

CITY OF SELMA

---

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

---

YEAR ENDED JUNE 30, 2016

## CONTENTS

	<u>Page</u>
Independent auditor's report	1-3
Management's discussion and analysis	4-9
<b>FINANCIAL STATEMENTS:</b>	
Government-wide financial statements:	
Statement of net position	10
Statement of activities	11
Fund financial statements:	
Balance sheet – government funds	12
Reconciliation of the governmental funds balance sheet to statement of net position	13
Statement of revenues, expenditures, and changes in fund balance – governmental funds	14
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities	15
Statement of net position – proprietary funds	16
Statement of revenues, expenses and changes in net position - proprietary funds	17
Statement of cash flows – proprietary funds	18
Statement of fiduciary net position – fiduciary funds	19
Statement of changes in fiduciary net position – fiduciary funds	20
Notes to financial statements	21-44
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
Schedule of revenues, expenditures, and changes in fund balance – budget and actual - general fund	49
Schedule of revenues, expenditures, and changes in fund balance – budget and actual - street maintenance fund	50
Schedule of revenues, expenditures, and changes in fund balance – budget and actual - street LTF	51
Schedule of revenues, expenditures, and changes in fund balance – budget and actual – Street Measure “C”	52
Cost-Sharing Multiple-Employer Defined Pension Plan – Last 10 Years	53
Schedule of Funding Progress PERS Information	54

## COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

Combining balance sheet – nonmajor governmental funds	55
Combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds	56
Special revenue funds:	
Combining balance sheet – nonmajor special revenue funds	57-59
Combining statement of revenues, expenditures, and changes in fund balance – nonmajor special revenue funds	60-62
Debt service funds:	
Combining balance sheet – nonmajor debt service funds	63-64
Combining statement of revenues, expenditures, and changes in fund balance – nonmajor debt service funds	65-66
Capital projects funds:	
Combining balance sheet – nonmajor capital projects funds	67-69
Combining statement of revenues, expenditures, and changes in fund balance – nonmajor capital projects funds	70-72
Enterprise funds:	
Combining statement of net position – nonmajor enterprise funds	73
Combining statement of revenues, expenses, and changes in net position – nonmajor enterprise funds	74
Internal service funds:	
Combining statement of net position	75
Combining statement of revenues, expenses, and changes in net position	76
Fiduciary funds:	
Agency funds:	
Combining statement of fiduciary assets and liabilities	77
OTHER INDEPENDENT AUDITOR’S REPORTS	
Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>government auditing standards</i>	78-79



Sampson, Sampson & Patterson, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

3148 Willow Avenue, Suite 102  
Clovis, California 93612-4739  
(559) 291-0277 • FAX (559) 291-6411

January 6, 2017

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, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the cost-sharing multiple-employer defined pension plan and schedule of funding progress PERS information, as listed in the table of contents, 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.

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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

City of Selma  
January 6, 2017

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2017 on our consideration of the City of Selma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Selma's internal control over financial reporting and compliance.

*Sampson, Sampson & Patterson, LLP*

## ***Management's Discussion and Analysis***

This discussion and analysis of the City of Selma's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. 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 10.6 million.

The City's General Fund ended the year with a balance of \$1,664,522, an increase of \$366,557 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 garbage services are included here.

## ***Management's Discussion and Analysis***

**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), Street Measure "C", and the Community Development Block Grant (CDBG) 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. Since all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

## Management's Discussion and Analysis

**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, 2016, with comparative data for the fiscal year ended June 30, 2015.

City of Selma's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 13,223,715	\$ 11,262,976	\$ 1,469,298	\$ 1,306,278	\$ 14,693,013	\$ 12,569,254
Capital and long-term assets	51,156,803	51,437,971	3,630	4,456	51,160,433	51,442,427
<b>Total assets</b>	<b>\$ 64,380,518</b>	<b>\$ 62,700,947</b>	<b>\$ 1,472,928</b>	<b>\$ 1,310,734</b>	<b>\$ 65,853,446</b>	<b>\$ 64,011,681</b>
Deferred outflows of resources:	\$ 1,279,997	\$ 1,191,619	\$ 6,577	\$ 2,212	\$ 1,286,574	\$ 1,193,831
Deferred loss on bond refunding	\$ 144,398				\$ 144,398	\$ -
	\$ 1,424,395	\$ 1,191,619	\$ 6,577	\$ 2,212	\$ 1,430,972	\$ 1,193,831
Long-term liabilities outstanding	\$ 6,587,458	\$ 6,316,411	\$ -	\$ -	\$ 6,587,458	\$ 6,316,411
Net pension liability	\$ 10,556,775	\$ 9,289,196	\$ 54,243	\$ 17,246	\$ 10,611,018	\$ 9,306,442
Other liabilities	1,365,817	1,074,008	129,732	130,486	1,495,549	1,204,494
<b>Total liabilities</b>	<b>18,510,050</b>	<b>16,679,615</b>	<b>183,975</b>	<b>147,732</b>	<b>18,694,025</b>	<b>16,827,347</b>
Deferred inflows of resources:	\$ 1,031,686	2,529,336	5,301	4,696	1,036,987	2,534,032
Investment in capital assets, net of related debt	\$ 45,787,067	\$ 46,298,333	\$ 3,630	\$ 4,456	\$ 45,790,697	\$ 46,302,789
Restricted	9,081,036	8,409,370	-	-	9,081,036	8,409,370
Unrestricted	(8,604,926)	(10,024,088)	1,286,599	1,156,062	(7,318,327)	(8,868,026)
<b>Total net position</b>	<b>\$ 46,263,177</b>	<b>\$ 44,683,615</b>	<b>\$ 1,290,229</b>	<b>\$ 1,160,518</b>	<b>\$ 47,553,406</b>	<b>\$ 45,844,133</b>

As of June 30, 2016 the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$47.6 million. Governmental activities finished the year with a positive net position balance of \$46.3 million. Business type activities finished the year with a positive balance of \$1.3 million. The net position of the City increased by \$1.7 million from 2015. 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.

## **Management's Discussion and Analysis**

Restricted net assets amount to \$9.1 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, 2016 the unrestricted net position amount was a negative \$8.6 million due to the implementation of GASB Statement No. 68 in 2015. The GASB Statement No. 68 adjustment reflects the cumulative effect of the unfunded pension liability from prior years.

### **Governmental activities.**

The following lists key components of these activities:

<b>City of Selma's Changes in Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,819,309	\$ 1,196,097	\$ 3,755,980	\$ 3,286,646	\$ 5,575,289	\$ 4,482,743
Operating grants and contributions	223,769	249,157	-	-	223,769	249,157
Capital grants and contributions	415,254	397,220	-	-	415,254	397,220
General revenues:						
Taxes	10,770,210	10,107,696			10,770,210	10,107,696
Licenses and permits	562,935	482,705			562,935	482,705
Intergovernmental charges	1,488,354	1,098,103			1,488,354	1,098,103
Fines	92,401	77,869			92,401	77,869
Franchise fees	791,240	768,051			791,240	768,051
Revenue for the use of property	132,312	120,457	47,810	39,254	180,122	159,711
Miscellaneous	581,157	512,069	85,572	71,583	666,729	583,652
Transfers	1,038,431	569,874	(1,038,431)	(569,874)	-	-
Total revenues	17,915,372	15,579,298	2,850,931	2,827,609	20,766,303	18,406,907
Expenses:						
General government	2,152,110	2,050,828			2,152,110	2,050,828
Public safety	8,784,432	8,239,094			8,784,432	8,239,094
Public Works	3,875,654	3,777,710			3,875,654	3,777,710
Community development	548,983	390,802			548,983	390,802
Cultural and recreation	536,038	417,533			536,038	417,533
Debt Service	438,593	339,541			438,593	339,541
Ambulance			1,173,729	1,013,649	1,173,729	1,013,649
Pioneer Village			1,335,884	63,243	1,335,884	63,243
Garbage services			53,155	1,340,778	53,155	1,340,778
Cultural Arts			158,452	117,335	158,452	117,335
Total expenses	16,335,810	15,215,508	2,721,220	2,535,005	19,057,030	17,750,513
Increase in net position	1,579,562	363,790	129,711	292,604	1,709,273	656,394
Prior period adjustments	-	204,748	-	-	-	204,748
Net position - beginning	44,683,615	54,832,959	1,160,518	887,810	45,844,133	55,720,769
Effects of accounting change	-	(10,717,882)	-	(19,896)	-	(10,737,778)
Net position - ending	\$ 46,263,177	\$ 44,683,615	\$ 1,290,229	\$ 1,160,518	\$ 47,553,406	\$ 45,844,133

## **Management's Discussion and Analysis**

The Governmental revenues for the year were \$17.9 million. Taxes, which include property, sales and other taxes account for \$10.8 million or 60% of the City's governmental activities revenue. Total governmental expenses for the year were \$16.3 million. Public Safety, which includes police and fire, accounts for \$8.8 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 \$10.6 million, which is an increase of \$1.5 million, when compared to the prior year.

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

### **General Fund Budgetary Highlights expropriations**

Throughout the fiscal year it was not considered necessary to adjust the original 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:

	<b>City of Selma Capital Assets</b>					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 7,990,302	\$ 7,790,302	\$ -	\$ -	\$ 7,990,302	\$ 7,790,302
Construction in progress	945,515	171,675	-	-	945,515	171,675
Building and improvements	3,755,233	3,905,789	3,630	4,456	3,758,863	3,910,245
Machinery and equipment	3,731,297	2,920,224	-	-	3,731,297	2,920,224
Road network	34,734,456	36,649,981	-	-	34,734,456	36,649,981
Total	<u>\$ 51,156,803</u>	<u>\$ 51,437,971</u>	<u>\$ 3,630</u>	<u>\$ 4,456</u>	<u>\$ 51,160,433</u>	<u>\$ 51,442,427</u>

**Long-term Debt.** The City's long-term debt as of June 30, 2016 was \$5.8 million with governmental activities accounting for all of debt.

	<b>Outstanding Debt</b>					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Special assessment debt with governmental commitment	\$ 845,000	\$ 955,000	\$ -	\$ -	\$ 845,000	\$ 955,000
Tax allocation bonds	-	-	-	-	-	-
Capital leases	770,117	314,638	-	-	770,117	314,638
Lease revenue bonds	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Revenue bonds	4,219,619	4,415,000	-	-	4,219,619	4,415,000
Contracts payable	-	-	-	-	-	-
Total	<u>\$ 5,834,736</u>	<u>\$ 5,684,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,834,736</u>	<u>\$ 5,684,638</u>

## ***Management's Discussion and Analysis***

### **Economic Factors**

The City of Selma's main revenue sources are property taxes and sales taxes. Within the fiscal year of 2015-16, 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, 2016**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$10,025,976	\$ 287,334	\$10,313,310
Receivables:			
Accounts, net	357,133	1,226,436	1,583,569
Notes	901,043		901,043
Intergovernmental	1,733,885		1,733,885
Internal balances	44,472	(44,472)	
Inventory	5,939		5,939
Cash with fiscal agent - restricted	155,267		155,267
Capital assets (net of accumulated depreciation):			
Non-depreciable	8,935,817		8,935,817
Depreciable	<u>42,220,986</u>	<u>3,630</u>	<u>42,224,616</u>
Total assets	<u>64,380,518</u>	<u>1,472,928</u>	<u>65,853,446</u>
<b>Deferred outflow of resources:</b>			
Deferred outflows related to pensions	1,279,997	6,577	1,286,574
Deferred loss on bond refunding	<u>144,398</u>		<u>144,398</u>
	<u>1,424,395</u>	<u>6,577</u>	<u>1,430,972</u>
<b>Liabilities</b>			
Accounts payable	344,020	123,616	467,636
Accrued wages/benefits	434,472	2,768	437,240
Deposits and other liabilities	190,134	3,348	193,482
Noncurrent liabilities:			
Due within one year	457,386		457,386
Due in more than one year	6,130,072		6,130,072
Net OPEB liability	397,191		397,191
Net pension liability	<u>10,556,775</u>	<u>54,243</u>	<u>10,611,018</u>
Total liabilities	<u>18,510,050</u>	<u>183,975</u>	<u>18,694,025</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pensions	<u>1,031,686</u>	<u>5,301</u>	<u>1,036,987</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	45,787,067	3,630	45,790,697
Restricted for:			
Capital projects	2,245,932		2,245,932
Community development	943,331		943,331
Debt service	529,688		529,688
Public safety	575,007		575,007
Streets and roads	4,787,078		4,787,078
Unrestricted	<u>(8,604,926)</u>	<u>1,286,599</u>	<u>(7,318,327)</u>
Total net position	<u>\$46,263,177</u>	<u>\$1,290,229</u>	<u>\$47,553,406</u>

