

CITY OF SELMA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2018

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent auditor's report | 1-2 |
| Management's discussion and analysis | 3-9 |
| FINANCIAL STATEMENTS: | |
| Government-wide financial statements: | |
| Statement of net position | 10 |
| Statement of activities | 11 |
| Fund financial statements: | |
| Balance sheet – government funds | 12 |
| Reconciliation of the governmental funds balance sheet to statement of net position | 13 |
| Statement of revenues, expenditures, and changes in fund balance – governmental funds | 14 |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities | 15 |
| Statement of net position – proprietary funds | 16 |
| Statement of revenues, expenses and changes in net position - proprietary funds | 17 |
| Statement of cash flows – proprietary funds | 18 |
| Statement of fiduciary net position – fiduciary funds | 19 |
| Statement of changes in fiduciary net position – fiduciary funds | 20 |
| Notes to financial statements | 21-54 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary comparison schedules: | |
| Schedule of revenues, expenditures, and changes in fund balance – budget and actual - General fund | 55 |
| Schedule of revenues, expenditures, and changes in fund balance – budget and actual - Street LTF | 56 |
| Schedule of revenues, expenditures, and changes in fund balance – budget and actual - Street Measure "C" | 57 |
| Schedule of revenues, expenditures, and changes in fund balance – budget and actual – Police station construction | 58 |
| Schedule of revenues, expenditures, and changes in fund balance – budget and actual – 2017 Bond PD Station | 59 |
| Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Last 10 Years | 60 |
| Schedule of Funding Progress PERS Information | 61 |
| Schedule of Changes in Net OPEB Liability and Related Ratios | 62-63 |

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

| | |
|---|-------|
| Combining balance sheet – nonmajor governmental funds | 64 |
| Combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds | 65 |
| Special revenue funds: | |
| Combining balance sheet – nonmajor special revenue funds | 66-68 |
| Combining statement of revenues, expenditures, and changes in fund balance – nonmajor special revenue funds | 69-72 |
| Debt service funds: | |
| Combining balance sheet – nonmajor debt service funds | 73-74 |
| Combining statement of revenues, expenditures, and changes in fund balance – nonmajor debt service funds | 75-76 |
| Capital projects funds: | |
| Combining balance sheet – nonmajor capital projects funds | 77-79 |
| Combining statement of revenues, expenditures, and changes in fund balance – nonmajor capital projects funds | 80-82 |
| Enterprise funds: | |
| Combining statement of net position – nonmajor enterprise funds | 83 |
| Combining statement of revenues, expenses, and changes in net position – nonmajor enterprise funds | 84 |
| Internal service funds: | |
| Combining statement of net position | 85 |
| Combining statement of revenues, expenses, and changes in net position | 86 |
| Fiduciary funds: | |
| Agency funds: | |
| Combining statement of fiduciary assets and liabilities | 87 |
| OTHER INDEPENDENT AUDITOR’S REPORTS | |
| Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>government auditing standards</i> | 88-89 |



INDEPENDENT AUDITOR'S REPORT

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

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, 2018, 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 City'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 City'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, 2018, 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.

Change in Accounting Principle

For the year ended June 30, 2018, the City of Selma adopted the provisions of the following Governmental Accounting Standards Board Statement, which is effective for the fiscal years beginning after June 15, 2017.

- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The application of Statement No. 75 required the restatement of net position as discussed in Note 13 of the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedules, and Schedules of Changes in Net Pension and Other Post-Employment Benefits (OPEB) Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Selma's financial statements. The Supplemental Information and the combining and individual nonmajor fund financial statements are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The 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 March 11, 2019 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
March 11, 2019

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, 2018. 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 21.1 million.

The City's General Fund ended the year with a balance of \$2,763,856, an increase of \$299,893 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, increases 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 raise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flow in future fiscal periods (e.g. earned but unused vacation leave).

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

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

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", Police Station Construction and the 2017 Bond PD Station fund all of which are considered 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, and the 2017 Bond PD Station. 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, 2018, with comparative data for the fiscal year ended June 30, 2017.

City of Selma's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$ 26,660,456 | \$ 19,129,632 | \$ 4,803,824 | \$ 2,268,081 | \$ 31,464,280 | \$ 21,397,713 |
| Capital and long-term assets | 50,566,533 | 49,630,659 | 192,964 | 189,810 | 50,759,497 | 49,820,469 |
| Total assets | \$ 77,226,989 | \$ 68,760,291 | \$ 4,996,788 | \$ 2,457,891 | \$ 82,223,777 | \$ 71,218,182 |
| Deferred outflows related to pensions | \$ 3,852,035 | \$ 3,373,872 | \$ 27,451 | \$ 20,649 | \$ 3,879,486 | \$ 3,394,521 |
| Deferred outflows related to OPEB | \$ 102,892 | \$ - | \$ 734 | \$ - | \$ 103,626 | \$ - |
| Deferred loss on bond refunding | 125,766 | 135,082 | - | - | 125,766 | 135,082 |
| | \$ 4,080,693 | \$ 3,508,954 | \$ 28,185 | \$ 20,649 | \$ 4,108,878 | \$ 3,529,603 |
| Long-term liabilities outstanding | \$ 10,296,606 | 6,106,013 | \$ 1,179 | \$ - | \$ 10,297,785 | \$ 6,106,013 |
| Net pension liability | 14,933,035 | 13,152,198 | 106,420 | 80,494 | 15,039,455 | 13,232,692 |
| Net OPEB liability | 5,206,988 | - | 37,109 | - | 5,244,097 | - |
| Other liabilities | 2,899,167 | 1,336,394 | 144,627 | 153,778 | 3,043,794 | 1,490,172 |
| Total liabilities | \$ 33,335,796 | \$ 20,594,605 | \$ 289,335 | \$ 234,272 | \$ 33,625,131 | \$ 20,828,877 |
| Deferred inflows related to pensions | \$ 92,845 | \$ 463,483 | \$ 662 | \$ 2,837 | \$ 93,507 | \$ 466,320 |
| Deferred inflows related to OPEB | \$ 477,238 | \$ - | \$ 3,401 | \$ - | \$ 480,639 | \$ - |
| Investment in capital assets, net of related debt | \$ 41,350,229 | \$ 44,758,432 | \$ 192,964 | \$ 189,810 | \$ 41,543,193 | \$ 44,948,242 |
| Restricted | 17,656,370 | 13,836,152 | - | - | 17,656,370 | 13,836,152 |
| Unrestricted | (11,604,796) | (7,383,427) | 4,538,611 | 2,051,621 | (7,066,185) | (5,331,806) |
| Total net position | \$ 47,401,803 | \$ 51,211,157 | \$ 4,731,575 | \$ 2,241,431 | \$ 52,133,378 | \$ 53,452,588 |

As of June 30, 2018 the City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$52.1 million. Governmental activities finished the year with a positive net position balance of \$47.4 million. Business type activities finished the year with a positive balance of \$4.7 million. The net position of the City decreased by \$1.3 million from 2017. 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 \$17.7 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, 2018, the unrestricted net position amount was a negative \$11.6 million due to the implementation of GASB Statement No. 68 in 2015 and 75 in 2018. The GASB Statement No. 68 adjustment reflects the cumulative effect of the unfunded pension liability from prior years. The GASB Statement No. 75 adjustment reflects the cumulative effect of the other post-employment benefits (OPEB) from prior years.

Governmental activities.

The following lists key components of these activities:

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

| | Governmental | | Business-type | | Total | |
|---------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,533,843 | \$ 1,111,736 | \$ 6,247,318 | \$ 4,505,797 | \$ 7,781,161 | \$ 5,617,533 |
| Operating grants and contributions | 175,792 | 209,540 | - | - | 175,792 | 209,540 |
| Capital grants and contributions | 728,533 | 4,399,494 | - | - | 728,533 | 4,399,494 |
| General revenues: | | | | | | |
| Taxes | 12,530,276 | 11,095,343 | | | 12,530,276 | 11,095,343 |
| Licenses and permits | 431,819 | 491,527 | | | 431,819 | 491,527 |
| Intergovernmental charges | 1,626,452 | 1,516,409 | | | 1,626,452 | 1,516,409 |
| Fines | 54,615 | 60,896 | | | 54,615 | 60,896 |
| Franchise fees | 880,778 | 810,447 | | | 880,778 | 810,447 |
| Revenue for the use of property | 277,435 | 160,350 | 72,236 | 45,352 | 349,671 | 205,702 |
| Miscellaneous | 961,695 | 1,299,934 | 107,173 | 109,999 | 1,068,868 | 1,409,933 |
| Loss on disposition of capital assets | (206,496) | | | | (206,496) | |
| Transfers | 1,043,000 | 935,834 | (1,043,000) | (935,834) | - | - |
| Total revenues | 20,037,742 | 22,091,510 | 5,383,727 | 3,725,314 | 25,421,469 | 25,816,824 |
| Expenses: | | | | | | |
| General government | 2,773,798 | 2,002,486 | | | 2,773,798 | 2,002,486 |
| Public safety | 10,189,560 | 8,942,001 | | | 10,189,560 | 8,942,001 |
| Public Works | 4,493,617 | 4,791,089 | | | 4,493,617 | 4,791,089 |
| Community development | 668,749 | 616,537 | | | 668,749 | 616,537 |
| Cultural and recreation | 672,730 | 602,789 | | | 672,730 | 602,789 |
| Debt Service | 448,789 | 188,628 | | | 448,789 | 188,628 |
| Ambulance | | | 1,230,972 | 1,162,325 | 1,230,972 | 1,162,325 |
| Pioneer Village | | | 74,776 | 62,734 | 74,776 | 62,734 |
| Garbage services | | | 1,361,841 | 1,353,548 | 1,361,841 | 1,353,548 |
| Cultural Arts | | | 188,844 | 195,505 | 188,844 | 195,505 |
| Total expense | 19,247,243 | 17,143,530 | 2,856,433 | 2,774,112 | 22,103,676 | 19,917,642 |
| Increase in net position | 790,499 | 4,947,980 | 2,527,294 | 951,202 | 3,317,793 | 5,899,182 |
| Prior period adjustments | - | - | - | - | - | - |
| Net position - beginning | 51,211,157 | 46,263,177 | 2,241,431 | 1,290,229 | 53,452,588 | 47,553,406 |
| Effects of accounting change | (4,599,853) | - | (37,150) | - | (4,637,003) | - |
| Net position - ending | \$ 47,401,803 | \$ 51,211,157 | \$ 4,731,575 | \$ 2,241,431 | \$ 52,133,378 | \$ 53,452,588 |

The Governmental revenues for the year were \$20.0 million. Taxes, which include property, sales and other taxes account for \$12.5 million or 63% of the City’s governmental activities revenue. Total governmental expenses for the year were \$19.2 million. Public Safety, which includes police and fire, accounts for \$10.1 million or 53% 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 \$21.2 million, which is an increase of \$4.5 million, when compared to the prior year.

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

General Fund Budgetary Highlights expropriations

Throughout the fiscal year it was not considered necessary to adjust the original 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 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 7,990,302 | \$ 7,990,302 | \$ - | \$ - | \$ 7,990,302 | \$ 7,990,302 |
| Construction in progress | 2,853,867 | 1,028,092 | - | - | 2,853,867 | 1,028,092 |
| Building and improvements | 3,675,590 | 3,806,139 | 15,590 | 2,805 | 3,691,180 | 3,808,944 |
| Machinery and equipment | 3,945,197 | 3,785,499 | 177,374 | 187,005 | 4,122,571 | 3,972,504 |
| Road network | 32,101,577 | 33,020,627 | - | - | 32,101,577 | 33,020,627 |
| Total | \$ 50,566,533 | \$ 49,630,659 | \$ 192,964 | \$ 189,810 | \$ 50,759,497 | \$ 49,820,469 |

Long-term Debt. The City’s long-term debt as of June 30, 2018 was \$9.5 million with governmental activities accounting for all of debt.

Outstanding Debt

| | Governmental | | Business-type | | Total | |
|--|---------------------|---------------------|---------------|-------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Special assessment debt with governmental commitment | \$ 425,000 | \$ 640,000 | \$ - | \$ - | \$ 425,000 | \$ 640,000 |
| Tax allocation bonds | - | - | - | - | - | - |
| Capital leases | 1,141,371 | 710,465 | - | - | 1,141,371 | 710,465 |
| Lease revenue bonds | - | - | - | - | - | - |
| Certificates of participation | - | - | - | - | - | - |
| Revenue bonds | 3,797,483 | 4,011,762 | - | - | 3,797,483 | 4,011,762 |
| General obligation bond | 4,000,000 | - | - | - | 4,000,000 | - |
| Contracts payable | 150,000 | 150,000 | - | - | 150,000 | 150,000 |
| Total | \$ 9,513,854 | \$ 5,512,227 | \$ - | \$ - | \$ 9,513,854 | \$ 5,512,227 |

Economic Factors

The City of Selma has witnessed growth in retail and residential development in the fiscal year 2017-18 that has continued into the current year. This growth, coupled with a growing economy, has increased the city’s tax revenues by 13 percent. While some analysts and the Federal Reserve say a slowdown in the economy is looming, the City of Selma will be better positioned to withstand a downturn in the economy if it continues to pursue a prudent fiscal position. Additional development is anticipated in the upcoming years and increases in revenue are projected to continue in the year ahead.

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 Assistant City Manager, City of Selma 1710 Tucker Street, Selma, CA 93662.

