926)</u>	<u>110,456,003</u>
Less accumulated depreciation for:				
Roads and other infrastructure	(57,365,052)	(1,973,013)		(59,338,065)
Buildings and improvements	(2,915,600)	(149,377)	55,926	(3,009,051)
Machinery and equipment	<u>(4,301,665)</u>	<u>(331,228)</u>	<u></u>	<u>(4,632,893)</u>
Total accumulated depreciation	<u>(64,582,317)</u>	<u>(2,453,618)</u>	<u>55,926</u>	<u>(66,980,009)</u>
Total capital assets being depreciated, net	<u>45,173,297</u>	<u>(1,697,303)</u>	<u></u>	<u>43,475,994</u>
Governmental activities capital assets, net	<u>\$ 53,018,214</u>	<u>\$(1,048,916)</u>	<u>\$(531,327)</u>	<u>\$ 51,437,971</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 264,882	\$	\$	\$ 264,882
Equipment	<u>3,515</u>	<u></u>	<u></u>	<u>3,515</u>
Total capital assets being depreciated	<u>268,397</u>	<u></u>	<u></u>	<u>268,397</u>
Less accumulated depreciation for:				
Buildings and improvements	(259,600)	(826)		(260,426)
Equipment	<u>(3,515)</u>	<u></u>	<u></u>	<u>(3,515)</u>
Total accumulated depreciation	<u>(263,115)</u>	<u>(826)</u>	<u></u>	<u>(263,941)</u>
Total capital assets being depreciated, net	<u>5,282</u>	<u>(826)</u>	<u></u>	<u>4,456</u>
Business-type activities capital assets, net	<u>\$ 5,282</u>	<u>\$(826)</u>	<u>\$</u>	<u>\$ 4,456</u>

Depreciation was charged to functions as follows:

Governmental activities depreciation:	
General government	\$ 190,714
Public protection:	
Fire	79,223
Police	105,183
Public ways and facilities, including depreciation to general infrastructure assets	<u>2,078,498</u>
Total governmental activities depreciation expense	<u>\$2,453,618</u>
Business-type activities depreciation:	
Pioneer Village	<u>\$ 826</u>
Total business-type activities depreciation	<u>\$ 826</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2015, consisted of the following:

<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Amount</u>	<u>Purpose</u>
Street Maintenance Fund	Nonmajor Capital Projects Funds	\$300,000	Short-term loans
Nonmajor Enterprise Funds	General	75,000	Short-term loans
Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	18,753	Short-term loans
Nonmajor Special Revenue Funds	General	147,656	Short-term loans
Nonmajor Capital Projects Funds	Nonmajor Capital Projects Funds	88,035	Short-term loans
		<u>\$629,444</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 \$2,884,406 in the fund financial statements as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General</u>	<u>Street Maintenance Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	
General	\$	\$	\$ 1,751	\$	\$	\$ 1,751
Street Maintenance Fund			25,000			25,000
Street LTF		132,252				132,252
Street Measure "C"		273,050				273,050
Nonmajor Special Revenue Funds	842,943	668,215			40,287	1,551,445
Nonmajor Debt Service Funds				26,381		26,381
Nonmajor Capital Projects Funds		3,982			221,585	225,567
Proprietary	526,537	53,550		68,873		648,960
	<u>\$1,369,480</u>	<u>\$1,131,049</u>	<u>\$26,751</u>	<u>\$95,254</u>	<u>\$261,872</u>	<u>\$2,884,406</u>

Internal Balances

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

NOTE 7 – 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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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, 2015:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Due Within One Year
Governmental activities:					
Revenue bonds – Authority	\$1,910,000	\$	\$ 70,000	\$1,840,000	\$185,000
Revenue bonds – City	4,005,000		65,000	3,940,000	65,000
Notes	21,203		21,203		
Capital leases	295,028	86,736	67,126	314,638	65,484
Compensated absences	<u>744,759</u>		<u>112,986</u>	<u>631,773</u>	
Total governmental activities	<u>\$6,975,990</u>	<u>\$86,736</u>	<u>\$336,315</u>	<u>\$6,726,411</u>	<u>\$315,484</u>
Business-type activities:					
Compensated absences		<u>410</u>		<u>410</u>	
Total business-type activities	<u>\$</u>	<u>\$ 410</u>	<u>\$</u>	<u>\$ 410</u>	<u>\$</u>

A summary of changes in bonds payable of the Authority for the year ended June 30, 2015 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2014	Issued	Retired	Outstanding June 30 2015
1994	4% - 7.25%	\$11,570,000	\$ 955,000	\$	\$65,000	\$ 890,000
2014	3.25%	<u>955,000</u>	<u>955,000</u>		<u>5,000</u>	<u>950,000</u>
		<u>\$12,525,000</u>	<u>\$1,910,000</u>	<u>\$</u>	<u>\$70,000</u>	<u>\$1,840,000</u>

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2015 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2014	Issued	Retired	Outstanding June 30 2015
2010-A	Various	<u>\$4,125,000</u>	<u>\$4,005,000</u>	<u>\$</u>	<u>\$65,000</u>	<u>\$3,940,000</u>
		<u>\$4,125,000</u>	<u>\$4,005,000</u>	<u>\$</u>	<u>\$65,000</u>	<u>\$3,940,000</u>

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, 2015 is \$885,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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, 2015 is \$3,940,000.

2014 Assessment Revenue Refunding Bonds

On June 1, 2014, the Selma Public Financing Authority issued \$955,000 Series 2014 Assessment Revenue Refunding Bonds bearing interest of 3.250% payable semi-annually on September 2nd and March 2nd, commencing September 2, 2014. The bonds mature annually at various amounts through September 2, 2022. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance outstanding at June 30, 2015 is \$955,000.

The Bonds were issued to refinance the Authority's previously issued Series 1999A Assessment Revenue Bonds in the principal amount of \$8,165,000 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, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Authority Governmental Activities Interest</u>	<u>Total</u>
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	210,000	59,375	269,375
2021-2024	<u>865,000</u>	<u>104,996</u>	<u>969,996</u>
Totals	<u>\$1,840,000</u>	<u>\$499,591</u>	<u>\$2,339,591</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

Year Ending June 30,	Principal	City Governmental Activities Interest	Total
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	85,000	254,438	339,438
2021-2025	500,000	1,182,600	1,682,600
2026-2030	700,000	981,750	1,681,750
2031-2035	985,000	699,300	1,684,300
3036-2040	<u>1,380,000</u>	<u>303,100</u>	<u>1,683,100</u>
Totals	<u>\$3,940,000</u>	<u>\$4,482,063</u>	<u>\$8,422,063</u>

2. Capital Leases

Commitments under capitalized lease agreements for vehicles and equipment provide for minimum future lease payments as of June 30, 2015 as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 81,463
2017	81,463
2018	81,463
2019	57,865
2020	<u>57,865</u>
Total Minimum Leases	360,119
Less: Amount representing interest	<u>(45,484)</u>
Principal amount	<u>\$314,635</u>

3. Compensated Absences:

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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.

