

CITY OF SELMA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2017

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The Honorable Mayor and Members of the City Council
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, 2017, 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, 2017, 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.

City of Selma

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Last 10 Years, Schedule of Funding Progress PERS Information, and the budgetary comparison information, for the General Fund, and Street LTF, Street Measure "C," special revenue funds, and Police Station Construction Capital Project Fund, as identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018 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

Clovis, California
January 2, 2018

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, 2017. 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 16.6 million.

The City's General Fund ended the year with a balance of \$2,463,963, an increase of \$799,441 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 Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the Government.

Reporting the City as a Whole

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

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

The *Statement of Activities* presents information showing how the City's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flow in future fiscal periods (e.g. earned but unused vacation leave).

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. These services include Ambulance, Garbage Disposal, Pioneer Village, and Cultural Arts.

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.

Since 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 Local Transportation Fund (LTF), Street Measure "C", and the Police Station Construction 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 prepares an annual appropriated budget for the General Fund, Street LTF Fund, Street Measure "C", Police Station Construction 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 that 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.

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, 2017, with comparative data for the fiscal year ended June 30, 2016.

City of Selma's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 19,129,632	\$ 13,223,715	\$ 2,268,081	\$ 1,469,298	\$ 21,397,713	\$ 14,693,013
Capital and long-term assets	49,630,659	51,156,803	189,810	3,630	49,820,469	51,160,433
Total assets	\$ 68,760,291	\$ 64,380,518	\$ 2,457,891	\$ 1,472,928	\$ 71,218,182	\$ 65,853,446
Deferred outflows related to pensions	\$ 3,373,872	\$ 1,279,997	\$ 20,649	\$ 6,577	\$ 3,394,521	\$ 1,286,574
Deferred loss on bond refunding	\$ 135,082	\$ 144,398	\$	\$	\$ 135,082	\$ 144,398
	\$ 3,508,954	\$ 1,424,395	\$ 20,649	\$ 6,577	\$ 3,529,603	\$ 1,430,972
Long-term liabilities outstanding	\$ 6,106,013	\$ 6,587,458	\$	\$	\$ 6,106,013	\$ 6,587,458
Net pension liability	13,152,198	10,556,775	80,494	54,243	13,232,692	10,611,018
Other liabilities	1,336,394	1,365,817	153,778	129,732	1,490,172	1,495,549
Total liabilities	\$ 20,594,605	\$ 18,510,050	\$ 234,272	\$ 183,975	\$ 20,828,877	\$ 18,694,025
Deferred inflows related to pensions	\$ 463,483	\$ 1,031,686	\$ 2,837	\$ 5,301	\$ 466,320	\$ 1,036,987
Investment in capital assets, net of related debt	\$ 44,758,432	\$ 45,787,067	\$ 189,810	\$ 3,630	\$ 44,948,242	\$ 45,790,697
Restricted	13,836,152	9,081,036			13,836,152	9,081,036
Unrestricted	(7,383,427)	(8,604,926)	2,051,621	1,286,599	(5,331,806)	(7,318,327)
Total net position	\$ 51,211,157	\$ 46,263,177	\$ 2,241,431	\$ 1,290,229	\$ 53,452,588	\$ 47,553,406

As of June 30, 2017 the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$53.5 million. Governmental activities finished the year with a positive net position balance of \$51.2 million. Business type activities finished the year with a positive balance of \$2.2 million. The net position of the City increased by \$5.9 million from 2016. Net position 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.

Restricted net position amounts to \$13.8 million of the total. Restricted net position is the resource that is subject to external restrictions on how it 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, 2017 the unrestricted net position amount was a negative \$7.4 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:

City of Selma's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,111,736	\$ 1,819,309	\$ 4,505,797	\$ 3,755,980	\$ 5,617,533	\$ 5,575,289
Operating grants and contributions	209,540	223,769			209,540	223,769
Capital grants and contributions	4,399,494	415,254			4,399,494	415,254
General revenues:						
Taxes	11,095,343	10,770,210			11,095,343	10,770,210
Licenses and permits	491,527	562,935			491,527	562,935
Intergovernmental charges	1,516,409	1,488,354			1,516,409	1,488,354
Fines	60,896	92,401			60,896	92,401
Franchise fees	810,447	791,240			810,447	791,240
Revenue for the use of property	160,350	132,312	45,352	47,810	205,702	180,122
Miscellaneous	1,299,934	581,157	109,999	85,572	1,409,933	666,729
Transfers	935,834	1,038,431	(935,834)	(1,038,431)		
Total revenues	22,091,510	17,915,372	3,725,314	2,850,931	25,816,824	20,766,303
Expenses:						
General government	2,002,486	2,152,110			2,002,486	2,152,110
Public safety	8,942,001	8,784,432			8,942,001	8,784,432
Public Works	4,791,089	3,875,654			4,791,089	3,875,654
Community development	616,537	548,983			616,537	548,983
Cultural and recreation	602,789	536,038			602,789	536,038
Debt Service	188,628	438,593			188,628	438,593
Ambulance			1,162,325	1,173,729	1,162,325	1,173,729
Pioneer Village			62,734	1,335,884	62,734	1,335,884
Garbage services			1,353,548	53,155	1,353,548	53,155
Cultural Arts			195,505	158,452	195,505	158,452
Total expense	17,143,530	16,335,810	2,774,112	2,721,220	19,917,642	19,057,030
Increase in net position	4,947,980	1,579,562	951,202	129,711	5,899,182	1,709,273
Prior period adjustments						
Net position - beginning	46,263,177	44,683,615	1,290,229	1,160,518	47,553,406	45,844,133
Effects of accounting change						
Net position - ending	\$ 51,211,157	\$ 46,263,177	\$ 2,241,431	\$ 1,290,229	\$ 53,452,588	\$ 47,553,406

The Governmental revenues for the year were \$22.1 million. Taxes, which include property, sales and other taxes account for \$11.1 million or 50% of the City's governmental activities revenue. Total governmental expenses for the year were \$17.1 million. Public Safety, which includes police and fire, accounts for \$8.9 million or 52% of the total governmental activity expenses.

Financial Analysis of the City's Funds

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

Governmental funds. Not all of the City's governmental funds ended the year with positive fund balances. Any negative balance funds would be trued up within this current fiscal year. The ending fund balance for all funds is \$16.6 million, which is an increase of \$6 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 total General Fund budget. The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual, General Fund, shows the original budget and final budget.

Capital Assets and Debt Administration

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

	City of Selma Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,990,302	\$ 7,990,302	\$	\$	\$ 7,990,302	\$ 7,990,302
Construction in progress	1,028,092	945,515			1,028,092	945,515
Building and improvements	3,806,139	3,755,233	2,805	3,630	3,808,944	3,758,863
Machinery and equipment	3,785,499	3,731,297	187,005		3,972,504	3,731,297
Road network	33,020,627	34,734,456			33,020,627	34,734,456
Total	\$ 49,630,659	\$ 51,156,803	\$ 189,810	\$ 3,630	\$ 49,820,469	\$ 51,160,433

Long-term Debt. The City's long-term debt as of June 30, 2017 was \$5.4 million with governmental activities accounting for all of debt.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Special assessment debt with governmental commitment	\$ 640,000	\$ 845,000	\$	\$	\$ 640,000	\$ 845,000
Tax allocation bonds						
Capital leases	710,465	770,117			710,465	770,117
Lease revenue bonds						
Certificates of participation						
Revenue bonds	4,011,762	4,219,619			4,011,762	4,219,619
Contracts payable						
Total	\$ 5,362,227	\$ 5,834,736	\$	\$	\$ 5,362,227	\$ 5,834,736

Economic Factors

The City of Selma has witnessed a growth in retail and residential development within the fiscal year 2016-17 that has continued into the current year. This growth, coupled with a growing economy, has increased the city's sales and property tax revenues by 3 percent. With additional development anticipated in the upcoming years, this increase in revenue is projected to continue.

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, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$17,179,759	\$ 888,469	\$18,068,228
Receivables:			
Accounts, net	322,947	1,388,674	1,711,621
Notes	782,943		782,943
Intergovernmental	648,463		648,463
Prepaid expenses	4,937		4,937
Internal balances	9,062	(9,062)	
Inventory	14,966		14,966
Cash with fiscal agent - restricted	166,555		166,555
Capital assets (net of accumulated depreciation):			
Non-depreciable	9,018,394		9,018,394
Depreciable	<u>40,612,265</u>	<u>189,810</u>	<u>40,802,075</u>
Total assets	<u>68,760,291</u>	<u>2,457,891</u>	<u>71,218,182</u>
Deferred outflow of resources:			
Deferred outflows related to pensions	3,373,872	20,649	3,394,521
Deferred loss on bond refunding	<u>135,082</u>		<u>135,082</u>
	<u>3,508,954</u>	<u>20,649</u>	<u>3,529,603</u>
Liabilities			
Accounts payable	258,792	150,680	409,472
Accrued wages/benefits	293,289	2,318	295,607
Deposits and other liabilities	171,257	780	172,037
Noncurrent liabilities:			
Due within one year	464,209		464,209
Due in more than one year	5,641,804		5,641,804
Net OPEB liability	613,056		613,056
Net pension liability	<u>13,152,198</u>	<u>80,494</u>	<u>13,232,692</u>
Total liabilities	<u>20,594,605</u>	<u>234,272</u>	<u>20,828,877</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	<u>463,483</u>	<u>2,837</u>	<u>466,320</u>
Net position			
Invested in capital assets, net of related debt	44,758,432	189,810	44,948,242
Restricted for:			
Capital projects	6,015,442		6,015,442
Community development	915,914		915,914
Debt service	482,662		482,662
Public safety	589,545		589,545
Streets and roads	5,832,589		5,832,589
Unrestricted	<u>(7,383,427)</u>	<u>2,051,621</u>	<u>(5,331,806)</u>
Total net position	<u>\$51,211,157</u>	<u>\$2,241,431</u>	<u>\$53,452,588</u>

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

CITY OF SELMA
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General government	\$ 2,002,486	\$ 70,535	\$ 6,376	\$	\$ (1,925,575)	\$	\$ (1,925,575)
Public safety	8,942,001	329,009	63,438	4,287,579	(4,261,975)		(4,261,975)
Public works	4,791,089	477,986	119,324	81,915	(4,111,864)		(4,111,864)
Community development	616,537	164,702		30,000	(421,835)		(421,835)
Parks and recreation	602,789	69,504	20,402		(512,883)		(512,883)
Interest and other charges	188,628				(188,628)		(188,628)
Total governmental activities	<u>17,143,530</u>	<u>1,111,736</u>	<u>209,540</u>	<u>4,399,494</u>	<u>(11,422,760)</u>		<u>(11,422,760)</u>
Business-type activities:							
Ambulance	1,162,325	3,142,889				1,980,564	1,980,564
Garbage	1,353,548	1,350,347				(3,201)	(3,201)
Pioneer Village	62,734	301				(62,433)	(62,433)
Cultural arts	<u>195,505</u>	<u>12,260</u>				<u>(183,245)</u>	<u>(183,245)</u>
Total business-type activities	<u>2,774,112</u>	<u>4,505,797</u>				<u>1,731,685</u>	<u>1,731,685</u>
Total primary government	<u>\$19,917,642</u>	<u>\$5,617,533</u>	<u>\$209,540</u>	<u>\$4,399,494</u>	<u>\$(11,422,760)</u>	<u>\$1,731,685</u>	<u>\$ (9,691,075)</u>
General revenues:							
Taxes					11,095,343		11,095,343
Licenses and Permits					491,527		491,527
Intergovernmental					1,516,409		1,516,409
Fines					60,896		60,896
Franchise fees					810,447		810,447
Use of money and property					160,350	45,352	205,702
Miscellaneous					1,299,934	109,999	1,409,933
Transfers					<u>935,834</u>	<u>(935,834)</u>	
Total general revenues and transfers					<u>16,370,740</u>	<u>(780,483)</u>	<u>15,590,257</u>
Change in net position					4,947,980	951,202	5,899,182
Net position – beginning of year					<u>46,263,177</u>	<u>1,290,229</u>	<u>47,553,406</u>
Net position, end of year					<u>\$ 51,211,157</u>	<u>\$2,241,431</u>	<u>\$ 53,452,588</u>