CITY OF SELMA
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Cash and investments | \$ 24,183,794 | \$3,271,610 | \$27,455,404 |
| Receivables: | | | |
| Accounts, net | 424,804 | 1,538,690 | 1,963,494 |
| Notes | 658,317 | | 658,317 |
| Intergovernmental | 1,230,851 | | 1,230,851 |
| Internal balances | 6,476 | (6,476) | |
| Cash with fiscal agent - restricted | 156,214 | | 156,214 |
| Capital assets (net of accumulated depreciation): | | | |
| Non-depreciable | 10,844,169 | | 10,844,169 |
| Depreciable | <u>39,722,364</u> | <u>192,964</u> | <u>39,915,328</u> |
| Total assets | <u>77,226,989</u> | <u>4,996,788</u> | <u>82,223,777</u> |
| Deferred outflows of resources: | | | |
| Deferred outflows related to pensions | 3,852,035 | 27,451 | 3,879,486 |
| Deferred outflows related to OPEB | 102,892 | 734 | 103,626 |
| Deferred loss on bond refunding | <u>125,766</u> | | <u>125,766</u> |
| Total deferred outflows of resources | <u>4,080,693</u> | <u>28,185</u> | <u>4,108,878</u> |
| Liabilities | | | |
| Accounts payable | 1,295,610 | 142,231 | 1,437,841 |
| Accrued wages/benefits | 355,406 | 2,396 | 357,802 |
| Deposits and other liabilities | 1,188,054 | | 1,188,054 |
| Accrued interest payable | 60,097 | | 60,097 |
| Noncurrent liabilities: | | | |
| Due within one year | 658,311 | | 658,311 |
| Due in more than one year | 9,638,295 | 1,179 | 9,639,474 |
| Net OPEB liability | 5,206,988 | 37,109 | 5,244,097 |
| Net pension liability | <u>14,933,035</u> | <u>106,420</u> | <u>15,039,455</u> |
| Total liabilities | <u>33,335,796</u> | <u>289,335</u> | <u>33,625,131</u> |
| Deferred inflows of resources: | | | |
| Deferred inflows related to pensions | 92,845 | 662 | 93,507 |
| Deferred inflows related to OPEB | <u>477,238</u> | <u>3,401</u> | <u>480,639</u> |
| Total deferred inflows of resources | <u>570,083</u> | <u>4,063</u> | <u>574,146</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 41,350,229 | 192,964 | 41,543,193 |
| Restricted for: | | | |
| Capital projects | 9,265,987 | | 9,265,987 |
| Community development | 1,029,213 | | 1,029,213 |
| Debt service | 708,726 | | 708,726 |
| Public safety | 828,115 | | 828,115 |
| Streets and roads | 5,824,329 | | 5,824,329 |
| Unrestricted | <u>(11,604,796)</u> | <u>4,538,611</u> | <u>(7,066,185)</u> |
| Total net position | <u>\$ 47,401,803</u> | <u>\$4,731,575</u> | <u>\$52,133,378</u> |

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

CITY OF SELMA
Statement of Activities
For the Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---------------------------------------|---------------------|----------------------------|--|--|--|-----------------------------|-----------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,773,798 | \$ 83,973 | \$ 6,523 | \$ | \$ (2,683,302) | \$ | \$ (2,683,302) |
| Public safety | 10,189,560 | 240,668 | 18,798 | 18,223 | (9,911,871) | | (9,911,871) |
| Public works | 4,493,617 | 667,290 | 139,416 | 659,810 | (3,027,101) | | (3,027,101) |
| Community development | 668,749 | 456,878 | | 50,500 | (161,371) | | (161,371) |
| Parks and recreation | 672,730 | 85,034 | 11,055 | | (576,641) | | (576,641) |
| Interest and other charges | 448,789 | | | | (448,789) | | (448,789) |
| Total governmental activities | <u>19,247,243</u> | <u>1,533,843</u> | <u>175,792</u> | <u>728,533</u> | <u>(16,809,075)</u> | | <u>(16,809,075)</u> |
| Business-type activities: | | | | | | | |
| Ambulance | 1,230,972 | 4,869,878 | | | | 3,638,906 | 3,638,906 |
| Garbage | 1,361,841 | 1,357,082 | | | | (4,759) | (4,759) |
| Pioneer Village | 74,776 | 336 | | | | (74,440) | (74,440) |
| Cultural arts | 188,844 | 20,022 | | | | (168,822) | (168,822) |
| Total business-type activities | <u>2,856,433</u> | <u>6,247,318</u> | | | | <u>3,390,885</u> | <u>3,390,885</u> |
| Total primary government | <u>\$22,103,676</u> | <u>\$7,781,161</u> | <u>\$175,792</u> | <u>\$728,533</u> | <u>\$(16,809,075)</u> | <u>\$ 3,390,885</u> | <u>\$(13,418,190)</u> |
| General revenues: | | | | | | | |
| Taxes | | | | | 12,530,276 | | 12,530,276 |
| Licenses and Permits | | | | | 431,819 | | 431,819 |
| Intergovernmental | | | | | 1,626,452 | | 1,626,452 |
| Fines | | | | | 54,615 | | 54,615 |
| Franchise fees | | | | | 880,778 | | 880,778 |
| Use of money and property | | | | | 277,435 | 72,236 | 349,671 |
| Miscellaneous | | | | | 961,695 | 107,173 | 1,068,868 |
| Loss on disposition of capital assets | | | | | (206,496) | | (206,496) |
| Transfers | | | | | <u>1,043,000</u> | <u>(1,043,000)</u> | |
| Total general revenues and transfers | | | | | <u>17,599,574</u> | <u>(863,591)</u> | <u>16,735,983</u> |
| Change in net position | | | | | 790,499 | 2,527,294 | 3,317,793 |
| Net position – beginning of year | | | | | 51,211,157 | 2,241,431 | 53,452,588 |
| Restatement for accounting change | | | | | <u>(4,599,853)</u> | <u>(37,150)</u> | <u>(4,637,003)</u> |
| Net position, end of year | | | | | <u>\$ 47,401,803</u> | <u>\$ 4,731,575</u> | <u>\$ 52,133,378</u> |

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

**CITY OF SELMA
Balance Sheet
Governmental Funds
June 30, 2018**

| | General Fund | Street LTF | Street Measure "C" | Police Station Construction | 2017 Bond PD Station | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------|--------------------|-----------------------|-----------------------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Cash and investments | \$3,612,307 | \$2,684,852 | \$1,445,150 | \$3,548,168 | \$3,881,705 | \$7,428,640 | \$22,600,822 |
| Cash with fiscal agent | | | | | | 156,214 | 156,214 |
| Accounts receivable | 142,978 | | | | | 242,934 | 385,912 |
| Interfund receivables | 230,662 | | | | | 116,499 | 347,161 |
| Due from other agencies | 426,958 | | 45,725 | | | 336,509 | 809,192 |
| Total assets | <u>\$4,412,905</u> | <u>\$2,684,852</u> | <u>\$1,490,875</u> | <u>\$3,548,168</u> | <u>\$3,881,705</u> | <u>\$8,280,796</u> | <u>\$24,299,301</u> |
| Liabilities | | | | | | | |
| Accounts payable | \$ 185,622 | \$ 56,485 | \$ 593,188 | \$ 66,732 | \$ 3,760 | \$ 337,246 | \$ 1,243,033 |
| Accrued wages/benefits | 280,373 | | | | | 67,495 | 347,868 |
| Interfund payables | | | | | | 340,685 | 340,685 |
| Other liabilities | 1,183,054 | | | | | 5,000 | 1,188,054 |
| Total liabilities | <u>1,649,049</u> | <u>56,485</u> | <u>593,188</u> | <u>66,732</u> | <u>3,760</u> | <u>750,426</u> | <u>3,119,640</u> |
| Fund balance | | | | | | | |
| Nonspendable | | | | | | | |
| Restricted for: | | | | | | | |
| Streets and roads | | 2,628,367 | 897,687 | | | 2,298,275 | 5,824,329 |
| Public safety | | | | | | 800,415 | 800,415 |
| Community development | | | | | | 309,196 | 309,196 |
| Debt service | | | | | | 708,726 | 708,726 |
| Capital projects | | | | 3,481,436 | 3,877,945 | 1,895,632 | 9,255,013 |
| Committed for: | | | | | | | |
| Streets and roads | | | | | | 21,594 | 21,594 |
| Community development | | | | | | 30,855 | 30,855 |
| Recreation | | | | | | 8,956 | 8,956 |
| Capital projects | | | | | | 355,971 | 355,971 |
| Assigned for: | | | | | | | |
| Equipment replacement | | | | | | 1,151,725 | 1,151,725 |
| Unassigned | 2,763,856 | | | | | (50,975) | 2,712,881 |
| Total fund balance | <u>2,763,856</u> | <u>2,628,367</u> | <u>897,687</u> | <u>3,481,436</u> | <u>3,877,945</u> | <u>7,530,370</u> | <u>21,179,661</u> |
| Total liabilities and fund balance | <u>\$4,412,905</u> | <u>\$2,684,852</u> | <u>\$1,490,875</u> | <u>\$3,548,168</u> | <u>\$3,881,705</u> | <u>\$8,280,796</u> | <u>\$24,299,301</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, 2018

| | | |
|--|---------------------|----------------------|
| Total fund balance – governmental funds balance sheet | | \$ 21,179,661 |
| 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. | | 421,659 |
| Capital assets used in governmental activities are not reported in the funds. | | 50,566,533 |
| 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 | \$ (9,641,304) | |
| Compensated absences | (655,302) | |
| Net OPEB liabilities | (5,206,988) | |
| Net pension liability | <u>(14,933,035)</u> | (30,436,629) |
| Interest accrued on long-term debt obligations is reported as a liability in the statement of net position but does not get reported in the fund statements. | | (60,097) |
| Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. | | 1,561,749 |
| Assessments receivable unavailable to pay for current period expenditures are deferred in the funds. | | 658,317 |
| Deferred outflows of resources related to pensions. | | 3,954,927 |
| Deferred inflows of resources related to pensions. | | (570,083) |
| Deferred loss on refunding | | <u>125,766</u> |
| Net position of governmental activities – Statement of Net Position | | <u>\$ 47,401,803</u> |

CITY OF SELMA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

| | General Fund | Street LTF | Street Measure "C" | Police Station Construction | 2017 Bond PD Station | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|--------------------------|-----------------------------------|----------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | | |
| Taxes | \$ 9,567,973 | \$ | \$ | \$ | \$ | \$ 2,579,275 | \$12,147,248 |
| Licenses and permits | 431,819 | | | | | 431,819 | 431,819 |
| Intergovernmental | 131,797 | 699,523 | 651,385 | | | 987,355 | 2,470,060 |
| Charges for services | 654,224 | | | | | 879,619 | 1,533,843 |
| Fines | 23,571 | | | | | 31,044 | 54,615 |
| Franchise fees | 862,634 | | | | | | 862,634 |
| Revenue for use of money and property | 66,230 | 21,308 | 12,166 | 26,854 | 36,569 | 61,459 | 224,586 |
| Assessment payments | | | | | | 414,584 | 414,584 |
| Miscellaneous | 48,005 | | | | | 908,088 | 956,093 |
| Total revenues | <u>11,786,253</u> | <u>720,831</u> | <u>663,551</u> | <u>26,854</u> | <u>36,569</u> | <u>5,861,424</u> | <u>19,095,482</u> |
| Expenditures | | | | | | | |
| General government | 2,535,155 | | | | | 96,749 | 2,631,904 |
| Public safety | 8,777,910 | | | | | 674,421 | 9,452,331 |
| Public works | 948,724 | 3,207 | 47,149 | | | 1,358,098 | 2,357,178 |
| Community development | 463,541 | | | | | 164,616 | 628,157 |
| Recreation | 475,882 | | | | | 34,594 | 510,476 |
| Capital outlay | 486,708 | 70,847 | 1,278,149 | 518,829 | | 1,335,608 | 3,690,141 |
| Debt service: | | | | | | | |
| Principal | 282,620 | | | | | 284,376 | 566,996 |
| Interest and fiscal charges | 144,304 | | | | | 102,919 | 247,223 |
| Total expenditures | <u>14,114,844</u> | <u>74,054</u> | <u>1,325,298</u> | <u>518,829</u> | <u> </u> | <u>4,051,381</u> | <u>20,084,406</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,328,591) | 646,777 | (661,747) | (491,975) | 36,569 | 1,810,043 | (988,924) |
| Other financing sources (uses) | | | | | | | |
| Proceeds from general obligation bonds | | | | | 4,000,000 | | 4,000,000 |
| Proceeds from bond premium | | | | | | 131,845 | 131,845 |
| Proceeds from capital leases | 482,220 | | | | | | 482,220 |
| Bond issuance costs | | | | | (143,760) | | (143,760) |
| Sales of capital assets | | | | | | 14,980 | 14,980 |
| Operating transfers in | 2,451,041 | | | | | 1,128,406 | 3,579,447 |
| Operating transfers out | (304,777) | (130,590) | (189,847) | | | (1,911,233) | (2,536,447) |
| Total other financing sources (uses) | <u>2,628,484</u> | <u>(130,590)</u> | <u>(189,847)</u> | <u> </u> | <u>3,856,240</u> | <u>(636,002)</u> | <u>5,528,285</u> |
| Net change in fund balance | 299,893 | 516,187 | (851,594) | (491,975) | 3,892,809 | 1,174,041 | 4,539,361 |
| Fund balance, beginning of year | <u>2,463,963</u> | <u>2,112,180</u> | <u>1,749,281</u> | <u>3,973,411</u> | <u>(14,864)</u> | <u>6,356,329</u> | <u>16,640,300</u> |
| Fund balance, end of year | <u>\$ 2,763,856</u> | <u>\$2,628,367</u> | <u>\$ 897,687</u> | <u>\$3,481,436</u> | <u>\$3,877,945</u> | <u>\$ 7,530,370</u> | <u>\$21,179,661</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, 2018

| | |
|--|-------------------|
| Net change in fund balance – total governmental funds | \$ 4,539,361 |
| 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. | 3,566,922 |
| Proceeds from long-term debt (including bond premiums) are reported as other financing sources in the fund statements but are not reported on the statement of activities in the government-wide statements. | (4,609,670) |
| 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. | (2,625,198) |
| 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. | (124,626) |
| Repayment of debt principal is an expenditure in the funds but is not an expense in the statement of activities. | 564,892 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 230,382 |
| The net revenue (expense) of internal service funds is reported with governmental activities. | 506,249 |
| 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: | 88,484 |
| Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. | (60,097) |
| 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. | (353,668) |
| Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the statement of net position. | <u>(932,532)</u> |
| Change in net position of governmental activities – Statement of Activities | <u>\$ 790,499</u> |