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

**CITY OF SELMA**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government</b>							
Governmental activities:							
General government	\$ 2,152,110	\$ 126,831	\$ 6,587	\$	\$ (2,018,692)	\$	\$ (2,018,692)
Public safety	8,784,432	390,820	92,564	3,500	(8,297,548)		(8,297,548)
Public works	3,875,654	459,951	124,618	411,754	(2,879,331)		(2,879,331)
Community development	548,983	776,328			227,345		227,345
Parks and recreation	536,038	65,379			(470,659)		(470,659)
Interest and other charges	<u>438,593</u>				<u>(438,593)</u>		<u>(438,593)</u>
Total governmental activities	<u>16,335,810</u>	<u>1,819,309</u>	<u>223,769</u>	<u>415,254</u>	<u>(13,877,478)</u>		<u>(13,877,478)</u>
Business-type activities:							
Ambulance	1,173,729	2,412,765				1,239,036	1,239,036
Garbage	1,335,884	1,335,341				(543)	(543)
Pioneer Village	53,155	2,703				(50,452)	(50,452)
Cultural arts	<u>158,452</u>	<u>5,171</u>				<u>(153,281)</u>	<u>(153,281)</u>
Total business-type activities	<u>2,721,220</u>	<u>3,755,980</u>				<u>1,034,760</u>	<u>1,034,760</u>
Total primary government	<u>\$19,057,030</u>	<u>\$5,575,289</u>	<u>\$223,769</u>	<u>\$415,254</u>	<u>\$(13,877,478)</u>	<u>\$ 1,034,760</u>	<u>\$(12,842,718)</u>
General revenues:							
Taxes					10,770,210		10,770,210
Licenses and Permits					562,935		562,935
Intergovernmental					1,488,354		1,488,354
Fines					92,401		92,401
Franchise fees					791,240		791,240
Use of money and property					132,312	47,810	180,122
Miscellaneous					581,157	85,572	666,729
Transfers					<u>1,038,431</u>	<u>(1,038,431)</u>	
Total general revenues and transfers					<u>15,457,040</u>	<u>(905,049)</u>	<u>14,551,991</u>
Change in net position					1,579,562	129,711	1,709,273
Net position – beginning of year					<u>44,683,615</u>	<u>1,160,518</u>	<u>45,844,133</u>
Net position, end of year					<u>\$ 46,263,177</u>	<u>\$ 1,290,229</u>	<u>\$ 47,553,406</u>

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

**CITY OF SELMA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Street Maintenance Fund	Street LTF	Street Measure "C"	CDBG Grant	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 554,203	\$ 287,539	\$1,546,747	\$1,404,883	\$	\$5,549,102	\$ 9,342,474
Cash with fiscal agent						155,267	155,267
Accounts receivable	243,766	2,254				44,988	291,008
Interfund receivables	529,680					530,275	1,059,955
Due from other agencies	902,219			56,141	387,129	158,581	1,504,070
Inventories		5,939					5,939
Total assets	<u>\$2,229,868</u>	<u>\$ 295,732</u>	<u>\$1,546,747</u>	<u>\$1,461,024</u>	<u>\$387,129</u>	<u>\$6,438,213</u>	<u>\$12,358,713</u>
<b>Liabilities</b>							
Accounts payable	\$ 152,942	\$ 31,141	\$	\$ 108	\$ 4,400	\$ 86,940	\$ 275,531
Accrued wages/benefits	377,244	14,878				31,707	423,829
Interfund payables		412,225			387,206	216,052	1,015,483
Other liabilities	35,160	4,974					40,134
Total liabilities	<u>565,346</u>	<u>463,218</u>		<u>108</u>	<u>391,606</u>	<u>334,699</u>	<u>1,754,977</u>
<b>Fund balance</b>							
Restricted for:							
Streets and roads			1,546,747	1,460,916		1,779,415	4,787,078
Public safety						575,007	575,007
Community development						175,389	175,389
Debt service						529,688	529,688
Capital projects						2,245,932	2,245,932
Committed for:							
Streets and roads						23,102	23,102
Community development						605	605
Recreation						3,351	3,351
Capital projects						355,213	355,213
Assigned for:							
Equipment replacement						442,240	442,240
Capital projects						93,851	93,851
Unassigned	<u>1,664,522</u>	<u>(167,486)</u>			<u>(4,477)</u>	<u>(120,279)</u>	<u>1,372,280</u>
Total fund balance	<u>1,664,522</u>	<u>(167,486)</u>	<u>1,546,747</u>	<u>1,460,916</u>	<u>(4,477)</u>	<u>6,103,514</u>	<u>10,603,736</u>
Total liabilities and fund balance	<u>\$2,229,868</u>	<u>\$ 295,732</u>	<u>\$1,546,747</u>	<u>\$1,461,024</u>	<u>\$387,129</u>	<u>\$6,438,213</u>	<u>\$12,358,713</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, 2016**

Total fund balance – governmental funds balance sheet	\$ 10,603,736
---	---------------

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.	229,815
Capital assets used in governmental activities are not reported in the funds.	51,156,803
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	\$ (5,984,736)
Compensated absences	(752,722)
Unfunded OPEB liabilities	(397,191)
Net pension liability	<u>(10,556,775)</u>
	(17,691,424)
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.	670,495
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	901,043
Deferred outflows of resources related to pensions.	1,279,997
Deferred inflows of resources related to pensions.	(1,031,686)
Deferred loss on refunding	<u>144,398</u>

Net position of governmental activities – Statement of Net Position	<u>\$ 46,263,177</u>
---	----------------------

**CITY OF SELMA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	General Fund	Street Maintenance Fund	Street LTF	Street Measure “C”	CDBG Grant	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 8,436,134	\$	\$	\$	\$	\$ 2,334,076	\$10,770,210
Licenses and permits	511,496	51,439					562,935
Intergovernmental	254,861		561,124	606,447	392,854	317,294	2,132,580
Charges for services	717,940	171,167				915,185	1,804,292
Fines	5,692					86,709	92,401
Franchise fees	787,262						787,262
Revenue for use of money and property	41,018		3,782	3,197		14,922	62,919
Assessment payments						202,016	202,016
Miscellaneous	<u>110,759</u>	<u>1,748</u>				<u>464,025</u>	<u>576,532</u>
Total revenues	<u>10,865,162</u>	<u>224,354</u>	<u>564,906</u>	<u>609,644</u>	<u>392,854</u>	<u>4,334,227</u>	<u>16,991,147</u>
<b>Expenditures</b>							
General government	2,058,599					78,256	2,136,855
Public safety	8,230,324					786,385	9,016,709
Public works	597,234	1,078,128		25,388		199,178	1,899,928
Community development	493,710					77,424	571,134
Recreation	337,061					59,630	396,691
Capital outlay	95,441	16,743	48,250	31,000	397,331	610,207	1,198,972
Debt service:							
Principal	75,000	95,000				553,352	723,352
Interest and fiscal charges	<u>69,657</u>	<u>92,449</u>				<u>126,801</u>	<u>288,907</u>
Total expenditures	<u>11,957,026</u>	<u>1,282,320</u>	<u>48,250</u>	<u>56,388</u>	<u>397,331</u>	<u>2,491,233</u>	<u>16,232,548</u>
Excess (deficiency) of revenues over (under) expenditures	(1,091,864)	(1,057,966)	516,656	553,256	(4,477)	1,842,994	758,599
<b>Other financing sources (uses)</b>							
Proceeds from bond refunding	1,109,640	3,234,979					4,344,619
Payment to refunded bond escrow agent	(591,000)	(3,498,056)				(450,000)	(4,539,056)
Bond issuance costs	(34,807)	(110,221)					(145,028)
Operating transfers in	2,065,483	1,219,324			26,328	1,366,168	4,677,303
Operating transfers out	<u>(1,090,895)</u>		<u>(372,600)</u>	<u>(230,260)</u>		<u>(1,945,117)</u>	<u>(3,638,872)</u>
Total other financing sources (uses)	<u>1,458,421</u>	<u>846,026</u>	<u>(372,600)</u>	<u>(230,260)</u>	<u>26,328</u>	<u>(1,028,949)</u>	<u>698,966</u>
Net change in fund balance	366,557	(211,940)	144,056	322,996	21,851	814,045	1,457,565
Fund balance, beginning of year	<u>1,297,965</u>	<u>44,454</u>	<u>1,402,691</u>	<u>1,137,920</u>	<u>(26,328)</u>	<u>5,289,469</u>	<u>9,146,171</u>
Fund balance, end of year	<u>\$ 1,664,522</u>	<u>\$ (167,486)</u>	<u>\$1,546,747</u>	<u>\$1,460,916</u>	<u>\$ (4,477)</u>	<u>\$ 6,103,514</u>	<u>\$10,603,736</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, 2016**

Net change in fund balance – total governmental funds			\$ 1,457,565
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the net amount of capital assets recorded in the current period.			1,198,950
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.			(2,473,949)
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.			(126,998)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of the transactions affecting long-term debt are as follows:			
Issuance of refunding bonds		\$(4,344,619)	
Payment to escrow agent for refunding		4,539,056	
Repayment of debt principal		<u>643,694</u>	838,131
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			12,792
The net revenue (expense) of internal service funds is reported with governmental activities.			613,993
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and those earned was:			(120,949)
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.			(203,748)
Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the statement of net position.			<u>383,775</u>
Change in net position of governmental activities – Statement of Activities			<u>\$ 1,579,562</u>

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

**CITY OF SELMA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	Business-Type Activities – Enterprise Funds				
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$	\$124,559	\$ 162,775	\$ 287,334	\$683,502
Accounts receivable, net	<u>1,221,660</u>	<u>          </u>	<u>4,776</u>	<u>1,226,436</u>	<u>66,125</u>
Total current assets	<u>1,221,660</u>	<u>124,559</u>	<u>167,551</u>	<u>1,513,770</u>	<u>749,627</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment			268,397	268,397	
Less: Accumulated depreciation	<u>          </u>	<u>          </u>	<u>(264,767)</u>	<u>(264,767)</u>	<u>          </u>
Total noncurrent assets	<u>          </u>	<u>          </u>	<u>3,630</u>	<u>3,630</u>	<u>          </u>
Total assets	<u>1,221,660</u>	<u>124,559</u>	<u>171,181</u>	<u>1,517,400</u>	<u>749,627</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	<u>4,365</u>	<u>          </u>	<u>2,212</u>	<u>6,577</u>	<u>65,300</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	742	110,755	12,119	123,616	68,489
Accrued wages/benefits	1,302		1,466	2,768	10,643
Other liabilities			3,348	3,348	
Interfund payables	<u>44,472</u>	<u>          </u>	<u>          </u>	<u>44,472</u>	<u>          </u>
Total current liabilities	<u>46,516</u>	<u>110,755</u>	<u>16,933</u>	<u>174,204</u>	<u>79,132</u>
Noncurrent liabilities:					
Net pension liability	<u>36,003</u>	<u>          </u>	<u>18,240</u>	<u>54,243</u>	<u>538,572</u>
Total noncurrent liabilities	<u>36,003</u>	<u>          </u>	<u>18,240</u>	<u>54,243</u>	<u>538,572</u>
Total liabilities	<u>82,519</u>	<u>110,755</u>	<u>35,173</u>	<u>228,447</u>	<u>617,704</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	<u>3,518</u>	<u>          </u>	<u>1,783</u>	<u>5,301</u>	<u>52,633</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt			3,630	3,630	
Unrestricted	<u>1,139,988</u>	<u>13,804</u>	<u>132,807</u>	<u>1,286,599</u>	<u>144,590</u>
Total net position	<u>\$1,139,988</u>	<u>\$ 13,804</u>	<u>\$ 136,437</u>	<u>\$1,290,229</u>	<u>\$144,590</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, 2016**