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:

	<u>As of and for the Year Ended June 30, 2015</u>
Total Assets	<u>\$86,630,360</u>
Total Liabilities	\$73,673,710
Total Net Position	<u>12,956,650</u>
Total Liabilities and Net Position	<u>\$86,630,360</u>
Total Revenues for the Year	\$39,167,782
Total Expenses for the Year	<u>41,464,983</u>
Change in Net Position	<u>\$ (2,297,201)</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 10 – PENSION PLAN

General Information

Plan Description

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

Benefits Provided

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

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

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

Contributions

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plans are as follows:

	Plans
Contributions – employer	\$1,053,039
Contributions – employee (paid by employer)	67,900

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$4,540,515
Safety	<u>4,765,927</u>
Total Net Pension Liability	<u>\$9,306,442</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2013	0.169%	0.132%
Proportion – June 30, 2014	0.184%	0.127%
Change – Increase (Decrease)	0.015%	(0.005%)

For the year ended June 30, 2015, the City recognized pension expense of \$1,120,939. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$1,120,939	\$
Differences between actual and expected experience		
Changes in assumptions		
Net difference between projected and actual earnings on pension plan investments		(2,443,577)
Adjustments due to differences in proportion	<u>72,892</u>	<u>(90,455)</u>
Total	<u>\$1,193,831</u>	<u>\$(2,534,032)</u>

\$1,193,381 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2015	\$(617,282)
2016	(617,282)
2017	(615,991)
2018	(610,833)

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>All Plans (3)</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
	Derived using CalPERS'
Mortality	Membership Data for all funds (3)
	Contract COLA up to 2.75% until
	Purchasing Power Protection
	Allowance Floor on Purchasing
Post Retirement Benefit Increase	Power applies, 2.75% thereafter

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.
- (4) All of the City's plan for Miscellaneous and Safety employed the same assumptions

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rates should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would mostly result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from CalPERS website.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	<u>2.0%</u>	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

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

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

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$7,013,094	\$8,201,542
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$4,540,515	\$4,765,927
1% Increase	8.50%	8.50%
Net Pension Liability	\$2,430,416	\$1,935,128

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$107,071 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(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, 2018, are \$89,500 per month through December 2016 and \$92,500 per months from January 2017 through April 2018.

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, 2015.

NOTE 12 – POST EMPLOYMENT HEALTH CARE BENEFITS

The following information on the City's post employment health care benefits was derived from an actuarial valuation as of January 1, 2015. This was the first valuation prepared for the City. Accordingly, no OPEB obligation has been reported in prior years and the net OPEB obligation was assumed to be zero at June 30, 2014.

Plan Description

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

The City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City has an "unequal contribution" resolution with CalPERS, executed in 2001. This resolution defines the City's contribution toward active employee medical premiums to be the PEMHCA minimum employer contribution (MEC). The MEC was \$122 per month in 2015.

The amount payable by the City for retirees was \$85.40 per month in 2015.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

Funding Policy and Actuarial Assumptions

Currently, the City funds retiree health care benefits on a pay-as-you-go basis. For the 2014/2015 year, the City paid \$27,916 for healthcare benefits for 29 retirees or their beneficiaries receiving benefits.

The annual required contribution (ARC) was determined as part of a January 1, 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.0% discount rate for pay-as-you-go funding, (b) 3.25% projected annual salary increase, (c) wage inflation 3.00% and (d) 4.5% - 7.5% premium increases. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed 30 year amortization period.

Funding Progress and Funding Status

The City's OPEB unfunded actuarial accrued liability as of January 1, 2015, was \$2,357,316.

The City has calculated and recorded the net OPEB obligation, representing the difference between the ARC and contributions, as follows:

Annual required contributions (ARC)	<u>\$221,359</u>
Annual required contribution annual OPEB cost	221,359
Less: Employer contribution	<u>(27,916)</u>
Change in net OPEB obligations	193,443
Net OPEB obligations, beginning of year	<u>-0-</u>
Net OPEB obligations, end of year	<u>\$193,443</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015. Information for the years ended June 30, 2013 and 2014 was not available.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$221,359	12.61%	\$193,443

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The funded status of the plan as of June 30, 2015 was as follows:

Actuarial accrued liability	\$2,357,316
Actuarial value of plan assets	<u>-0-</u>
Unfunded Actuarial accrued liability (UAAL)	2,357,316
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Covered payroll (active plan members)	\$8,756,759
UAAL as a percentage of covered payroll	26.9%

NOTE 13 – RESTATEMENT FOR ACCOUNTING CHANGE

The City adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intension of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measurement of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The intension of this Statement is to eliminate the source of a potential significant understatement restricted beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements resulted in a reduction of the beginning net positions of the Governmental Activities by \$10,717,887 and the Business-Type Activities by \$19,869.

CITY OF SELMA
Notes to Financial Statements
June 30, 2015
(Continued)

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

The beginning net position of the Government-wide financial statements have been adjusted as follows:

	<u>Governmental Activities</u>
Adjustment to correct beginning balance of accounts receivable	<u>\$204,748</u>
Total prior period adjustments	<u>\$204,748</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,328,000	\$ 7,328,000	\$ 7,718,696	\$ 390,696
Licenses and permits	304,376	304,376	412,700	108,324
Intergovernmental	44,144	44,144	139,675	95,531
Charges for services	257,840	257,840	391,664	133,824
Fines	4,400	4,400	13,576	9,176
Franchise fees	733,000	733,000	752,149	19,149
Revenue for use of money and property	13,200	13,200	30,823	17,623
Miscellaneous	<u>97,230</u>	<u>97,230</u>	<u>244,819</u>	<u>147,589</u>
Total revenues	<u>8,782,190</u>	<u>8,782,190</u>	<u>9,704,102</u>	<u>921,912</u>
Expenditures				
General government	1,899,611	1,899,611	1,971,574	(71,963)
Public safety	7,793,302	7,793,302	7,427,070	366,232
Public works	572,474	572,474	520,359	52,115
Community development	344,414	344,414	340,105	4,309
Recreation	323,332	323,332	290,702	32,630
Capital outlay			103,968	(103,968)
Debt service:				
Principal	22,779	22,779	23,007	(228)
Interest and fiscal charges	<u>28,123</u>	<u>28,123</u>	<u>8,519</u>	<u>19,604</u>
Total expenditures	<u>10,984,035</u>	<u>10,984,035</u>	<u>10,685,304</u>	<u>298,731</u>
Excess (deficiency) of revenues over (under) expenditures	(2,201,845)	(2,201,845)	(981,202)	1,220,643
Other financing sources (uses)				
Operating transfers in			1,369,480	1,369,480
Operating transfers out			<u>(1,751)</u>	<u>(1,751)</u>
Total other financing sources (uses)			<u>1,367,729</u>	<u>1,367,729</u>
Change in fund balance	(2,201,845)	(2,201,845)	386,527	2,588,372
Fund balance, beginning of year	<u>911,438</u>	<u>911,438</u>	<u>911,438</u>	
Fund balance, end of year	<u>\$ (1,290,407)</u>	<u>\$ (1,290,407)</u>	<u>\$ 1,297,965</u>	<u>\$2,588,372</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 70,005	\$ 45,005
Charges for services	140,000	140,000	163,307	23,307
Revenue for use of money and property			129	129
Miscellaneous			16,404	16,404
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>249,845</u>	<u>84,845</u>
Expenditures				
Public Works	1,116,176	1,116,176	962,947	153,229
Debt service:				
Principal	53,416	53,416	63,196	(9,780)
Interest and fiscal charges	<u>244,443</u>	<u>244,443</u>	<u>266,430</u>	<u>(21,987)</u>
Total expenditures	<u>1,414,035</u>	<u>1,414,035</u>	<u>1,292,573</u>	<u>121,462</u>
Excess (deficiency) of revenues over (under) expenditures	(1,249,035)	(1,249,035)	(1,042,728)	206,307
Other financing sources (uses)				
Operating transfers in			1,131,049	1,131,049
Operating transfers out			<u>(25,000)</u>	<u>(25,000)</u>
Total other financing sources (uses)			<u>1,106,049</u>	<u>1,106,049</u>
Net change in fund balance	(1,249,035)	(1,249,035)	63,321	1,312,356
Fund balance, beginning of year	<u>(18,867)</u>	<u>(18,867)</u>	<u>(18,867)</u>	
Fund balance, end of year	<u><u>\$(1,267,902)</u></u>	<u><u>\$(1,267,902)</u></u>	<u><u>\$ 44,454</u></u>	<u><u>\$1,312,356</u></u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street LTF
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$444,873	\$444,873	\$1,333,505	\$ 888,632
Revenue for the use of money and property			1,263	1,263
Total revenues	<u>444,873</u>	<u>444,873</u>	<u>1,334,768</u>	<u>889,895</u>
Expenditures				
Public Works				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	444,873	444,873	1,334,768	889,895
Other financing sources (uses)				
Operating transfers in				
Operating transfers out			(132,252)	(132,252)
Total other financing sources (uses)			<u>(132,252)</u>	<u>(132,252)</u>
Net change in fund balance	444,873	444,873	1,202,516	757,643
Fund balance, beginning of year	<u>200,175</u>	<u>200,175</u>	<u>200,175</u>	
Fund balance, end of year	<u>\$645,048</u>	<u>\$645,048</u>	<u>\$1,402,691</u>	<u>\$ 757,643</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 512,000	\$ 512,000	\$ 578,970	\$ 66,970
Revenue for use of money and property			<u>1,276</u>	<u>1,276</u>
Total revenues	<u>512,000</u>	<u>512,000</u>	<u>580,246</u>	<u>68,246</u>
Expenditures				
Public Works			7,680	(7,680)
Capital outlay	<u>319,100</u>	<u>319,100</u>	<u>175,299</u>	<u>143,801</u>
Total expenditures	<u>319,100</u>	<u>319,100</u>	<u>182,979</u>	<u>136,121</u>
Excess (deficiency) of revenues over (under) expenditures	192,900	192,900	397,267	204,367
Other financing sources (uses)				
Operating transfers in				
Operating transfers out			<u>(273,050)</u>	<u>(273,050)</u>
Total other financing sources (uses)			<u>(273,050)</u>	<u>(273,050)</u>
Net change in fund balance	192,900	192,900	124,217	(68,683)
Fund balance, beginning of year	<u>1,013,703</u>	<u>1,013,703</u>	<u>1,013,703</u>	
Fund balance, end of year	<u>\$1,206,603</u>	<u>\$1,206,603</u>	<u>\$1,137,920</u>	<u>\$ (68,683)</u>