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

CITY OF SELMA
Statement of Net Position
Proprietary Funds
June 30, 2018

| | Business-Type Activities – Enterprise Funds | | | | Internal Service Funds |
|---|---|-------------------|---------------------------------|--------------------|------------------------------|
| | Ambulance | Garbage | Nonmajor Enterprise Funds | Total | |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$3,056,886 | \$118,377 | \$ 96,347 | \$3,271,610 | \$1,582,972 |
| Accounts receivable, net | <u>1,532,860</u> | <u> </u> | <u>5,830</u> | <u>1,538,690</u> | <u>38,892</u> |
| Total current assets | <u>4,589,746</u> | <u>118,377</u> | <u>102,177</u> | <u>4,810,300</u> | <u>1,621,864</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Machinery and equipment | 192,623 | <u> </u> | 282,397 | 475,020 | 48,452 |
| Less: Accumulated depreciation | <u>(15,249)</u> | <u> </u> | <u>(266,807)</u> | <u>(282,056)</u> | <u>(8,711)</u> |
| Total noncurrent assets | <u>177,374</u> | <u> </u> | <u>15,590</u> | <u>192,964</u> | <u>39,741</u> |
| Total assets | <u>4,767,120</u> | <u>118,377</u> | <u>117,767</u> | <u>5,003,264</u> | <u>1,661,605</u> |
| Deferred outflows of resources: | | | | | |
| Deferred outflows related to pensions | 19,432 | <u> </u> | 8,019 | 27,451 | 154,264 |
| Deferred outflows related to OPEB | <u>519</u> | <u> </u> | <u>215</u> | <u>734</u> | <u>4,120</u> |
| Total deferred outflow of resources | <u>19,951</u> | <u> </u> | <u>8,234</u> | <u>28,185</u> | <u>158,384</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 22,647 | 112,364 | 7,220 | 142,231 | 52,577 |
| Accrued wages/benefits | 1,943 | <u> </u> | 1,632 | 3,575 | 7,538 |
| Interfund payables | <u> </u> | <u> </u> | 6,476 | 6,476 | <u> </u> |
| Current portion of capital leases | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>19,963</u> |
| Total current liabilities | <u>24,590</u> | <u>112,364</u> | <u>15,328</u> | <u>152,282</u> | <u>80,078</u> |
| Noncurrent liabilities: | | | | | |
| Capital leases | <u> </u> | <u> </u> | <u> </u> | <u> </u> | 73,652 |
| Net pension liability | 75,333 | <u> </u> | 31,087 | 106,420 | 598,028 |
| Net other post-employment benefits liability | <u>26,268</u> | <u> </u> | <u>10,841</u> | <u>37,109</u> | <u>208,528</u> |
| Total noncurrent liabilities | <u>101,601</u> | <u> </u> | <u>41,928</u> | <u>143,529</u> | <u>880,208</u> |
| Total liabilities | <u>126,191</u> | <u>112,364</u> | <u>57,256</u> | <u>295,811</u> | <u>960,286</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows related to pensions | 468 | <u> </u> | 194 | 662 | 3,718 |
| Deferred inflows related to OPEB | <u>2,408</u> | <u> </u> | <u>993</u> | <u>3,401</u> | <u>19,112</u> |
| Total Deferred inflow of resources | <u>2,876</u> | <u> </u> | <u>1,187</u> | <u>4,063</u> | <u>22,830</u> |
| Net Position | | | | | |
| Invested in capital assets, net of related debt | 177,374 | <u> </u> | 15,590 | 192,964 | 39,741 |
| Unrestricted | <u>4,480,630</u> | <u>6,013</u> | <u>51,968</u> | <u>4,538,611</u> | <u>797,132</u> |
| Total net position | <u>\$4,658,004</u> | <u>\$ 6,013</u> | <u>\$ 67,558</u> | <u>\$4,731,575</u> | <u>\$ 836,873</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, 2018

| | Business-Type Activities – Enterprise Funds | | | | Internal Service Funds |
|---|---|------------------|---------------------------------|---------------------|------------------------------|
| | Ambulance | Garbage | Nonmajor Enterprise Funds | Total | |
| Operating Revenues | | | | | |
| Taxes | \$ | \$1,357,082 | \$ | \$ 1,357,082 | \$ |
| Charges for services | 4,869,878 | | 20,358 | 4,890,236 | 2,643,142 |
| Rents | | | 48,825 | 48,825 | |
| Miscellaneous | <u>24</u> | | <u>107,149</u> | <u>107,173</u> | <u>99,236</u> |
| Total operating revenues | <u>4,869,902</u> | <u>1,357,082</u> | <u>176,332</u> | <u>6,403,316</u> | <u>2,742,378</u> |
| Operating Expenses | | | | | |
| Personnel services | 38,971 | | 42,333 | 81,304 | 294,028 |
| Services and supplies | 1,182,370 | 1,361,841 | 183,209 | 2,727,420 | 970,339 |
| Other internal services | | | 36,863 | 36,863 | 969,807 |
| Depreciation | <u>9,631</u> | | <u>1,215</u> | <u>10,846</u> | <u>5,850</u> |
| Total operating expenses | <u>1,230,972</u> | <u>1,361,841</u> | <u>263,620</u> | <u>2,856,433</u> | <u>2,240,024</u> |
| Operating income (loss) | <u>3,638,930</u> | <u>(4,759)</u> | <u>(87,288)</u> | <u>3,546,883</u> | <u>502,354</u> |
| Nonoperating revenues (expenses) | | | | | |
| Interest income | 23,245 | 166 | | 23,411 | 5,579 |
| Interest expense | | | | | <u>(1,684)</u> |
| Total nonoperating revenues (expenses) | <u>23,245</u> | <u>166</u> | | <u>23,411</u> | <u>3,895</u> |
| Income (loss) before transfers | <u>3,662,175</u> | <u>(4,593)</u> | <u>(87,288)</u> | <u>3,570,294</u> | <u>506,249</u> |
| Transfers | | | | | |
| Transfers in | | | 57,000 | 57,000 | |
| Transfers out | <u>(1,100,000)</u> | | | <u>(1,100,000)</u> | |
| Net transfers | <u>(1,100,000)</u> | | <u>57,000</u> | <u>(1,043,000)</u> | |
| Change in net position | 2,562,175 | (4,593) | (30,288) | 2,527,294 | 506,249 |
| Net position, beginning of year | 2,122,127 | 10,606 | 108,698 | 2,241,431 | 539,387 |
| Restatement for accounting change | <u>(26,298)</u> | | <u>(10,852)</u> | <u>(37,150)</u> | <u>(208,763)</u> |
| Net position, end of year | <u>\$ 4,658,004</u> | <u>\$ 6,013</u> | <u>\$ 67,558</u> | <u>\$ 4,731,575</u> | <u>\$ 836,873</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, 2018

| | Business-Type Activities – Enterprise Funds | | | | Governmental Activities |
|--|---|-------------------|---------------------------------|---------------------|------------------------------|
| | Ambulance | Garbage | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Cash flows from operating activities | | | | | |
| Cash received for current services | \$ 4,720,894 | \$ | \$ 20,358 | \$ 4,741,252 | \$ 2,676,223 |
| Cash received for rents | | | 48,825 | 48,825 | |
| Cash received for other operating revenues | | 1,357,082 | 106,141 | 1,463,223 | 99,236 |
| Cash paid for services and supplies | (1,192,519) | (1,360,825) | (220,168) | (2,773,512) | (1,919,180) |
| Cash paid for salaries and benefits | (23,242) | | (37,230) | (60,472) | (278,142) |
| Net cash provided (used) by operating activities | <u>3,505,133</u> | <u>(3,743)</u> | <u>(82,074)</u> | <u>3,419,316</u> | <u>578,137</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers (to) from other funds | (1,100,000) | | 57,000 | (1,043,000) | |
| Loans from (to) other funds | | | (2,586) | (2,586) | |
| Net cash provided (used) by noncapital financing activities | <u>(1,100,000)</u> | | <u>54,414</u> | <u>(1,045,586)</u> | |
| Cash flows from capital and related financing activities | | | | | |
| Proceeds from capital leases | | | | | 103,223 |
| Principal paid on long-term debt | | | | | (9,608) |
| Interest paid | | | | | (1,684) |
| Capital expenditures | | | (14,000) | (14,000) | |
| Net cash used by capital and related financing activities | | | <u>(14,000)</u> | <u>(14,000)</u> | <u>91,931</u> |
| Cash flows from investing activities | | | | | |
| Interest received | 23,245 | 166 | | 23,411 | 5,579 |
| Net cash provided by investing activities | <u>23,245</u> | <u>166</u> | | <u>23,411</u> | <u>5,579</u> |
| Net increase (decrease) in cash and cash equivalents | 2,428,378 | (3,577) | (41,660) | 2,383,141 | 675,647 |
| Cash and cash equivalents, beginning of year | <u>628,508</u> | <u>121,954</u> | <u>138,007</u> | <u>888,469</u> | <u>907,325</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,056,886</u> | <u>\$ 118,377</u> | <u>\$ 96,347</u> | <u>\$ 3,271,610</u> | <u>\$ 1,582,972</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 3,638,930 | \$ (4,759) | \$ (87,288) | \$ 3,546,883 | \$ 502,354 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 9,631 | | 1,215 | 10,846 | 5,850 |
| Accounts receivable | (149,008) | | (1,008) | (150,016) | 33,081 |
| Prepaid expenses | | | | | 1,557 |
| Deferred outflow of resources | (5,735) | | (1,801) | (7,536) | (10,811) |
| Accounts payable | (10,149) | 1,016 | 684 | (8,449) | 19,409 |
| Accrued wages/benefits | 657 | | 600 | 1,257 | 1,625 |
| Other liabilities | | | (780) | (780) | |
| Net pension related liabilities | 19,914 | | 6,012 | 25,926 | 22,749 |
| Net OPEB | (30) | | (11) | (41) | (235) |
| Deferred inflow of resources | 923 | | 303 | 1,226 | 2,558 |
| Total adjustments | <u>(133,797)</u> | <u>1,016</u> | <u>5,214</u> | <u>(127,567)</u> | <u>75,783</u> |
| Net cash provided (used) by operating activities | <u>\$ 3,505,133</u> | <u>\$ (3,743)</u> | <u>\$ (82,074)</u> | <u>\$ 3,419,316</u> | <u>\$ 578,137</u> |

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

CITY OF SELMA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Redevelopment Successor Agency Private-Purpose Trust Funds | Agency Funds |
|---|---|------------------|
| Assets | | |
| Cash and investments | \$ 196,859 | \$217,359 |
| Restricted cash with fiscal agent | 360,706 | |
| Accounts receivable | | 2,718 |
| Due from other agencies | 463,602 | |
| Notes receivable | 258,961 | |
| Capital assets (net of accumulated depreciation) | <u>321,875</u> | |
| Total Assets | <u>\$ 1,602,003</u> | <u>\$220,077</u> |
| Liabilities | | |
| Accounts payable | \$ 11,219 | \$160,065 |
| Deposits | | 4,395 |
| Other liabilities | 60,281 | 55,617 |
| Long-term debt | <u>5,505,000</u> | |
| Total Liabilities | <u>5,576,500</u> | <u>220,077</u> |
| Net Position (Deficit) | | |
| Held in trust for retirement of obligations of the former Selma Redevelopment Agency | <u>(3,974,497)</u> | |
| Total Net Position (Deficit) | <u>\$(3,974,497)</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, 2018

| | Redevelopment Successor Agency Private-Purpose Trust Funds |
|---------------------------------|---|
| Additions: | |
| Property taxes | \$ 656,310 |
| Investment earnings | 14,833 |
| Miscellaneous | <u>1,200</u> |
| Total Additions | <u>672,343</u> |
| Deductions | |
| Community development | 80,690 |
| Interest and fiscal charges | <u>308,015</u> |
| Total Deductions | <u>388,705</u> |
| Change in net position | <u>283,638</u> |
| Net position, beginning of year | <u>(4,258,135)</u> |
| Net position, end of year | <u>\$(3,974,497)</u> |

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018

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 of Selma is a general law city incorporated on March 15, 1893 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.

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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.

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.

2017 Bond PD Station: This fund accounts for the proceeds from the Series 2017 General Obligation Bonds, which are to be used to finance the construction of the new police station.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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.

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,

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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.

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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:

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

Payable Balances

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

Interfund Activity

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

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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

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

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

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

Net Position

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

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

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

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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

Deferred Outflows/Inflows of Resources

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

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 two types of deferred inflows which arises only under a full accrual basis of accounting, deferred inflows related to pensions and deferred inflows related to OPEB.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|--------------------|--------------------------------|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2017 |
| Measurement Period | June 30, 2016 to June 30, 2017 |

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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:

| Violation | Action Taken |
|---------------|----------------|
| 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:

| Fund Name | Deficit Amount | Remarks |
|------------------------------------|---------------------|-------------------------------|
| Cultural Arts Enterprise Fund | \$ <u>(24,410)</u> | Retain future excess revenues |
| Capital Project Funds: | | |
| Development Impact Police Facility | \$ (10,974) | Retain future excess revenues |
| Selma Crossing Project | (3,704) | Retain future excess revenues |
| Capital Projects - Parks | <u>(7,008)</u> | Retain future excess revenues |
| Total Capital Project Funds | <u>\$ (21,686)</u> | |
| Special Revenue Funds: | | |
| ATP 17-089 | \$ (61,700) | Retain future excess revenues |
| Housing Related Parks Program | <u>(88,130)</u> | Retain future excess revenues |
| Total Special Revenue Funds | <u>\$ (149,830)</u> | |

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

| | |
|---|---------------------|
| Statement of net position: | |
| Cash and investments | \$27,455,404 |
| Restricted cash and investments with fiscal agent | 156,214 |
| Fiduciary funds: | |
| Cash and investments | 414,218 |
| Restricted cash and investments with fiscal agent | <u>360,706</u> |
| Total cash and investments | <u>\$28,386,542</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Cash and investments as of June 30, 2018 consists of the following:

| | | |
|--------------------------------------|----|---------------------|
| Cash on hand | \$ | 1,475 |
| Deposits with financial institutions | | 5,552,949 |
| Investments | | <u>22,832,118</u> |
| Total cash and investments | | <u>\$28,386,542</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, 2018
(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 | \$22,315,198 | \$22,315,198 |
| Held by Bond Trustee: | | |
| Money Market Funds | <u>516,920</u> | <u>516,920</u> |
| | <u>\$22,832,118</u> | <u>\$22,832,118</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

| <u>Investment Type</u> | <u>Amount</u> | <u>Ratings as of Fiscal Year End</u> | | |
|---|---------------------|--------------------------------------|-----------------------------|------------------|
| | | <u>Minimum Legal Rating</u> | <u>Not Rated</u> | <u>AAAm</u> |
| State Investment Pool | \$22,315,198 | N/A | \$22,315,198 | \$ |
| Held by Bond Trustee: Money Market Funds | <u>516,920</u> | N/A | <u> </u> | <u>516,920</u> |
| | <u>\$22,832,118</u> | | <u>\$22,315,198</u> | <u>\$516,920</u> |

Concentration of Credit Risk

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

Custodial Credit Risk

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

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

As of June 30, 2018, 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, 2018, no investments were held by the same broker-dealer (counterparty) that was used by the City of Selma to purchase the securities.