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

CITY OF SELMA
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Street LTF	Street Measure "C"	Police Station Construction	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$2,310,968	\$2,112,180	\$1,701,201	\$3,973,411	\$6,174,674	\$16,272,434
Cash with fiscal agent					166,555	166,555
Accounts receivable	217,584				33,390	250,974
Prepays					3,380	3,380
Inventories					14,966	14,966
Interfund receivables	139,081				60,631	199,712
Due from other agencies	<u>207,220</u>		<u>50,227</u>		<u>199,739</u>	<u>457,186</u>
Total assets	<u>\$2,874,853</u>	<u>\$2,112,180</u>	<u>\$1,751,428</u>	<u>\$3,973,411</u>	<u>\$6,653,335</u>	<u>\$17,365,207</u>
Liabilities						
Accounts payable	\$ 141,171	\$	\$ 2,147	\$	\$ 82,306	\$ 225,624
Accrued wages/benefits	253,436				33,940	287,376
Interfund payables					190,650	190,650
Other liabilities	<u>16,283</u>				<u>4,974</u>	<u>21,257</u>
Total liabilities	<u>410,890</u>		<u>2,147</u>		<u>311,870</u>	<u>724,907</u>
Fund balance						
Nonspendable						
Restricted for:						
Streets and roads		2,112,180	1,749,281		1,971,128	5,832,589
Public safety					589,545	589,545
Community development					132,971	132,971
Debt service					482,662	482,662
Capital projects				3,973,411	2,042,031	6,015,442
Committed for:						
Streets and roads					21,204	21,204
Community development					8,223	8,223
Recreation					3,351	3,351
Capital projects					338,266	338,266
Assigned for:						
Equipment replacement					650,475	650,475
Capital projects					166,716	166,716
Unassigned	<u>2,463,963</u>				<u>(65,107)</u>	<u>2,398,856</u>
Total fund balance	<u>2,463,963</u>	<u>2,112,180</u>	<u>1,749,281</u>	<u>3,973,411</u>	<u>6,341,465</u>	<u>16,640,300</u>
Total liabilities and fund balance	<u>\$2,874,853</u>	<u>\$2,112,180</u>	<u>\$1,751,428</u>	<u>\$3,973,411</u>	<u>\$6,653,335</u>	<u>\$17,365,207</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, 2017

Total fund balance – governmental funds balance sheet			\$ 16,640,300
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.			191,277
Capital assets used in governmental activities are not reported in the funds.			49,630,659
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	\$ (5,512,227)		
Compensated absences	(743,786)		
Unfunded OPEB liabilities	(613,056)		
Net pension liability	<u>(13,152,198)</u>	(20,021,267)	
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.			941,774
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.			782,943
Deferred outflows of resources related to pensions.			3,373,872
Deferred inflows of resources related to pensions.			(463,483)
Deferred loss on refunding			<u>135,082</u>
Net position of governmental activities – Statement of Net Position			<u>\$ 51,211,157</u>

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

CITY OF SELMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Street LTF	Street Measure "C"	Police Station Construction	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 8,725,365	\$	\$	\$	\$ 2,369,978	\$11,095,343
Licenses and permits	438,682				52,845	491,527
Intergovernmental	174,831	789,727	610,003	4,000,000	588,158	6,162,719
Charges for services	591,563				520,173	1,111,736
Fines	10,957				49,939	60,896
Franchise fees	811,709					811,709
Revenue for use of money and property	47,220	9,256	7,690	16,287	19,076	99,529
Assessment payments					184,480	184,480
Miscellaneous	<u>142,705</u>				<u>1,145,453</u>	<u>1,288,158</u>
Total revenues	<u>10,943,032</u>	<u>798,983</u>	<u>617,693</u>	<u>4,016,287</u>	<u>4,930,102</u>	<u>21,306,097</u>
Expenditures						
General government	1,944,781				47,238	1,992,019
Public safety	8,093,891			17,916	706,058	8,817,865
Public works	672,121	13,033	141,018		1,906,520	2,732,692
Community development	439,705				184,363	624,068
Recreation	394,102				73,604	467,706
Capital outlay	73,058	74,520	13,536	24,960	678,660	864,734
Debt service:						
Principal	228,879				298,092	526,971
Interest and fiscal charges	<u>132,962</u>				<u>46,350</u>	<u>179,312</u>
Total expenditures	<u>11,979,499</u>	<u>87,553</u>	<u>154,554</u>	<u>42,876</u>	<u>3,940,885</u>	<u>16,205,367</u>
Excess (deficiency) of revenues over (under) expenditures	(1,036,467)	711,430	463,139	3,973,411	989,217	5,100,730
Other financing sources (uses)						
Operating transfers in	2,344,617				1,649,521	3,994,138
Operating transfers out	<u>(508,709)</u>	<u>(145,997)</u>	<u>(174,774)</u>		<u>(2,228,824)</u>	<u>(3,058,304)</u>
Total other financing sources (uses)	<u>1,835,908</u>	<u>(145,997)</u>	<u>(174,774)</u>		<u>(579,303)</u>	<u>935,834</u>
Net change in fund balance	799,441	565,433	288,365	3,973,411	409,914	6,036,564
Fund balance, beginning of year	<u>1,664,522</u>	<u>1,546,747</u>	<u>1,460,916</u>		<u>5,931,551</u>	<u>10,603,736</u>
Fund balance, end of year	<u>\$ 2,463,963</u>	<u>\$2,112,180</u>	<u>\$1,749,281</u>	<u>\$3,973,411</u>	<u>\$ 6,341,465</u>	<u>\$16,640,300</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, 2017

Net change in fund balance – total governmental funds	\$ 6,036,564
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the net amount of capital assets recorded in the current period.	870,951
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.	(2,497,148)
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.	(118,100)
Repayment of debt principal is an expenditure in the funds but is not an expense in the statement of activities.	517,655
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(38,538)
The net revenue (expense) of internal service funds is reported with governmental activities.	394,797
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:	8,936
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.	(215,865)
Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the statement of net position.	<u>(11,272)</u>

Change in net position of governmental activities – Statement of Activities	\$ <u>4,947,980</u>
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CITY OF SELMA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Assets					
Current assets:					
Cash and investments	\$ 628,508	\$121,954	\$ 138,007	\$ 888,469	\$ 907,325
Accounts receivable, net	1,383,852		4,822	1,388,674	71,973
Prepaid expenses					1,557
Total current assets	<u>2,012,360</u>	<u>121,954</u>	<u>142,829</u>	<u>2,277,143</u>	<u>980,855</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment	192,623		268,397	461,020	48,452
Less: Accumulated depreciation	<u>(5,618)</u>		<u>(265,592)</u>	<u>(271,210)</u>	<u>(2,861)</u>
Total noncurrent assets	<u>187,005</u>		<u>2,805</u>	<u>189,810</u>	<u>45,591</u>
Total assets	<u>2,199,365</u>	<u>121,954</u>	<u>145,634</u>	<u>2,466,953</u>	<u>1,026,446</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	<u>14,216</u>		<u>6,433</u>	<u>20,649</u>	<u>147,573</u>
Liabilities					
Current liabilities:					
Accounts payable	32,796	111,348	6,536	150,680	33,168
Accrued wages/benefits	1,286		1,032	2,318	5,913
Other liabilities			780	780	
Interfund payables			<u>9,062</u>	<u>9,062</u>	
Total current liabilities	<u>34,082</u>	<u>111,348</u>	<u>17,410</u>	<u>162,840</u>	<u>39,081</u>
Noncurrent liabilities:					
Net pension liability	<u>55,419</u>		<u>25,075</u>	<u>80,494</u>	<u>575,279</u>
Total noncurrent liabilities	<u>55,419</u>		<u>25,075</u>	<u>80,494</u>	<u>575,279</u>
Total liabilities	<u>89,501</u>	<u>111,348</u>	<u>42,485</u>	<u>243,334</u>	<u>614,360</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	<u>1,953</u>		<u>884</u>	<u>2,837</u>	<u>20,272</u>
Net Position					
Invested in capital assets, net of related debt	187,005		2,805	189,810	45,591
Unrestricted	<u>1,935,122</u>	<u>10,606</u>	<u>105,893</u>	<u>2,051,621</u>	<u>493,796</u>
Total net position	<u>\$2,122,127</u>	<u>\$ 10,606</u>	<u>\$ 108,698</u>	<u>\$2,241,431</u>	<u>\$ 539,387</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, 2017

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Operating Revenues					
Taxes	\$	\$1,350,347	\$	\$ 1,350,347	\$
Charges for services	3,142,889		12,561	3,155,450	2,330,286
Rents			42,774	42,774	
Miscellaneous			109,999	109,999	134,412
Total operating revenues	<u>3,142,889</u>	<u>1,350,347</u>	<u>165,334</u>	<u>4,658,570</u>	<u>2,464,698</u>
Operating Expenses					
Personnel services	33,422		35,371	68,793	291,778
Services and supplies	1,123,285	1,353,548	189,954	2,666,787	819,237
Other internal services			32,089	32,089	959,139
Depreciation	<u>5,618</u>		<u>825</u>	<u>6,443</u>	<u>2,861</u>
Total operating expenses	<u>1,162,325</u>	<u>1,353,548</u>	<u>258,239</u>	<u>2,774,112</u>	<u>2,073,015</u>
Operating income (loss)	<u>1,980,564</u>	<u>(3,201)</u>	<u>(92,905)</u>	<u>1,884,458</u>	<u>391,683</u>
Nonoperating revenues (expenses)					
Interest income	<u>2,575</u>	<u>3</u>		<u>2,578</u>	<u>3,114</u>
Total nonoperating revenues (expenses)	<u>2,575</u>	<u>3</u>		<u>2,578</u>	<u>3,114</u>
Income (loss) before transfers	<u>1,983,139</u>	<u>(3,198)</u>	<u>(92,905)</u>	<u>1,887,036</u>	<u>394,797</u>
Transfers					
Transfers in			65,166	65,166	
Transfers out	<u>(1,001,000)</u>			<u>(1,001,000)</u>	
Net transfers	<u>(1,001,000)</u>		<u>65,166</u>	<u>(935,834)</u>	
Change in net position	982,139	(3,198)	(27,739)	951,202	394,797
Net position, beginning of year	<u>1,139,988</u>	<u>13,804</u>	<u>136,437</u>	<u>1,290,229</u>	<u>144,590</u>
Net position, end of year	<u>\$ 2,122,127</u>	<u>\$ 10,606</u>	<u>\$108,698</u>	<u>\$ 2,241,431</u>	<u>\$ 539,387</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, 2017