CITY OF SELMA
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Pension Plan – Last 10 Years*
For the Year Ended June 30, 2015

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

	<u>Miscellaneous</u>
Plan's Proportion of the Net Pensions Liability (Asset)	.07296%
Plan's Proportion share of the Net Pension Liability (Asset)	\$4,540,156
Plan's Covered Employee Payroll	\$1,470,465
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	308.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.31%
	<u>Safety</u>
Plan's Proportion of the Net Pensions Liability (Asset)	.07659%
Plan's Proportion share of the Net Pension Liability (Asset)	\$4,765,927
Plan's Covered Employee Payroll	\$3,379,336
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	141.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SELMA
Required Supplementary Information
Schedule of Funding Progress PERS Information
For the Year Ended June 30, 2015

Schedule Contributions

	<u>Miscellaneous</u>
Actuarially determined contribution	\$ 367,790
Contributions in relation to the actuarially determined contributions	<u>(367,790)</u>
Contribution deficiency (excess)	<u>\$ 0</u>
 Covered-employee payroll	 <u>\$1,470,465</u>
 Contributions as a percentage of covered-employee payroll	 25.01%
	 <u>Safety</u>
Actuarially determined contribution	\$ 655,346
Contributions in relation to the actuarially determined contributions	<u>(655,346)</u>
Contribution deficiency (excess)	<u>\$ 0</u>
 Covered-employee payroll	 <u>\$3,379,336</u>
 Contributions as a percentage of covered-employee payroll	 19.39%

Notes to Schedule

Valuation date: 6/30/13

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5- year smoothed market
Inflation	2.75%
Salary increases	3.3% to 14.2%, depending on Age, Service and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	59 years, Miscellaneous, 54 years Safety
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$1,042,046	\$324,817	\$3,306,170	\$4,673,033
Cash with fiscal agent		150,351		150,351
Accounts receivable	28,822		47,087	75,909
Due from other funds			406,788	406,788
Due from other agencies	<u>181,233</u>		<u>101,595</u>	<u>282,828</u>
Total assets	<u>\$1,252,101</u>	<u>\$475,168</u>	<u>\$3,861,640</u>	<u>\$5,588,909</u>
Liabilities				
Accounts payable	\$ 51,589	\$ 5,100	\$ 3,198	\$ 59,887
Accrued wages/benefits	11,437			11,437
Due to other funds	<u>166,409</u>		<u>88,035</u>	<u>254,444</u>
Total liabilities	<u>229,435</u>	<u>5,100</u>	<u>91,233</u>	<u>325,768</u>
Fund balance				
Restricted for:				
Streets and roads	484,949		1,010,522	1,495,471
Public safety	495,989			495,989
Community development	57,214			57,214
Debt service		470,068		470,068
Capital projects			2,277,522	2,277,522
Committed for:				
Streets and roads	22,672			22,672
Community development	3,956			3,956
Capital projects			346,550	346,550
Assigned for:				
Equipment replacement			221,675	221,675
Unassigned	<u>(42,114)</u>		<u>(85,862)</u>	<u>(127,976)</u>
Total fund balance	<u>1,022,666</u>	<u>470,068</u>	<u>3,770,407</u>	<u>5,263,141</u>
Total liabilities and fund balance	<u>\$1,252,101</u>	<u>\$475,168</u>	<u>\$3,861,640</u>	<u>\$5,588,909</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,389,000	\$	\$	\$ 2,389,000
Intergovernmental	514,150		18,765	532,915
Charges for services	5,200		635,926	641,126
Fines	64,293			64,293
Revenue for use of money and property	1,482	5,291	2,782	9,555
Assessment payments		211,872		211,872
Miscellaneous	<u>80,162</u>	<u>12,204</u>	<u>152,833</u>	<u>245,199</u>
Total revenues	<u>3,054,287</u>	<u>229,367</u>	<u>810,306</u>	<u>4,093,960</u>
Expenditures				
General government	39,316	6,006		45,322
Public safety	579,967		60,153	640,120
Public works	192,873		18	192,891
Community development	52,474		6,995	59,469
Capital outlay	265,729		157,534	423,263
Debt service:				
Principal	67,125	45,000		112,125
Interest and fiscal charges	<u>14,338</u>	<u>50,254</u>		<u>64,592</u>
Total expenditures	<u>1,211,822</u>	<u>101,260</u>	<u>224,700</u>	<u>1,537,782</u>
Excess (deficiency) of revenues over (under) expenditures	1,842,465	128,107	585,606	2,556,178
Other financing sources (uses)				
Operating transfers in	26,751	95,254	261,872	383,877
Operating transfers out	<u>(1,551,445)</u>	<u>(26,381)</u>	<u>(225,567)</u>	<u>(1,803,393)</u>
Total other financing sources (uses)	<u>(1,524,694)</u>	<u>68,873</u>	<u>36,305</u>	<u>(1,419,516)</u>
Net change in fund balance	317,771	196,980	621,911	1,136,662
Fund balance, beginning of year	<u>704,895</u>	<u>273,088</u>	<u>3,148,496</u>	<u>4,126,479</u>
Fund balance, end of year	<u>\$ 1,022,666</u>	<u>\$470,068</u>	<u>\$3,770,407</u>	<u>\$ 5,263,141</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2015