Investment in State Investment Pool

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

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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.

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 | \$22,315,198 |
| Held with Fiscal Agent: | |
| Money Market Mutual Funds | <u>516,920</u> |
| Total Investment Portfolio | <u>\$22,832,118</u> |

NOTE 4 – RECEIVABLES

The following is a list of receivables at June 30, 2018.

| | Receivable | Allowance | Net |
|--------------------------|--------------------|-------------------|--------------------|
| Governmental Funds - | | | |
| Accounts | \$ 385,912 | \$ | \$ 385,912 |
| Due from other agencies | <u>809,192</u> | <u> </u> | <u>809,192</u> |
| | <u>\$1,195,104</u> | <u>\$</u> | <u>\$1,195,104</u> |
| Internal Service Funds - | | | |
| Accounts | <u>\$ 38,892</u> | <u>\$</u> | <u>\$ 38,892</u> |
| Enterprise Funds - | | | |
| Accounts | <u>\$2,078,205</u> | <u>\$539,515</u> | <u>\$1,538,690</u> |
| Fiduciary Funds - | | | |
| Accounts | \$ 2,718 | \$ | \$ 2,718 |
| Due from other agencies | 463,602 | | 463,602 |
| Notes receivable | <u>258,961</u> | <u> </u> | <u>258,961</u> |
| | <u>\$ 725,281</u> | <u>\$</u> | <u>\$ 725,281</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The City established the following assessment districts in order to fund improvements within the City of Selma. The property owners within the districts are responsible for the following at June 30, 2018.

| | |
|--|------------------|
| Assessment District No. 1991-2 Improvement Bonds - Highland | \$274,594 |
| Assessment District No. 1992-1 Improvement Bonds - Dancer II | 88,802 |
| Assessment District No. 1992-1 Supplemental Improvement Bonds – Dancer III | 80,293 |
| Assessment District No. 1993-1 Improvement Bonds - Vineyard | 174,224 |
| Assessment District No. 1991-2 Supplemental Improvement Bonds - Watermain | <u>40,404</u> |
| | <u>\$658,317</u> |

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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 | <u>1,028,092</u> | <u>2,842,631</u> | <u>(1,016,856)</u> | <u>2,853,867</u> |
| Total capital assets not being depreciated | <u>9,018,394</u> | <u>2,842,631</u> | <u>(1,016,856)</u> | <u>10,844,169</u> |
| Capital assets being depreciated: | | | | |
| Roads and other infrastructure | 96,307,487 | 1,072,244 | | 97,379,731 |
| Buildings and improvements | 7,120,881 | 38,400 | | 7,159,281 |
| Machinery and equipment | <u>9,137,864</u> | <u>923,918</u> | <u>(1,540,668)</u> | <u>8,521,114</u> |
| Total capital assets being depreciated | <u>112,566,232</u> | <u>2,034,562</u> | <u>(1,540,668)</u> | <u>113,060,126</u> |
| Less accumulated depreciation for: | | | | |
| Roads and other infrastructure | (63,286,860) | (1,991,294) | | (65,278,154) |
| Buildings and improvements | (3,314,742) | (168,949) | | (3,483,691) |
| Machinery and equipment | <u>(5,352,365)</u> | <u>(464,954)</u> | <u>1,241,402</u> | <u>(4,575,917)</u> |
| Total accumulated depreciation | <u>(71,953,967)</u> | <u>(2,625,197)</u> | <u>1,241,402</u> | <u>(73,337,762)</u> |
| Total capital assets being depreciated, net | <u>40,612,265</u> | <u>(590,635)</u> | <u>(299,266)</u> | <u>39,722,364</u> |
| Governmental activities capital assets, net | <u>\$ 49,630,659</u> | <u>\$ 2,251,996</u> | <u>\$(1,316,122)</u> | <u>\$ 50,566,533</u> |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 264,882 | \$ 14,000 | \$ | \$ 278,882 |
| Equipment | <u>196,138</u> | <u> </u> | <u> </u> | <u>196,138</u> |
| Total capital assets being depreciated | <u>461,020</u> | <u>14,000</u> | <u> </u> | <u>475,020</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (262,077) | (1,215) | | (263,292) |
| Equipment | <u>(9,133)</u> | <u>(9,631)</u> | <u> </u> | <u>(18,764)</u> |
| Total accumulated depreciation | <u>(271,210)</u> | <u>(10,846)</u> | <u> </u> | <u>(282,056)</u> |
| Total capital assets being depreciated, net | <u>189,810</u> | <u>3,154</u> | <u> </u> | <u>192,964</u> |
| Business-type activities capital assets, net | <u>\$ 189,810</u> | <u>\$ 3,154</u> | <u>\$</u> | <u>\$ 192,964</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Depreciation was charged to functions as follows:

| | |
|---|---------------------|
| Governmental activities depreciation: | |
| General government | \$ 205,400 |
| Public protection: | |
| Fire | 104,883 |
| Police | 197,464 |
| Public ways and facilities, including depreciation to general infrastructure assets | <u>2,117,450</u> |
| Total governmental activities depreciation expense | <u>\$ 2,625,197</u> |
| Business-type activities depreciation: | |
| Pioneer Village | \$ 1,215 |
| Ambulance | <u>9,631</u> |
| Total business-type activities depreciation | <u>\$ 10,846</u> |

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2018, consisted of the following:

| <u>Interfund Payables</u> | <u>Interfund Receivables</u> | <u>Amount</u> | <u>Purpose</u> |
|---------------------------------|---------------------------------|------------------|------------------|
| Nonmajor Enterprise Funds | General | \$ 6,476 | Short-term loans |
| Nonmajor Special Revenue Funds | General | 210,628 | Short-term loans |
| Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | 113,299 | Short-term loans |
| Nonmajor Capital Projects Funds | General | 13,558 | Short-term loans |
| Nonmajor Capital Projects Funds | Nonmajor Capital Projects Funds | <u>3,200</u> | Short-term loans |
| | | <u>\$347,161</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 \$3,636,517 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 | \$ | \$ 42,777 | \$ | \$205,000 | \$57,000 | \$ 304,777 |
| Street LTF | | 130,590 | | | | 130,590 |
| Street Measure “C” | | 189,847 | | | | 189,847 |
| Nonmajor Special Revenue Funds | 1,351,041 | 388,635 | | | | 1,739,676 |
| Nonmajor Debt Service Funds | | | 171,487 | | | 171,487 |
| Nonmajor Capital Projects Funds | | | 70 | | | 70 |
| Proprietary | <u>1,100,000</u> | | | | | <u>1,100,000</u> |
| | <u>\$2,451,041</u> | <u>\$751,849</u> | <u>\$171,557</u> | <u>\$205,000</u> | <u>\$57,000</u> | <u>\$3,636,447</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Internal Balances

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

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of changes in the City’s long-term liabilities for the fiscal year ended June 30, 2018:

| | <u>Balance at July 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at June 30, 2018</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------------|--------------------|------------------|-------------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Revenue bonds – Authority | \$ 990,000 | \$ | \$250,000 | \$ 740,000 | \$145,000 |
| Revenue bonds – City | 4,011,762 | | 214,279 | 3,797,483 | 220,901 |
| General obligation bonds - City | | 4,000,000 | | 4,000,000 | 75,000 |
| Bond premium | | 131,845 | 4,395 | 127,450 | |
| Capital leases | 710,465 | 585,443 | 154,537 | 1,141,371 | 207,410 |
| Contract payable | 150,000 | | | 150,000 | 50,000 |
| Compensated absences | <u>743,786</u> | | <u>88,484</u> | <u>655,302</u> | |
| Total governmental activities | <u>\$6,606,013</u> | <u>\$4,717,288</u> | <u>\$711,695</u> | <u>\$10,611,606</u> | <u>\$698,311</u> |
| Business-type activities: | | | | | |
| Compensated absences | <u>747</u> | <u>432</u> | | <u>1,179</u> | |
| Total business-type activities | <u>\$ 747</u> | <u>\$ 432</u> | <u>\$</u> | <u>\$ 1,179</u> | <u>\$</u> |

A summary of changes in bonds payable of the Authority for the year ended June 30, 2018 is as follows:

| <u>Description</u> | <u>Interest Rate Payable</u> | <u>Amount Original Issue</u> | <u>Outstanding June 30 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Outstanding June 30 2018</u> |
|--------------------|--------------------------------------|--------------------------------------|---|---------------|------------------|---|
| 1994 | 4% - 7.25% | \$11,570,000 | \$350,000 | \$ | \$ 35,000 | \$315,000 |
| 2014 | 3.25% | <u>955,000</u> | <u>640,000</u> | | <u>215,000</u> | <u>425,000</u> |
| | | <u>\$12,525,000</u> | <u>\$990,000</u> | <u>\$</u> | <u>\$250,000</u> | <u>\$740,000</u> |

A summary of changes in Revenue Bonds of the City for the year ended June 30, 2018 is as follows:

| <u>Description</u> | <u>Interest Rate Payable</u> | <u>Amount Original Issue</u> | <u>Outstanding June 30, 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Outstanding June 30, 2018</u> |
|--------------------|--------------------------------------|--------------------------------------|--|---------------|------------------|--|
| 2015 | 3.09% | <u>\$4,344,619</u> | <u>\$4,011,762</u> | <u>\$</u> | <u>\$214,279</u> | <u>\$3,797,483</u> |
| | | <u>\$4,344,619</u> | <u>\$4,011,762</u> | <u>\$</u> | <u>\$214,279</u> | <u>\$3,797,483</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

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, 2030. The bond program continues to be in default of its debt service reserve requirement, but the trustee believes there are sufficient assets remaining in Trust to service the remaining Bonds Outstanding. 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, 2018 was \$315,000.

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

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, 2018 was \$425,000.

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, 2018 was \$3,797,483.

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.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Series 2017 General Obligation Bonds

On July 6, 2017, the City of Selma issued \$4,000,000 Series 2017 General Obligation Bonds, bearing interest rates varying from 2.0% to 4.0% payable semi-annually on February 1, and August 1, commencing February 1, 2018. The bonds mature annually at various amounts through August 1, 2047. The bonds are general obligations of the City. Payable solely from property taxes levied by the City and collected by the County of Fresno. The principal balance on Series 2017 General Obligation Bonds at June 30, 2018 was \$4,000,000.

The Bonds are being issued to finance the costs of acquiring and constructing a new police station and associated improvements, and to pay the costs of issuing the Bonds. The bonds were authorized at an election of the registered voters of the City held on November 6, 2016 at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of the Bonds.

1. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2018 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Authority Governmental Activities Interest</u> | <u>Total</u> |
|-----------------------------|------------------|---|------------------|
| 2019 | \$145,000 | \$48,681 | \$193,681 |
| 2020 | 155,000 | 36,388 | 191,388 |
| 2021 | 185,000 | 27,181 | 212,181 |
| 2022 | 130,000 | 17,994 | 147,994 |
| 2023 | 60,000 | 10,450 | 70,450 |
| 2024 | <u>65,000</u> | <u>3,575</u> | <u>68,575</u> |
| Totals | <u>\$740,000</u> | <u>\$144,269</u> | <u>\$884,269</u> |

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>City Governmental Activities Interest</u> | <u>Total</u> |
|-----------------------------|--------------------|--|--------------------|
| 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 | 249,496 | 88,747 | 338,243 |
| 2024-2028 | 1,367,997 | 323,218 | 1,691,215 |
| 2029-2032 | <u>1,254,581</u> | <u>98,391</u> | <u>1,352,972</u> |
| Totals | <u>\$3,797,483</u> | <u>\$937,919</u> | <u>\$4,735,402</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The annual debt service requirements for the General Obligation Bonds are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>City Governmental Activities Interest</u> | <u>Total</u> |
|-----------------------------|--------------------|--|--------------------|
| 2019 | \$ 75,000 | \$ 140,613 | \$ 215,613 |
| 2020 | 85,000 | 139,012 | 224,012 |
| 2021 | 85,000 | 137,313 | 222,313 |
| 2022 | 90,000 | 135,562 | 225,562 |
| 2023 | 90,000 | 133,763 | 223,763 |
| 2024-2028 | 480,000 | 631,112 | 1,111,112 |
| 2029-2033 | 575,000 | 534,188 | 1,109,188 |
| 2034-2038 | 700,000 | 414,194 | 1,114,194 |
| 2039-2043 | 825,000 | 279,850 | 1,104,850 |
| 2044-2048 | <u>995,000</u> | <u>102,500</u> | <u>1,097,500</u> |
| Totals | <u>\$4,000,000</u> | <u>\$2,648,107</u> | <u>\$6,648,107</u> |

1. Capital Leases

Capital leases at June 30, 2018, consisted of the following:

| | <u>Balance at July 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at June 30, 2018</u> | <u>Due Within One Year</u> |
|--|------------------------------------|------------------|------------------|-------------------------------------|--------------------------------|
| Ford Credit-2 police vehicles | \$ 22,273 | \$ | \$ 22,273 | \$ | \$ |
| Tymco Inc.-street sweeper | 152,345 | | 36,962 | 115,383 | 37,702 |
| Bank of the West-surveillance camera | 42,381 | | 12,080 | 30,301 | 12,081 |
| Santander Leasing-Fire Truck | 465,919 | | 46,068 | 419,851 | 47,400 |
| 3SFire-fire training property | 27,546 | | 27,546 | | |
| Umpqua Bank-computer equipment | | 103,223 | 9,608 | 93,615 | 19,963 |
| Umpqua Bank-10 Ford Explorers, 1 F150 pick-up | | <u>482,221</u> | | <u>482,221</u> | <u>90,264</u> |
| | <u>\$710,464</u> | <u>\$585,444</u> | <u>\$154,537</u> | <u>\$1,141,371</u> | <u>\$207,410</u> |

The City has entered into multiple lease agreements for financing the acquisition of police vehicles, fire truck, police and fire equipment, computer equipment, and a street sweeper. These lease agreements qualify as capital leases for accounting purposes. These leases have interest rates varying from 2.33% to 3.68% with the final payment on these leases in 2032.