	Business-Type Activities – Enterprise Funds				
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating Revenues</b>					
Taxes	\$	\$1,335,341	\$	\$ 1,335,341	\$
Charges for services	2,412,765		7,874	2,420,639	2,506,023
Rents			47,268	47,268	
Miscellaneous			85,572	85,572	66,869
Total operating revenues	<u>2,412,765</u>	<u>1,335,341</u>	<u>140,714</u>	<u>3,888,820</u>	<u>2,572,892</u>
<b>Operating Expenses</b>					
Personnel services	49,851		30,423	80,274	381,356
Services and supplies	1,123,878	1,335,884	156,861	2,616,623	820,792
Other internal services			23,497	23,497	757,218
Depreciation			826	826	
Total operating expenses	<u>1,173,729</u>	<u>1,335,884</u>	<u>211,607</u>	<u>2,721,220</u>	<u>1,959,366</u>
Operating income (loss)	<u>1,239,036</u>	<u>(543)</u>	<u>(70,893)</u>	<u>1,167,600</u>	<u>613,526</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income		247	295	542	467
Total nonoperating revenues (expenses)		<u>247</u>	<u>295</u>	<u>542</u>	<u>467</u>
Income (loss) before transfers	<u>1,239,036</u>	<u>(296)</u>	<u>(70,598)</u>	<u>1,168,142</u>	<u>613,993</u>
<b>Transfers</b>					
Transfers in			121,592	121,592	
Transfers out	<u>(1,160,023)</u>			<u>(1,160,023)</u>	
Net transfers	<u>(1,160,023)</u>		<u>121,592</u>	<u>(1,038,431)</u>	
Change in net position	79,013	(296)	50,994	129,711	613,993
Net position, beginning of year	<u>1,060,975</u>	<u>14,100</u>	<u>85,443</u>	<u>1,160,518</u>	<u>(469,403)</u>
Net position, end of year	<u>\$ 1,139,988</u>	<u>\$ 13,804</u>	<u>\$136,437</u>	<u>\$ 1,290,229</u>	<u>\$ 144,590</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, 2016**

	Business-Type Activities – Enterprise Funds				
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash received for current services	\$ 2,065,460	\$	\$ 7,874	\$ 2,073,334	\$ 2,507,207
Cash received for rents			47,268	47,268	
Cash received for other operating revenues		1,335,341	110,643	1,445,984	66,869
Cash paid for services and supplies	(1,126,542)	(1,335,994)	(179,685)	(2,642,221)	(1,807,614)
Cash paid for salaries and benefits	(14,787)		(30,903)	(45,690)	(328,234)
Net cash provided (used) by operating activities	<u>924,131</u>	<u>(653)</u>	<u>(44,803)</u>	<u>878,675</u>	<u>438,228</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers (to) from other funds	(1,160,023)		121,592	(1,038,431)	
Loans from (to) other funds	<u>44,472</u>		<u>(75,000)</u>	<u>(30,528)</u>	
Net cash provided (used) by noncapital financing activities	<u>(1,115,551)</u>		<u>46,592</u>	<u>(1,068,959)</u>	
<b>Cash flows from investing activities</b>					
Other non-operating revenue (expenses)					
Interest received		<u>247</u>	<u>295</u>	<u>542</u>	<u>467</u>
Net cash provided by investing activities		<u>247</u>	<u>295</u>	<u>542</u>	<u>467</u>
Net increase (decrease) in cash and cash equivalents	<u>(191,420)</u>	<u>(406)</u>	<u>2,084</u>	<u>(189,742)</u>	<u>438,695</u>
Cash and cash equivalents, beginning of year	<u>191,420</u>	<u>124,965</u>	<u>160,691</u>	<u>477,076</u>	<u>244,807</u>
Cash and cash equivalents, end of year	<u>\$</u>	<u>\$ 124,559</u>	<u>\$ 162,775</u>	<u>\$ 287,334</u>	<u>\$ 683,502</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 1,239,036	\$ (543)	\$ (70,893)	\$ 1,167,600	\$ 613,526
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation			826	826	
Accounts receivable	(347,305)		25,071	(322,234)	1,184
Deposits					(58,118)
Deferred outflow of resources	(4,258)		(107)	(4,365)	(21,660)
Accounts payable	(2,664)	(110)	(1,064)	(3,838)	(171,486)
Accrued wages/benefits	867		480	1,347	(4,197)
Other liabilities			1,737	1,737	
Net pension related liabilities	35,165		1,832	36,997	135,966
Deferred inflow of resources	<u>3,290</u>		<u>(2,685)</u>	<u>605</u>	<u>(56,987)</u>
Total adjustments	<u>(314,905)</u>	<u>(110)</u>	<u>26,090</u>	<u>(288,925)</u>	<u>(175,298)</u>
Net cash provided (used) by operating activities	<u>\$ 924,131</u>	<u>\$ (653)</u>	<u>\$ (44,803)</u>	<u>\$ 878,675</u>	<u>\$ 438,228</u>

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

**CITY OF SELMA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Redevelopment Successor Agency Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 825,911	\$111,631
Restricted cash with fiscal agent	360,185	
Accounts receivable		824
Due from other agencies	18,000	
Notes receivable	330,216	
Capital assets	<u>321,875</u>	
Total Assets	<u>\$ 1,856,187</u>	<u>\$112,455</u>
<b>Liabilities</b>		
Deposits	\$	\$ 31,156
Other liabilities	190,222	81,299
Long-term debt	<u>6,220,000</u>	
Total Liabilities	<u>6,410,222</u>	<u>112,455</u>
<b>Net Position (Deficit)</b>		
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(4,554,035)</u>	
Total Net Position (Deficit)	<u>\$(4,554,035)</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, 2016**

	Redevelopment Successor Agency Private-Purpose Trust Funds
<b>Additions:</b>	
Property taxes	\$ 694,470
Investment earnings	17,832
Miscellaneous	<u>3,925</u>
Total Additions	<u>716,227</u>
<b>Deductions</b>	
Community development	71,987
Interest and fiscal charges	<u>345,530</u>
Total Deductions	<u>417,517</u>
Change in net position	<u>298,710</u>
Net position, beginning of year	<u>(4,852,745)</u>
Net position, end of year	<u><u>\$(4,554,035)</u></u>

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**

**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, 2016**  
**(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, 2016**  
**(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.

CDBG Grant: This fund accounts for activities funded with CDBG 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, 2016**  
**(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.

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.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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.

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

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Payable Balances

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

Interfund Activity

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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

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

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.

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.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Cultural Arts Enterprise Fund	\$ (6,726)	Retain future excess revenues
CDBG Grant	\$ (4,477)	Retain future excess revenues
North Selma Sewer Project	\$(114,850)	Retain future excess revenues
Fleet Management Internal Service Fund	\$ (1,713)	Retain future excess revenues
Building and Utility Internal Service Fund	\$ (33,438)	Retain future excess revenues
Information Processing Internal Service Fund	\$ (45,610)	Retain future excess revenues
Selma Crossing Project	\$ (95)	Retain future excess revenues
Street Maintenance Fund	\$(167,486)	Retain future excess revenues
Tutelian Project	\$ (5,334)	Retain future excess revenues

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$10,313,310
Restricted cash and investments with fiscal agent	155,267
Fiduciary funds:	
Cash and investments	937,542
Restricted cash and investments with fiscal agent	<u>360,185</u>
Total cash and investments	<u><u>\$11,766,304</u></u>

Cash and investments as of June 30, 2016 consists of the following:

Cash on hand	\$ 1,450
Deposits with financial institutions	2,736,807
Investments	<u>9,028,047</u>
Total cash and investments	<u><u>\$11,766,304</u></u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
US Treasury Obligations	N/A	None	None
US Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	None
Certificate of Deposits	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	10%
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	20%	10%

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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

Investment Authorized by Debt Agreement

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

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.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months or Less</u>
State Investment Pool	\$8,512,595	\$8,512,595
Held by Bond Trustee:		
Money Market Funds	<u>515,452</u>	<u>515,452</u>
	<u>\$9,028,047</u>	<u>\$9,028,047</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Ratings as of Fiscal Year End</u>		
		<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAAm</u>
State Investment Pool	\$8,512,595	N/A	\$8,512,595	\$
Held by Bond Trustee:				
Money Market Funds	<u>515,452</u>	N/A	<u>          </u>	<u>515,452</u>
	<u>\$9,028,047</u>		<u>\$8,512,595</u>	<u>\$515,452</u>

Concentration of Credit Risk

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Custodial Credit Risk

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

As of June 30, 2016, 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, 2016, 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, 2016.

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds -			
Accounts	\$ 291,008	\$	\$ 291,008
Due from other agencies	<u>1,504,070</u>	<u>          </u>	<u>1,504,070</u>
	<u>\$1,795,078</u>	<u>\$</u>	<u>\$1,795,078</u>
Proprietary Funds -			
Accounts	<u>\$1,656,637</u>	<u>\$430,201</u>	<u>\$1,226,436</u>
Fiduciary Funds -			
Due from other agencies	\$ 18,000	\$	\$ 18,000
Notes receivable	<u>330,216</u>	<u>          </u>	<u>330,216</u>
	<u>\$ 348,216</u>	<u>\$</u>	<u>\$ 348,216</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

The City established the following assessment districts in order to fund improvements within the City of Selma. The property owners within the districts are responsible for the following at June 30, 2016.

Assessment District No. 1991-2 Improvement Bonds - Highland	\$389,008
Assessment District No. 1992-1 Improvement Bonds - Dancer II	117,057
Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III	110,881
Assessment District No. 1993-1 Improvement Bonds - Vineyard	215,000
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	<u>69,097</u>
	<u>\$901,043</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,790,302	\$ 200,000	\$	\$ 7,990,302
Construction in progress	<u>171,675</u>	<u>829,237</u>	<u>(55,397)</u>	<u>945,515</u>
Total capital assets not being depreciated	<u>7,961,977</u>	<u>1,029,237</u>	<u>(55,397)</u>	<u>8,935,817</u>
Capital assets being depreciated:				
Roads and other infrastructure	95,988,046	55,397		96,043,443
Buildings and improvements	6,914,840			6,914,840
Machinery and equipment	<u>7,553,117</u>	<u>1,163,544</u>	<u>_____</u>	<u>8,716,661</u>
Total capital assets being depreciated	<u>110,456,003</u>	<u>1,218,941</u>	<u>_____</u>	<u>111,674,944</u>
Less accumulated depreciation for:				
Roads and other infrastructure	(59,338,065)	(1,970,922)		(61,308,987)
Buildings and improvements	(3,009,051)	(150,556)		(3,159,607)
Machinery and equipment	<u>(4,632,893)</u>	<u>(352,471)</u>	<u>_____</u>	<u>(4,985,364)</u>
Total accumulated depreciation	<u>(66,980,009)</u>	<u>(2,473,949)</u>	<u>_____</u>	<u>(69,453,958)</u>
Total capital assets being depreciated, net	<u>43,475,994</u>	<u>(1,255,008)</u>	<u>_____</u>	<u>42,220,986</u>
Governmental activities capital assets, net	<u>\$ 51,437,971</u>	<u>\$ (225,771)</u>	<u>\$(55,397)</u>	<u>\$ 51,156,803</u>
<b>Business-type activities:</b>				
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	(260,426)	(826)		(261,252)
Equipment	<u>(3,515)</u>	<u>_____</u>	<u>_____</u>	<u>(3,515)</u>
Total accumulated depreciation	<u>(263,941)</u>	<u>(826)</u>	<u>_____</u>	<u>(264,767)</u>
Total capital assets being depreciated, net	<u>4,456</u>	<u>(826)</u>	<u>_____</u>	<u>3,630</u>
Business-type activities capital assets, net	<u>\$ 4,456</u>	<u>\$ (826)</u>	<u>\$</u>	<u>\$ 3,630</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Depreciation was charged to functions as follows:

Governmental activities depreciation:	
General government	\$ 194,738
Public protection:	
Fire	83,429
Police	124,816
Public ways and facilities, including depreciation to general infrastructure assets	<u>2,070,966</u>
Total governmental activities depreciation expense	<u>\$2,473,949</u>
Business-type activities depreciation:	
Pioneer Village	<u>\$ 826</u>
Total business-type activities depreciation	<u>\$ 826</u>

**NOTE 6 – INTERFUND BALANCES AND ACTIVITY**

**Interfund Payables and Interfund Receivables**

Balances due to and due from other funds at June 30, 2016, consisted of the following:

Interfund Payables	Interfund Receivables	Amount	Purpose
Street Maintenance Fund	Nonmajor Capital Projects Funds	\$ 412,225	Short-term loans
Nonmajor Enterprise Funds	General	44,472	Short-term loans
CDBG Funds	General	387,206	Short-term loans
Nonmajor Special Revenue Funds	General	96,411	Short-term loans
Nonmajor Capital Projects Funds	Nonmajor Capital Projects Funds	118,050	Short-term loans
Nonmajor Capital Projects Funds	General	<u>1,591</u>	Short-term loans
		<u>\$1,059,955</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 \$4,798,895 in the fund financial statements as follows:

Transfers Out	Transfers In							Totals
	General	Street Maintenance Fund	CDBG Funds	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Proprietary Funds	
General	\$	\$ 105,965	\$26,328	\$ 6,699	\$535,003	\$355,308	\$ 61,592	\$1,090,895
Street LTF		372,600						372,600
Street Measure "C"		230,260						230,260
Nonmajor Special Revenue Funds	1,183,790	510,499				44,515		1,738,804
Nonmajor Debt Service Funds					198,100			198,100
Nonmajor Capital Projects Funds	693			7,520				8,213
Proprietary	881,000			219,023			60,000	1,160,023
	<u>\$2,065,483</u>	<u>\$1,219,324</u>	<u>\$26,328</u>	<u>\$233,242</u>	<u>\$733,103</u>	<u>\$399,823</u>	<u>\$121,592</u>	<u>\$4,798,895</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Internal Balances

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

**NOTE 7 – SHORT-TERM DEBT ACTIVITY**

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

**NOTE 8 – LONG-TERM LIABILITIES**

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds – Authority	\$1,840,000	\$	\$ 615,000	\$1,225,000	\$150,000
Revenue bonds – City	3,940,000	4,344,619	4,065,000	4,219,619	207,857
Capital leases	314,638	843,831	388,352	770,117	129,529
Contract payable		200,000	50,000	150,000	50,000
Compensated absences	<u>631,773</u>	<u>120,949</u>		<u>752,722</u>	
Total governmental activities	<u>\$6,726,411</u>	<u>\$5,509,399</u>	<u>\$5,118,352</u>	<u>\$7,117,458</u>	<u>\$537,386</u>
<b>Business-type activities:</b>					
Compensated absences	<u>410</u>	<u>24</u>			<u>434</u>
Total business-type activities	<u>\$ 410</u>	<u>\$ 24</u>	<u>\$</u>	<u>\$</u>	<u>\$ 434</u>

A summary of changes in bonds payable of the Authority for the year ended June 30, 2016 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2015	Issued	Retired	Outstanding June 30 2016
1994	4% - 7.25%	\$11,570,000	\$ 885,000	\$	\$505,000	\$ 380,000
2014	3.25%	<u>955,000</u>	<u>955,000</u>		<u>110,000</u>	<u>845,000</u>
		<u>\$12,525,000</u>	<u>\$1,840,000</u>	<u>\$</u>	<u>\$615,000</u>	<u>\$1,225,000</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2016 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2015	Issued	Retired	Outstanding June 30, 2016
2010	Various	\$4,125,000	\$3,940,000	\$	\$3,940,000	\$
2015	3.09%	<u>4,344,619</u>	<u>3,940,000</u>	<u>4,344,619</u>	<u>125,000</u>	<u>4,219,619</u>
		<u>\$8,469,619</u>		<u>\$4,344,619</u>	<u>\$4,065,000</u>	<u>\$4,219,619</u>

1994 Revenue Bonds

On December 23, 2015, the City of Selma issued \$4,344,619 Lease Obligation Refunding Bonds with an average interest rate of 3.09% to advance refund \$3,940,000 of outstanding 2010 Lease Revenue Refunding Bonds with an average interest rate of 7.00% and partial refunding of 1994 Revenue Bonds of \$450,000 with an average interest rate of 6.0%. The interest is payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup>, commencing February 1, 2016. The bonds mature annually at various amounts through February 1, 2032. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance on the 1994 revenue bonds at June 30, 2016 is \$380,000.

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

2010 Lease Revenue Refunding Bonds

As previously stated above the City of Selma issued \$4,344,619 Lease Obligation Refunding Bonds to advance refund \$3,940,000 of outstanding 2010 Lease Revenue Refunding Bonds and partial refunding of 1994 Revenue Bonds of \$450,000.

The Bonds were issued to refinance the Authority's previously issued 2010 Lease Revenue Refunding Bonds in the principal amount of \$3,950,000. As a result the 2010 Lease Revenue Bonds are considered defeased and the liability for this issue has been removed from the Long-Term Liabilities of the Governmental Activities.

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 2<sup>nd</sup> and March 2<sup>nd</sup>, 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, 2016 is \$845,000.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

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 \$845,000 remain outstanding at June 1, 2016. As a result the Series 1999A Assessment Revenue Bonds are considered defeased and the liability for this issue has been removed from the Long-Term Liabilities of the Governmental Activities Debt.

**Series 2015 Refunding Lease Obligations**

On December 23, 2015, the City of Selma issued \$4,344,619 Series 2015 Refunding Lease Obligations Bonds, bearing interest of 3.090% payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup>, commencing February 1, 2016. The bonds mature annually at various amounts through February 1, 2032. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture.

The Bonds are being issued to refinance the City of Selma Financing Authority's previously issued 2010 Lease Revenue Refunding Bonds outstanding of \$3,900,000 and partial refinance of their 1994 Revenue Bonds of \$450,000, which \$380,000 remain outstanding at June 30, 2016. As a result the 2010 Lease Revenue Refunding Bonds and the \$450,000 1994 Revenue Bonds are considered defeased and the liability for these issues have been removed from the Long-Term Liabilities of the Governmental Activities.

The City advance refunded the 1994 Revenue Bonds and the 2010 Lease Revenue Refunding Bonds, to reduce debt service payments over the next 16 years by almost \$3,315,024 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,670,610.

**1. Debt Service Requirements**

Debt service requirements on long-term debt at June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	Authority Governmental Activities <u>Interest</u>	<u>Total</u>
2017	\$ 150,000	\$ 79,394	\$ 229,394
2018	140,000	70,212	210,212
2019	145,000	60,969	205,969
2020	155,000	51,094	206,094
2021	185,000	40,100	225,100
2022-2024	<u>450,000</u>	<u>46,400</u>	<u>496,400</u>
Totals	<u>\$1,225,000</u>	<u>\$348,169</u>	<u>\$1,573,169</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Year Ending June 30,	Principal	City Governmental Activities Interest	Total
2017	\$ 207,857	\$ 130,386	\$ 338,243
2018	214,279	123,963	338,242
2019	220,901	117,342	338,243
2020	227,727	110,516	338,243
2021	234,763	103,480	338,243
2022-2026	1,287,218	403,997	1,691,215
2027-2031	1,498,769	192,447	1,691,216
2032	<u>328,105</u>	<u>10,138</u>	<u>338,243</u>
Totals	<u>\$4,219,619</u>	<u>\$1,192,269</u>	<u>\$5,411,888</u>

**1. Capital Leases**

Commitments under capitalized lease agreements for vehicles and equipment provide for minimum future lease payments as of June 30, 2016 as follows:

Year Ending June 30,	Governmental Activities
2017	\$150,423
2018	122,878
2019	99,279
2020	99,279
2021	99,279
2022-2026	<u>297,668</u>
Total Minimum Leases	868,806
Less: Amount representing interest	<u>(98,689)</u>
Principal amount	<u>\$770,117</u>

**2. Contract Payable:**

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

3. Compensated Absences:

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

**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 CSJVRMA 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:

	As of and for the Year Ended June 30, 2016
Total Assets	<u>\$92,743,162</u>
Total Liabilities	\$77,308,330
Total Net Position	<u>15,434,832</u>
Total Liabilities and Net Position	<u>\$92,743,162</u>
Total Revenues for the Year	\$40,680,321
Total Expenses for the Year	<u>38,202,139</u>
Change in Net Position	<u>\$ 2,478,182</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(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, 2016, 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, 2016**  
**(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, 2016, the contributions recognized as part of pension expense for the Plans are as follows:

	Plans
Contributions – employer	\$1,262,112

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

As of June 30, 2016, 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	
	2015	2014
Miscellaneous	\$ 5,456,437	\$4,540,515
Safety	<u>5,154,581</u>	<u>4,765,927</u>
Total Net Pension Liability	<u>\$10,611,018</u>	<u>\$9,306,442</u>

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2014	0.184%	0.127%
Proportion – June 30, 2015	0.138%	0.149%
Change – Increase (Decrease)	(.046%)	0.022%

For the year ended June 30, 2016, the City recognized pension expense of \$1,262,112. At June 30, 2016 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	\$1,262,112	\$
Differences between actual and expected experience	24,462	(86,949)
Changes in assumptions		(631,342)
Net difference between projected and actual earnings on pension plan investments		(318,696)
Adjustments due to differences in proportion	<u>                    </u>	<u>                    </u>
Total	<u>\$1,286,574</u>	<u>\$(1,036,987)</u>

\$1,286,574 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>	
2016	448,979
2017	448,979
2018	403,642
2019	(362,504)

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Actuarial Assumptions

For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 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, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
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 7.65% 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 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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, 2016**  
**(Continued)**

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

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

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

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

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

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	5.25%	5.71%
Global Fixed Income	17.0%	0.99%	2.43%
Inflation Sensitive	5.0%	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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$9,150,444	\$8,264,563
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$5,456,437	\$5,154,264
1% Increase	8.65%	8.65%
Net Pension Liability	\$3,050,132	\$2,548,644

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, 2016, the City reported a payable of \$36,057 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(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, 2016.

**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 prior to July 1, 2015 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 2016.

The amount payable by the City for each retirees was \$90.63 per month in 2016.

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(Continued)**

Funding Policy and Actuarial Assumptions

Currently, the City funds retiree health care benefits on a pay-as-you-go basis. For the 2015/2016 year, the City paid \$31,599 for healthcare benefits for 30 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, 2016, was \$2,495,858.