	Business-Type Activities – Enterprise Funds				Internal Service Funds
	Ambulance	Garbage	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities					
Cash received for current services	\$ 2,980,697	\$	\$ 12,561	\$ 2,993,258	\$ 2,258,313
Cash received for rents			42,774	42,774	
Cash received for other operating revenues		1,350,347	109,953	1,460,300	134,412
Cash paid for services and supplies	(1,091,231)	(1,352,955)	(230,194)	(2,674,380)	(1,757,136)
Cash paid for salaries and benefits	(25,438)		(34,090)	(59,528)	(366,428)
Net cash provided (used) by operating activities	<u>1,864,028</u>	<u>(2,608)</u>	<u>(98,996)</u>	<u>1,762,424</u>	<u>269,161</u>
Cash flows from noncapital financing activities					
Transfers (to) from other funds	(1,001,000)		65,166	(935,834)	
Loans from (to) other funds	(44,472)		9,062	(35,410)	
Net cash provided (used) by noncapital financing activities	<u>(1,045,472)</u>		<u>74,228</u>	<u>(971,244)</u>	
Cash flows from capital and related financing activities					
Capital expenditures	(192,623)			(192,623)	(48,452)
Net cash used by capital and related financing activities	<u>(192,623)</u>			<u>(192,623)</u>	<u>(48,452)</u>
Cash flows from investing activities					
Interest received	2,575	3		2,578	3,114
Net cash provided by investing activities	<u>2,575</u>	<u>3</u>		<u>2,578</u>	<u>3,114</u>
Net increase (decrease) in cash and cash equivalents	<u>628,508</u>	<u>(2,605)</u>	<u>(24,768)</u>	<u>601,135</u>	<u>223,823</u>
Cash and cash equivalents, beginning of year		124,559	162,775	287,334	683,502
Cash and cash equivalents, end of year	<u>\$ 628,508</u>	<u>\$ 121,954</u>	<u>\$ 138,007</u>	<u>\$ 888,469</u>	<u>\$ 907,325</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,980,564	\$ (3,201)	\$ (92,905)	\$ 1,884,458	\$ 391,683
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	5,618		825	6,443	2,861
Accounts receivable	(162,192)		(46)	(162,238)	(71,973)
Prepaid expenses					(1,557)
Deposits					58,118
Deferred outflow of resources	(9,851)		(4,221)	(14,072)	(74,266)
Accounts payable	32,054	593	(5,583)	27,064	(35,321)
Accrued wages/benefits	(16)		(434)	(450)	(4,730)
Other liabilities			(2,568)	(2,568)	
Net pension related liabilities	19,416		6,835	26,251	36,707
Deferred inflow of resources	(1,565)		(899)	(2,464)	(32,361)
Total adjustments	<u>(116,536)</u>	<u>593</u>	<u>(6,091)</u>	<u>(122,034)</u>	<u>(122,522)</u>
Net cash provided (used) by operating activities	<u>\$ 1,864,028</u>	<u>\$ (2,608)</u>	<u>\$ (98,996)</u>	<u>\$ 1,762,424</u>	<u>\$ 269,161</u>

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

CITY OF SELMA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Redevelopment Successor Agency Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 695,706	\$53,433
Restricted cash with fiscal agent	360,379	
Accounts receivable		1,194
Notes receivable	294,679	
Capital assets	<u>321,875</u>	
Total Assets	<u>\$ 1,672,639</u>	<u>\$54,627</u>
Liabilities		
Accounts payable	\$ 4,133	\$ 1,003
Deposits		5,490
Other liabilities	56,641	48,134
Long-term debt	<u>5,870,000</u>	
Total Liabilities	<u>5,930,774</u>	<u>54,627</u>
Net Position (Deficit)		
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(4,258,135)</u>	
Total Net Position (Deficit)	<u>\$(4,258,135)</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, 2017

	Redevelopment Successor Agency Private-Purpose Trust Funds
	<hr/>
Additions:	
Property taxes	\$ 703,673
Investment earnings	17,375
Miscellaneous	<u>1,200</u>
Total Additions	<u>722,248</u>
Deductions	
Community development	95,193
Interest and fiscal charges	<u>331,155</u>
Total Deductions	<u>426,348</u>
Change in net position	<u>295,900</u>
Net position, beginning of year	<u>(4,554,035)</u>
Net position, end of year	<u><u>\$(4,258,135)</u></u>

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017

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, 2017
(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, 2017
(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 Measure "C": This fund accounts for street activity funded with Measure C funds.

Police Station Construction: This fund accounts for the construction of a new police station funded with an appropriation from the State of California.

The City reports the following major enterprise funds:

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

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

In addition, the City reports the following fund types:

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Measurement Focus, Basis of Accounting

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

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

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, 2017
(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 for machine and equipment, and \$10,000 is used for buildings and building improvement.

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, 2017
(Continued)

Payable Balances

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

Interfund Activity

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(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.

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

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	\$(19,991)	Retain future excess revenues
ATP Planning Grant	\$(42,567)	Retain future excess revenues
Selma Crossing Project	\$ (1,592)	Retain future excess revenues
Tutelian Project	\$ (6,084)	Retain future excess revenues
2017 Go Bond PD Station	\$(14,864)	Retain future excess revenues

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$18,068,228
Restricted cash and investments with fiscal agent	166,555
Fiduciary funds:	
Cash and investments	749,139
Restricted cash and investments with fiscal agent	<u>360,379</u>
Total cash and investments	<u>\$19,344,301</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Cash and investments as of June 30, 2017 consists of the following:

Cash on hand	\$ 1,450
Deposits with financial institutions	2,334,365
Investments	<u>17,008,486</u>
Total cash and investments	<u>\$19,344,301</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%

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

Investment Authorized by Debt Agreement

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

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

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Fair Value	12 Months or Less
State Investment Pool	\$16,481,552	\$16,481,552
Held by Bond Trustee:		
Money Market Funds	<u>526,934</u>	<u>526,934</u>
	<u>\$17,008,486</u>	<u>\$17,008,486</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Ratings as of Fiscal Year End		
		Minimum Legal Rating	Not Rated	AAAm
State Investment Pool	\$16,481,552	N/A	\$16,481,552	\$
Held by Bond Trustee:				
Money Market Funds	<u>526,934</u>	N/A		<u>526,934</u>
	<u>\$17,008,486</u>		<u>\$16,481,552</u>	<u>\$526,934</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2017, 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, 2017, no investments were held by the same broker-dealer (counterparty) that was used by the City of Selma to purchase the securities.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

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.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be the market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant markets.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City Management's perceived risk of that investment. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from a third-party service provider.

The City has no investments subject to categorization.

Investments Not Subject to Fair Value Hierarchy:	
California Local Agency Investment Fund	\$16,481,552
Held with Fiscal Agent:	
Money Market Mutual Funds	<u>526,934</u>
Total Investment Portfolio	<u>\$17,008,486</u>

NOTE 4 – RECEIVABLES

The following is a list of receivables at June 30, 2017.

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Funds -			
Accounts	\$ 250,974	\$	\$ 250,974
Due from other agencies	<u>457,186</u>		<u>457,186</u>
	<u>\$ 708,160</u>	<u>\$</u>	<u>\$ 708,160</u>
Proprietary Funds -			
Accounts	<u>\$2,031,936</u>	<u>\$643,262</u>	<u>\$1,388,674</u>
Fiduciary Funds -			
Accounts	\$ 1,194	\$	\$ 1,194
Notes receivable	<u>294,679</u>		<u>294,679</u>
	<u>\$ 295,873</u>	<u>\$</u>	<u>\$ 295,873</u>

The City established the following assessment districts in order to fund improvements within the City of Selma. The property owners within the districts are responsible for the following at June 30, 2017.

Assessment District No. 1991-2 Improvement Bonds - Highland	\$333,435
Assessment District No. 1992-1 Improvement Bonds - Dancer II	104,947
Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III	95,587
Assessment District No. 1993-1 Improvement Bonds - Vineyard	192,759
Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain	<u>56,215</u>
	<u>\$782,943</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,990,302	\$	\$	\$ 7,990,302
Construction in progress	945,515	552,662	(470,085)	1,028,092
Total capital assets not being depreciated	<u>8,935,817</u>	<u>552,662</u>	<u>(470,085)</u>	<u>9,018,394</u>
Capital assets being depreciated:				
Roads and other infrastructure	96,043,443	264,044		96,307,487
Buildings and improvements	6,914,840	206,041		7,120,881
Machinery and equipment	8,716,661	421,203		9,137,864
Total capital assets being depreciated	<u>111,674,944</u>	<u>891,288</u>		<u>112,566,232</u>
Less accumulated depreciation for:				
Roads and other infrastructure	(61,308,987)	(1,977,873)		(63,286,860)
Buildings and improvements	(3,159,607)	(155,135)		(3,314,742)
Machinery and equipment	(4,985,364)	(367,001)		(5,352,365)
Total accumulated depreciation	<u>(69,453,958)</u>	<u>(2,500,009)</u>		<u>(71,953,967)</u>
Total capital assets being depreciated, net	<u>42,220,986</u>	<u>(1,608,721)</u>		<u>40,612,265</u>
Governmental activities capital assets, net	<u>\$ 51,156,803</u>	<u>\$(1,056,059)</u>	<u>\$(470,085)</u>	<u>\$ 49,630,659</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 264,882	\$	\$	\$ 264,882
Equipment	3,515	192,623		196,138
Total capital assets being depreciated	<u>268,397</u>	<u>192,623</u>		<u>461,020</u>
Less accumulated depreciation for:				
Buildings and improvements	(261,252)	(825)		(262,077)
Equipment	(3,515)	(5,618)		(9,133)
Total accumulated depreciation	<u>(264,767)</u>	<u>(6,443)</u>		<u>(271,210)</u>
Total capital assets being depreciated, net	<u>3,630</u>	<u>186,180</u>		<u>189,810</u>
Business-type activities capital assets, net	<u>\$ 3,630</u>	<u>\$ 186,180</u>	<u>\$</u>	<u>\$ 189,810</u>

Depreciation was charged to functions as follows:

Governmental activities depreciation:	
General government	\$ 178,094
Public protection:	
Fire	106,131
Police	124,411
Public ways and facilities, including depreciation to general infrastructure assets	<u>2,091,373</u>
Total governmental activities depreciation expense	<u>\$2,500,009</u>
Business-type activities depreciation:	
Pioneer Village	\$ 825
Ambulance	5,618
Total business-type activities depreciation	<u>\$ 6,443</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2017, consisted of the following:

<u>Interfund Payables</u>	<u>Interfund Receivables</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Enterprise Funds	General	\$ 9,062	Short-term loans
Nonmajor Special Revenue Funds	General	123,901	Short-term loans
Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	42,567	Short-term loans
Nonmajor Capital Projects Funds	General	6,118	Short-term loans
Nonmajor Capital Projects Funds	Nonmajor Capital Projects Funds	<u>18,064</u>	Short-term loans
		<u>\$199,712</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 \$4,059,304 in the fund financial statements as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General</u>	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Proprietary Funds</u>	
General	\$	\$ 23,034	\$ 2,775	\$419,928	\$62,972	\$ 508,709
Street LTF		145,997				145,997
Street Measure "C"		174,774				174,774
Nonmajor Special Revenue Funds	1,343,617	429,285		51,252		1,824,154
Nonmajor Debt Service Funds			228,967			228,967
Nonmajor Capital Projects Funds				173,509	2,194	175,703
Proprietary	<u>1,001,000</u>					<u>1,001,000</u>
	<u>\$2,344,617</u>	<u>\$773,090</u>	<u>\$231,742</u>	<u>\$644,689</u>	<u>\$65,166</u>	<u>\$4,059,304</u>

Internal Balances

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

NOTE 7 – SHORT-TERM DEBT ACTIVITY

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Increases	Decreases	Balance at June 30, 2017	Due Within One Year
Governmental activities:					
Revenue bonds – Authority	\$1,225,000	\$	\$235,000	\$ 990,000	\$140,000
Revenue bonds – City	4,219,619		207,857	4,011,762	214,279
Capital leases	770,117	54,462	114,114	710,465	144,930
Contract payable	150,000			150,000	50,000
Compensated absences	<u>752,722</u>		<u>8,936</u>	<u>743,786</u>	
Total governmental activities	<u>\$7,117,458</u>	<u>\$54,462</u>	<u>\$565,907</u>	<u>\$6,606,013</u>	<u>\$549,209</u>
Business-type activities:					
Compensated absences	<u>434</u>	<u>313</u>		<u>747</u>	
Total business-type activities	<u>\$ 434</u>	<u>\$ 313</u>	<u>\$</u>	<u>\$ 747</u>	<u>\$</u>

A summary of changes in bonds payable of the Authority for the year ended June 30, 2017 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30 2016	Issued	Retired	Outstanding June 30 2017
1994	4% - 7.25%	\$11,570,000	\$ 380,000	\$	\$ 30,000	\$350,000
2014	3.25%	<u>955,000</u>	<u>845,000</u>		<u>205,000</u>	<u>640,000</u>
		<u>\$12,525,000</u>	<u>\$1,225,000</u>	<u>\$</u>	<u>\$235,000</u>	<u>\$990,000</u>

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2017 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Outstanding June 30, 2016	Issued	Retired	Outstanding June 30, 2017
2015	3.09%	<u>\$4,344,619</u>	<u>\$4,219,619</u>	<u>\$</u>	<u>\$207,857</u>	<u>\$4,011,762</u>
		<u>\$4,344,619</u>	<u>\$4,219,619</u>	<u>\$</u>	<u>\$207,857</u>	<u>\$4,011,762</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 1st and August 1st, 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, 2017 is \$350,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

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.

2014 Assessment Revenue Refunding Bonds

On June 1, 2014, the Selma Public Financing Authority issued \$955,000 Series 2014 Assessment Revenue Refunding Bonds bearing interest of 3.250% payable semi-annually on September 2nd and March 2nd, commencing September 2, 2014. The bonds mature annually at various amounts through September 2, 2022. The bonds are payable from revenues and all other moneys on deposit in any fund or account pursuant to this indenture. The principal balance outstanding at June 30, 2017 is \$640,000.

The Bonds were issued to refinance the Authority's previously issued Series 1999A Assessment Revenue Bonds in the principal amount of \$8,165,000. 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 1st and August 1st, 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 Series 15 Refunding Lease Obligation Bond at June 30, 2017 is \$4,011,762

The Bonds were 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. 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.

1. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Authority Governmental Activities Interest	Total
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	185,000	23,438	208,438
2023-2024	<u>180,000</u>	<u>19,303</u>	<u>199,303</u>
Totals	<u>\$990,000</u>	<u>\$265,116</u>	<u>\$1,255,116</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Year Ending June 30,	Principal	City Governmental Activities Interest	Total
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	242,018	96,225	338,243
2023-2027	1,326,992	364,222	1,691,214
2028-2032	<u>1,545,082</u>	<u>146,135</u>	<u>1,691,217</u>
Totals	<u>\$4,011,762</u>	<u>\$1,061,883</u>	<u>\$5,073,645</u>

1. Capital Leases

Commitments under capitalized lease agreements for vehicles and equipment provide for minimum future lease payments as of June 30, 2017 as follows:

Year Ending June 30,	Governmental Activities
2018	\$163,866
2019	112,702
2020	112,702
2021	99,279
2022	59,533
2023-2026	<u>238,133</u>
Total Minimum Leases	786,215
Less: Amount representing interest	<u>(75,750)</u>
Principal amount	<u>\$710,465</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, 2017 is \$150,000.

3. Compensated Absences:

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

NOTE 9 – RISK MANAGEMENT

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

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which among other expenses, charges the City's account for liability losses under \$50,000 and workers' compensation losses under \$50,000. The 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-four (54) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors which meets three times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

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

	<u>As of and for the Year Ended June 30, 2017</u>
Total Assets	<u>\$100,984,219</u>
Total Liabilities	\$ 83,009,648
Total Net Position	<u>17,974,571</u>
Total Liabilities and Net Position	<u>\$100,984,219</u>
Total Revenues for the Year	\$ 46,513,252
Total Expenses for the Year	<u>43,973,513</u>
Change in Net Position	<u>\$ 2,539,739</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(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, 2017, 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, 2017
(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, 2017, the contributions recognized as part of pension expense for the Plans are as follows:

	Plans
Contributions – employer	\$1,301,144

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

As of June 30, 2017, 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	
	2016	2015
Miscellaneous	\$ 6,417,380	\$ 5,456,437
Safety	<u>6,815,312</u>	<u>5,154,581</u>
Total Net Pension Liability	<u>\$13,232,692</u>	<u>\$10,611,018</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2015	0.138%	0.149%
Proportion – June 30, 2016	0.135%	0.144%
Change – Increase (Decrease)	.003%	.005%

For the year ended June 30, 2017, the City recognized pension expense of \$1,301,144. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

	<u>Changes Of Assumptions</u>	<u>Differences Between Expected And Actual Experiences</u>	<u>Net Differences Between Projected Earnings and Actual On Pension Plan Investments</u>	<u>Total Pension-related Deferred Outflows</u>
Miscellaneous Plan	\$ 0	\$14,517	\$ 927,280	\$ 941,797
Safety Plan	<u>0</u>	<u>0</u>	<u>1,151,580</u>	<u>1,151,580</u>
Total	<u>\$ 0</u>	<u>\$14,517</u>	<u>\$2,078,860</u>	<u>\$2,093,377</u>

Deferred Inflows of Resources

	<u>Changes Of Assumptions</u>	<u>Differences Between Expected And Actual Experiences</u>	<u>Net Differences Between Projected Earnings and Actual On Pension Plan Investments</u>	<u>Total Pension-related Deferred Outflows</u>
Miscellaneous Plan	\$178,163	\$	\$ 0	\$178,163
Safety Plan	<u>234,397</u>	<u>53,760</u>	<u>0</u>	<u>288,157</u>
Total	<u>\$412,560</u>	<u>\$53,760</u>	<u>\$ 0</u>	<u>\$466,320</u>

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Measurement Period Ended June 30	Outflows (Inflows) of Resources	
	Safety Plans	Miscellaneous Plans
2017	\$ 3,010	\$ 44,552
2018	34,717	62,255
2019	525,906	416,650
2020	299,790	240,177
2021	0	0
Thereafter	0	0

Actuarial Assumptions

For the measurement period ended June 30, 2016, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

All Plans (3)	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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	% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Post Retirement Benefit Increase	

- (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 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, 2015 valuation were based on the results of an 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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

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.

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, 2017
(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:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$8,715,444	\$9,077,859
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$6,417,380	\$6,815,312
1% Increase	8.65%	8.65%
Net Pension Liability	\$3,458,326	\$4,033,983

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, 2017, the City reported a payable of \$38,030 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(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, 2017.

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 \$98.07 per month in 2017.

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(Continued)

Funding Policy and Actuarial Assumptions

Currently, the City funds retiree health care benefits on a pay-as-you-go basis. For the 2016/2017 year, the City paid \$34,130 for healthcare benefits for 29 retirees or their beneficiaries receiving benefits.

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

Funding Progress and Funding Status

The City's OPEB unfunded actuarial accrued liability as of January 1, 2017, was \$2,685,303.

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>\$249,995</u>
Annual required contribution annual OPEB cost	249,995
Less: Employer contribution	<u>(34,130)</u>
Change in net OPEB obligations	215,865
Net OPEB obligations, beginning of year	<u>397,191</u>
Net OPEB obligations, end of year	<u>\$613,056</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 2017. Information for the year ended June 30, 2014 was not available.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$221,359	12.61%	\$193,443
6/30/16	\$235,347	13.43%	\$397,191
6/30/17	\$249,995	13.66%	\$613,056

CITY OF SELMA
Notes to Financial Statements
June 30, 2017
(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, 2017 was as follows:

Actuarial accrued liability	\$2,685,303
Actuarial value of plan assets	<u>-0-</u>
Unfunded Actuarial accrued liability (UAAL)	2,685,303
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Covered payroll (active plan members)	\$4,487,735
UAAL as a percentage of covered payroll	59.84%

NOTE 13 – CONTINGENT LIABILITIES

In December, 2016, the Department of Finance of the State of California filed a lawsuit against the City related to the dissolution of the Selma Redevelopment Agency in 2012. Given the uncertainty of litigation and the new, as yet uninterpreted provisions of the Dissolution Law it is impossible to quantify the likelihood of success, failure or even an amount that would be payable in the event of an adverse outcome. The prospect of the City being held liable for anything in excess of \$400,000 is highly unlikely.

The City participates in a number of federally assisted grant programs. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with the appropriate statutes, grant terms and regulations. The City believes no significant liabilities would result from any such audits.

NOTE 14 – SUBSEQUENT EVENT

On July 1, 2017, the City issued General Obligation Bonds of \$4,000,000 to finance the costs of acquiring and constructing a new police station and associated improvements which were approved by the City of Selma voters on November 8, 2016. The proceeds of the bond financing will be used to partially fund the expected \$8.0 million budgeted cost of the new police station. The City of Selma will also utilize a \$4.0 million grant secured from the State of California.