2016 Capital Lease for Street Sweeper

In February, 2016 the City entered into a capital lease agreement with Tymco Inc. The purchase price of the equipment was \$250,502 and is payable over a period of five years. Semi-annual payments on the contract are \$13,249. The effective interest rate on the contract is 2.65% per annum. The balance outstanding at June 30, 2018, was \$115,383.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

The annual debt service requirements for the 2016 Capital Lease for the street sweeper at June 30, 2018 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|------------------|
| 2019 | \$37,702 | \$2,045 | \$ 39,747 |
| 2020 | 38,456 | 1,290 | 39,746 |
| 2021 | <u>39,225</u> | <u>521</u> | <u>39,746</u> |
| | <u>\$115,383</u> | <u>\$3,856</u> | <u>\$119,239</u> |

2015 Capital Lease for Surveillance Camera

In December, 2015 the City entered into a capital lease agreement with Bank of the West for the purchase of camera equipment with a purchase price of \$60,602. Monthly payments on the contract are \$1,220 for 60 months. No stated interest, but imputed at \$1,362 for the year. The balance outstanding as of June 30, 2018, was \$30,301.

The annual debt service requirements for the 2015 Capital Lease for the surveillance camera at June 30, 2018 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|-----------------|
| 2019 | \$12,081 | \$1,361 | \$13,442 |
| 2020 | 12,081 | 1,361 | 13,442 |
| 2021 | <u>6,139</u> | <u>680</u> | <u>6,819</u> |
| | <u>\$30,301</u> | <u>\$3,402</u> | <u>\$33,703</u> |

2016 Capital Lease for Fire Truck

In March, 2016 the City entered into a capital lease agreement with Santander Leasing for a fire truck with a purchase price of \$510,694. Monthly payments of \$59,533 for 10 years. The effective interest rate 3.42% per annum. The balance outstanding at June 30, 2018, was \$419,851.

The annual debt service requirements for the 2016 Capital Lease for the fire truck at June 30, 2018 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|------------------|
| 2019 | \$ 47,400 | \$12,134 | \$59,534 |
| 2020 | 48,769 | 10,764 | 59,533 |
| 2021 | 50,179 | 9,354 | 59,533 |
| 2022 | 51,629 | 7,904 | 59,533 |
| 2023 | 53,121 | 6,412 | 59,533 |
| 2024-2026 | <u>168,753</u> | <u>9,847</u> | <u>178,600</u> |
| | <u>\$419,851</u> | <u>\$56,415</u> | <u>\$476,266</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

2017 Capital Lease for Computer Equipment

In December, 2017 the City entered into a capital lease agreement with Umpqua Bank for computer equipment with a purchase price of \$103,223. Semi-annual payments of \$11,021 for five years. The effective interest rate of 2.33% per annum. The balance outstanding at June 30, 2018, was \$93,615.

The annual debt service requirements for the 2017 Capital Lease for the computer equipment at June 30, 2018 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|-----------------|
| 2019 | \$ 9,923 | \$1,098 | \$11,021 |
| 2020 | 20,197 | 1,845 | 22,042 |
| 2021 | 20,674 | 1,368 | 22,042 |
| 2022 | 21,161 | 881 | 22,042 |
| 2023 | <u>21,660</u> | <u>382</u> | <u>22,042</u> |
| | <u>\$93,615</u> | <u>\$5,574</u> | <u>\$99,189</u> |

2018 Capital Lease for Police Vehicles

In April, 2018 the City entered into a capital lease agreement with Umpqua for police vehicles with a purchase price of \$482,220. Semi-annual payments of \$53,685 for five years. The effective interest rate of 3.26% per annum. The balance outstanding at June 30, 2018, was \$482,221.

The annual debt service requirements for the 2018 Capital Lease for the police vehicles at June 30, 2018 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|------------------|
| 2019 | \$90,264 | \$15,105 | \$105,369 |
| 2020 | 93,253 | 12,116 | 105,369 |
| 2021 | 96,342 | 9,027 | 105,369 |
| 2022 | 99,532 | 5,837 | 105,369 |
| 2023 | <u>102,830</u> | <u>2,539</u> | <u>105,369</u> |
| | <u>\$482,221</u> | <u>\$44,624</u> | <u>\$526,845</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, 2018 was \$150,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

3. Compensated Absences:

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

4. Fiduciary Long-Term Debt

2001 Industrial Park Limited Obligation Improvement Bonds

The former Selma Redevelopment Agency issued limited obligation bonds in the amount of \$3,561,890. The interest rate was 5% and the final payment is scheduled for September 2040. Bonds outstanding at January, 2012 were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Redevelopment Agency. The balance outstanding at June 30, 2018 was \$2,850,000 and is held in the City's Redevelopment Successor Agency Private-Purpose Trust Funds.

Industrial Park Limited Obligation Improvement Bonds at June 30, 2018, consisted of the following:

| Balance June 30, 2017 | Adjustments | Reductions | Balance June 30, 2018 |
|--------------------------|-------------|------------|--------------------------|
| \$2,910,000 | | \$60,000 | \$2,850,000 |

2010A Tax Allocation Bonds

The former Selma Redevelopment Agency issued \$3,600,000 tax allocation bonds, with the rate of 2.875-5.750% to refund previous refunding bonds 2001A and 2004A. The bonds mature in September 2024. Bonds outstanding at June 30, 2018 was \$2,340,000 and are held in the City's Redevelopment Successor Agency Private-Purchase Trust Funds.

Tax Allocation Bonds at June 30, 2018, consisted of the following:

| Balance June 30, 2017 | Adjustments | Reductions | Balance June 30, 2018 |
|--------------------------|-------------|------------|--------------------------|
| \$2,610,000 | | \$270,000 | \$2,340,000 |

1994 Revenue Bonds

The 1994 Revenue Bonds were previously issued by the City of Selma Financing Authority to finance the prior Redevelopment Agency Housing Project. The debt is an obligation of the City's Redevelopment Successor Agency and thus appears in the Successor Agency Private-Purpose Trust Fund account. The principal balance of the 1994 Revenue Bonds was \$315,000.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 8 – RISK MANAGEMENT

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

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

The CSJVRMA is a consortium of fifty-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:

| | As of and for the Year Ended June 30, 2018 |
|------------------------------------|---|
| Total Assets | <u>\$110,234,633</u> |
| Total Liabilities | \$ 92,209,231 |
| Total Net Position | <u>18,025,402</u> |
| Total Liabilities and Net Position | <u>\$110,234,633</u> |
| Total Revenues for the Year | \$ 47,652,408 |
| Total Expenses for the Year | <u>47,601,577</u> |
| Change in Net Position | <u>\$ 50,831</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 9 – 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, 2018, 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, 2018
(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, 2018, the contributions recognized as part of pension expense for the Plans are as follows:

| | <u>Plans</u> |
|--------------------------|--------------|
| Contributions – employer | \$1,344,043 |

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | <u>Proportionate Share of Net Pension Liability</u> | |
|-----------------------------|---|---------------------|
| | <u>2017</u> | <u>2016</u> |
| Miscellaneous | \$ 7,123,581 | \$ 6,417,380 |
| Safety | <u>7,915,874</u> | <u>6,815,312</u> |
| Total Net Pension Liability | <u>\$15,039,455</u> | <u>\$13,232,692</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(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, 2016 and 2017 was as follows:

| | Miscellaneous | Safety |
|------------------------------|---------------|--------|
| Proportion – June 30, 2016 | .135% | .144% |
| Proportion – June 30, 2017 | .130% | .144% |
| Change – Increase (Decrease) | .005% | .000% |

For the year ended June 30, 2018, the City recognized pension expense of \$1,344,043. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

| | Changes of Assumptions | Differences Between Expected and Actual Experiences | Net Differences Between Projected Earnings and Actual on Pension Plan Investments | Total Pension-related Deferred Outflows |
|--------------------|------------------------------|---|---|---|
| Miscellaneous Plan | \$ 804,192 | \$ | \$196,888 | \$1,001,080 |
| Safety Plan | <u>1,188,168</u> | <u>65,600</u> | <u>280,595</u> | <u>1,534,363</u> |
| Total | <u>\$1,992,360</u> | <u>\$65,600</u> | <u>\$477,483</u> | <u>\$2,535,443</u> |

Deferred Inflows of Resources

| | Changes Of Assumptions | Total Pension-related Deferred Inflows |
|--------------------|------------------------------|--|
| Miscellaneous Plan | \$(93,507) | \$(93,507) |
| Safety Plan | <u>0</u> | <u>0</u> |
| Total | <u>\$(93,507)</u> | <u>\$(93,507)</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

| Measurement Period Ended June 30 | Outflows (Inflows) of Resources | |
|-------------------------------------|---------------------------------|---------------------|
| | Safety Plans | Miscellaneous Plans |
| 2018 | \$ 360,017 | \$ 211,126 |
| 2019 | 825,549 | 508,226 |
| 2020 | 512,983 | 305,117 |
| 2021 | (164,186) | (116,896) |
| 2022 | 0 | 0 |
| Thereafter | 0 | 0 |

Actuarial Assumptions

For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

| | <u>All Plans (3)</u> |
|----------------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Projected Salary Increase | (1) |
| Investment Rate of Return | 7.5% (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, 2016 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, 2018
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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 under the GASB 68 section.

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, 2018
(Continued)

| Asset Class | New Strategic Allocation | Real Return Years 1-10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------|---------------------------|--------------------------|
| Global Equity | 47.0% | 4.90% | 5.38% |
| Global Fixed Income | 19.0% | 0.80% | 2.27% |
| Inflation Sensitive | 6.0% | 0.60% | 1.39% |
| Private Equity | 12.0% | 6.60% | 6.63% |
| Real Estate | 11.0% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.0% | 3.90% | 5.36% |
| Liquidity | <u>2.0%</u> | -0.40% | -.90% |
| 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 | 6.15% | 6.15% |
| Net Pension Liability | \$8,518,408 | \$9,022,989 |
| Current Discount Rate | 7.15% | 7.15% |
| Net Pension Liability | \$7,123,581 | \$7,915,874 |
| 1% Increase | 8.15% | 8.15% |
| Net Pension Liability | \$6,127,276 | \$6,698,046 |

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, 2018, the City reported a payable of \$91,388 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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 \$133 per month in 2018.

Employees Covered

As of June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

| | |
|---------------------------|------------|
| Active employees | 79 |
| Retirees | 31 |
| Retirees waiving coverage | <u>15</u> |
| Total | <u>125</u> |

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods of assumptions:

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

| | |
|-----------------------------|---|
| Valuation Date | June 30, 2018 |
| Funding Method | Entry Age Normal Cost, level percentage of pay |
| Asset Valuation Method | Market value of assets (\$0; plan is not yet funded) |
| Discount Rate | 2.92% as of June 30, 2016 3.56% as of June 30, 2017 |
| Participants Valued | Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation. |
| Salary Increase | 3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years. |
| Assumed Wage Inflation | 3.0% per year; a component of assumed salary increases |
| General Inflation Rate | 2.75% per year |
| Healthcare Cost Trend Rates | 8.00% as of January 1, 2019, decreasing .50% per year to 5.00% for years 2025 and thereafter |
| Mortality Improvements | Based on data from two published sources (1) the Society of Actuaries Mortality Improvement Scale MP 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds |
| Medicare Eligibility | Absent contrary data, all individuals are assumed to be eligible for Medicare Part A and Part B at age 65 |

Discount Rate

The City is currently financing its OPEB liability on a pay-as-you-go basis. The discount rate used in this valuation is based on the Fidelity Muni GO AA 20 Year Bond Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.92% as of June 30, 2016 and 3.56% as of June 30, 2017.

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

| | Increase (Decrease) | | |
|--|-----------------------------------|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2017 (Measurement Date June 30, 2016) | <u>\$5,284,913</u> | \$ _____ | <u>\$5,284,913</u> |
| Changes recognized for the measurement period: | | | |
| Service cost | 375,561 | | 375,561 |
| Interest | 164,777 | | 164,777 |
| Changes of assumptions | (546,300) | | (546,300) |
| Benefit payments | <u>(34,854)</u> | _____ | <u>(34,854)</u> |
| Net Changes | <u>(40,816)</u> | _____ | <u>(40,816)</u> |
| Balance at June 30, 2018 (Measurement Date June 30, 2017) | <u>\$5,244,097</u> | \$ _____ | <u>\$5,244,097</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2018 is 3.56%. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

| | 1% Decrease (2.56%) | Current Discount Rate (3.56%) | 1% Increase (4.56%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$6,135,368 | \$5,244,097 | \$4,532,021 |
| Net OPEB Liability | \$6,135,368 | \$5,244,097 | \$4,532,021 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The healthcare cost trend was assumed to start at 8% (effective January 1, 2019) and grade down to 5% for years 2025 and thereafter. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|----------------------|-------------|---|-------------|
| Total OPEB Liability | \$4,386,403 | \$5,244,097 | \$6,658,597 |
| Net OPEB Liability | \$4,386,403 | \$5,244,097 | \$6,658,597 |

Payable to the OPEB Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$371,047. As of fiscal year ended June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| OPEB contributions subsequent to measurement date | \$103,626 | \$ |
| Changes of assumptions | | <u>480,639</u> |
| Total | <u>\$103,626</u> | <u>\$480,639</u> |

The \$103,626 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

| Fiscal Year Ended June 30: | Net Deferred Outflows/(Inflows) of Resources |
|-------------------------------|--|
| 2019 | \$ (65,661) |
| 2020 | (65,661) |
| 2021 | (65,661) |
| 2022 | (65,661) |
| 2023 | (65,661) |
| Thereafter | <u>(152,334)</u> |
| Total | <u>\$(480,639)</u> |

CITY OF SELMA
Notes to Financial Statements
June 30, 2018
(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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, 2018.