	Redevelopment Administration	Public Safety	Sidewalk Repair Funds	Traffic Congestion Relief Grant	AB 1913 Grant	Street Gas Tax	Reg Safe Transportation Program (RSTP)
Assets							
Cash and investments	\$	\$571	\$22,672	\$472,454	\$7,430	\$14	\$
Accounts receivable							
Due from other agencies	<u>98,740</u>						
Total assets	<u>98,740</u>	<u>571</u>	<u>22,672</u>	<u>472,454</u>	<u>7,430</u>	<u>14</u>	
Liabilities							
Accounts payable							3,500
Accrued wages/benefits	969				4,967		
Due to other funds	<u>97,771</u>						
Total liabilities	<u>98,740</u>				<u>4,967</u>		<u>3,500</u>
Fund balance							
Restricted for:							
Streets and roads				472,454	2,463	14	
Public safety		571					
Community development							
Committed for:							
Streets and roads			22,672				
Community development							
Unassigned							(3,500)
Total fund balance		<u>571</u>	<u>22,672</u>	<u>472,454</u>	<u>2,463</u>	<u>14</u>	<u>(3,500)</u>
Total liabilities and fund balance	<u>\$98,740</u>	<u>\$571</u>	<u>\$22,672</u>	<u>\$472,454</u>	<u>\$7,430</u>	<u>\$14</u>	<u>\$</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2015

	Landscape and Lighting Assessment	CDBG Grant	Recycling Grant	ABC Grant	SAFER Fire Grant	Homeland Security Fire Grant	Small Business Support Center
Assets							
Cash and investments	\$18,570	\$	\$24,314	\$1,424	\$ 467	\$ 13 987	\$605
Accounts receivable		6,475		1,446			
Due from other agencies		<u>6,475</u>		<u>1,446</u>			
Total assets	<u>18,570</u>	<u>6,475</u>	<u>24,314</u>	<u>2,870</u>	<u>467</u>	<u>1,000</u>	<u>605</u>
Liabilities							
Accounts payable	4,252			2,673			
Accrued wages/benefits	4,300						
Due to other funds		32,803			7,000	1,000	
Total liabilities	<u>8,552</u>	<u>32,803</u>		<u>2,673</u>	<u>7,000</u>	<u>1,000</u>	
Fund balance							
Restricted for:							
Streets and roads	10,018						
Public safety				197			
Community development			24,314				
Committed for:							
Streets and roads							
Community development							605
Unassigned		(26,328)			(6,533)		
Total fund balance	<u>10,018</u>	<u>(26,328)</u>	<u>24,314</u>	<u>197</u>	<u>(6,533)</u>		<u>605</u>
Total liabilities and fund balance	<u>\$18,570</u>	<u>\$ 6,475</u>	<u>\$24,314</u>	<u>\$2,870</u>	<u>\$ 467</u>	<u>\$1,000</u>	<u>\$605</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2015

	DOJ Byrnes Grant	OTS Special Projects	Foreclosed Homes	Sports Hall of Fame	CHRP Grant	ACT Program	Citizen's Tax Initiative	Total Nonmajor Special Revenue Funds
Assets								
Cash and investments	\$	\$	\$26,050	\$3,351	\$381	\$ 6,954	\$456,776	\$1,042,046
Accounts receivable			27,835					28,822
Due from other agencies	<u>6,882</u>	<u>15,990</u>					<u>51,700</u>	<u>181,233</u>
Total assets	<u>6,882</u>	<u>15,990</u>	<u>53,885</u>	<u>3,351</u>	<u>381</u>	<u>6,954</u>	<u>508,476</u>	<u>1,252,101</u>
Liabilities								
Accounts payable			20,985			5,753	14,426	51,589
Accrued wages/benefits						1,201		11,437
Due to other funds	<u>6,092</u>	<u>15,990</u>				<u>5,753</u>		<u>166,409</u>
Total liabilities	<u>6,092</u>	<u>15,990</u>	<u>20,985</u>			<u>12,707</u>	<u>14,426</u>	<u>229,435</u>
Fund balance								
Restricted for:								
Streets and roads								484,949
Public safety	790				381		494,050	495,989
Community development			32,900					57,214
Committed for:								
Streets and roads								22,672
Community development				3,351				3,956
Unassigned						<u>(5,753)</u>		<u>(42,114)</u>
Total fund balance	<u>790</u>		<u>32,900</u>	<u>3,351</u>	<u>381</u>	<u>(5,753)</u>	<u>494,050</u>	<u>1,022,666</u>
Total liabilities and fund balance	<u>\$6,882</u>	<u>\$15,990</u>	<u>\$53,885</u>	<u>\$3,351</u>	<u>\$381</u>	<u>\$ 6,954</u>	<u>\$508,476</u>	<u>\$1,252,101</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Traffic Safety	Successor Agency Administration	Public Safety	Sidewalk Repair Funds	Traffic Congestion Relief Grant	AB 1913 Grant	Street Gas Tax	Reg Safe Transportation Program (RSTP)
Revenues								
Taxes	\$	\$	\$ 43,139	\$	\$	\$ 106,230	\$ 413,891	\$ 5,250
Intergovernmental								
Charges for services								
Fines	63,145							
Revenue for use of money and property					439		385	
Miscellaneous		<u>51,874</u>		<u>72</u>				
Total revenues	<u>63,145</u>	<u>51,874</u>	<u>43,139</u>	<u>72</u>	<u>439</u>	<u>106,230</u>	<u>414,276</u>	<u>5,250</u>
Expenditures								
General government								
Public safety						108,625		
Public works				2,400				
Community development		51,874						
Capital outlay						23,199		8,750
Debt service:								
Principal						23,598		
Interest and fiscal charge								
Total expenditures		<u>51,874</u>		<u>2,400</u>		<u>155,422</u>		<u>8,750</u>
Excess (deficiency) of revenues over (under) expenditures	63,145		43,139	(2,328)	439	(49,192)	414,276	(3,500)
Other financing sources (uses)								
Operating transfers in				25,000				
Operating transfers out	<u>(77,295)</u>	<u>(20,240)</u>	<u>(43,000)</u>				<u>(414,276)</u>	
Total other financing sources (uses)	<u>(77,295)</u>	<u>(20,240)</u>	<u>(43,000)</u>	<u>25,000</u>			<u>(414,276)</u>	
Net change in fund balance	(14,150)	(20,240)	139	22,672	439	(49,192)		(3,500)
Fund balance, beginning of year	<u>14,150</u>	<u>20,240</u>	<u>432</u>		<u>472,015</u>	<u>51,655</u>	<u>14</u>	
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 571</u>	<u>\$22,672</u>	<u>\$472,454</u>	<u>\$ 2,463</u>	<u>\$ 14</u>	<u>\$ (3,500)</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Street HUTA Fund	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant	Safe Routes to School Grant	Avoid Grant
Revenues							
Taxes	\$ 253,703	\$197,727	\$	\$	\$	\$	\$
Intergovernmental				233,708	6,532		17,599
Charges for services							
Fines			1,148				
Revenue for use of money and property	236						
Miscellaneous							
Total revenues	<u>253,939</u>	<u>197,727</u>	<u>1,148</u>	<u>233,708</u>	<u>6,532</u>	<u> </u>	<u>17,599</u>
Expenditures							
General government					11,481		
Public safety			9,112				17,599
Public works		190,473					
Community development							
Capital outlay				233,780			
Debt service:							
Principal							
Interest and fiscal charge							
Total expenditures	<u> </u>	<u>190,473</u>	<u>9,112</u>	<u>233,780</u>	<u>11,481</u>	<u> </u>	<u>17,599</u>
Excess (deficiency) of revenues over (under) expenditures	253,939	7,254	(7,964)	(72)	(4,949)		
Other financing sources (uses)							
Operating transfers in						1,642	
Operating transfers out	(253,939)		(40,286)			(1,000)	
Total other financing sources (uses)	<u>(253,939)</u>	<u> </u>	<u>(40,286)</u>	<u> </u>	<u> </u>	<u>642</u>	<u> </u>
Net change in fund balance		7,254	(48,250)	(72)	(4,949)	642	
Fund balance, beginning of year	<u> </u>	<u>2,764</u>	<u>48,250</u>	<u>(26,256)</u>	<u>29,263</u>	<u>(642)</u>	<u> </u>
Fund balance, end of year	<u>\$</u>	<u>\$ 10,018</u>	<u>\$</u>	<u>\$ (26,328)</u>	<u>\$24,314</u>	<u>\$</u>	<u>\$</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	T-21 Project Grant	FEMA Grant	Sobriety Check Point Grant	ABC Grant	SAFER Fire Grant	Small Business Support Center	DOJ Byrnes Grant
Revenues							
Taxes	\$	\$	\$	\$	\$	\$	\$
Intergovernmental			3,500	7,356	97,996		11,686
Charges for services							
Fines							
Revenue for use of money and property							
Miscellaneous	—	—	—	—	—	—	—
Total revenues	—	—	<u>3,500</u>	<u>7,356</u>	<u>97,996</u>	—	<u>11,686</u>
Expenditures							
General government							
Public safety			3,500	7,159	97,996		11,686
Public works							
Community development							
Capital outlay							
Debt service:							
Principal							
Interest and fiscal charge	—	—	—	—	—	—	—
Total expenditures	—	—	<u>3,500</u>	<u>7,159</u>	<u>97,996</u>	—	<u>11,686</u>
Excess (deficiency) of revenues over (under) expenditures				197			
Other financing sources (uses)							
Operating transfers in	109						
Operating transfers out	—	(479)	—	—	—	—	—
Total other financing sources (uses)	<u>109</u>	<u>(479)</u>	—	—	—	—	—
Net change in fund balance	109	(479)		197			
Fund balance, beginning of year	<u>(109)</u>	<u>479</u>	—	—	<u>(6,533)</u>	<u>605</u>	<u>790</u>
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 197</u>	<u>\$ (6,533)</u>	<u>\$605</u>	<u>\$ 790</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	OTS Special Projects	Foreclosed Homes Project	Sports Hall of Fame	State Asset Forfeiture Fund	CHRP Grant	ATC Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	\$	\$	\$	\$	\$	\$	\$1,480,540	\$ 2,389,000
Intergovernmental	24,293							514,150
Charges for services		5,200						5,200
Fines								64,293
Revenue for use of money and property							422	1,482
Miscellaneous		<u>27,835</u>	<u>—</u>	<u>—</u>	<u>381</u>	<u>—</u>	<u>—</u>	<u>80,162</u>
Total revenues	<u>24,293</u>	<u>33,035</u>	<u>—</u>	<u>—</u>	<u>381</u>	<u>—</u>	<u>1,480,962</u>	<u>3,054,287</u>
Expenditures								
General government		27,835						39,316
Public safety	24,293					5,753	294,244	579,967
Public works								192,873
Community development			600					52,474
Capital outlay								265,729
Debt service:								
Principal							43,527	67,125
Interest and fiscal charge							14,338	14,338
Total expenditures	<u>24,293</u>	<u>27,835</u>	<u>600</u>	<u>—</u>	<u>—</u>	<u>5,753</u>	<u>352,109</u>	<u>1,211,822</u>
Excess (deficiency) of revenues over (under) expenditures		5,200	(600)		381	(5,753)	1,128,853	1,842,465
Other financing sources (uses)								
Operating transfers in								26,751
Operating transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>(930)</u>	<u>—</u>	<u>—</u>	<u>(700,000)</u>	<u>(1,551,445)</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(930)</u>	<u>—</u>	<u>—</u>	<u>(700,000)</u>	<u>(1,524,694)</u>
Net change in fund balance		5,200	(600)	(930)	381	(5,753)	428,853	317,771
Fund balance, beginning of year	<u>—</u>	<u>27,700</u>	<u>3,951</u>	<u>930</u>	<u>—</u>	<u>—</u>	<u>65,197</u>	<u>704,895</u>
Fund balance, end of year	<u>\$</u>	<u>\$32,900</u>	<u>\$3,351</u>	<u>\$</u>	<u>\$381</u>	<u>\$(5,753)</u>	<u>\$ 494,050</u>	<u>\$ 1,022,666</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2015