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,115,440	\$ 8,115,440	\$ 8,725,365	\$ 609,925
Licenses and permits	323,189	323,189	438,682	115,493
Intergovernmental	169,503	169,503	174,831	5,328
Charges for services	475,136	475,136	591,563	116,427
Fines	4,000	4,000	10,957	6,957
Franchise fees	741,000	741,000	811,709	70,709
Revenue for use of money and property	27,600	27,600	47,220	19,620
Miscellaneous	30,759	30,759	142,705	111,946
Total revenues	<u>9,886,627</u>	<u>9,886,627</u>	<u>10,943,032</u>	<u>1,056,405</u>
Expenditures				
General government	1,930,560	1,930,560	1,944,781	(14,221)
Public safety	8,587,572	8,587,572	8,093,891	493,681
Public works	588,769	587,799	672,121	(84,322)
Community development	410,869	410,869	439,705	(28,836)
Recreation	411,798	411,798	394,102	17,696
Capital outlay	31,600	8,970	73,058	(64,088)
Debt service:				
Principal	49,886	70,908	228,879	(157,971)
Interest and fiscal charges	31,293	33,871	132,962	(99,091)
Total expenditures	<u>12,042,347</u>	<u>12,042,347</u>	<u>11,979,499</u>	<u>62,848</u>
Excess (deficiency) of revenues over (under) expenditures	(2,155,720)	(2,155,720)	(1,036,467)	1,119,253
Other financing sources (uses)				
Operating transfers in	2,300,220	2,300,220	2,344,617	44,397
Operating transfers out	<u>(144,500)</u>	<u>(144,500)</u>	<u>(508,709)</u>	<u>(364,209)</u>
Total other financing sources (uses)	<u>2,155,720</u>	<u>2,155,720</u>	<u>1,835,908</u>	<u>(319,812)</u>
Net change in fund balance			799,441	799,441
Fund balance, beginning of year	<u>1,664,522</u>	<u>1,664,522</u>	<u>1,664,522</u>	
Fund balance, end of year	<u>\$ 1,664,522</u>	<u>\$ 1,664,522</u>	<u>\$ 2,463,963</u>	<u>\$ 799,441</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street LTF
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 740,567	\$ 740,567	\$ 789,727	\$ 49,160
Revenue for use of money and property			9,256	9,256
Total revenues	<u>740,567</u>	<u>740,567</u>	<u>798,983</u>	<u>58,416</u>
Expenditures				
Public works			13,033	(13,033)
Capital outlay			74,520	(74,520)
Total expenditures			<u>87,553</u>	<u>(87,553)</u>
Excess (deficiency) of revenues over (under) expenditures	740,567	740,567	711,430	(29,137)
Other financing sources (uses)				
Operating transfers out	<u>(150,451)</u>	<u>(150,451)</u>	<u>(145,997)</u>	<u>4,454</u>
Total other financing sources (uses)	<u>(150,451)</u>	<u>(150,451)</u>	<u>(145,997)</u>	<u>4,454</u>
Net change in fund balance	590,116	590,116	565,433	(24,683)
Fund balance, beginning of year	<u>1,546,747</u>	<u>1,546,747</u>	<u>1,546,747</u>	
Fund balance, end of year	<u>\$2,136,863</u>	<u>\$2,136,863</u>	<u>\$2,112,180</u>	<u>\$(24,683)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 631,907	\$ 631,907	\$ 610,003	\$ (21,904)
Revenue for use of money and property	<u> </u>	<u> </u>	<u>7,690</u>	<u>7,690</u>
Total revenues	<u>631,907</u>	<u>631,907</u>	<u>617,693</u>	<u>(14,214)</u>
Expenditures				
Public Works			141,018	(141,018)
Capital outlay	<u> </u>	<u> </u>	<u>13,536</u>	<u>(13,536)</u>
Total expenditures	<u> </u>	<u> </u>	<u>154,554</u>	<u>(154,554)</u>
Excess (deficiency) of revenues over (under) expenditures	631,907	631,907	463,139	(168,768)
Other financing sources (uses)				
Operating transfers out	<u>(230,386)</u>	<u>(230,386)</u>	<u>(174,774)</u>	<u>55,612</u>
Total other financing sources (uses)	<u>(230,386)</u>	<u>(230,386)</u>	<u>(174,774)</u>	<u>55,612</u>
Net change in fund balance	401,521	401,521	288,365	(113,156)
Fund balance, beginning of year	<u>1,460,916</u>	<u>1,460,916</u>	<u>1,460,916</u>	<u> </u>
Fund balance, end of year	<u>\$1,862,437</u>	<u>\$1,862,437</u>	<u>\$1,749,281</u>	<u>\$(113,156)</u>

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Police Station Construction
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,000,000	\$4,000,000	\$4,000,000	\$
Revenue for use of money and property			16,287	16,287
Total revenues	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,016,287</u>	<u>16,287</u>
Expenditures				
Public safety			17,916	(17,916)
Capital outlay			24,960	(24,960)
Total expenditures			<u>42,876</u>	<u>(42,876)</u>
Excess (deficiency) of revenues over (under) expenditures	4,000,000	4,000,000	3,973,411	(26,589)
Net change in fund balance	4,000,000	4,000,000	3,973,411	(28,589)
Fund balance, beginning of year				
Fund balance, end of year	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$3,973,411</u>	<u>\$(26,589)</u>

CITY OF SELMA
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Last 10 Years*
For the Year Ended June 30, 2017

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

	Miscellaneous		
	2017	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.18473%	.19888%	.07296%
Plan's Proportion share of the Net Pension Liability (Asset)	\$6,417,380	\$5,456,437	\$4,540,156
Plan's Covered Employee Payroll	\$1,609,297	\$1,636,530	\$1,470,465
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	398.77 %	333.42%	308.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	66.99%	71.14%	76.31%
	Safety		
	2017	2016	2015
Plan's Proportion of the Net Pensions Liability (Asset)	.13159 %	.12509%	.07659%
Plan's Proportion share of the Net Pension Liability (Asset)	\$6,815,312	\$5,154,581	\$4,765,927
Plan's Covered Employee Payroll	\$2,878,438	\$3,453,182	\$3,379,336
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	236.77%	149.27%	141.03%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.04%	80.18%	81.42%

*Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF SELMA
Required Supplementary Information
Schedule of Funding Progress PERS Information
For the Year Ended June 30, 2017

Schedule Contributions

	For the Year Ended June 30,		
	2017	2016	2015
Actuarially determined contribution	\$ 526,961	\$ 381,662	\$ 367,790
Contributions in relation to the actuarially determined contributions	<u>(526,961)</u>	<u>(381,662)</u>	<u>(367,790)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$1,609,297</u>	<u>\$1,636,530</u>	<u>\$1,470,465</u>
Contributions as a percentage of covered-employee payroll	32.74%	23.32%	25.01%

	For the Year Ended June 30,		
	2017	2016	2015
Actuarially determined contribution	\$ 682,202	\$ 660,953	\$ 655,346
Contributions in relation to the actuarially determined contributions	<u>(682,202)</u>	<u>(660,953)</u>	<u>(655,346)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	<u>\$2,878,438</u>	<u>\$3,453,182</u>	<u>\$3,379,336</u>
Contributions as a percentage of covered-employee payroll	23.70%	19.14%	19.39%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65%, 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, 2013 to the June 30, 2014 funding valuation report.

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$1,471,025	\$320,507	\$4,383,142	\$6,174,674
Cash with fiscal agent		166,555		166,555
Accounts receivable	18,666		14,724	33,390
Prepaid expenses			3,380	3,380
Inventories	14,966			14,966
Interfund receivables			60,631	60,631
Due from other agencies	199,739			199,739
Total assets	<u>\$1,704,396</u>	<u>\$487,062</u>	<u>\$4,461,877</u>	<u>\$6,653,335</u>
Liabilities				
Accounts payable	\$ 48,429	\$ 4,400	\$ 29,477	\$ 82,306
Accrued wages/benefits	33,940			33,940
Interfund payables	166,468		24,182	190,650
Other liabilities	4,974			4,974
Total liabilities	<u>253,811</u>	<u>4,400</u>	<u>53,659</u>	<u>311,870</u>
Fund balance				
Restricted for:				
Streets and roads	737,858		1,233,270	1,971,128
Public safety	589,545			589,545
Community development	132,971			132,971
Debt service		482,662		482,662
Capital projects			2,042,031	2,042,031
Committed for:				
Streets and roads	21,204			21,204
Community development	8,223			8,223
Recreation	3,351			3,351
Capital projects			338,266	338,266
Assigned for:				
Equipment replacement			650,475	650,475
Capital projects			166,716	166,716
Unassigned	(42,567)		(22,540)	(65,107)
Total fund balance	<u>1,450,585</u>	<u>482,662</u>	<u>4,408,218</u>	<u>6,341,465</u>
Total liabilities and fund balance	<u>\$1,704,396</u>	<u>\$487,062</u>	<u>\$4,461,877</u>	<u>\$6,653,335</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,369,978	\$	\$	\$ 2,369,978
Licenses and permits	52,845			52,845
Intergovernmental	558,158		30,000	588,158
Charges for services	333,182		186,991	520,173
Fines	49,939			49,939
Revenue for use of money and property	5,848	99	13,129	19,076
Assessment payments		184,480		184,480
Miscellaneous	<u>1,068,278</u>	<u>15,033</u>	<u>62,142</u>	<u>1,145,453</u>
Total revenues	<u>4,438,228</u>	<u>199,612</u>	<u>292,262</u>	<u>4,930,102</u>
Expenditures				
General government	29,569	17,669		47,238
Public safety	614,723		91,335	706,058
Public works	1,796,299		110,221	1,906,520
Community development	117,457		66,906	184,363
Recreational			73,604	73,604
Capital outlay	462,988		215,672	678,660
Debt service:				
Principal	44,774	205,000	48,318	298,092
Interest and fiscal charges	<u>14,736</u>	<u>26,744</u>	<u>4,870</u>	<u>46,350</u>
Total expenditures	<u>3,080,546</u>	<u>249,413</u>	<u>610,926</u>	<u>3,940,885</u>
Excess (deficiency) of revenues over (under) expenditures	1,357,682	(49,801)	(318,664)	989,217
Other financing sources (uses)				
Operating transfers in	773,090	231,742	644,689	1,649,521
Operating transfers out	<u>(1,824,154)</u>	<u>(228,967)</u>	<u>(175,703)</u>	<u>(2,228,824)</u>
Total other financing sources (uses)	<u>(1,051,064)</u>	<u>2,775</u>	<u>468,986</u>	<u>(579,303)</u>
Net change in fund balance	306,618	(47,026)	150,322	409,914
Fund balance, beginning of year	<u>1,143,967</u>	<u>529,688</u>	<u>4,257,896</u>	<u>5,931,551</u>
Fund balance, end of year	<u>\$ 1,450,585</u>	<u>\$ 482,662</u>	<u>\$4,408,218</u>	<u>\$ 6,341,465</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2017