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>\$235,347</u>
Annual required contribution annual OPEB cost	235,347
Less: Employer contribution	<u>(31,599)</u>
Change in net OPEB obligations	203,748
Net OPEB obligations, beginning of year	<u>193,443</u>
Net OPEB obligations, end of year	<u>\$397,191</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 2016. Information for the year ended June 30, 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
6/30/16	\$235,347	13.43%	\$397,191

**CITY OF SELMA**  
**Notes to Financial Statements**  
**June 30, 2016**  
**(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, 2016 was as follows:

Actuarial accrued liability	\$2,495,858
Actuarial value of plan assets	<u>-0-</u>
Unfunded Actuarial accrued liability (UAAL)	2,495,858
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Covered payroll (active plan members)	\$5,089,712
UAAL as a percentage of covered payroll	49.04%

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

The beginning fund balances in the Traffic Congestion Relief Fund and the Street Gas Tap Fund have been adjusted as follows to correct the misposting of expenditures in prior years’:

Traffic Congestion Relief Fund	\$(473,386)
Gas Tax Fund	\$ 473,386

## 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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,886,000	\$ 7,886,000	\$ 8,436,134	\$ 550,134
Licenses and permits	303,195	303,195	511,496	208,301
Intergovernmental	42,000	42,000	254,861	212,861
Charges for services	376,053	376,053	717,940	341,887
Fines	9,500	9,500	5,692	(3,808)
Franchise fees	733,000	733,000	787,262	54,262
Revenue for use of money and property	28,650	28,650	41,018	12,368
Miscellaneous	<u>30,554</u>	<u>30,554</u>	<u>110,759</u>	<u>80,205</u>
Total revenues	<u>9,408,952</u>	<u>9,408,952</u>	<u>10,865,162</u>	<u>1,456,210</u>
<b>Expenditures</b>				
General government	1,991,818	1,991,818	2,058,599	(66,781)
Public safety	7,813,373	7,813,373	8,230,324	(416,951)
Public works	608,591	608,591	597,234	11,357
Community development	386,481	386,481	493,710	(107,229)
Recreation	371,686	371,686	337,061	34,625
Capital outlay	32,729	32,729	95,441	(62,712)
Debt service:				
Principal	54,750	54,750	75,000	(20,250)
Interest and fiscal charges	<u>69,017</u>	<u>69,017</u>	<u>69,657</u>	<u>(640)</u>
Total expenditures	<u>11,328,445</u>	<u>11,328,445</u>	<u>11,957,026</u>	<u>(628,581)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,919,493)	(1,919,493)	(1,091,864)	827,629
<b>Other financing sources (uses)</b>				
Proceeds from bond refunding			1,109,640	1,109,640
Payment to refunded bond escrow agent			(591,000)	(591,000)
Bond issuance costs			(34,807)	(34,807)
Operating transfers in	2,064,000	2,064,000	2,065,483	1,483
Operating transfers out	<u>(144,500)</u>	<u>(144,500)</u>	<u>(1,090,895)</u>	<u>(946,395)</u>
Total other financing sources (uses)	<u>1,919,500</u>	<u>1,919,500</u>	<u>1,458,421</u>	<u>(461,079)</u>
Net change in fund balance	7	7	366,557	366,550
Fund balance, beginning of year	<u>1,297,965</u>	<u>1,297,965</u>	<u>1,297,965</u>	
Fund balance, end of year	<u>\$ 1,297,972</u>	<u>\$ 1,297,972</u>	<u>\$ 1,664,522</u>	<u>\$ 366,550</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 25,160	\$ 25,160	\$ 51,439	\$ 26,279
Charges for services	240,000	240,000	171,167	(68,833)
Miscellaneous			1,748	1,748
Total revenues	<u>265,160</u>	<u>265,160</u>	<u>224,354</u>	<u>(40,806)</u>
<b>Expenditures</b>				
Public Works	1,157,268	1,143,268	1,078,128	65,140
Capital outlay	52,995	66,995	16,743	50,252
Debt service:				
Principal	55,250	55,250	95,000	(39,750)
Interest and fiscal charges	<u>230,446</u>	<u>230,446</u>	<u>92,449</u>	<u>137,997</u>
Total expenditures	<u>1,495,959</u>	<u>1,495,959</u>	<u>1,282,320</u>	<u>213,639</u>
Excess (deficiency) of revenues over (under) expenditures	(1,230,799)	(1,230,799)	(1,057,966)	172,833
<b>Other financing sources (uses)</b>				
Proceeds from bond refunding			3,234,979	3,234,979
Payment to refunded bond escrow agent			(3,498,056)	(3,498,056)
Bond issuance costs			(110,221)	(110,221)
Operating transfers in			<u>1,219,324</u>	<u>1,219,324</u>
Total other financing sources (uses)			<u>846,026</u>	<u>846,026</u>
Net change in fund balance	(1,230,799)	(1,230,799)	(211,940)	1,018,859
Fund balance, beginning of year	<u>44,454</u>	<u>44,454</u>	<u>44,454</u>	
Fund balance, end of year	<u><u>\$(1,186,345)</u></u>	<u><u>\$(1,186,345)</u></u>	<u><u>\$ (167,486)</u></u>	<u><u>\$ 1,018,859</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 551,216	\$ 551,216	\$ 561,124	\$ 9,908
Revenue for use of money and property			<u>3,782</u>	<u>3,782</u>
Total revenues	<u>551,216</u>	<u>551,216</u>	<u>564,906</u>	<u>13,690</u>
<b>Expenditures</b>				
Capital outlay			<u>48,250</u>	<u>(48,250)</u>
Total expenditures			<u>48,250</u>	<u>(48,250)</u>
Excess (deficiency) of revenues over (under) expenditures	551,216	551,216	516,656	(34,560)
<b>Other financing sources (uses)</b>				
Operating transfers in				
Operating transfers out			<u>(372,600)</u>	<u>(372,600)</u>
Total other financing sources (uses)			<u>(372,600)</u>	<u>(372,600)</u>
Net change in fund balance	551,216	551,216	144,056	(407,160)
Fund balance, beginning of year	<u>1,402,691</u>	<u>1,402,691</u>	<u>1,402,691</u>	
Fund balance, end of year	<u>\$1,953,907</u>	<u>\$1,953,907</u>	<u>\$1,546,747</u>	<u>\$(407,160)</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 593,006	\$ 593,006	\$ 606,447	\$ 13,441
Revenue for use of money and property			3,197	3,197
Total revenues	<u>593,006</u>	<u>593,006</u>	<u>609,644</u>	<u>16,638</u>
<b>Expenditures</b>				
Public Works			25,388	(25,388)
Capital outlay			31,000	(31,000)
Total expenditures			<u>56,388</u>	<u>(56,388)</u>
Excess (deficiency) of revenues over (under) expenditures	593,006	593,006	553,256	(39,750)
<b>Other financing sources (uses)</b>				
Operating transfers out	<u>(328,946)</u>	<u>(328,946)</u>	<u>(230,260)</u>	<u>98,686</u>
Total other financing sources (uses)	<u>(328,946)</u>	<u>(328,946)</u>	<u>(230,260)</u>	<u>98,686</u>
Net change in fund balance	264,060	264,060	322,996	58,936
Fund balance, beginning of year	<u>1,137,920</u>	<u>1,137,920</u>	<u>1,137,920</u>	
Fund balance, end of year	<u>\$1,401,980</u>	<u>\$1,401,980</u>	<u>\$1,460,916</u>	<u>\$ 58,936</u>

**CITY OF SELMA**  
**Required Supplementary Information**  
**Cost-Sharing Multiple-Employer Defined Pension Plan – Last 10 Years\***  
**For the Year Ended June 30, 2016**

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

	Miscellaneous	
	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.19888%	.07296%
Plan's Proportion share of the Net Pension Liability (Asset)	\$5,456,437	\$4,540,156
Plan's Covered Employee Payroll	\$1,636,530	\$1,470,465
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	333.42%	308.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	71.14%	76.31%
	Safety	
	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.12509%	.07659%
Plan's Proportion share of the Net Pension Liability (Asset)	\$5,154,581	\$4,765,927
Plan's Covered Employee Payroll	\$3,453,182	\$3,379,336
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	149.27%	141.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.18%	81.42%

\*Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only two years are shown.

**CITY OF SELMA**  
**Required Supplementary Information**  
**Schedule of Funding Progress PERS Information**  
**For the Year Ended June 30, 2016**

**Schedule Contributions**

	For the Year Ended June 30,	
	2016	2015
Actuarially determined contribution	\$ 381,662	\$ 367,790
Contributions in relation to the actuarially determined contributions	<u>(381,662)</u>	<u>(367,790)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$1,636,530</u>	<u>\$1,470,465</u>
Contributions as a percentage of covered-employee payroll	23.32%	25.01%
	For the Year Ended June 30,	
	2016	2015
Actuarially determined contribution	\$ 660,953	\$ 655,346
Contributions in relation to the actuarially determined contributions	<u>(660,953)</u>	<u>(655,346)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$3,453,182</u>	<u>\$3,379,336</u>
Contributions as a percentage of covered-employee payroll	19.14%	19.39%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were derived from the June 30, 2012 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50%, Net of Pension Plan Investment and Administrative Expenses; Includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2011 to the June 30, 2012 funding valuation report.

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$1,274,614	\$374,421	\$3,900,067	\$5,549,102
Cash with fiscal agent		155,267		155,267
Accounts receivable	24,264		20,724	44,988
Interfund receivables			530,275	530,275
Due from other agencies	<u>158,581</u>			<u>158,581</u>
Total assets	<u>\$1,457,459</u>	<u>\$529,688</u>	<u>\$4,451,066</u>	<u>\$6,438,213</u>
<b>Liabilities</b>				
Accounts payable	\$ 13,411	\$	\$ 73,529	\$ 86,940
Accrued wages/benefits	31,707			31,707
Interfund payables	<u>96,411</u>		<u>119,641</u>	<u>216,052</u>
Total liabilities	<u>141,529</u>		<u>193,170</u>	<u>334,699</u>
<b>Fund balance</b>				
Restricted for:				
Streets and roads	538,476		1,240,939	1,779,415
Public safety	575,007			575,007
Community development	175,389			175,389
Debt service		529,688		529,688
Capital projects			2,245,932	2,245,932
Committed for:				
Streets and roads	23,102			23,102
Community development	605			605
Recreation	3,351			3,351
Capital projects			355,213	355,213
Assigned for:				
Equipment replacement			442,240	442,240
Capital projects			93,851	93,851
Unassigned			<u>(120,279)</u>	<u>(120,279)</u>
Total fund balance	<u>1,315,930</u>	<u>529,688</u>	<u>4,257,896</u>	<u>6,103,514</u>
Total liabilities and fund balance	<u>\$1,457,459</u>	<u>\$529,688</u>	<u>\$4,451,066</u>	<u>\$6,438,213</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 2,334,076	\$	\$	\$ 2,334,076
Intergovernmental	246,169	71,125		317,294
Charges for services	137,639		777,546	915,185
Fines	86,709			86,709
Revenue for use of money and property	3,219	4,916	6,787	14,922
Assessment payments		202,016		202,016
Miscellaneous	<u>235,624</u>	<u>537</u>	<u>227,864</u>	<u>464,025</u>
Total revenues	<u>3,043,436</u>	<u>278,594</u>	<u>1,012,197</u>	<u>4,334,227</u>
<b>Expenditures</b>				
General government	35,608	42,648		78,256
Public safety	642,107		144,278	786,385
Public works	191,678		7,500	199,178
Community development	52,827		24,597	77,424
Recreational			59,630	59,630
Capital outlay	48,232		561,975	610,207
Debt service:				
Principal	271,343	165,000	117,009	553,352
Interest and fiscal charges	<u>29,143</u>	<u>96,329</u>	<u>1,329</u>	<u>126,801</u>
Total expenditures	<u>1,270,938</u>	<u>303,977</u>	<u>916,318</u>	<u>2,491,233</u>
Excess (deficiency) of revenues over (under) expenditures	1,772,498	(25,383)	95,879	1,842,994
<b>Other financing sources (uses)</b>				
Payment to refunded bond escrow agent		(450,000)		(450,000)
Operating transfers in	233,242	733,103	399,823	1,366,168
Operating transfers out	<u>(1,738,804)</u>	<u>(198,100)</u>	<u>(8,213)</u>	<u>(1,945,117)</u>
Total other financing sources (uses)	<u>(1,505,562)</u>	<u>85,003</u>	<u>391,610</u>	<u>(1,028,949)</u>
Net change in fund balance	266,936	59,620	487,489	814,045
Fund balance, beginning of year	<u>1,048,994</u>	<u>470,068</u>	<u>3,770,407</u>	<u>5,289,469</u>
Fund balance, end of year	<u>\$ 1,315,930</u>	<u>\$ 529,688</u>	<u>\$4,257,896</u>	<u>\$ 6,103,514</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Special Revenue Funds**  
**June 30, 2016**