	1994 Debt Service	Assessment 91-2 Highland Debt Service	1999A Reassessment Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service
Assets					
Cash and investments	\$ 86,736	\$67,142	\$58,393	\$24,453	\$22,987
Cash with fiscal agent	<u>109,463</u>				
Total assets	<u>196,199</u>	<u>67,142</u>	<u>58,393</u>	<u>24,453</u>	<u>22,987</u>
Liabilities					
Accounts payable	_____	_____	_____	_____	_____
Total liabilities	_____	_____	_____	_____	_____
Fund balance					
Restricted for:					
Debt service	<u>196,199</u>	<u>67,142</u>	<u>58,393</u>	<u>24,453</u>	<u>22,987</u>
Total fund balance	<u>196,199</u>	<u>67,142</u>	<u>58,393</u>	<u>24,453</u>	<u>22,987</u>
Total liabilities and fund balance	<u>\$196,199</u>	<u>\$67,142</u>	<u>\$58,393</u>	<u>\$24,453</u>	<u>\$22,987</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2015

	Assessment 92-1 Watermain Debt Service	Assessment 93-1 Briarwood/ Vineyard Debt Service	Assessment Theater Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Assets					
Cash and investments	\$10,973	\$42,006	\$12,127	\$	\$324,817
Cash with fiscal agent				<u>40,888</u>	<u>150,351</u>
Total assets	<u>10,973</u>	<u>42,006</u>	<u>12,127</u>	<u>40,888</u>	<u>475,168</u>
Liabilities					
Accounts payable	_____	<u>5,100</u>	_____	_____	<u>5,100</u>
Total liabilities	_____	<u>5,100</u>	_____	_____	<u>5,100</u>
Fund balance					
Restricted for:					
Debt service	<u>10,973</u>	<u>36,906</u>	<u>12,127</u>	<u>40,888</u>	<u>470,068</u>
Total fund balance	<u>10,973</u>	<u>36,906</u>	<u>12,127</u>	<u>40,888</u>	<u>470,068</u>
Total liabilities and fund balance	<u>\$10,973</u>	<u>\$42,006</u>	<u>\$12,127</u>	<u>\$40,888</u>	<u>\$475,168</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2015

	1994 Debt Service	Assessment 91-2 Highland Debt Service	PFA 1999A Reassessment Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service
Revenues					
Revenue for use of money and property	\$ 5,150	\$	\$	\$	\$
Miscellaneous revenue			12,204		
Assessment Payments		<u>86,525</u>		<u>27,413</u>	<u>25,710</u>
Total revenues	<u>5,150</u>	<u>86,525</u>	<u>12,204</u>	<u>27,413</u>	<u>25,710</u>
Expenditures					
General government		5,020	535	150	89
Debt Service:					
Principal	45,000				
Interest and fiscal charges	<u>28,873</u>				
Total expenditures	<u>73,873</u>	<u>5,020</u>	<u>535</u>	<u>150</u>	<u>89</u>
Excess (deficiency) of revenues over (under) expenditures	(68,723)	81,505	11,669	27,263	25,621
Other financing sources (uses)					
Operating transfers in	73,873				
Operating transfers out		<u>(8,931)</u>		<u>(2,810)</u>	<u>(2,634)</u>
Total other financing sources (uses)	<u>73,873</u>	<u>(8,931)</u>		<u>(2,810)</u>	<u>(2,634)</u>
Net change in fund balance	5,150	72,574	11,669	24,453	22,987
Fund balance, beginning of year	<u>191,049</u>	<u>(5,432)</u>	<u>46,724</u>		
Fund balance, end of year	<u>\$196,199</u>	<u>\$67,142</u>	<u>\$58,393</u>	<u>\$24,453</u>	<u>\$22,987</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2015