	Redevelopment Administration	Sidewalk Repair Funds	AB 1913 Grant	Street Maintenance CE Fund	Street Gas Tax	Reg Safe Trans Program (RSTP)	CID Groundwater Surcharge
Assets							
Cash and investments	\$	\$21,138	\$27,194	\$252,963	\$510,631	\$	\$106,489
Accounts receivable		66		10,050			
Inventories				14,966			
Due from other agencies	<u>56,162</u>					<u>40,155</u>	
Total assets	<u>56,162</u>	<u>21,204</u>	<u>27,194</u>	<u>277,979</u>	<u>510,631</u>	<u>40,155</u>	<u>106,489</u>
Liabilities							
Accounts payable				34,224			
Accrued wages/benefits	1,504		2,822	11,554			
Interfund payables	54,658					40,155	
Other liabilities				<u>4,974</u>			
Total liabilities	<u>56,162</u>		<u>2,822</u>	<u>50,752</u>		<u>40,155</u>	
Fund balance							
Restricted for:							
Streets and roads				227,227	510,631		
Public safety			24,372				
Community development							106,489
Committed for:							
Streets and roads		21,204					
Community development							
Recreation							
Unassigned							
Total fund balance		<u>21,204</u>	<u>24,372</u>	<u>227,227</u>	<u>510,631</u>		<u>106,489</u>
Total liabilities and fund balance	<u>\$56,162</u>	<u>\$21,204</u>	<u>\$27,194</u>	<u>\$277,979</u>	<u>\$510,631</u>	<u>\$40,155</u>	<u>\$106,489</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2017

	CFD 2006-1 Vineyard Estates	CFD 2017 Services	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	Recycling Grant	ABC Grant	Small Business Support Center
Assets							
Cash and investments	\$7,618	\$1,103	\$13,633	\$4,770	\$7,471	\$	\$605
Accounts receivable							
Inventories							
Due from other agencies						4,608	
Total assets	<u>7,618</u>	<u>1,103</u>	<u>13,633</u>	<u>4,770</u>	<u>7,471</u>	<u>4,608</u>	<u>605</u>
Liabilities							
Accounts payable		1,103	7,734				
Accrued wages/benefits			5,899				
Interfund payables						4,411	
Other liabilities							
Total liabilities		<u>1,103</u>	<u>13,633</u>			<u>4,411</u>	
Fund balance							
Restricted for:							
Streets and roads							
Public safety				4,770		197	
Community development					7,471		
Committed for:							
Streets and roads							
Community development	7,618						605
Recreation							
Unassigned							
Total fund balance	<u>7,618</u>			<u>4,770</u>	<u>7,471</u>	<u>197</u>	<u>605</u>
Total liabilities and fund balance	<u>\$7,618</u>	<u>\$1,103</u>	<u>\$13,633</u>	<u>\$4,770</u>	<u>\$7,471</u>	<u>\$4,608</u>	<u>\$605</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2017

	ATP Planning Grant	Foreclosed Homes Projects	Sports Hall of Fame	CHRP Grant	ACT Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Assets							
Cash and investments	\$ 5,259	\$14,934	\$3,351	\$381	\$	\$493,485	\$1,471,025
Accounts receivable		4,085				4,465	18,666
Inventories							14,966
Due from other agencies					40,814	58,000	199,739
Total assets	<u>5,259</u>	<u>19,019</u>	<u>3,351</u>	<u>381</u>	<u>40,814</u>	<u>555,950</u>	<u>1,704,396</u>
Liabilities							
Accounts payable	5,259	8			101		48,429
Accrued wages/benefits					2,965	9,196	33,940
Interfund payables	42,567				24,677		166,468
Other liabilities							4,974
Total liabilities	<u>47,826</u>	<u>8</u>			<u>27,743</u>	<u>9,196</u>	<u>253,811</u>
Fund balance							
Restricted for:							
Streets and roads							737,858
Public safety				381	13,071	546,754	589,545
Community development		19,011					132,971
Committed for:							
Streets and roads							21,204
Community development							8,223
Recreation			3,351				3,351
Unassigned	(42,567)						(42,567)
Total fund balance	<u>(42,567)</u>	<u>19,011</u>	<u>3,351</u>	<u>381</u>	<u>13,071</u>	<u>546,754</u>	<u>1,450,585</u>
Total liabilities and fund balance	<u>\$ 5,259</u>	<u>\$19,019</u>	<u>\$3,351</u>	<u>\$381</u>	<u>\$40,814</u>	<u>\$555,950</u>	<u>\$1,704,396</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Traffic Safety	Successor Agency Administration	Public Safety	Sidewalk Repair Funds	AB 1913 Grant	Street Maintenance Fund	Street Gas Tax	Reg Safe Transportation Program (RSTP)	CID Groundwater Surcharge	CFD 2006-1 Vineyard Estates
Revenues										
Taxes	\$	\$	\$ 53,366	\$	\$	\$	\$ 462,663	\$	\$	\$17,622
Licenses and permits						52,845				
Intergovernmental					119,324			287,579		
Charges for services						171,809			157,373	
Fines	49,939									
Revenue for use of money and property							3,853			
Miscellaneous		56,162		2,638		850,507				
Total revenues	<u>49,939</u>	<u>56,162</u>	<u>53,366</u>	<u>2,638</u>	<u>119,324</u>	<u>1,075,161</u>	<u>466,516</u>	<u>287,579</u>	<u>157,373</u>	<u>17,622</u>
Expenditures										
General government										4
Public safety					101,465					10,000
Public works				4,536		1,389,601			183,985	
Community development		56,162								
Capital outlay					7,307	40,903		287,579		
Debt service:										
Principal										
Interest and fiscal charge										
Total expenditures	<u></u>	<u>56,162</u>	<u></u>	<u>4,536</u>	<u>108,772</u>	<u>1,430,504</u>	<u></u>	<u>287,579</u>	<u>183,985</u>	<u>10,004</u>
Excess (deficiency) of revenues over (under) expenditures	49,939		53,366	(1,898)	10,552	(355,343)	466,516		(26,612)	7,618
Other financing sources (uses)										
Operating transfers in						750,056				
Operating transfers out	(85,338)		(58,279)				(429,285)			
Total other financing sources (uses)	<u>(85,338)</u>	<u></u>	<u>(58,279)</u>	<u></u>	<u></u>	<u>750,056</u>	<u>(429,285)</u>	<u></u>	<u></u>	<u></u>
Net change in fund balance	(35,399)		(4,913)	(1,898)	10,552	394,713	37,231		(26,612)	7,618
Fund balance, beginning of year	<u>35,399</u>	<u></u>	<u>4,913</u>	<u>23,102</u>	<u>13,820</u>	<u>(167,486)</u>	<u>473,400</u>	<u></u>	<u>133,101</u>	<u></u>
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$21,204</u>	<u>\$ 24,372</u>	<u>\$ 227,227</u>	<u>\$ 510,631</u>	<u>\$</u>	<u>\$106,489</u>	<u>\$ 7,618</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	CFD 2017 Services	Landscape and Lighting Assessment	Abandoned Vehicle Abatement	CDBG Grant	Recycling Grant	Avoid Grant	ABC Grant	HSIP Grant	Small Business Support Center
Revenues									
Taxes	\$	\$197,595	\$	\$	\$	\$	\$	\$	\$
Licenses and permits									
Intergovernmental				72,465	6,376	13,936	26,378	9,450	
Charges for services									
Fines									
Revenue for use of money and property									
Miscellaneous									
Total revenues	<u> </u>	<u>197,595</u>	<u> </u>	<u>72,465</u>	<u>6,376</u>	<u>13,936</u>	<u>26,378</u>	<u>9,450</u>	<u> </u>
Expenditures									
General government	9,110								
Public safety			831			13,936	26,378		
Public works		218,177							
Community development					12,923				
Capital outlay		3,317		68,065				9,450	
Debt service:									
Principal									
Interest and fiscal charge									
Total expenditures	<u>9,110</u>	<u>221,494</u>	<u>831</u>	<u>68,065</u>	<u>12,923</u>	<u>13,936</u>	<u>26,378</u>	<u>9,450</u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	(9,110)	(23,899)	(831)	4,400	(6,547)				
Other financing sources (uses)									
Operating transfers in	9,110	8,042		77					
Operating transfers out									
Total other financing sources (uses)	<u>9,110</u>	<u>8,042</u>	<u> </u>	<u>77</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance		(15,857)	(831)	4,477	(6,547)				
Fund balance, beginning of year	<u> </u>	<u>15,857</u>	<u>5,601</u>	<u>(4,477)</u>	<u>14,018</u>	<u> </u>	<u>197</u>	<u> </u>	<u>605</u>
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$4,770</u>	<u>\$</u>	<u>\$ 7,471</u>	<u>\$</u>	<u>\$ 197</u>	<u>\$</u>	<u>\$605</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	DOJ Brynes Grant	OTS Special Projects	ATP Planning Grant	Foreclosed Homes Projects	Sports Hall of Fame	CHRP Grant	ACT Program	Citizens Tax Initiative	Total Nonmajor Special Revenue Funds
Revenues									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 1,638,732	\$ 2,369,978
Licenses and permits									52,845
Intergovernmental	16,258	6,392							558,158
Charges for services				4,000					333,182
Fines									49,939
Revenue for use of money and property								1,995	5,848
Miscellaneous				7,196			133,648	18,127	1,068,278
Total revenues	<u>16,258</u>	<u>6,392</u>		<u>11,196</u>			<u>133,648</u>	<u>1,658,854</u>	<u>4,438,228</u>
Expenditures									
General government				20,455					29,569
Public safety	16,258	6,392					120,577	318,886	614,723
Public works									1,796,299
Community development			48,372						117,457
Capital outlay								46,367	462,988
Debt service:									
Principal								44,774	44,774
Interest and fiscal charge								14,736	14,736
Total expenditures	<u>16,258</u>	<u>6,392</u>	<u>48,372</u>	<u>20,455</u>			<u>120,577</u>	<u>424,763</u>	<u>3,080,546</u>
Excess (deficiency) of revenues over (under) expenditures			(48,372)	(9,259)			13,071	1,234,091	1,357,682
Other financing sources (uses)									
Operating transfers in			5,805						773,090
Operating transfers out								(1,251,252)	(1,824,154)
Total other financing sources (uses)			<u>5,805</u>					<u>(1,251,252)</u>	<u>(1,051,064)</u>
Net change in fund balance			(42,567)	(9,259)			13,071	(17,161)	306,618
Fund balance, beginning of year				<u>28,270</u>	<u>3,351</u>	<u>381</u>		<u>563,915</u>	<u>1,143,967</u>
Fund balance, end of year	<u>\$</u>	<u>\$</u>	<u>\$(42,567)</u>	<u>\$19,011</u>	<u>\$3,351</u>	<u>\$381</u>	<u>\$ 13,071</u>	<u>\$ 546,754</u>	<u>\$ 1,450,585</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2017

	1994 Debt Service	Assessment 91-2 Highland Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service
Assets				
Cash and investments	\$ 86,736	\$80,095	\$20,009	\$22,743
Cash with fiscal agent	<u>129,439</u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>216,175</u>	<u>80,095</u>	<u>20,009</u>	<u>22,743</u>
Liabilities				
Accounts payable	<u> </u>	<u>880</u>	<u>880</u>	<u>880</u>
Total liabilities	<u> </u>	<u>880</u>	<u>880</u>	<u>880</u>
Fund balance				
Restricted for:				
Debt service	<u>216,175</u>	<u>79,215</u>	<u>19,129</u>	<u>21,863</u>
Total fund balance	<u>216,175</u>	<u>79,215</u>	<u>19,129</u>	<u>21,863</u>
Total liabilities and fund balance	<u>\$216,175</u>	<u>\$80,095</u>	<u>\$20,009</u>	<u>\$22,743</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2017