	<u>Traffic Safety</u>	<u>Redevelopment Administration</u>	<u>Public Safety</u>	<u>Sidewalk Repair Funds</u>	<u>AB 1913 Grant</u>	<u>Street Gas Tax</u>	<u>CID Groundwater Surcharge</u>
<b>Assets</b>							
Cash and investments	\$35,399	\$	\$4,913	\$23,030	\$18,136	\$473,400	\$133,101
Accounts receivable				72			
Due from other agencies		<u>52,827</u>					
Total assets	<u>35,399</u>	<u>52,827</u>	<u>4,913</u>	<u>23,102</u>	<u>18,136</u>	<u>473,400</u>	<u>133,101</u>
<b>Liabilities</b>							
Accounts payable							
Accrued wages/benefits		1,647			4,316		
Interfund payables		<u>51,180</u>					
Total liabilities		<u>52,827</u>			<u>4,316</u>		
<b>Fund balance</b>							
Restricted for:							
Streets and roads	35,399				13,820	473,400	
Public safety			4,913				
Community development							133,101
Committed for:							
Streets and roads				23,102			
Community development							
Recreation							
Total fund balance	<u>35,399</u>		<u>4,913</u>	<u>23,102</u>	<u>13,820</u>	<u>473,400</u>	<u>133,101</u>
Total liabilities and fund balance	<u>\$35,399</u>	<u>\$52,827</u>	<u>\$4,913</u>	<u>\$23,102</u>	<u>\$18,136</u>	<u>\$473,400</u>	<u>\$133,101</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Special Revenue Funds**  
**June 30, 2016**

	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	Recycling Grant	Avoid Program	ABC Grant	Homeland Security Fire Grant	Small Business Support Center
<b>Assets</b>							
Cash and investments	\$29,443	\$5,601	\$14,018	\$	\$	\$	\$605
Accounts receivable							
Due from other agencies				<u>3,568</u>	<u>5,015</u>	<u>5,900</u>	
Total assets	<u>29,443</u>	<u>5,601</u>	<u>14,018</u>	<u>3,568</u>	<u>5,015</u>	<u>5,900</u>	<u>605</u>
<b>Liabilities</b>							
Accounts payable	8,585						
Accrued wages/benefits	5,001						
Interfund payables				<u>3,568</u>	<u>4,818</u>	<u>5,900</u>	
Total liabilities	<u>13,586</u>			<u>3,568</u>	<u>4,818</u>	<u>5,900</u>	
<b>Fund balance</b>							
Restricted for:							
Streets and roads	15,857						
Public safety		5,601			197		
Community development			14,018				
Committed for:							
Streets and roads							
Community development							605
Recreation							
Total fund balance	<u>15,857</u>	<u>5,601</u>	<u>14,018</u>		<u>197</u>		<u>605</u>
Total liabilities and fund balance	<u>\$29,443</u>	<u>\$5,601</u>	<u>\$14,018</u>	<u>\$3,568</u>	<u>\$5,015</u>	<u>\$5,900</u>	<u>\$605</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Special Revenue Funds**  
**June 30, 2016**

	DOJ Brynes Grant	OTS Special Projects	Foreclosed Homes Projects	Sports Hall of Fame	CHRP Grant	ACT Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
<b>Assets</b>								
Cash and investments	\$	\$	\$16,284	\$3,351	\$381	\$	\$516,952	\$1,274,614
Accounts receivable			11,986				12,206	24,264
Due from other agencies	<u>4,372</u>	<u>6,825</u>				<u>24,474</u>	<u>55,600</u>	<u>158,581</u>
Total assets	<u>4,372</u>	<u>6,825</u>	<u>28,270</u>	<u>3,351</u>	<u>381</u>	<u>24,474</u>	<u>584,758</u>	<u>1,457,459</u>
<b>Liabilities</b>								
Accounts payable						54	4,772	13,411
Accrued wages/benefits						4,672	16,071	31,707
Interfund payables	<u>4,372</u>	<u>6,825</u>				<u>19,748</u>		<u>96,411</u>
Total liabilities	<u>4,372</u>	<u>6,825</u>				<u>24,474</u>	<u>20,843</u>	<u>141,529</u>
<b>Fund balance</b>								
Restricted for:								
Streets and roads								538,476
Public safety					381		563,915	575,007
Community development			28,270					175,389
Committed for:								
Streets and roads								23,102
Community development								605
Recreation				<u>3,351</u>				<u>3,351</u>
Total fund balance			<u>28,270</u>	<u>3,351</u>	<u>381</u>		<u>563,915</u>	<u>1,315,930</u>
Total liabilities and fund balance	<u>\$4,372</u>	<u>\$6,825</u>	<u>\$28,270</u>	<u>\$3,351</u>	<u>\$381</u>	<u>\$24,474</u>	<u>\$584,758</u>	<u>\$1,457,459</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2016**

	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)	CID Groundwater Surcharge
<b>Revenues</b>									
Taxes	\$	\$	\$ 42,342	\$	\$	\$ 124,618	\$ 509,493	\$ 3,500	\$
Intergovernmental									132,839
Charges for services									
Fines	80,399								
Revenue for use of money and property					932		1,006		262
Miscellaneous		<u>52,827</u>		<u>430</u>					
Total revenues	<u>80,399</u>	<u>52,827</u>	<u>42,342</u>	<u>430</u>	<u>932</u>	<u>124,618</u>	<u>510,499</u>	<u>3,500</u>	<u>133,101</u>
<b>Expenditures</b>									
General government									
Public safety						89,663			
Public works									
Community development		52,827							
Capital outlay									
Debt service:									
Principal						19,842			
Interest and fiscal charge						<u>3,756</u>			
Total expenditures		<u>52,827</u>				<u>113,261</u>			
Excess (deficiency) of revenues over (under) expenditures	80,399		42,342	430	932	11,357	510,499	3,500	133,101
<b>Other financing sources (uses)</b>									
Operating transfers in									
Operating transfers out	<u>(45,000)</u>		<u>(38,000)</u>				<u>(510,499)</u>		
Total other financing sources (uses)	<u>(45,000)</u>		<u>(38,000)</u>				<u>(510,499)</u>		
Net change in fund balance	35,399		4,342	430	932	11,357		3,500	133,101
Fund balance, beginning of year			<u>571</u>	<u>22,672</u>	<u>472,454</u>	<u>2,463</u>	<u>14</u>	<u>(3,500)</u>	
Prior period adjustment					<u>(473,386)</u>		<u>473,386</u>		
Fund balance, beginning of year, restated			<u>571</u>	<u>22,672</u>	<u>(932)</u>	<u>2,463</u>	<u>473,400</u>	<u>(3,500)</u>	
Fund balance, end of year	<u>\$ 35,399</u>	<u>\$</u>	<u>\$ 4,913</u>	<u>\$23,102</u>	<u>\$</u>	<u>\$ 13,820</u>	<u>\$ 473,400</u>	<u>\$</u>	<u>\$133,101</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2016**

	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	Recycling Grant	Avoid Grant	ABC Grant	HSIP Grant	SAFER Fire Grant	Homeland Security Fire Grant
<b>Revenues</b>								
Taxes	\$197,517	\$	\$	\$	\$	\$	\$	\$
Intergovernmental			6,587	15,611	12,335	18,900		5,900
Charges for services								
Fines		6,310						
Revenue for use of money and property								
Miscellaneous								
Total revenues	<u>197,517</u>	<u>6,310</u>	<u>6,587</u>	<u>15,611</u>	<u>12,335</u>	<u>18,900</u>	<u>—</u>	<u>5,900</u>
<b>Expenditures</b>								
General government			16,883					
Public safety		709		15,611	12,335			6,887
Public works	191,678							
Community development								
Capital outlay						18,900		
Debt service:								
Principal								
Interest and fiscal charge								
Total expenditures	<u>191,678</u>	<u>709</u>	<u>16,883</u>	<u>15,611</u>	<u>12,335</u>	<u>18,900</u>	<u>—</u>	<u>6,887</u>
Excess (deficiency) of revenues over (under) expenditures	5,839	5,601	(10,296)					(987)
<b>Other financing sources (uses)</b>								
Operating transfers in							6,533	987
Operating transfers out								
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,533</u>	<u>987</u>
Net change in fund balance	5,839	5,601	(10,296)				6,533	
Fund balance, beginning of year	<u>10,018</u>	<u>—</u>	<u>24,314</u>	<u>—</u>	<u>197</u>	<u>—</u>	<u>(6,533)</u>	<u>—</u>
Prior period adjustment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, beginning of year, restated	<u>10,018</u>	<u>—</u>	<u>24,314</u>	<u>—</u>	<u>197</u>	<u>—</u>	<u>(6,533)</u>	<u>—</u>
Fund balance, end of year	<u>\$ 15,857</u>	<u>\$5,601</u>	<u>\$ 14,018</u>	<u>\$ —</u>	<u>\$ 197</u>	<u>\$ —</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, 2016**

	Small Business Support Center	DOJ Brynes Grant	OTS Special Projects	Foreclosed Homes Projects	Sports Hall of Fame	CHRP Grant	ACT Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
<b>Revenues</b>									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 1,584,724	\$ 2,334,076
Intergovernmental		12,105	46,613						246,169
Charges for services				4,800					137,639
Fines									86,709
Revenue for use of money and property								1,019	3,219
Miscellaneous	—	—	—	9,295	—	—	157,200	15,872	235,624
Total revenues	—	<u>12,105</u>	<u>46,613</u>	<u>14,095</u>	—	—	<u>157,200</u>	<u>1,601,615</u>	<u>3,043,436</u>
<b>Expenditures</b>									
General government				18,725					35,608
Public safety		12,105	46,613				128,814	329,370	642,107
Public works									191,678
Community development									52,827
Capital outlay							29,332		48,232
Debt service:									
Principal								251,501	271,343
Interest and fiscal charge	—	—	—	—	—	—	—	25,387	29,143
Total expenditures	—	<u>12,105</u>	<u>46,613</u>	<u>18,725</u>	—	—	<u>158,146</u>	<u>606,258</u>	<u>1,270,938</u>
Excess (deficiency) of revenues over (under) expenditures				(4,630)			(946)	995,357	1,772,498
<b>Other financing sources (uses)</b>									
Operating transfers in							6,699	219,023	233,242
Operating transfers out	—	(790)	—	—	—	—	—	(1,144,515)	(1,738,804)
Total other financing sources (uses)	—	<u>(790)</u>	—	—	—	—	<u>6,699</u>	<u>(925,492)</u>	<u>(1,505,562)</u>
Net change in fund balance		(790)		(4,630)			5,753	69,865	266,936
Fund balance, beginning of year	<u>605</u>	<u>790</u>	—	<u>32,900</u>	<u>3,351</u>	<u>381</u>	<u>(5,753)</u>	<u>494,050</u>	<u>1,048,994</u>
Prior period adjustment	—	—	—	—	—	—	—	—	—
Fund balance, beginning of year, restated	<u>605</u>	<u>790</u>	—	<u>32,900</u>	<u>3,351</u>	<u>381</u>	<u>(5,753)</u>	<u>494,050</u>	<u>1,048,994</u>
Fund balance, end of year	<u>\$605</u>	<u>\$</u>	<u>\$</u>	<u>\$28,270</u>	<u>\$3,351</u>	<u>\$381</u>	<u>\$</u>	<u>\$ 563,915</u>	<u>\$1,315,930</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Debt Service Funds**  
**June 30, 2016**

	1994 Debt Service	Assessment 91-2 Highland Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service	Assessment 92-1 Watermain Debt Service
<b>Assets</b>					
Cash and investments	\$ 86,736	\$90,657	\$32,169	\$26,424	\$20,533
Cash with fiscal agent	<u>114,357</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>201,093</u>	<u>90,657</u>	<u>32,169</u>	<u>26,424</u>	<u>20,533</u>
<b>Liabilities</b>					
Accounts payable	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund balance</b>					
Restricted for:					
Debt service	<u>201,093</u>	<u>90,657</u>	<u>32,169</u>	<u>26,424</u>	<u>20,533</u>
Total fund balance	<u>201,093</u>	<u>90,657</u>	<u>32,169</u>	<u>26,424</u>	<u>20,533</u>
Total liabilities and fund balance	<u>\$201,093</u>	<u>\$90,657</u>	<u>\$32,169</u>	<u>\$26,424</u>	<u>\$20,533</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Debt Service Funds**  
**June 30, 2016**