	Assessment 91-2 Watermain Debt Service	Assessment 93-1 Briarwood/ Vineyard Debt Service	Assessment Theater Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Revenues					
Revenue for use of money and property	\$	\$	\$	\$ 141	\$ 5,291
Miscellaneous revenue					12,204
Assessment Payments	<u>12,575</u>	<u>46,885</u>	<u>12,764</u>		<u>211,872</u>
Total revenues	<u>12,575</u>	<u>46,885</u>	<u>12,764</u>	<u>141</u>	<u>229,367</u>
Expenditures					
General government	34	175	3		6,006
Debt Service:					
Principal					45,000
Interest and fiscal charges				<u>21,381</u>	<u>50,254</u>
Total expenditures	<u>34</u>	<u>175</u>	<u>3</u>	<u>21,381</u>	<u>101,260</u>
Excess (deficiency) of revenues over (under) expenditures	12,541	46,710	12,761	(21,240)	128,107
Other financing sources (uses)					
Operating transfers in				21,381	95,254
Operating transfers out	<u>(1,568)</u>	<u>(9,804)</u>	<u>(634)</u>		<u>(26,381)</u>
Total other financing sources (uses)	<u>(1,568)</u>	<u>(9,804)</u>	<u>(634)</u>	<u>21,381</u>	<u>68,873</u>
Net change in fund balance	10,973	36,906	12,127	141	196,980
Fund balance, beginning of year				<u>40,747</u>	<u>273,088</u>
Fund balance, end of year	<u>\$10,973</u>	<u>\$36,906</u>	<u>\$12,127</u>	<u>\$ 40,888</u>	<u>\$470,068</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2015

	<u>Reserve</u>	<u>Equipment Replacement</u>	<u>Developmental Impact Streets & Traffic</u>	<u>Development Impact Police Facility</u>	<u>Development Impact Fire Facility</u>	<u>Development Impact City Facilities</u>	<u>Developmental Impact Storm Drain</u>
Assets							
Cash and investments	\$693	\$119,387	\$553,286	\$182,777	\$222,096	\$306,854	\$76,648
Accounts receivable			13,711	1,436	1,066	1,236	1,160
Due from other agencies		101,595					
Due from other funds			<u>300,000</u>	<u>5,753</u>	<u>7,000</u>	<u>10,000</u>	
Total assets	<u>693</u>	<u>220,982</u>	<u>866,997</u>	<u>189,966</u>	<u>230,162</u>	<u>318,090</u>	<u>77,808</u>
Liabilities							
Accounts payable					671		
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>671</u>	<u> </u>	<u> </u>
Fund balance							
Restricted for:							
Streets and roads			866,997				
Capital projects				189,966	229,491	318,090	77,808
Committed for:							
Capital projects							
Assigned for:							
Equipment replacement	693	220,982					
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>693</u>	<u>220,982</u>	<u>866,997</u>	<u>189,966</u>	<u>229,491</u>	<u>318,090</u>	<u>77,808</u>
Total liabilities and fund balance	<u>\$693</u>	<u>\$220,982</u>	<u>\$866,997</u>	<u>\$189,966</u>	<u>\$230,162</u>	<u>\$318,090</u>	<u>\$77,808</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2015

	Developmental Sewer	Developmental Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Construction 97-2 Theater	City Hall Construction	Amberwood Project
Assets							
Cash and investments	\$807,616	\$479,070	\$251,034	\$64,775	\$70	\$19,764	\$29,075
Accounts receivable	120	26,583	133				
Due from other agencies							
Due from other funds	84,035						
Total assets	<u>891,771</u>	<u>505,653</u>	<u>251,167</u>	<u>64,775</u>	<u>70</u>	<u>19,764</u>	<u>29,075</u>
Liabilities							
Accounts payable		32	24				2,471
Due to other funds							
Total liabilities		<u>32</u>	<u>24</u>				<u>2,471</u>
Fund balance							
Restricted for:							
Streets and roads							
Capital projects	891,771	505,621		64,775			
Committed for:							
Capital projects			251,143		70	19,764	26,604
Assigned for:							
Equipment replacement							
Unassigned							
Total fund balance	<u>891,771</u>	<u>505,621</u>	<u>251,143</u>	<u>64,775</u>	<u>70</u>	<u>19,764</u>	<u>26,604</u>
Total liabilities and fund balance	<u>\$891,771</u>	<u>\$505,653</u>	<u>\$251,167</u>	<u>\$64,775</u>	<u>\$70</u>	<u>\$19,764</u>	<u>\$29,075</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2015

	Tutelian Project	Selma Crossing Project	Brandywine Project	Caltrans Mitigation Fund	Cultural Arts Construction Fund	North Selma Sewer Project	Total Nonmajor Capital Projects Funds
Assets							
Cash and investments	\$ 358	\$253	\$ 173	\$143,525	\$48,716	\$	\$3,306,170
Accounts receivable	1,642						47,087
Due from other agencies							101,595
Due from other funds							406,788
Total assets	<u>2,000</u>	<u>253</u>	<u>173</u>	<u>143,525</u>	<u>48,716</u>	<u></u>	<u>3,861,640</u>
Liabilities							
Accounts payable							3,198
Due to other funds	<u>2,000</u>	<u></u>	<u>2,000</u>	<u></u>	<u></u>	<u>84,035</u>	<u>88,035</u>
Total liabilities	<u>2,000</u>	<u></u>	<u>2,000</u>	<u></u>	<u></u>	<u>84,035</u>	<u>91,233</u>
Fund balance							
Restricted for:							
Streets and roads				143,525			1,010,522
Capital projects							2,277,522
Committed for:							
Capital projects		253			48,716		346,550
Assigned for:							
Equipment replacement							221,675
Unassigned	<u></u>	<u></u>	<u>(1,827)</u>	<u></u>	<u></u>	<u>(84,035)</u>	<u>(85,862)</u>
Total fund balance	<u></u>	<u>253</u>	<u>(1,827)</u>	<u>143,525</u>	<u>48,716</u>	<u>(84,035)</u>	<u>3,770,407</u>
Total liabilities and fund balance	<u>\$2,000</u>	<u>\$253</u>	<u>\$ 173</u>	<u>\$143,525</u>	<u>\$48,716</u>	<u>\$</u>	<u>\$3,861,640</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2015

	<u>Reserve</u>	<u>Equipment Replacement</u>	<u>Developmental Impact Streets & Traffic</u>	<u>Development Impact Police Facility</u>	<u>Development Impact Fire Facility</u>	<u>Developmental Impact City Facilities</u>	<u>Developmental Impact Storm Drain</u>	<u>Developmental Impact Sewer</u>	<u>Developmental Impact Parks and Recreation</u>
Revenues									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services			259,793	32,025	37,730	102,887	48,923	51,276	83,300
Revenue for use of money & property		111	514	138	207	284		829	446
Miscellaneous	<u> </u>	<u>127,074</u>	<u> </u>	<u> </u>	<u> </u>	<u>25,759</u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u> </u>	<u>127,185</u>	<u>260,307</u>	<u>32,163</u>	<u>37,937</u>	<u>128,930</u>	<u>48,923</u>	<u>52,105</u>	<u>83,746</u>
Expenditures									
Public safety					60,153				
Public works									18
Community development									
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>14,111</u>	<u> </u>	<u> </u>	<u>30,818</u>
Total expenditures	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>60,153</u>	<u>14,111</u>	<u> </u>	<u> </u>	<u>30,836</u>
Excess (deficiency) of revenues over (under) expenditures		127,185	260,307	32,163	(22,216)	114,819	48,923	52,105	52,910
Other financing sources (uses)									
Operating transfers in				40,287					
Operating transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(3,982)</u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u>40,287</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(3,982)</u>
Net change in fund balance		127,185	260,307	72,450	(22,216)	114,819	48,923	52,105	48,928
Fund balance, beginning 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>	<u>839,666</u>	<u>456,693</u>
Fund balance, end of year	<u>\$693</u>	<u>\$220,982</u>	<u>\$866,997</u>	<u>\$189,966</u>	<u>\$229,491</u>	<u>\$318,090</u>	<u>\$77,808</u>	<u>\$891,771</u>	<u>\$505,621</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2015