NOTE 12 – CONTINGENT LIABILITIES

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 13 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the City adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which is effective for the fiscal years beginning after June 15, 2017.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The intension of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

The implementation of the above Statement resulted in the reduction of the beginning net positions of the Governmental Activities by \$4,599,853 and the Business-Type Activities by \$37,150.

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, 2018

| | Budgeted Amounts | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|-----------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ 8,115,440 | \$ 8,115,440 | \$ 9,567,973 | \$ 1,452,533 |
| Licenses and permits | 323,189 | 323,189 | 431,819 | 108,630 |
| Intergovernmental | 169,503 | 169,503 | 131,797 | (37,706) |
| Charges for services | 475,136 | 475,136 | 654,224 | 179,088 |
| Fines | 4,000 | 4,000 | 23,571 | 19,571 |
| Franchise fees | 741,000 | 741,000 | 862,634 | 121,634 |
| Revenue for use of money and property | 27,600 | 27,600 | 66,230 | 38,630 |
| Miscellaneous | <u>30,759</u> | <u>30,759</u> | <u>48,005</u> | <u>17,246</u> |
| Total revenues | <u>9,886,627</u> | <u>9,886,627</u> | <u>11,786,253</u> | <u>1,899,626</u> |
| Expenditures | | | | |
| General government | 1,930,560 | 1,930,560 | 2,535,155 | (604,595) |
| Public safety | 8,587,572 | 8,587,572 | 8,777,910 | (190,338) |
| Public works | 588,769 | 587,799 | 948,724 | (360,925) |
| Community development | 410,869 | 410,869 | 463,541 | (52,672) |
| Recreation | 411,798 | 411,798 | 475,882 | (64,084) |
| Capital outlay | 31,600 | 8,970 | 486,708 | (477,738) |
| Debt service: | | | | |
| Principal | 49,886 | 70,908 | 282,620 | (211,712) |
| Interest and fiscal charges | <u>31,293</u> | <u>33,871</u> | <u>144,304</u> | <u>(110,433)</u> |
| Total expenditures | <u>12,042,347</u> | <u>12,042,347</u> | <u>14,114,844</u> | <u>(2,072,497)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,155,720) | (2,155,720) | (2,328,591) | (172,871) |
| Other financing sources (uses) | | | | |
| Proceeds from capital leases | | | 482,220 | 482,220 |
| Operating transfers in | 2,300,220 | 2,300,220 | 2,451,041 | 150,821 |
| Operating transfers out | <u>(144,500)</u> | <u>(144,500)</u> | <u>(304,777)</u> | <u>(160,277)</u> |
| Total other financing sources (uses) | <u>2,155,720</u> | <u>2,155,720</u> | <u>2,628,484</u> | <u>472,764</u> |
| Net change in fund balance | | | 299,893 | 299,893 |
| Fund balance, beginning of year | <u>2,463,963</u> | <u>2,463,963</u> | <u>2,463,963</u> | <u> </u> |
| Fund balance, end of year | <u>\$ 2,463,963</u> | <u>\$ 2,463,963</u> | <u>\$ 2,763,856</u> | <u>\$ 299,893</u> |

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Street LTF
For the Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Intergovernmental | \$ 602,477 | \$ 602,477 | \$ 699,523 | \$ 97,046 |
| Revenue for use of money and property | | | <u>21,308</u> | <u>21,308</u> |
| Total revenues | <u>602,477</u> | <u>602,477</u> | <u>720,831</u> | <u>118,354</u> |
| Expenditures | | | | |
| Public works | | | 3,207 | (3,207) |
| Capital outlay | <u>995,000</u> | <u>995,000</u> | <u>70,847</u> | <u>924,153</u> |
| Total expenditures | <u>995,000</u> | <u>995,000</u> | <u>74,054</u> | <u>920,946</u> |
| Excess (deficiency) of revenues over (under) expenditures | (392,523) | (392,523) | 646,777 | 1,039,300 |
| Other financing sources (uses) | | | | |
| Operating transfers out | | | <u>(130,590)</u> | <u>(130,590)</u> |
| Total other financing sources (uses) | | | <u>(130,590)</u> | <u>(130,590)</u> |
| Net change in fund balance | (392,523) | (392,523) | 516,187 | 908,710 |
| Fund balance, beginning of year | <u>2,112,180</u> | <u>2,112,180</u> | <u>2,112,180</u> | <u> </u> |
| Fund balance, end of year | <u>\$1,719,657</u> | <u>\$1,719,657</u> | <u>\$2,628,367</u> | <u>\$ 908,710</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, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 633,971 | \$ 633,971 | \$ 651,385 | \$ 17,414 |
| Revenue for use of money and property | | | <u>12,166</u> | <u>12,166</u> |
| Total revenues | <u>633,971</u> | <u>633,971</u> | <u>663,551</u> | <u>29,580</u> |
| Expenditures | | | | |
| Public Works | | | 47,149 | (47,149) |
| Capital outlay | <u>758,000</u> | <u>758,000</u> | <u>1,278,149</u> | <u>(520,149)</u> |
| Total expenditures | <u>758,000</u> | <u>758,000</u> | <u>1,325,298</u> | <u>(567,298)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (124,029) | (124,029) | (661,747) | (537,718) |
| Other financing sources (uses) | | | | |
| Operating transfers out | | | <u>(189,847)</u> | <u>(189,847)</u> |
| Total other financing sources (uses) | | | <u>(189,847)</u> | <u>(189,847)</u> |
| Net change in fund balance | (124,029) | (124,029) | (851,594) | (727,565) |
| Fund balance, beginning of year | <u>1,749,281</u> | <u>1,749,281</u> | <u>1,749,281</u> | _____ |
| Fund balance, end of year | <u>\$1,625,252</u> | <u>\$1,625,252</u> | <u>\$ 897,687</u> | <u>\$(727,565)</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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|--|-------------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Revenue for use of money and property | \$ _____ | \$ _____ | \$ 26,854 | \$ 26,854 |
| Total revenues | _____ | _____ | 26,854 | 26,854 |
| Expenditures | | | | |
| Capital outlay | _____ | _____ | 518,829 | (518,829) |
| Total expenditures | _____ | _____ | 518,829 | (518,829) |
| Excess (deficiency) of revenues over (under) expenditures | _____ | _____ | (491,975) | (491,975) |
| Net change in fund balance | | | (491,975) | (491,975) |
| Fund balance, beginning of year | <u>3,973,411</u> | <u>3,973,411</u> | <u>3,973,411</u> | _____ |
| Fund balance, end of year | <u>\$3,973,411</u> | <u>\$3,973,411</u> | <u>\$3,481,436</u> | <u>\$(491,975)</u> |

CITY OF SELMA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
2017 Bond PD Station
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|--------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Revenue for use of money and property | \$ _____ | \$ _____ | \$ 36,569 | \$ 36,569 |
| Total revenues | _____ | _____ | <u>36,569</u> | <u>36,569</u> |
| Expenditures | | | | |
| Capital outlay | _____ | _____ | _____ | _____ |
| Total expenditures | _____ | _____ | _____ | _____ |
| Excess (deficiency) of revenues over (under) expenditures | _____ | _____ | <u>36,569</u> | <u>36,569</u> |
| Other financing sources (uses) | | | | |
| Proceeds from general obligation bonds | _____ | _____ | 4,000,000 | 4,000,000 |
| Bond issuance costs | _____ | _____ | <u>(143,760)</u> | <u>(143,760)</u> |
| Total other financing sources (uses) | _____ | _____ | <u>3,856,240</u> | <u>3,856,240</u> |
| Net change in fund balance | | | 3,892,809 | 3,892,809 |
| Fund balance, beginning of year | <u>(14,864)</u> | <u>(14,864)</u> | <u>(14,864)</u> | _____ |
| Fund balance, end of year | <u>\$(14,864)</u> | <u>\$(14,864)</u> | <u>\$3,877,945</u> | <u>\$3,892,809</u> |

CITY OF SELMA
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Last 10 Years*
For the Year Ended June 30, 2018

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

| | Miscellaneous | | | |
|---|---------------|-------------|-------------|-------------|
| | 2018 | 2017 | 2016 | 2015 |
| Plan's Proportion of the Net Pensions Liability (Asset) | .17582% | .18473% | .19888% | .07296% |
| Plan's Proportion share of the Net Pension Liability (Asset) | \$7,123,581 | \$6,417,380 | \$5,456,437 | \$4,540,156 |
| Plan's Covered Employee Payroll | \$1,694,454 | \$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 | 420.41% | 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 | 65.86% | 66.99% | 71.14% | 76.31% |

| | Safety | | | |
|---|-------------|-------------|-------------|-------------|
| | 2018 | 2017 | 2016 | 2015 |
| Plan's Proportion of the Net Pensions Liability (Asset) | .14971% | .13159 % | .12509% | .07659% |
| Plan's Proportion share of the Net Pension Liability (Asset) | \$7,915,874 | \$6,815,312 | \$5,154,581 | \$4,765,927 |
| Plan's Covered Employee Payroll | \$3,505,756 | \$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 | 315.51% | 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 | 73.95% | 75.04% | 80.18% | 81.42% |

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

CITY OF SELMA
Required Supplementary Information
Schedule of Funding Progress PERS Information
For the Year Ended June 30, 2018

Schedule Contributions

| | Miscellaneous | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|
| | For the Year Ended June 30, | | | |
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 619,237 | \$ 526,961 | \$ 381,662 | \$ 367,790 |
| Contributions in relation to the actuarially determined contributions | <u>(619,237)</u> | <u>(526,961)</u> | <u>(381,662)</u> | <u>(367,790)</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Covered-employee payroll | <u>\$1,694,454</u> | <u>\$1,609,297</u> | <u>\$1,636,530</u> | <u>\$1,470,465</u> |
| Contributions as a percentage of covered-employee payroll | 36.54% | 32.74% | 23.32% | 25.01% |
| | | | | |
| | Safety | | | |
| | For the Year Ended June 30, | | | |
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 840,006 | \$ 682,202 | \$ 660,953 | \$ 655,346 |
| Contributions in relation to the actuarially determined contributions | <u>(840,006)</u> | <u>(682,202)</u> | <u>(660,953)</u> | <u>(655,346)</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Covered-employee payroll | <u>\$3,505,756</u> | <u>\$2,878,438</u> | <u>\$3,379,336</u> | <u>\$3,379,336</u> |
| Contributions as a percentage of covered-employee payroll | 23.96% | 23.70% | 19.14% | 19.39% |

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2015 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 | 7.5%, 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. |

CITY OF SELMA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

| | Measurement Period Ending June 30, 2017 |
|--|---|
| Total OPEB Liability | |
| Service cost | \$ 375,557 |
| Interest cost | 164,777 |
| Assumption changes | (546,300) |
| Benefit payments | (34,854) |
| | (40,820) |
| Net change in total OPEB liability | 5,284,913 |
| Total OPEB liability – beginning | 5,244,093 |
| Total OPEB liability – ending (a) | \$5,244,093 |
| | |
| Fiduciary Net Position | |
| Employer contributions | \$ 34,854 |
| Benefit payments | (34,854) |
| | \$ 0 |
| Net OPEB (asset) liability – ending (a)-(b) | \$5,244,093 |
| Covered-employee payroll | \$6,169,019 |
| Net OPEB liability as a percentage of covered-employee payroll | 85.01% |

Notes to Schedule:

Changes in Assumptions

The discount rate was changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017, based on the published change in return for the applicable municipal bond index.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF SELMA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

| | Year Ended June 30, 2018 |
|---|-----------------------------|
| Actuarially Determined Contribution (ADC) | \$ 474,673 |
| Contributions in relation to the ADC | <u>(103,626)</u> |
| Contribution deficiency (excess) | <u>\$ 371,047</u> |
| Covered-employee payroll | <u>\$6,169,019</u> |
| Contributions as a percentage of covered-employee payroll | 1.68% |

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

| | |
|------------------------|--|
| Valuation Date | June 30, 2018 |
| Funding Method | Entry Age Normal Cost, level percent of pay |
| Asset Valuation Method | Market value of assets (\$0; plan is not yet funded) |
| Discount Rate | 2.92% as of June 30, 2016 3.56% as of June 30, 2017 |
| Participants Valued | Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation. |
| Salary Increase | 3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years |
| Assumed Wage Inflation | 3.0% per year; a component of assumed salary increases |
| General Inflation Rate | 2.75% per year |

COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|------------------------------------|-----------------------------|--------------------------|------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | | |
| Cash and investments | \$2,050,238 | \$552,512 | \$4,825,890 | \$7,428,640 |
| Cash with fiscal agent | | 156,214 | | 156,214 |
| Accounts receivable | 232,710 | | 10,224 | 242,934 |
| Interfund receivables | | | 116,499 | 116,499 |
| Due from other agencies | <u>336,509</u> | | | <u>336,509</u> |
| Total assets | <u>\$2,619,457</u> | <u>\$708,726</u> | <u>\$4,952,613</u> | <u>\$8,280,796</u> |
| Liabilities | | | | |
| Accounts payable | \$ 275,762 | \$ | \$ 61,484 | \$ 337,246 |
| Accrued wages/benefits | 67,495 | | | 67,495 |
| Interfund payables | 323,927 | | 16,758 | 340,685 |
| Other liabilities | <u>5,000</u> | | | <u>5,000</u> |
| Total liabilities | <u>672,184</u> | <u> </u> | <u>78,242</u> | <u>750,426</u> |
| Fund balance | | | | |
| Restricted for: | | | | |
| Streets and roads | 836,687 | | 1,461,588 | 2,298,275 |
| Public safety | 800,415 | | | 800,415 |
| Community development | 309,196 | | | 309,196 |
| Debt service | | 708,726 | | 708,726 |
| Capital projects | | | 1,895,632 | 1,895,632 |
| Committed for: | | | | |
| Streets and roads | 21,594 | | | 21,594 |
| Community development | 30,855 | | | 30,855 |
| Recreation | 8,956 | | | 8,956 |
| Capital projects | | | 355,971 | 355,971 |
| Assigned for: | | | | |
| Equipment replacement | | | 1,151,725 | 1,151,725 |
| Unassigned | <u>(60,430)</u> | | <u>9,455</u> | <u>(50,975)</u> |
| Total fund balance | <u>1,947,273</u> | <u>708,726</u> | <u>4,874,371</u> | <u>7,530,370</u> |
| Total liabilities and fund balance | <u>\$2,619,457</u> | <u>\$708,726</u> | <u>\$4,952,613</u> | <u>\$8,280,796</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------|------------------------------|--|
| Revenues | | | | |
| Taxes | \$ 2,579,275 | \$ | \$ | \$ 2,579,275 |
| Intergovernmental | 936,855 | | 50,500 | 987,355 |
| Charges for services | 400,566 | | 479,053 | 879,619 |
| Fines | 31,044 | | | 31,044 |
| Revenue for use of money and property | 13,646 | 15,245 | 32,568 | 61,459 |
| Assessment payments | | 414,584 | | 414,584 |
| Miscellaneous | <u>237,034</u> | | <u>671,054</u> | <u>908,088</u> |
| Total revenues | <u>4,198,420</u> | <u>429,829</u> | <u>1,233,175</u> | <u>5,861,424</u> |
| Expenditures | | | | |
| General government | 69,842 | 26,907 | | 96,749 |
| Public safety | 566,822 | | 107,599 | 674,421 |
| Public works | 1,216,712 | | 141,386 | 1,358,098 |
| Community development | 152,405 | | 12,211 | 164,616 |
| Recreational | | | 34,594 | 34,594 |
| Capital outlay | 708,124 | | 627,484 | 1,335,608 |
| Debt service: | | | | |
| Principal | | 210,000 | 74,376 | 284,376 |
| Interest and fiscal charges | | <u>98,773</u> | <u>4,146</u> | <u>102,919</u> |
| Total expenditures | <u>2,713,905</u> | <u>335,680</u> | <u>1,001,796</u> | <u>4,051,381</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,484,515 | 94,149 | 231,379 | 1,810,043 |
| Other financing sources (uses) | | | | |
| Premium on sale of bonds | | 131,845 | | 131,845 |
| Sale of capital assets | | | 14,980 | 14,980 |
| Operating transfers in | 751,849 | 171,557 | 205,000 | 1,128,406 |
| Operating transfers out | <u>(1,739,676)</u> | <u>(171,487)</u> | <u>(70)</u> | <u>(1,911,233)</u> |
| Total other financing sources (uses) | <u>(987,827)</u> | <u>131,915</u> | <u>219,910</u> | <u>(636,002)</u> |
| Net change in fund balance | 496,688 | 226,064 | 451,289 | 1,174,041 |
| Fund balance, beginning of year | <u>1,450,585</u> | <u>482,662</u> | <u>4,423,082</u> | <u>6,356,329</u> |
| Fund balance, end of year | <u>\$ 1,947,273</u> | <u>\$ 708,726</u> | <u>\$ 4,874,371</u> | <u>\$ 7,530,370</u> |

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018**

| | <u>Redevelopment Administration</u> | <u>Sidewalk Repair Funds</u> | <u>AB 1913 Grant</u> | <u>Street Maintenance CE Fund</u> | <u>Street Gas Tax</u> | <u>Road Maintenance & Rehabilitation</u> | <u>Reg Safe Trans Program (RSTP)</u> | <u>CID Groundwater Surcharge</u> |
|------------------------------------|---|--------------------------------------|--------------------------|---|---------------------------|--|--|--|
| Assets | | | | | | | | |
| Cash and investments | \$ | \$21,259 | \$57,400 | \$274,556 | \$545,849 | \$94,085 | \$3,667 | \$331,658 |
| Accounts receivable | | 335 | | 640 | | | | |
| Due from other agencies | <u>50,661</u> | | | | | | | |
| Total assets | <u>50,661</u> | <u>21,594</u> | <u>57,400</u> | <u>275,196</u> | <u>545,849</u> | <u>94,085</u> | <u>3,667</u> | <u>331,658</u> |
| Liabilities | | | | | | | | |
| Accounts payable | | | | 36,259 | | | | |
| Accrued wages/benefits | 1,979 | | 3,150 | 39,653 | 1,198 | | | |
| Interfund payables | 48,682 | | | | | | | |
| Other liabilities | | | | <u>5,000</u> | | | | |
| Total liabilities | <u>50,661</u> | | <u>3,150</u> | <u>80,912</u> | <u>1,198</u> | | | |
| Fund balance | | | | | | | | |
| Restricted for: | | | | | | | | |
| Streets and roads | | | | 194,284 | 544,651 | 94,085 | 3,667 | |
| Public safety | | | 54,250 | | | | | |
| Community development | | | | | | | | 331,658 |
| Committed for: | | | | | | | | |
| Streets and roads | | 21,594 | | | | | | |
| Community development | | | | | | | | |
| Recreation | | | | | | | | |
| Unassigned | | | | | | | | |
| Total fund balance | | <u>21,594</u> | <u>54,250</u> | <u>194,284</u> | <u>544,651</u> | <u>94,085</u> | <u>3,667</u> | <u>331,658</u> |
| Total liabilities and fund balance | <u>\$50,661</u> | <u>\$21,594</u> | <u>\$57,400</u> | <u>\$275,196</u> | <u>\$545,849</u> | <u>\$94,085</u> | <u>\$3,667</u> | <u>\$331,658</u> |

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018**

| | CFD 2006-1 Vineyard Estates | CFD 2017 Services | Landscape and Lighting Assessment | Abandoned Vehicle Abatement | CDBG Grant | Recycling Grant | HSIP Grant | Small Business Support Center |
|------------------------------------|-----------------------------------|----------------------|---|-----------------------------------|-----------------|--------------------|------------------|--|
| Assets | | | | | | | | |
| Cash and investments | \$30,250 | \$910 | \$16,039 | \$4,770 | \$ | \$9,142 | \$ | \$605 |
| Accounts receivable | | | | | | | 223,879 | |
| Due from other agencies | | | | | 15,886 | | | |
| Total assets | <u>30,250</u> | <u>910</u> | <u>16,039</u> | <u>4,770</u> | <u>15,886</u> | <u>9,142</u> | <u>223,879</u> | <u>605</u> |
| Liabilities | | | | | | | | |
| Accounts payable | | 910 | 8,394 | | | 600 | 221,158 | |
| Accrued wages/benefits | | | 7,645 | | | | | |
| Interfund payables | | | | | 15,886 | | 2,721 | |
| Other liabilities | | | | | | | | |
| Total liabilities | | <u>910</u> | <u>16,039</u> | | <u>15,886</u> | <u>600</u> | <u>223,879</u> | |
| Fund balance | | | | | | | | |
| Restricted for: | | | | | | | | |
| Streets and roads | | | | | | | | |
| Public safety | | | | 4,770 | | | | |
| Community development | | | | | | 8,542 | | |
| Committed for: | | | | | | | | |
| Streets and roads | | | | | | | | |
| Community development | 30,250 | | | | | | | 605 |
| Recreation | | | | | | | | |
| Unassigned | | | | | | | | |
| Total fund balance | <u>30,250</u> | | | <u>4,770</u> | | <u>8,542</u> | | <u>605</u> |
| Total liabilities and fund balance | <u>\$30,250</u> | <u>\$910</u> | <u>\$16,039</u> | <u>\$4,770</u> | <u>\$15,886</u> | <u>\$9,142</u> | <u>\$223,879</u> | <u>\$605</u> |

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Special Revenue Funds
June 30, 2018**

| | ATP Planning Grant | ATP 17-089 | Foreclosed Homes Projects | Sports Hall of Fame | ACT Program | Selma Activities League | Housing Related Parks Program | Citizens Tax Initiative | Total Nonmajor Special Revenue Funds |
|------------------------------------|--------------------------|---------------------|---------------------------------|---------------------------|-------------------|-------------------------------|--|-------------------------------|---|
| Assets | | | | | | | | | |
| Cash and investments | \$ | \$ | \$28,505 | \$3,351 | \$ | \$5,680 | \$ | \$622,512 | \$2,050,238 |
| Accounts receivable | | | 2,191 | | | | | 5,665 | 232,710 |
| Due from other agencies | <u>97,158</u> | <u> </u> | <u> </u> | <u> </u> | <u>41,842</u> | <u> </u> | <u> </u> | <u>130,962</u> | <u>336,509</u> |
| Total assets | <u>97,158</u> | <u> </u> | <u>30,696</u> | <u>3,351</u> | <u>41,842</u> | <u>5,680</u> | <u> </u> | <u>759,139</u> | <u>2,619,457</u> |
| Liabilities | | | | | | | | | |
| Accounts payable | | | | | 300 | 75 | | 8,066 | 275,762 |
| Accrued wages/benefits | | | | | 3,808 | | | 10,062 | 67,495 |
| Interfund payables | 69,458 | 61,700 | | | 37,350 | | 88,130 | | 323,927 |
| Other liabilities | | | | | | | | | 5,000 |
| Total liabilities | <u>69,458</u> | <u>61,700</u> | <u> </u> | <u> </u> | <u>41,458</u> | <u>75</u> | <u>88,130</u> | <u>18,128</u> | <u>672,184</u> |
| Fund balance | | | | | | | | | |
| Restricted for: | | | | | | | | | |
| Streets and roads | | | | | | | | | 836,687 |
| Public safety | | | | | 384 | | | 741,011 | 800,415 |
| Community development | | (61,700) | 30,696 | | | | | | 309,196 |
| Committed for: | | | | | | | | | |
| Streets and roads | | | | | | | | | 21,594 |
| Community development | | | | | | | | | 30,855 |
| Recreation | | | | 3,351 | | 5,605 | | | 8,956 |
| Unassigned | <u>27,700</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>(88,130)</u> | <u> </u> | <u>(60,430)</u> |
| Total fund balance | <u>27,700</u> | <u>(61,700)</u> | <u>30,696</u> | <u>3,351</u> | <u>384</u> | <u>5,605</u> | <u>(88,130)</u> | <u>741,011</u> | <u>1,947,273</u> |
| Total liabilities and fund balance | <u>\$97,158</u> | <u>\$ </u> | <u>\$30,696</u> | <u>\$3,351</u> | <u>\$41,842</u> | <u>\$5,680</u> | <u>\$ </u> | <u>\$759,139</u> | <u>\$2,619,457</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

| | Traffic Safety | Successor Agency Administration | Public Safety | Sidewalk Repair Funds | AB 1913 Grant | Street Maintenance Fund | Street Gas Tax | Road Maintenance & Rehabilitation |
|--|-------------------|---------------------------------------|------------------|-----------------------------|------------------|-------------------------------|----------------------|--|
| Revenues | | | | | | | | |
| Taxes | \$ | \$ | \$ 54,533 | \$ | \$ | \$ | \$ 521,634 | \$ |
| Intergovernmental | | | | | 139,416 | | | 94,085 |
| Charges for services | | | | | | 174,907 | | |
| Fines | 31,044 | | | | | | | |
| Revenue for use of money and property | | | | | | | 6,454 | |
| Miscellaneous | | <u>50,661</u> | | <u>1,155</u> | | <u>11,220</u> | | |
| Total revenues | <u>31,044</u> | <u>50,661</u> | <u>54,533</u> | <u>1,155</u> | <u>139,416</u> | <u>186,127</u> | <u>528,088</u> | <u>94,085</u> |
| Expenditures | | | | | | | | |
| General government | | | | | | | | |
| Public safety | | | | | 82,658 | | | |
| Public works | | | | 765 | | 927,394 | 43,873 | |
| Community development | | 50,661 | | | | | | |
| Capital outlay | | | | | <u>26,880</u> | <u>748</u> | <u>61,560</u> | |
| Total expenditures | | <u>50,661</u> | | <u>765</u> | <u>109,538</u> | <u>928,142</u> | <u>105,433</u> | |
| Excess (deficiency) of revenues over (under) expenditures | 31,044 | | 54,533 | 390 | 29,878 | (742,015) | 422,655 | 94,085 |
| Other financing sources (uses) | | | | | | | | |
| Operating transfers in | | | | | | 709,072 | | |
| Operating transfers out | <u>(31,044)</u> | | <u>(54,533)</u> | | | | <u>(388,635)</u> | |
| Total other financing sources (uses) | <u>(31,044)</u> | | <u>(54,533)</u> | | | <u>709,072</u> | <u>(388,635)</u> | |
| Net change in fund balance | | | | 390 | 29,878 | (32,943) | 34,020 | 94,085 |
| Fund balance, beginning of year | | | | <u>21,204</u> | <u>24,372</u> | <u>227,227</u> | <u>510,631</u> | |
| Fund balance, end of year | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$21,594</u> | <u>\$ 54,250</u> | <u>\$ 194,284</u> | <u>\$ 544,651</u> | <u>\$94,085</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