	Assessment 93-1 Briarwood/ Vineyard/ Debt Service	Assessment Theater Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
<b>Assets</b>				
Cash and investments	\$47,731	\$17,314	\$52,857	\$374,421
Cash with fiscal agent			<u>40,910</u>	<u>155,267</u>
Total assets	<u>47,731</u>	<u>17,314</u>	<u>93,767</u>	<u>529,688</u>
<b>Liabilities</b>				
Accounts payable				
Total liabilities				
<b>Fund balance</b>				
Restricted for:				
Debt service	<u>47,731</u>	<u>17,314</u>	<u>93,767</u>	<u>529,688</u>
Total fund balance	<u>47,731</u>	<u>17,314</u>	<u>93,767</u>	<u>529,688</u>
Total liabilities and fund balance	<u>\$47,731</u>	<u>\$17,314</u>	<u>\$93,767</u>	<u>\$529,688</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2016**

	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
<b>Revenues</b>					
Intergovernmental	\$ 71,125	\$	\$	\$	\$
Revenue for use of money and property	4,894	1			
Miscellaneous revenue			537		
Assessment Payments	<u>          </u>	<u>83,104</u>	<u>          </u>	<u>26,359</u>	<u>20,884</u>
Total revenues	<u>76,019</u>	<u>83,105</u>	<u>537</u>	<u>26,359</u>	<u>20,884</u>
<b>Expenditures</b>					
General government	34,503	419		519	457
Debt Service:					
Principal	55,000				
Interest and fiscal charges	<u>66,625</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>156,128</u>	<u>419</u>	<u>          </u>	<u>519</u>	<u>457</u>
Excess (deficiency) of revenues over (under) expenditures	(80,109)	82,686	537	25,840	20,427
<b>Other financing sources (uses)</b>					
Payment to refunded bond escrow agent	(450,000)				
Operating transfers in	535,003				
Operating transfers out	<u>          </u>	<u>(59,171)</u>	<u>(58,930)</u>	<u>(18,124)</u>	<u>(16,990)</u>
Total other financing sources (uses)	<u>85,003</u>	<u>(59,171)</u>	<u>(58,930)</u>	<u>(18,124)</u>	<u>(16,990)</u>
Net change in fund balance	4,894	23,515	(58,393)	7,716	3,437
Fund balance, beginning of year	<u>196,199</u>	<u>67,142</u>	<u>58,393</u>	<u>24,453</u>	<u>22,987</u>
Fund balance, end of year	<u>\$201,093</u>	<u>\$ 90,657</u>	<u>\$</u>	<u>\$ 32,169</u>	<u>\$ 26,424</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2016**

	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
<b>Revenues</b>					
Intergovernmental	\$	\$	\$	\$	\$ 71,125
Revenue for use of money and property				21	4,916
Miscellaneous revenue					537
Assessment Payments	<u>18,052</u>	<u>39,382</u>	<u>14,235</u>	<u>      </u>	<u>202,016</u>
Total revenues	<u>18,052</u>	<u>39,382</u>	<u>14,235</u>	<u>21</u>	<u>278,594</u>
<b>Expenditures</b>					
General government	401	441	370	5,538	42,648
Debt Service:					
Principal				110,000	165,000
Interest and fiscal charges	<u>      </u>	<u>      </u>	<u>      </u>	<u>29,704</u>	<u>96,329</u>
Total expenditures	<u>401</u>	<u>441</u>	<u>370</u>	<u>145,242</u>	<u>303,977</u>
Excess (deficiency) of revenues over (under) expenditures	17,651	38,941	13,865	(145,221)	(25,383)
<b>Other financing sources (uses)</b>					
Payment to refunded bond escrow agent					(450,000)
Operating transfers in				198,100	733,103
Operating transfers out	<u>(8,091)</u>	<u>(28,116)</u>	<u>(8,678)</u>	<u>      </u>	<u>(198,100)</u>
Total other financing sources (uses)	<u>(8,091)</u>	<u>(28,116)</u>	<u>(8,678)</u>	<u>198,100</u>	<u>85,003</u>
Net change in fund balance	9,560	10,825	5,187	52,879	59,620
Fund balance, beginning of year	<u>10,973</u>	<u>36,906</u>	<u>12,127</u>	<u>40,888</u>	<u>470,068</u>
Fund balance, end of year	<u>\$ 20,533</u>	<u>\$ 47,731</u>	<u>\$17,314</u>	<u>\$ 93,767</u>	<u>\$ 529,688</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Capital Projects Funds**  
**June 30, 2016**

	<u>Equipment Replacement</u>	<u>Development Impact Streets &amp; Traffic</u>	<u>Development Impact Police Facility</u>	<u>Development Impact Fire Facility</u>	<u>Development Impact City Facilities</u>	<u>Development Impact Storm Drain</u>	<u>Development Impact Sewer</u>
<b>Assets</b>							
Cash and investments	\$442,240	\$ 684,906	\$70,458	\$132,687	\$267,023	\$160,796	\$818,571
Accounts receivable		412,225			3,200		114,850
Due from other funds							
Total assets	<u>442,240</u>	<u>1,097,131</u>	<u>70,458</u>	<u>132,687</u>	<u>270,223</u>	<u>160,796</u>	<u>933,421</u>
<b>Liabilities</b>							
Accounts payable			24,960	27,545			
Due to other funds							
Total liabilities			<u>24,960</u>	<u>27,545</u>			
<b>Fund balance</b>							
Restricted for:							
Streets and roads		1,097,131					
Capital projects			45,498	105,142	270,223	160,796	933,421
Committed for:							
Capital projects							
Assigned for:							
Equipment replacement	442,240						
Capital projects							
Unassigned							
Total fund balance	<u>442,240</u>	<u>1,097,131</u>	<u>45,498</u>	<u>105,142</u>	<u>270,223</u>	<u>160,796</u>	<u>933,421</u>
Total liabilities and fund balance	<u>\$442,240</u>	<u>\$1,097,131</u>	<u>\$70,458</u>	<u>\$132,687</u>	<u>\$270,223</u>	<u>\$160,796</u>	<u>\$933,421</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Capital Projects Funds**  
**June 30, 2016**

	Development Impact Parks and Recreation	Long Range Planning Fee	Development Impact Public Use Facilities	Development Impact Waste Water Collection	Development Impact Public Facilities	Development Impact Open Space Acquisition	Construction 97-2 Theater	City Hall Construction
<b>Assets</b>								
Cash and investments	\$581,083	\$275,031	\$66,115	\$23,793	\$37,076	\$3,703	\$70	\$19,764
Accounts receivable	19,082							
Due from other funds								
Total assets	<u>600,165</u>	<u>275,031</u>	<u>66,115</u>	<u>23,793</u>	<u>37,076</u>	<u>3,703</u>	<u>70</u>	<u>19,764</u>
<b>Liabilities</b>								
Accounts payable								
Due to other funds								
Total liabilities								
<b>Fund balance</b>								
Restricted for:								
Streets and roads								
Capital projects	600,165		66,115	23,793	37,076	3,703		
Committed for:								
Capital projects		275,031					70	19,764
Assigned for:								
Equipment replacement								
Capital projects								
Unassigned								
Total fund balance	<u>600,165</u>	<u>275,031</u>	<u>66,115</u>	<u>23,793</u>	<u>37,076</u>	<u>3,703</u>	<u>70</u>	<u>19,764</u>
Total liabilities and fund balance	<u>\$600,165</u>	<u>\$275,031</u>	<u>\$66,115</u>	<u>\$23,793</u>	<u>\$37,076</u>	<u>\$3,703</u>	<u>\$70</u>	<u>\$19,764</u>

**CITY OF SELMA**  
**Combining Balance Sheet –**  
**Nonmajor Capital Projects Funds**  
**June 30, 2016**

	Amberwood Project	Tutelian Project	Selma Crossing Project	Caltrans Mitigation Fund	Cultural Arts Construction Fund	North Selma Sewer Project	Capital Projects Parks	Total Nonmajor Capital Projects Funds
<b>Assets</b>								
Cash and investments	\$29,058	\$	\$	\$143,808	\$46,534	\$ 3,500	\$93,851	\$3,900,067
Accounts receivable		1,642						20,724
Due from other funds								530,275
Total assets	<u>29,058</u>	<u>1,642</u>	<u>—</u>	<u>143,808</u>	<u>46,534</u>	<u>3,500</u>	<u>93,851</u>	<u>4,451,066</u>
<b>Liabilities</b>								
Accounts payable	2,454	2,280			12,790	3,500		73,529
Due to other funds		4,696	95			114,850		119,641
Total liabilities	<u>2,454</u>	<u>6,976</u>	<u>95</u>	<u>—</u>	<u>12,790</u>	<u>118,350</u>	<u>—</u>	<u>193,170</u>
<b>Fund balance</b>								
Restricted for:								
Streets and roads				143,808				1,240,939
Capital projects								2,245,932
Committed for:								
Capital projects	26,604				33,744			355,213
Assigned for:								
Equipment replacement								442,240
Capital projects							93,851	93,851
Unassigned		(5,334)	(95)			(114,850)		(120,279)
Total fund balance	<u>26,604</u>	<u>(5,334)</u>	<u>(95)</u>	<u>143,808</u>	<u>33,744</u>	<u>(114,850)</u>	<u>93,851</u>	<u>4,257,896</u>
Total liabilities and fund balance	<u>\$29,058</u>	<u>\$ 1,642</u>	<u>\$</u>	<u>\$143,808</u>	<u>\$46,534</u>	<u>\$ 3,500</u>	<u>\$93,851</u>	<u>\$4,451,066</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2016**

	<u>Reserve</u>	<u>Equipment Replacement</u>	<u>Development Impact Streets &amp; Traffic</u>	<u>Development Impact Police Facility</u>	<u>Development Impact Fire Facility</u>	<u>Development Impact City Facilities</u>	<u>Development Impact Storm Drain</u>	<u>Development Impact Sewer</u>	<u>Development Impact Parks and Recreation</u>
<b>Revenues</b>									
Charges for services	\$	\$ 49,644	\$ 236,064	\$ 58,363	\$ 49,220	\$ 45,850	\$ 82,671	\$ 39,977	\$126,499
Revenue for use of money & property		477	1,570		261	519	317	1,673	1,145
Miscellaneous	<u>      </u>	<u>68,345</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>      </u>	<u>118,466</u>	<u>237,634</u>	<u>58,363</u>	<u>49,481</u>	<u>46,369</u>	<u>82,988</u>	<u>41,650</u>	<u>127,644</u>
<b>Expenditures</b>									
Public safety		8,952		89,875	45,451				
Public works			7,500						
Community development									
Recreation									
Capital outlay		25,007		157,471	66,757	93,249			33,100
Debt Service:									
Principal		61,920			55,089				
Interest and fiscal charges	<u>      </u>	<u>1,329</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>      </u>	<u>97,208</u>	<u>7,500</u>	<u>247,346</u>	<u>167,297</u>	<u>93,249</u>	<u>          </u>	<u>          </u>	<u>33,100</u>
Excess (deficiency) of revenues over (under) expenditures		21,258	230,134	(188,983)	(117,816)	(46,880)	82,988	41,650	94,544
<b>Other financing sources (uses)</b>									
Operating transfers in		200,000		44,515					
Operating transfers out	<u>(693)</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>(6,533)</u>	<u>(987)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	<u>(693)</u>	<u>200,000</u>	<u>          </u>	<u>44,515</u>	<u>(6,533)</u>	<u>(987)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balance	(693)	221,258	230,134	(144,468)	(124,349)	(47,867)	82,988	41,650	94,544
Fund balance, beginning 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>
Fund balance, end of year	<u>\$</u>	<u>\$442,240</u>	<u>\$1,097,131</u>	<u>\$ 45,498</u>	<u>\$ 105,142</u>	<u>\$270,223</u>	<u>\$160,796</u>	<u>\$933,421</u>	<u>\$600,165</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2016**