	Long Range Planning Fee	Development Impact Public Use Facilities	Construction 97-2 Theater	City Hall Construction	Northeast Plan Project	South Selma Specific Plan Project	Amberwood Project
Revenues							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for services	15,894	4,098					
Revenue for use of money & property							
Miscellaneous			—	—	—	—	—
Total revenues	<u>15,894</u>	<u>4,098</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures							
Public safety							
Public works							
Community development							
Capital outlay	—	—	—	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	15,894	4,098					
Other financing sources (uses)							
Operating transfers in	221,585						
Operating transfers out			—	—	(80,722)	(11,342)	—
Total other financing sources (uses)	<u>221,585</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(80,722)</u>	<u>(11,342)</u>	<u>—</u>
Net change in fund balance	237,479	4,098			(80,722)	(11,342)	
Fund balance, beginning of year	<u>13,664</u>	<u>60,677</u>	<u>70</u>	<u>19,764</u>	<u>80,722</u>	<u>11,342</u>	<u>26,604</u>
Fund balance, end of year	<u>\$251,143</u>	<u>\$64,775</u>	<u>\$70</u>	<u>\$19,764</u>	<u>\$</u>	<u>\$</u>	<u>\$26,604</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2015

	Selma Crossing Project	Brandywine Project	WalMart EIR	Caltrans Mitigation Fund	Cultural Arts Construction Fund	North Selma Sewer Project	Total Nonmajor Capital Projects Funds
Revenues							
Intergovernmental	\$	\$	\$	\$	\$	\$ 18,765	\$ 18,765
Charges for services							635,926
Revenue for use of money & property			120	133			2,782
Miscellaneous							152,833
Total revenues			120	133		18,765	810,306
Expenditures							
Public safety							60,153
Public works							18
Community development					6,995		6,995
Capital outlay					9,805	102,800	157,534
Total expenditures					16,800	102,800	224,700
Excess (deficiency) of revenues over (under) expenditures			120	133	(16,800)	(84,035)	585,606
Other financing sources (uses)							
Operating transfers in							261,872
Operating transfers out			(129,521)				(225,567)
Total other financing sources (uses)			(129,521)				36,305
Net change in fund balance			(129,401)	133	(16,800)	(84,035)	621,911
Fund balance, beginning of year	253	(1,827)	129,401	143,392	65,516		3,148,496
Fund balance, end of year	253	\$(1,827)	\$	\$143,525	\$ 48,716	\$ (84,035)	\$3,770,407

CITY OF SELMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets			
Cash and investments	\$ 160,051	\$ 640	\$ 160,691
Receivables	<u> 522</u>	<u> 29,325</u>	<u> 29,847</u>
Total current assets	<u> 160,573</u>	<u> 29,965</u>	<u> 190,538</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	264,882	3,515	268,397
Less: accumulated depreciation	<u> (260,426)</u>	<u> (3,515)</u>	<u> (263,941)</u>
Total noncurrent assets	<u> 4,456</u>	<u> </u>	<u> 4,456</u>
Total assets	<u> 165,029</u>	<u> 29,965</u>	<u> 194,994</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u> 1,008</u>	<u> 1,097</u>	<u> 2,105</u>
Liabilities			
Current liabilities:			
Accounts payable	2,448	10,735	13,183
Accrued wages/benefits	262	724	986
Other liabilities	1,431	180	1,611
Interfund payables	<u> </u>	<u> 75,000</u>	<u> 75,000</u>
Total current liabilities	<u> 4,141</u>	<u> 86,639</u>	<u> 90,780</u>
Noncurrent liabilities:			
Net pension liability	<u> 7,855</u>	<u> 8,553</u>	<u> 16,408</u>
Total noncurrent liabilities	<u> 7,855</u>	<u> 8,553</u>	<u> 16,408</u>
Total liabilities	<u> 11,996</u>	<u> 95,192</u>	<u> 107,188</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u> 2,139</u>	<u> 2,329</u>	<u> 4,468</u>
Net position			
Invested in capital assets, net of related debt	4,456		4,456
Unrestricted	<u> 147,446</u>	<u> (66,459)</u>	<u> 80,987</u>
Total net position	<u> \$ 151,902</u>	<u> \$(66,459)</u>	<u> \$ 85,443</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 4,296	\$ 18,148	\$ 22,444
Rents	15,617	23,157	38,774
Miscellaneous	<u>590</u>	<u>70,993</u>	<u>71,583</u>
Total operating revenues	<u>20,503</u>	<u>112,298</u>	<u>132,801</u>
Operating Expenses			
Personnel services	5,187	18,696	23,883
Services and supplies	48,465	75,709	124,174
Other internal services	8,765	22,930	31,695
Depreciation	<u>826</u>	<u> </u>	<u>826</u>
Total operating expenses	<u>63,243</u>	<u>117,335</u>	<u>180,578</u>
Operating income (loss)	<u>(42,740)</u>	<u>(5,037)</u>	<u>(47,777)</u>
Nonoperating revenues (expenses)			
Interest income	<u>149</u>	<u> </u>	<u>149</u>
Total nonoperating revenues (expenses)	<u>149</u>	<u> </u>	<u>149</u>
Changes in net position	(42,591)	(5,037)	(47,628)
Net position (deficit), beginning of year	<u>203,555</u>	<u>(51,554)</u>	<u>152,001</u>
Effect of accounting change	<u>(9,062)</u>	<u>(9,868)</u>	<u>(18,930)</u>
Net position (deficit), end of year	<u>\$151,902</u>	<u>\$ (66,459)</u>	<u>\$ 85,443</u>

CITY OF SELMA
Combining Statement of Net Position –
Internal Service Funds
June 30, 2015

	<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	\$ 6,155	\$166,149	\$ 35,012	\$19,254	\$ 18,237	\$ 244,807
Accounts receivable				738	446	1,184
Total assets	<u>6,155</u>	<u>166,149</u>	<u>35,012</u>	<u>19,992</u>	<u>18,683</u>	<u>245,991</u>
Deferred outflows of resources:						
Deferred outflows related to pensions		<u>16,286</u>	<u>11,504</u>	<u>6,156</u>	<u>17,701</u>	<u>51,647</u>
Liabilities						
Current liabilities:						
Accounts payable	119,129	70,801	40,037		10,008	239,975
Accrued wages/benefits		4,854	3,601	1,351	5,034	14,840
Total current liabilities	<u>119,129</u>	<u>75,655</u>	<u>43,638</u>	<u>1,351</u>	<u>15,042</u>	<u>254,815</u>
Noncurrent liabilities:						
Net pension liability		<u>126,958</u>	<u>89,677</u>	<u>47,984</u>	<u>137,987</u>	<u>402,606</u>
Total noncurrent liabilities		<u>126,958</u>	<u>89,677</u>	<u>47,984</u>	<u>137,987</u>	<u>402,606</u>
Total liabilities	<u>119,129</u>	<u>202,613</u>	<u>133,315</u>	<u>49,335</u>	<u>153,029</u>	<u>657,421</u>
Deferred inflows of resources		<u>34,568</u>	<u>24,417</u>	<u>13,065</u>	<u>37,570</u>	<u>109,620</u>
Net position:						
Unrestricted	<u>(112,974)</u>	<u>(54,746)</u>	<u>(111,216)</u>	<u>(36,252)</u>	<u>(154,215)</u>	<u>(469,403)</u>
Total net position	<u>\$(112,974)</u>	<u>\$(54,746)</u>	<u>\$(111,216)</u>	<u>\$(36,252)</u>	<u>\$(154,215)</u>	<u>\$(469,403)</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position–
Internal Service Funds
For the Year Ended June 30, 2015