	Assessment 92-1 Watermain Debt Service	Assessment 93-1 Briarwood/ Vineyard Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Assets				
Cash and investments	\$17,838	\$36,387	\$56,699	\$320,507
Cash with fiscal agent			<u>37,116</u>	<u>166,555</u>
Total assets	<u>17,838</u>	<u>36,387</u>	<u>93,815</u>	<u>487,062</u>
Liabilities				
Accounts payable	<u>880</u>	<u>880</u>		<u>4,400</u>
Total liabilities	<u>880</u>	<u>880</u>		<u>4,400</u>
Fund balance				
Restricted for:				
Debt service	<u>16,958</u>	<u>35,507</u>	<u>93,815</u>	<u>482,662</u>
Total fund balance	<u>16,958</u>	<u>35,507</u>	<u>93,815</u>	<u>482,662</u>
Total liabilities and fund balance	<u>\$17,838</u>	<u>\$36,387</u>	<u>\$93,815</u>	<u>\$487,062</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2017

	1994 Debt Service	Assessment 91-2 Highland Debt Service	Assessment 92-1 Dancer II Debt Service	Assessment 92-1 Dancer III Debt Service
Revenues				
Revenue for use of money and property	\$ 49	\$	\$	\$
Miscellaneous revenue	15,033			
Assessment Payments	<u> </u>	<u>82,885</u>	<u>21,256</u>	<u>23,956</u>
Total revenues	<u>15,082</u>	<u>82,885</u>	<u>21,256</u>	<u>23,956</u>
Expenditures				
General government		5,529	3,001	2,653
Debt Service:				
Principal				
Interest and fiscal charges	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u> </u>	<u>5,529</u>	<u>3,001</u>	<u>2,653</u>
Excess (deficiency) of revenues over (under) expenditures	15,082	77,356	18,255	21,303
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	<u> </u>	<u>(88,798)</u>	<u>(31,295)</u>	<u>(25,864)</u>
Total other financing sources (uses)	<u> </u>	<u>(88,798)</u>	<u>(31,295)</u>	<u>(25,864)</u>
Net change in fund balance	15,082	(11,442)	(13,040)	(4,561)
Fund balance, beginning of year	<u>201,093</u>	<u>90,657</u>	<u>32,169</u>	<u>26,424</u>
Fund balance, end of year	<u>\$216,175</u>	<u>\$ 79,215</u>	<u>\$ 19,129</u>	<u>\$ 21,863</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2017

	Assessment 91-2 Watermain Debt Service	Assessment 93-1 Briarwood/ Vineyard Debt Service	Assessment Theater Debt Service	2014 Assessment Bond	Total Nonmajor Debt Service Funds
Revenues					
Revenue for use of money and property	\$	\$	\$	\$ 50	\$ 99
Miscellaneous revenue					15,033
Assessment Payments	<u>18,450</u>	<u>37,920</u>	<u>13</u>		<u>184,480</u>
Total revenues	<u>18,450</u>	<u>37,920</u>	<u>13</u>	<u>50</u>	<u>199,612</u>
Expenditures					
General government	2,307	3,617	562		17,669
Debt Service:					
Principal				205,000	205,000
Interest and fiscal charges				<u>26,744</u>	<u>26,744</u>
Total expenditures	<u>2,307</u>	<u>3,617</u>	<u>562</u>	<u>231,744</u>	<u>249,413</u>
Excess (deficiency) of revenues over (under) expenditures	16,143	34,303	(549)	(231,694)	(49,801)
Other financing sources (uses)					
Operating transfers in				231,742	231,742
Operating transfers out	<u>(19,718)</u>	<u>(46,527)</u>	<u>(16,765)</u>		<u>(228,967)</u>
Total other financing sources (uses)	<u>(19,718)</u>	<u>(46,527)</u>	<u>(16,765)</u>	<u>231,742</u>	<u>2,775</u>
Net change in fund balance	(3,575)	(12,224)	(17,314)	48	(47,026)
Fund balance, beginning of year	<u>20,533</u>	<u>47,731</u>	<u>17,314</u>	<u>93,767</u>	<u>529,688</u>
Fund balance, end of year	<u>\$ 16,958</u>	<u>\$ 35,507</u>	<u>\$</u>	<u>\$ 93,815</u>	<u>\$ 482,662</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2017

	<u>Equipment Replacement</u>	<u>Development Impact Streets & 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>
Assets							
Cash and investments	\$650,475	\$1,035,944	\$ 1,599	\$113,974	\$288,543	\$137,513	\$769,971
Accounts receivable			1,130				2,250
Prepaid expenses		42,567	14,864		3,200		
Due from other funds							
Total assets	<u>650,475</u>	<u>1,078,511</u>	<u>17,593</u>	<u>113,974</u>	<u>291,743</u>	<u>137,513</u>	<u>772,221</u>
Liabilities							
Accounts payable		7,234					
Due to other funds							
Total liabilities		<u>7,234</u>					
Fund balance							
Restricted for:							
Streets and roads		1,071,277					
Capital projects			17,593	113,974	291,743	137,513	772,221
Committed for:							
Capital projects							
Assigned for:							
Equipment replacement	650,475						
Capital projects							
Unassigned							
Total fund balance	<u>650,475</u>	<u>1,071,277</u>	<u>17,593</u>	<u>113,974</u>	<u>291,743</u>	<u>137,513</u>	<u>772,221</u>
Total liabilities and fund balance	<u>\$650,475</u>	<u>\$1,078,511</u>	<u>\$17,593</u>	<u>\$113,974</u>	<u>\$291,743</u>	<u>\$137,513</u>	<u>\$772,221</u>

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2017

	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
Assets								
Cash and investments	\$564,657	\$291,828	\$66,115	\$24,354	\$37,076	\$3,703	\$70	\$19,764
Accounts receivable	13,082							
Prepaid expenses								
Due from other funds								
Total assets	<u>577,739</u>	<u>291,828</u>	<u>66,115</u>	<u>24,354</u>	<u>37,076</u>	<u>3,703</u>	<u>70</u>	<u>19,764</u>
Liabilities								
Accounts payable								
Due to other funds								
Total liabilities								
Fund balance								
Restricted for:								
Streets and roads								
Capital projects	577,739		66,115	24,354	37,076	3,703		
Committed for:								
Capital projects		291,828					70	19,764
Assigned for:								
Equipment replacement								
Capital projects								
Unassigned								
Total fund balance	<u>577,739</u>	<u>291,828</u>	<u>66,115</u>	<u>24,354</u>	<u>37,076</u>	<u>3,703</u>	<u>70</u>	<u>19,764</u>
Total liabilities and fund balance	<u>\$577,739</u>	<u>\$291,828</u>	<u>\$66,115</u>	<u>\$24,354</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, 2017

	Amberwood Project	Tutelian Project	Selma Crossing Project	Caltrans Mitigation Fund	Capital Projects Parks	2017 GO Bond PD Station	Total Nonmajor Capital Projects Funds
Assets							
Cash and investments	\$29,058	\$	\$	\$161,993	\$171,641	\$ 14,864	\$4,383,142
Accounts receivable		1,642					14,724
Prepaid expenses							3,380
Due from other funds							60,631
Total assets	<u>29,058</u>	<u>1,642</u>	<u>—</u>	<u>161,993</u>	<u>171,641</u>	<u>14,864</u>	<u>4,461,877</u>
Liabilities							
Accounts payable	2,454				4,925	14,864	29,477
Due to other funds		7,726	1,592			14,864	24,182
Total liabilities	<u>2,454</u>	<u>7,726</u>	<u>1,592</u>	<u>—</u>	<u>4,925</u>	<u>29,728</u>	<u>53,659</u>
Fund balance							
Restricted for:							
Streets and roads				161,993			1,233,270
Capital projects							2,042,031
Committed for:							
Capital projects	26,604						338,266
Assigned for:							
Equipment replacement							650,475
Capital projects					166,716		166,716
Unassigned		(6,084)	(1,592)			(14,864)	(22,540)
Total fund balance	<u>26,604</u>	<u>(6,084)</u>	<u>(1,592)</u>	<u>161,993</u>	<u>166,716</u>	<u>(14,864)</u>	<u>4,408,218</u>
Total liabilities and fund balance	<u>\$29,058</u>	<u>\$ 1,642</u>	<u>\$ —</u>	<u>\$161,993</u>	<u>\$171,641</u>	<u>\$ 14,864</u>	<u>\$4,461,877</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2017

	Equipment Replacement	Development Impact Streets & Traffic	Development Impact Police Facility	Development Impact Fire Facility	Development Impact City Facilities	Development Impact Storm Drain	Development Impact Sewer	Development Impact Parks and Recreation
Revenues								
Intergovernmental	\$ 30,000	\$	\$	\$	\$	\$	\$	\$
Charges for services	63,672	19,933	10,149	8,832	23,230		26,829	
Revenue for use of money & property	1,437	3,601			1,183		3,397	2,314
Miscellaneous	<u>39,401</u>					<u>16,740</u>		
Total revenues	<u>134,510</u>	<u>23,534</u>	<u>10,149</u>	<u>8,832</u>	<u>24,413</u>	<u>16,740</u>	<u>30,226</u>	<u>2,314</u>
Expenditures								
Public safety	26,899		49,572					
Public works		49,388			2,893	40,023	17,917	
Community development								
Recreation	1,800							24,740
Capital outlay	157,830		26,292					
Debt Service:								
Principal	36,237		12,081					
Interest and fiscal charges	<u>3,509</u>		<u>1,361</u>					
Total expenditures	<u>226,275</u>	<u>49,388</u>	<u>89,306</u>		<u>2,893</u>	<u>40,023</u>	<u>17,917</u>	<u>24,740</u>
Excess (deficiency) of revenues over (under) expenditures	(91,765)	(25,854)	(79,157)	8,832	21,520	(23,283)	12,309	(22,426)
Other financing sources (uses)								
Operating transfers in	300,000		51,252					
Operating transfers out							(173,509)	
Total other financing sources (uses)	<u>300,000</u>		<u>51,252</u>				<u>(173,509)</u>	
Net change in fund balance	208,235	(25,854)	(27,905)	8,832	21,520	(23,283)	(161,200)	(22,426)
Fund balance, beginning of year	<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>
Fund balance, end of year	<u>\$650,475</u>	<u>\$1,071,277</u>	<u>\$ 17,593</u>	<u>\$113,974</u>	<u>\$291,743</u>	<u>\$137,513</u>	<u>\$ 772,221</u>	<u>\$577,739</u>

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2017

	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
Revenues								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	15,600		561					
Revenue for use of money & property	1,197							
Miscellaneous								
Total revenues	<u>16,797</u>	<u></u>	<u>561</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Expenditures								
Public safety								
Public works								
Community development								
Recreation								
Capital outlay								
Debt Service:								
Principal								
Interest and fiscal charges								
Total expenditures	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Excess (deficiency) of revenues over (under) expenditures	16,797		561					
Other financing sources (uses)								
Operating transfers in								
Operating transfers out								
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net change in fund balance	16,797		561					
Fund balance, beginning 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>
Fund balance, end of year	<u>\$291,828</u>	<u>\$66,115</u>	<u>\$24,354</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, 2017