	Long Range Planning Fee	Development Impact Public Use Facilities	Development Impact Waste Water Collection	Development Impact Public Facilities	Development Impact Open Space Acquisition	Construction 97-2 Theater	City Hall Construction	Amberwood Project
<b>Revenues</b>								
Charges for services	\$ 23,346	\$ 1,340	\$23,793	\$37,076	\$3,703	\$	\$	\$
Revenue for use of money & property	542							
Miscellaneous						—	—	—
Total revenues	<u>23,888</u>	<u>1,340</u>	<u>23,793</u>	<u>37,076</u>	<u>3,703</u>	—	—	—
<b>Expenditures</b>								
Public safety								
Public works								
Community development								
Recreation								
Capital outlay								
Debt Service:								
Principal								
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	—	—	—
Excess (deficiency) of revenues over (under) expenditures	23,888	1,340	23,793	37,076	3,703			
<b>Other financing sources (uses)</b>								
Operating transfers in								
Operating transfers out	—	—	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—	—	—
Net change in fund balance	23,888	1,340	23,793	37,076	3,703			
Fund balance, beginning of year	<u>251,143</u>	<u>64,775</u>	—	—	—	<u>70</u>	<u>19,764</u>	<u>26,604</u>
Fund balance, end of year	<u>\$275,031</u>	<u>\$66,115</u>	<u>\$23,793</u>	<u>\$37,076</u>	<u>\$3,703</u>	<u>\$70</u>	<u>\$19,764</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, 2016**

	Tutelian Project	Selma Crossing Project	Brandywine Project	Caltrans Mitigation Fund	Cultural Arts Construction Fund	North Selma Sewer Project	Capital Project- Parks	Total Nonmajor Capital Projects Funds
<b>Revenues</b>								
Charges for services	\$	\$	\$	\$	\$	\$	\$	\$ 777,546
Revenue for use of money & property				283				6,787
Miscellaneous					<u>159,519</u>			<u>227,864</u>
Total revenues				<u>283</u>	<u>159,519</u>			<u>1,012,197</u>
<b>Expenditures</b>								
Public safety								144,278
Public works								7,500
Community development	5,334	348				18,915		24,597
Recreation							59,630	59,630
Capital outlay					174,491	11,900		561,975
Debt Service:								
Principal								117,009
Interest and fiscal charges								<u>1,329</u>
Total expenditures	<u>5,334</u>	<u>348</u>			<u>174,491</u>	<u>30,815</u>	<u>59,630</u>	<u>916,318</u>
Excess (deficiency) of revenues over (under) expenditures	(5,334)	(348)		283	(14,972)	(30,815)	(59,630)	95,879
<b>Other financing sources (uses)</b>								
Operating transfers in			1,827				153,481	399,823
Operating transfers out								<u>(8,213)</u>
Total other financing sources (uses)			<u>1,827</u>				<u>153,481</u>	<u>391,610</u>
Net change in fund balance	(5,334)	(348)	1,827	283	(14,972)	(30,815)	93,851	487,489
Fund balance, beginning of year		<u>253</u>	<u>(1,827)</u>	<u>143,525</u>	<u>48,716</u>	<u>(84,035)</u>		<u>3,770,407</u>
Fund balance, end of year	<u>\$(5,334)</u>	<u>\$ (95)</u>	<u>\$</u>	<u>\$143,808</u>	<u>\$ 33,744</u>	<u>\$(114,850)</u>	<u>\$ 93,851</u>	<u>\$4,257,896</u>

**CITY OF SELMA**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2016**

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Current assets			
Cash and investments	\$ 149,741	\$13,034	\$ 162,775
Accounts receivable, net	<u>1,876</u>	<u>2,900</u>	<u>4,776</u>
Total current assets	<u>151,617</u>	<u>15,934</u>	<u>167,551</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	264,882	3,515	268,397
Less: accumulated depreciation	<u>(261,252)</u>	<u>(3,515)</u>	<u>(264,767)</u>
Total noncurrent assets	<u>3,630</u>	<u>          </u>	<u>3,630</u>
Total assets	<u>155,247</u>	<u>15,934</u>	<u>171,181</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>1,081</u>	<u>1,131</u>	<u>2,212</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,182	10,937	12,119
Accrued wages/benefits	231	1,235	1,466
Other liabilities	<u>1,968</u>	<u>1,380</u>	<u>3,348</u>
Total current liabilities	<u>3,381</u>	<u>13,552</u>	<u>16,933</u>
Noncurrent liabilities:			
Net pension liability	<u>8,913</u>	<u>9,327</u>	<u>18,240</u>
Total noncurrent liabilities	<u>8,913</u>	<u>9,327</u>	<u>18,240</u>
Total liabilities	<u>12,294</u>	<u>22,879</u>	<u>35,173</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u>871</u>	<u>912</u>	<u>1,783</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	3,630		3,630
Unrestricted	<u>139,533</u>	<u>(6,726)</u>	<u>132,807</u>
Total net position	<u>\$ 143,163</u>	<u>\$ (6,726)</u>	<u>\$ 136,437</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2016**

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>			
Charges for services	\$ 2,703	\$ 5,171	\$ 7,874
Rents	18,992	28,276	47,268
Miscellaneous	<u>7,426</u>	<u>78,146</u>	<u>85,572</u>
Total operating revenues	<u>29,121</u>	<u>111,593</u>	<u>140,714</u>
<b>Operating Expenses</b>			
Personnel services	5,260	25,163	30,423
Services and supplies	45,761	111,100	156,861
Other internal services	1,308	22,189	23,497
Depreciation	<u>826</u>	<u>          </u>	<u>826</u>
Total operating expenses	<u>53,155</u>	<u>158,452</u>	<u>211,607</u>
Operating income (loss)	<u>(24,034)</u>	<u>(46,859)</u>	<u>(70,893)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	<u>295</u>	<u>          </u>	<u>295</u>
Total nonoperating revenues (expenses)	<u>295</u>	<u>          </u>	<u>295</u>
Income (loss) before transfers	<u>(23,739)</u>	<u>(46,859)</u>	<u>(70,598)</u>
<b>Transfers</b>			
Transfers in	<u>15,000</u>	<u>106,592</u>	<u>121,592</u>
Changes in net position	(8,739)	59,733	50,994
Net position (deficit), beginning of year	<u>151,902</u>	<u>(66,459)</u>	<u>85,443</u>
Net position (deficit), end of year	<u>\$143,163</u>	<u>\$ (6,726)</u>	<u>\$136,437</u>

**CITY OF SELMA**  
**Combining Statement of Net Position –**  
**Internal Service Funds**  
**June 30, 2016**

	<u>Insurance</u>	<u>Fleet Management</u>	<u>Building &amp; Utility</u>	<u>General Overhead</u>	<u>Information Processing</u>	<u>Total Internal Service Funds</u>
<b>Assets</b>						
Current assets:						
Cash and investments	\$111,320	\$205,026	\$116,326	\$55,054	\$195,776	\$683,502
Accounts receivable, net	<u>66,125</u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>66,125</u>
Total assets	<u>177,445</u>	<u>205,026</u>	<u>116,326</u>	<u>55,054</u>	<u>195,776</u>	<u>749,627</u>
Deferred outflows of resources:						
Deferred outflows related to pensions	<u>        </u>	<u>20,079</u>	<u>18,058</u>	<u>        </u>	<u>27,163</u>	<u>65,300</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	5,864	40,743	1,845	1,284	18,753	68,489
Accrued wages/benefits	<u>        </u>	<u>4,285</u>	<u>2,486</u>	<u>        </u>	<u>3,872</u>	<u>10,643</u>
Total current liabilities	<u>5,864</u>	<u>45,028</u>	<u>4,331</u>	<u>1,284</u>	<u>22,625</u>	<u>79,132</u>
Noncurrent liabilities:						
Net pension liability	<u>        </u>	<u>165,606</u>	<u>148,936</u>	<u>        </u>	<u>224,030</u>	<u>538,572</u>
Total noncurrent liabilities	<u>        </u>	<u>165,606</u>	<u>148,936</u>	<u>        </u>	<u>224,030</u>	<u>538,572</u>
Total liabilities	<u>5,864</u>	<u>210,634</u>	<u>153,267</u>	<u>1,284</u>	<u>246,655</u>	<u>617,704</u>
Deferred inflows of resources	<u>        </u>	<u>16,184</u>	<u>14,555</u>	<u>        </u>	<u>21,894</u>	<u>52,633</u>
<b>Net position:</b>						
Unrestricted	<u>171,581</u>	<u>(1,713)</u>	<u>(33,438)</u>	<u>53,770</u>	<u>(45,610)</u>	<u>144,590</u>
Total net position	<u>\$171,581</u>	<u>\$ (1,713)</u>	<u>\$ (33,438)</u>	<u>\$53,770</u>	<u>\$ (45,610)</u>	<u>\$144,590</u>

**CITY OF SELMA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position–**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	Insurance	Fleet Management	Building & Utility	General Overhead	Information Processing	Total Internal Service Funds
<b>Operating Revenues</b>						
Charges for services	\$1,041,773	\$607,643	\$ 277,996	\$ 60,056	\$ 518,555	\$2,506,023
Miscellaneous	<u>11,976</u>	<u>11,976</u>	<u>54,893</u>	<u>54,893</u>	<u>66,869</u>	<u>66,869</u>
Total operating revenues	<u>1,041,773</u>	<u>619,619</u>	<u>277,996</u>	<u>114,949</u>	<u>518,555</u>	<u>2,572,892</u>
<b>Operating Expenses</b>						
Personnel services		114,757	107,565		159,034	381,356
Services and supplies		452,296	92,653	24,927	250,916	820,792
Other internal services	<u>757,218</u>	<u>757,218</u>	<u>757,218</u>	<u>757,218</u>	<u>757,218</u>	<u>757,218</u>
Total operating expenses	<u>757,218</u>	<u>567,053</u>	<u>200,218</u>	<u>24,927</u>	<u>409,950</u>	<u>1,959,366</u>
Operating income (loss)	284,555	52,566	77,778	90,022	108,605	613,526
<b>Nonoperating revenues (expenses)</b>						
Interest income	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>
Total nonoperating revenues (expenses)	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>	<u>467</u>
Income (loss) before transfers	<u>284,555</u>	<u>53,033</u>	<u>77,778</u>	<u>90,022</u>	<u>108,605</u>	<u>613,993</u>
<b>Transfers</b>						
Transfers in						
Transfers out						
Net transfers						
Changes in net position	284,555	53,033	77,778	90,022	108,605	613,993
Net position, beginning 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>
Net position, end of year	<u>\$ 171,581</u>	<u>\$ (1,713)</u>	<u>\$ (33,438)</u>	<u>\$ 53,770</u>	<u>\$ (45,610)</u>	<u>\$ 144,590</u>

**CITY OF SELMA**  
**Combining Statement of Fiduciary Assets and Liabilities –**  
**Agency Funds**  
**June 30, 2016**

	<u>Finance 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>
<b>Assets</b>								
Cash and investments	\$1,996	\$53,344	\$18,488	\$25,683	\$9,667	\$1,753	\$700	\$111,631
Accounts receivable	<u>824</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>824</u>
Total assets	<u>2,820</u>	<u>53,344</u>	<u>18,488</u>	<u>25,683</u>	<u>9,667</u>	<u>1,753</u>	<u>700</u>	<u>112,455</u>
<b>Liabilities</b>								
Deposits	2,000	8,820	18,488	91	4	1,753		31,156
Other	<u>820</u>	<u>44,524</u>	<u></u>	<u>25,592</u>	<u>9,663</u>	<u></u>	<u>700</u>	<u>81,299</u>
Total liabilities	<u>2,820</u>	<u>53,344</u>	<u>18,488</u>	<u>25,683</u>	<u>9,667</u>	<u>1,753</u>	<u>700</u>	<u>112,455</u>
<b>Net Position:</b>								
Total net position	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

## OTHER INDEPENDENT AUDITOR'S REPORTS



Sampson, Sampson & Patterson, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

3148 Willow Avenue, Suite 102  
Clovis, California 93612-4739  
(559) 291-0277 • FAX (559) 291-6411

January 6, 2017

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, 2016, 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 January 6, 2017.

**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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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*