	<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>
Operating Revenues						
Charges for services	\$ 817,112	\$ 578,887	\$ 513,418	\$207,889	\$ 360,068	\$2,477,374
Total operating revenues	<u>817,112</u>	<u>578,887</u>	<u>513,418</u>	<u>207,889</u>	<u>360,068</u>	<u>2,477,374</u>
Operating Expenses						
Personnel services		88,781	54,846	33,287	85,104	262,018
Services and supplies		447,286	131,201	31,647	242,856	852,990
Other internal services	968,093	26,146	336,506	56,487	30,071	1,417,303
Total operating expenses	<u>968,093</u>	<u>562,213</u>	<u>522,553</u>	<u>121,421</u>	<u>358,031</u>	<u>2,532,311</u>
Operating income (loss)	(150,981)	16,674	(9,135)	86,468	2,037	(54,937)
Nonoperating revenues (expenses)						
Interest income	_____	154	_____	_____	_____	154
Total nonoperating revenues (expenses)	_____	<u>154</u>	_____	_____	_____	<u>154</u>
Income (loss) before transfers	<u>(150,981)</u>	<u>16,828</u>	<u>(9,135)</u>	<u>86,468</u>	<u>2,037</u>	<u>(54,783)</u>
Transfers						
Transfers out	_____	(10,213)	_____	(68,873)	_____	(79,086)
Net transfers	_____	<u>(10,213)</u>	_____	<u>(68,876)</u>	_____	<u>(79,086)</u>
Changes in net position	(150,981)	6,615	(9,135)	17,595	2,037	(133,869)
Net position (deficit), beginning 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>
Effect of accounting change	_____	(146,485)	(103,469)	(55,365)	(159,209)	(464,528)
Net position, end of year	<u>\$ (112,974)</u>	<u>\$ (54,746)</u>	<u>\$ (111,216)</u>	<u>\$ (36,252)</u>	<u>\$ (154,215)</u>	<u>\$ (469,403)</u>

CITY OF SELMA
Combining Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30, 2015

	<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	\$	\$ 301	\$27,593	\$18,241	\$27,698	\$11,921	\$1,753	\$700	\$88,207
Accounts receivable	5,016		65						5,081
Due from other funds		850							850
Total assets	<u>5,016</u>	<u>1,151</u>	<u>27,658</u>	<u>18,241</u>	<u>27,698</u>	<u>11,921</u>	<u>1,753</u>	<u>700</u>	<u>94,138</u>
Liabilities									
Deposits	2,550	1,151	7,200	18,241	1,817		1,753		32,712
Other	1,616		20,458		25,881	11,921		700	60,576
Due to other funds	850								850
Total liabilities	<u>5,016</u>	<u>1,151</u>	<u>27,658</u>	<u>18,241</u>	<u>27,698</u>	<u>11,921</u>	<u>1,753</u>	<u>700</u>	<u>94,138</u>
Net Position:									
Total net position	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

OTHER INDEPENDENT AUDITOR'S REPORTS



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December 21, 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, 2015, 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 December 21, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Item #2015-1, 2015-2, and 2015-3.

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

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2015

Financial Statement Finding Section

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

SIGNIFICANT DEFICIENCY

2015-1 JOURNAL ENTRY TESTING

Condition:

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

- Three journal entries were not reviewed by someone other than 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:

All journal entries should be reviewed and signed off by the Finance Department Manager or other authorized department head prior to posting. In addition, no entry should be approved without the appropriate supporting documentation.

Response:

A meeting was held with all of the Finance Department staff to reemphasize the procedure process of creating and posting journal entries. The Finance Department Manager must give a signed approval for all entries and verify appropriate supporting documentation is attached. In the case that the Manger is not available, the Finance Department Accountant is authorized to verify and approve entries.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2015

SIGNIFICANT DEFICIENCY

2015-2 CASH RECEIPT TESTING

Condition:

During our testing of internal controls over cash receipts we selected a sample of twelve (12) deposits for the year to ensure receipts were appropriately supported, reviewed, and coded. We noted the following:

- Two batch deposits were missing copies of checks.
- One batch deposit did not have a copy of the cash deposit slip.

Criteria:

Internal controls over cash receipts should be continuously monitored to reduce the possibility of misappropriation of City's funds.

Effect of Condition:

Inadequate controls over cash receipts 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 review of all cash receipts and related support to ensure all deposits are accounted for.

Response:

A meeting was held with the Finance Department to review procedures for cash receipts. All staff members were instructed to make sure all steps of the cash receipts process are followed completely. In addition, it was stressed the importance of making sure all appropriate and necessary supporting documents are attached.

CITY OF SELMA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2015

SIGNIFICANT DEFICIENCY

2015-3 PAYROLL

Condition:

As part of our test of controls procedures we selected two check register dates and from those selected twenty-five (25) timesheets for testing. From our controls testing performed we noted the following:

- One timesheet wasn't signed by the employee.
- One timesheet was not signed by the department head.

Criteria:

Internal control over payroll dictates that employee timesheets be signed and approved prior to processing payroll.

Effect of Condition:

Lack of internal control within the payroll environment raises concerns surrounding the ability to create erroneous amounts for payroll checks without the department head reviewing employee hours. This could result in an employee receiving an incorrect payout. Timesheet approval provides a review of the hours worked to indicate accuracy.

Cause of Condition:

Failure to follow payroll procedures.

Recommendation:

We recommend a more thorough review of timesheets be performed by the department head or supervisor that signs off on the timesheet. We recommend the finance department also perform a review of timesheets when they are reconciling payroll to ensure all timesheets have been properly signed by the employee and the applicable management personnel.

Response:

A meeting was held with all Department Heads, Payroll Clerk, and the Finance Manager to reemphasize the importance of signatures on the time sheets. Upon the process of time cards being entered into the accounting system, the Payroll Clerk will verify all appropriate signatures are applied. If any are missing, the clerk will immediately reject the form and return it to the Department Head for completion.

CITY OF SELMA
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2015

Finding – 2014-1 Journal Entry Testing

Condition:

Several journal entries were made without being reviewed for approval or without supporting documentation.

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.

Current Status:

All of the journal entries reviewed in the current year were supported by appropriate documentation; however, we noted three journal entries that were not reviewed prior to being posted to the City's books. See current year finding 2015-1.

Finding – 2014-2 Cash Disbursement Testing

Condition:

During our testing of controls over disbursements, we noted 1 check that was paid without a supporting invoice or other documentation.

Recommendation:

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

Current Status:

All of the disbursements tested in the current year were accompanied with a supporting invoice or other appropriate documentation.

CITY OF SELMA
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2015
(Continued)

Finding – 2014-3 Long-term Liabilities

Condition:

Some of the debt principal and interest payments were misposted in the prior year.

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.

Current Status:

Debt principal and interest payments were properly posted to the City's books in the current year.

Finding – 2014-4 General Ledger

Condition:

The general ledger was not adequately maintained in the prior year, resulting in an unusually high number of audit journal entries to reflect proper account balances.

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.

Current Status:

The general ledger was adequately maintained during the current year, requiring significantly fewer journal entries than the prior year.

CITY OF SELMA
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2015
(Continued)

Finding – 2014-5 Bank Reconciliations

Condition:

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

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).

Current Status:

The bank reconciliations, including the trustee accounts, were timely reconciled to the general ledger in the current year.