	Tutelian Project	Selma Crossing Project	Caltrans Mitigation Fund	Cultural Arts Construction Fund	North Selma Sewer Project	Capital Project- Parks	2017 GO Bond PD Station	Total Nonmajor Capital Projects Funds
Revenues								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$ 30,000
Charges for services			18,185					186,991
Revenue for use of money & property								13,129
Miscellaneous	<u>6,000</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1</u>	<u> </u>	<u>62,142</u>
Total revenues	<u>6,000</u>	<u> </u>	<u>18,185</u>	<u> </u>	<u> </u>	<u>1</u>	<u> </u>	<u>292,262</u>
Expenditures								
Public safety							14,864	91,335
Public works								110,221
Community development	6,750	1,497			58,659			66,906
Recreation						47,064		73,604
Capital outlay				31,550				215,672
Debt Service:								
Principal								48,318
Interest and fiscal charges								4,870
Total expenditures	<u>6,750</u>	<u>1,497</u>	<u> </u>	<u>31,550</u>	<u>58,659</u>	<u>47,064</u>	<u>14,864</u>	<u>610,926</u>
Excess (deficiency) of revenues over (under) expenditures	(750)	(1,497)	18,185	(31,550)	(58,659)	(47,063)	(14,864)	(318,664)
Other financing sources (uses)								
Operating transfers in					173,509	119,928		644,689
Operating transfers out				(2,194)				(175,703)
Total other financing sources (uses)				<u>(2,194)</u>	<u>173,509</u>	<u>119,928</u>		<u>468,986</u>
Net change in fund balance	(750)	(1,497)	18,185	(33,744)	114,850	72,865	(14,864)	150,322
Fund balance, beginning of year	<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>
Fund balance, end of year	<u><u>\$(6,084)</u></u>	<u><u>\$(1,592)</u></u>	<u><u>\$161,993</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$166,716</u></u>	<u><u>\$(14,864)</u></u>	<u><u>\$4,408,218</u></u>

CITY OF SELMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2017

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
	<hr/>	<hr/>	<hr/>
Assets			
Current assets			
Cash and investments	\$ 138,007	\$	\$ 138,007
Accounts receivable, net	<u>1,427</u>	<u>3,395</u>	<u>4,822</u>
Total current assets	<u>139,434</u>	<u>3,395</u>	<u>142,829</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	264,882	3,515	268,397
Less: accumulated depreciation	<u>(262,077)</u>	<u>(3,515)</u>	<u>(265,592)</u>
Total noncurrent assets	<u>2,805</u>	<u></u>	<u>2,805</u>
Total assets	<u>142,239</u>	<u>3,395</u>	<u>145,634</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>3,188</u>	<u>3,245</u>	<u>6,433</u>
Liabilities			
Current liabilities:			
Accounts payable	3,287	3,249	6,536
Accrued wages/benefits	588	444	1,032
Other liabilities		780	780
Interfund payables		<u>9,062</u>	<u>9,062</u>
Total current liabilities	<u>3,875</u>	<u>13,535</u>	<u>17,410</u>
Noncurrent liabilities:			
Net pension liability	<u>12,425</u>	<u>12,650</u>	<u>25,075</u>
Total noncurrent liabilities	<u>12,425</u>	<u>12,650</u>	<u>25,075</u>
Total liabilities	<u>16,300</u>	<u>26,185</u>	<u>42,485</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u>438</u>	<u>446</u>	<u>884</u>
Net position			
Invested in capital assets, net of related debt	2,805		2,805
Unrestricted	<u>125,884</u>	<u>(19,991)</u>	<u>105,893</u>
Total net position	<u>\$ 128,689</u>	<u>\$(19,991)</u>	<u>\$ 108,698</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 301	\$ 12,260	\$ 12,561
Rents	22,220	20,554	42,774
Miscellaneous	<u>10,739</u>	<u>99,260</u>	<u>109,999</u>
Total operating revenues	<u>33,260</u>	<u>132,074</u>	<u>165,334</u>
Operating Expenses			
Personnel services	6,661	28,710	35,371
Services and supplies	52,656	137,298	189,954
Other internal services	2,592	29,497	32,089
Depreciation	<u>825</u>	<u> </u>	<u>825</u>
Total operating expenses	<u>62,734</u>	<u>195,505</u>	<u>258,239</u>
Operating income (loss)	<u>(29,474)</u>	<u>(63,431)</u>	<u>(92,905)</u>
Income (loss) before transfers	<u>(29,474)</u>	<u>(63,431)</u>	<u>(92,905)</u>
Transfers			
Transfers in	<u>15,000</u>	<u>50,166</u>	<u>65,166</u>
Changes in net position	(14,474)	(13,265)	(27,739)
Net position (deficit), beginning of year	<u>143,163</u>	<u>(6,726)</u>	<u>136,437</u>
Net position (deficit), end of year	<u>\$128,689</u>	<u>\$ (19,991)</u>	<u>\$108,698</u>

CITY OF SELMA
Combining Statement of Net Position –
Internal Service Funds
June 30, 2017

	<u>Insurance</u>	<u>Fleet Management</u>	<u>Building & Utility</u>	<u>General Overhead</u>	<u>Information Processing</u>	<u>Total Internal Service Funds</u>
Assets						
Current assets:						
Cash and investments	\$116,747	\$320,762	\$178,188	\$54,332	\$237,296	\$ 907,325
Accounts receivable, net	71,973					71,973
Prepaid expenses	<u>421</u>			<u>1,136</u>		<u>1,557</u>
Total current assets	<u>189,141</u>	<u>320,762</u>	<u>178,188</u>	<u>55,468</u>	<u>237,296</u>	<u>980,855</u>
Noncurrent assets:						
Capital assets:						
Machinery and equipment			38,400		10,052	48,452
Less: Accumulated depreciation			<u>(1,018)</u>		<u>(1,843)</u>	<u>(2,861)</u>
Total noncurrent assets			<u>37,382</u>		<u>8,209</u>	<u>45,591</u>
Total assets	189,141	320,762	215,570	55,468	245,505	1,026,446
Deferred outflows of resources:						
Deferred outflows related to pensions		<u>59,621</u>	<u>55,253</u>		<u>32,699</u>	<u>147,573</u>
Liabilities						
Current liabilities:						
Accounts payable		29,076	3,114		978	33,168
Accrued wages/benefits		<u>2,755</u>	<u>2,142</u>		<u>1,016</u>	<u>5,913</u>
Total current liabilities		<u>31,831</u>	<u>5,256</u>		<u>1,994</u>	<u>39,081</u>
Noncurrent liabilities:						
Net pension liability		<u>232,419</u>	<u>215,389</u>		<u>127,471</u>	<u>575,279</u>
Total noncurrent liabilities		<u>232,419</u>	<u>215,389</u>		<u>127,471</u>	<u>575,279</u>
Total liabilities		<u>264,250</u>	<u>220,645</u>		<u>129,465</u>	<u>614,360</u>
Deferred inflows of resources		<u>8,190</u>	<u>7,590</u>		<u>4,492</u>	<u>20,272</u>
Net position:						
Invested in capital assets, net of related debt			37,382		8,209	45,591
Unrestricted	<u>189,141</u>	<u>107,943</u>	<u>5,206</u>	<u>55,468</u>	<u>136,038</u>	<u>493,796</u>
Total net position	<u>\$189,141</u>	<u>\$107,943</u>	<u>\$ 42,588</u>	<u>\$55,468</u>	<u>\$144,247</u>	<u>\$ 539,387</u>

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position--
Internal Service Funds
For the Year Ended June 30, 2017

	Insurance	Fleet Management	Building & Utility	General Overhead	Information Processing	Total Internal Service Funds
Operating Revenues						
Charges for services	\$975,654	\$673,392	\$263,076	\$23,328	\$394,836	\$2,330,286
Miscellaneous	<u>86</u>	<u>11,007</u>	<u> </u>	<u>114</u>	<u>123,205</u>	<u>134,412</u>
Total operating revenues	<u>975,740</u>	<u>684,399</u>	<u>263,076</u>	<u>23,442</u>	<u>518,041</u>	<u>2,464,698</u>
Operating Expenses						
Personnel services		120,967	90,803		80,008	291,778
Services and supplies		455,087	95,229	21,744	247,177	819,237
Other internal services	959,139					959,139
Depreciation	<u> </u>	<u> </u>	<u>1,018</u>	<u> </u>	<u>1,843</u>	<u>2,861</u>
Total operating expenses	<u>959,139</u>	<u>576,054</u>	<u>187,050</u>	<u>21,744</u>	<u>329,028</u>	<u>2,073,015</u>
Operating income (loss)	16,601	108,345	76,026	1,698	189,013	391,683
Nonoperating revenues (expenses)						
Interest income	<u>959</u>	<u>1,311</u>	<u> </u>	<u> </u>	<u>844</u>	<u>3,114</u>
Total nonoperating revenues (expenses)	<u>959</u>	<u>1,311</u>	<u> </u>	<u> </u>	<u>844</u>	<u>3,114</u>
Income (loss) before transfers	<u>17,560</u>	<u>109,656</u>	<u>76,026</u>	<u>1,698</u>	<u>189,857</u>	<u>394,797</u>
Transfers						
Transfers in						
Transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net transfers	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Changes in net position	17,560	109,656	76,026	1,698	189,857	394,797
Net position, beginning 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>
Net position, end of year	<u>\$189,141</u>	<u>\$107,943</u>	<u>\$ 42,588</u>	<u>\$55,468</u>	<u>\$144,247</u>	<u>\$ 539,387</u>

CITY OF SELMA
Combining Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30, 2017

	<u>Finance Clearing</u>	<u>Planning Clearing</u>	<u>Senior Citizens Clearing</u>	<u>Police Department Clearing</u>	<u>Asset Seizure Clearing</u>	<u>Graffiti Reward Fund</u>	<u>Total Agency Funds</u>
Assets							
Cash and investments	\$ 339	\$21,333	\$11,838	\$17,470	\$1,753	\$700	\$53,433
Accounts receivable	<u>1,194</u>						<u>1,194</u>
Total assets	<u>1,533</u>	<u>21,333</u>	<u>11,838</u>	<u>17,470</u>	<u>1,753</u>	<u>700</u>	<u>54,627</u>
Liabilities							
Accounts payable		1,003					1,003
Deposits	1,533	2,200		4	1,753		5,490
Other	<u></u>	<u>18,130</u>	<u>11,838</u>	<u>17,466</u>	<u></u>	<u>700</u>	<u>48,134</u>
Total liabilities	<u>1,533</u>	<u>21,333</u>	<u>11,838</u>	<u>17,470</u>	<u>1,753</u>	<u>700</u>	<u>54,627</u>
Net Position:							
Total net position	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

OTHER INDEPENDENT AUDITOR'S REPORTS

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, 2017, 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 2, 2018.

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

Clovis, California
January 2, 2018