| | Reg Safe Trans Program (RSTP) | CID Groundwater Surcharge | CFD 2006-1 Vineyard Estates | CFD 2017 Services | Landscape And Lighting Assessment | Abandoned Vehicle Abatement | CDBG Grant | Recycling Grant |
|--|--|---------------------------------|-----------------------------------|----------------------|--|-----------------------------------|----------------|--------------------|
| Revenues | | | | | | | | |
| Taxes | \$ | \$ | \$25,967 | \$ | \$215,753 | \$ | \$ | \$ |
| Intergovernmental | 18,223 | | | | | | 322,073 | 6,523 |
| Charges for services | | 222,659 | | | | | | |
| Fines | | | | | | | | |
| Revenue for use of money and property | | 2,510 | | | | | | |
| Miscellaneous | | | | | | | | |
| Total revenues | <u>18,223</u> | <u>225,169</u> | <u>25,967</u> | <u>—</u> | <u>215,753</u> | <u>—</u> | <u>322,073</u> | <u>6,523</u> |
| Expenditures | | | | | | | | |
| General government | | | 6 | 7,455 | | | | |
| Public safety | | | 3,329 | | | | | |
| Public works | | | | | 244,680 | | | |
| Community development | | | | | | | | 5,452 |
| Capital outlay | <u>14,556</u> | | | | <u>2,244</u> | | <u>322,073</u> | |
| Total expenditures | <u>14,556</u> | | <u>3,335</u> | <u>7,455</u> | <u>246,924</u> | | <u>322,073</u> | <u>5,452</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,667 | 225,169 | 22,632 | (7,455) | (31,171) | | | 1,071 |
| Other financing sources (uses) | | | | | | | | |
| Operating transfers in | | | | 7,455 | 31,171 | | | |
| Operating transfers out | | | | | | | | |
| Total other financing sources (uses) | | | | <u>7,455</u> | <u>31,171</u> | | | |
| Net change in fund balance | 3,667 | 225,169 | 22,632 | | | | | 1,071 |
| Fund balance, beginning of year | | <u>106,489</u> | <u>7,618</u> | | | <u>4,770</u> | | <u>7,471</u> |
| Fund balance, end of year | <u>\$ 3,667</u> | <u>\$331,658</u> | <u>\$30,250</u> | <u>\$</u> | <u>\$</u> | <u>\$4,770</u> | <u>\$</u> | <u>\$8,542</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

| | Avoid Grant | ABC Grant | HSIP Grant | Small Business Support Center | DOJ Brynes Grant | ATP Planning Grant | ATP 17-089 | Foreclosed Homes Project |
|--|----------------|--------------|----------------|--|------------------------|--------------------------|-------------------|--------------------------------|
| Revenues | | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental | 13,936 | | 227,029 | | 4,862 | 100,708 | | |
| Charges for services | | | | | | | | 3,000 |
| Fines | | | | | | | | |
| Revenue for use of money and property | | | | | | | | |
| Miscellaneous | | | | | | | | 12,724 |
| Total revenues | <u>13,936</u> | <u>—</u> | <u>227,029</u> | <u>—</u> | <u>4,862</u> | <u>100,708</u> | <u>—</u> | <u>15,724</u> |
| Expenditures | | | | | | | | |
| General government | | | | | | | | 4,039 |
| Public safety | 13,936 | 197 | | | 4,862 | | | |
| Public works | | | | | | | | |
| Community development | | | | | | 34,592 | 61,700 | |
| Capital outlay | | | 227,029 | | | | | |
| Total expenditures | <u>13,936</u> | <u>197</u> | <u>227,029</u> | <u>—</u> | <u>4,862</u> | <u>34,592</u> | <u>61,700</u> | <u>4,039</u> |
| Excess (deficiency) of revenues over (under) expenditures | | (197) | | | | 66,116 | (61,700) | 11,685 |
| Other financing sources (uses) | | | | | | | | |
| Operating transfers in | | | | | | 4,151 | | |
| Operating transfers out | | | | | | | | |
| Total other financing sources (uses) | | | | | | <u>4,151</u> | | |
| Net change in fund balance | | (197) | | | | 70,267 | (61,700) | 11,685 |
| Fund balance, beginning of year | | 197 | | 605 | | (42,567) | | 19,011 |
| Fund balance, end of year | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$605</u> | <u>\$</u> | <u>\$ 27,700</u> | <u>\$(61,700)</u> | <u>\$30,696</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

| | Sports Hall of Fame | CHRP Grant | ACT Program | Citizens Tax Initiative | Housing Related Parks Program | Citizens Tax Initiative | Total Nonmajor Special Revenue Funds |
|--|---------------------------|---------------------|-------------------|-------------------------------|--|-------------------------------|---|
| Revenues | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ | \$ | \$ 1,761,388 | \$ 2,579,275 |
| Intergovernmental | | | | 10,000 | | | 936,855 |
| Charges for services | | | | | | | 400,566 |
| Fines | | | | | | | 31,044 |
| Revenue for use of money and property | | | | | | 4,682 | 13,646 |
| Miscellaneous | <u> </u> | <u> </u> | <u>142,968</u> | <u> </u> | <u> </u> | <u>18,306</u> | <u>237,034</u> |
| Total revenues | <u> </u> | <u> </u> | <u>142,968</u> | <u>10,000</u> | <u> </u> | <u>1,784,376</u> | <u>4,198,420</u> |
| Expenditures | | | | | | | |
| General government | | | | 4,395 | 53,947 | | 69,842 |
| Public safety | | | 155,655 | | | 306,185 | 566,822 |
| Public works | | | | | | | 1,216,712 |
| Community development | | | | | | | 152,405 |
| Capital outlay | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>34,183</u> | <u>18,851</u> | <u>708,124</u> |
| Total expenditures | <u> </u> | <u> </u> | <u>155,655</u> | <u>4,395</u> | <u>88,130</u> | <u>325,036</u> | <u>2,713,905</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | (12,687) | 5,605 | (88,130) | 1,459,340 | 1,484,515 |
| Other financing sources (uses) | | | | | | | |
| Operating transfers in | | | | | | | 751,849 |
| Operating transfers out | <u> </u> | <u>(381)</u> | <u> </u> | <u> </u> | <u> </u> | <u>(1,265,083)</u> | <u>(1,739,676)</u> |
| Total other financing sources (uses) | <u> </u> | <u>(381)</u> | <u> </u> | <u> </u> | <u> </u> | <u>(1,265,083)</u> | <u>(987,827)</u> |
| Net change in fund balance | | (381) | (12,687) | 5,605 | (88,130) | 194,257 | 496,688 |
| Fund balance, beginning of year | <u>3,351</u> | <u>381</u> | <u>13,071</u> | <u> </u> | <u> </u> | <u>546,754</u> | <u>1,450,585</u> |
| Fund balance, end of year | <u>\$3,351</u> | <u>\$ </u> | <u>\$ 384</u> | <u>\$ 5,605</u> | <u>\$(88,130)</u> | <u>\$ 741,011</u> | <u>\$ 1,947,273</u> |

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2018

| | 1994 Debt Service | Assessment 91-2 Highland Debt Service | Assessment 92-1 Dancer II Debt Service | Assessment 92-1 Dancer III Debt Service | Assessment 92-1 Watermain Debt Service |
|------------------------------------|-------------------------|---|--|---|--|
| Assets | | | | | |
| Cash and investments | \$ 87,215 | \$83,646 | \$19,783 | \$22,515 | \$17,579 |
| Cash with fiscal agent | <u>119,021</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>206,236</u> | <u>83,646</u> | <u>19,783</u> | <u>22,515</u> | <u>17,579</u> |
| Liabilities | | | | | |
| Accounts payable | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund balance | | | | | |
| Restricted for: | | | | | |
| Debt service | <u>206,236</u> | <u>83,646</u> | <u>19,783</u> | <u>22,515</u> | <u>17,579</u> |
| Total fund balance | <u>206,236</u> | <u>83,646</u> | <u>19,783</u> | <u>22,515</u> | <u>17,579</u> |
| Total liabilities and fund balance | <u>\$206,236</u> | <u>\$83,646</u> | <u>\$19,783</u> | <u>\$22,515</u> | <u>\$17,579</u> |

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Debt Service Funds
June 30, 2018

| | Assessment 93-1 Briarwood/ Vineyard Debt Service | 2017 Police Station Debt Service | 2014 Assessment Bond | Total Nonmajor Debt Service Funds |
|------------------------------------|---|--|----------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | | |
| Cash and investments | \$36,763 | \$285,011 | \$ | \$552,512 |
| Cash with fiscal agent | | | <u>37,193</u> | <u>156,214</u> |
| Total assets | <u>36,763</u> | <u>285,011</u> | <u>37,193</u> | <u>708,726</u> |
| Liabilities | | | | |
| Accounts payable | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund balance | | | | |
| Restricted for: | | | | |
| Debt service | <u>36,763</u> | <u>285,011</u> | <u>37,193</u> | <u>708,726</u> |
| Total fund balance | <u>36,763</u> | <u>285,011</u> | <u>37,193</u> | <u>708,726</u> |
| Total liabilities and fund balance | <u>\$36,763</u> | <u>\$285,011</u> | <u>\$37,193</u> | <u>\$708,726</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

| | <u>1994</u> <u>Debt Service</u> | <u>Assessment</u> <u>91-2</u> <u>Highland</u> <u>Debt Service</u> | <u>Assessment</u> <u>92-1</u> <u>Dancer II</u> <u>Debt Service</u> | <u>Assessment</u> <u>92-1</u> <u>Dancer III</u> <u>Debt Service</u> |
|--|------------------------------------|--|---|--|
| Revenues | | | | |
| Intergovernmental | \$ | \$ | \$ | \$ |
| Revenue for use of money and property | 12,992 | | | |
| Assessment Payments | | <u>82,454</u> | <u>24,474</u> | <u>22,928</u> |
| Total revenues | <u>12,992</u> | <u>82,454</u> | <u>24,474</u> | <u>22,928</u> |
| Expenditures | | | | |
| General government | 22,931 | 1,025 | 811 | 714 |
| Debt Service: | | | | |
| Principal | | | | |
| Interest and fiscal charges | | | | |
| Total expenditures | <u>22,931</u> | <u>1,025</u> | <u>811</u> | <u>714</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,939) | 81,429 | 23,663 | 22,214 |
| Other financing sources (uses) | | | | |
| Operating transfers in | | | | |
| Operating transfers out | | <u>(76,998)</u> | <u>(23,009)</u> | <u>(21,562)</u> |
| Total other financing sources (uses) | | <u>(76,998)</u> | <u>(23,009)</u> | <u>(21,562)</u> |
| Net change in fund balance | (9,939) | 4,431 | 654 | 652 |
| Fund balance, beginning of year | <u>216,175</u> | <u>79,215</u> | <u>19,129</u> | <u>21,863</u> |
| Fund balance, end of year | <u>\$206,236</u> | <u>\$ 83,646</u> | <u>\$ 19,783</u> | <u>\$ 22,515</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018

| | <u>Assessment 91-2 Watermain Debt Service</u> | <u>Assessment 93-1 Briarwood/ Vineyard Debt Service</u> | <u>2017 Police Station Debt Service</u> | <u>2014 Assessment Bond</u> | <u>Total Nonmajor Debt Service Funds</u> |
|--|---|---|---|-------------------------------------|--|
| Revenues | | | | | |
| Revenue for use of money and property | \$ | \$ | \$ 2,157 | \$ 96 | \$ 15,245 |
| Assessment payments | <u>20,513</u> | <u>32,708</u> | <u>231,507</u> | <u> </u> | <u>414,584</u> |
| Total revenues | <u>20,513</u> | <u>32,708</u> | <u>233,664</u> | <u>96</u> | <u>429,829</u> |
| Expenditures | | | | | |
| General government | 577 | 849 | | | 26,907 |
| Debt Service: | | | | | |
| Principal | | | | 210,000 | 210,000 |
| Interest and fiscal charges | <u> </u> | <u> </u> | <u>80,498</u> | <u>18,275</u> | <u>98,773</u> |
| Total expenditures | <u>577</u> | <u>849</u> | <u>80,498</u> | <u>228,275</u> | <u>335,680</u> |
| Excess (deficiency) of revenues over (under) expenditures | 19,936 | 31,859 | 153,166 | (228,179) | 94,149 |
| Other financing sources (uses) | | | | | |
| Premium on sale of bonds | | | 131,845 | | 131,845 |
| Operating transfers in | | | | 171,557 | 171,557 |
| Operating transfers out | <u>(19,315)</u> | <u>(30,603)</u> | <u> </u> | <u> </u> | <u>(171,487)</u> |
| Total other financing sources (uses) | <u>(19,315)</u> | <u>(30,603)</u> | <u>131,845</u> | <u>171,557</u> | <u>131,915</u> |
| Net change in fund balance | 621 | 1,256 | 285,011 | (56,622) | 226,064 |
| Fund balance, beginning of year | <u>16,958</u> | <u>35,507</u> | <u> </u> | <u>93,815</u> | <u>482,662</u> |
| Fund balance, end of year | <u>\$ 17,579</u> | <u>\$ 36,763</u> | <u>\$285,011</u> | <u>\$ 37,193</u> | <u>\$ 708,726</u> |

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018

| | <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 | \$1,175,656 | \$1,187,655 | \$ | \$36,639 | \$327,176 | \$86,250 | \$729,170 |
| Accounts receivable | | 61,700 | | | 3,200 | | |
| Due from other funds | | | | | | | |
| Total assets | <u>1,175,656</u> | <u>1,249,355</u> | <u>_____</u> | <u>36,639</u> | <u>330,376</u> | <u>86,250</u> | <u>729,170</u> |
| Liabilities | | | | | | | |
| Accounts payable | 23,931 | | 1,120 | 6,858 | | | |
| Due to other funds | | | 9,854 | | | | |
| Total liabilities | <u>23,931</u> | <u>_____</u> | <u>10,974</u> | <u>6,858</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |
| Fund balance | | | | | | | |
| Restricted for: | | | | | | | |
| Streets and roads | | 1,249,355 | | | | | |
| Capital projects | | | (10,974) | 29,781 | 330,376 | 86,250 | 729,170 |
| Committed for: | | | | | | | |
| Capital projects | | | | | | | |
| Assigned for: | | | | | | | |
| Equipment replacement | 1,151,725 | | | | | | |
| Unassigned | | | | | | | |
| Total fund balance | <u>1,151,725</u> | <u>1,249,355</u> | <u>(10,974)</u> | <u>29,781</u> | <u>330,376</u> | <u>86,250</u> | <u>729,170</u> |
| Total liabilities and fund balance | <u>\$1,175,656</u> | <u>\$1,249,355</u> | <u>\$ _____</u> | <u>\$36,639</u> | <u>\$330,376</u> | <u>\$86,250</u> | <u>\$729,170</u> |

CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018

| | 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 | City Hall Construction |
|------------------------------------|--|----------------------------------|---|--|---|--|------------------------------|
| Assets | | | | | | | |
| Cash and investments | \$530,549 | \$309,603 | \$67,235 | \$29,987 | \$38,394 | \$4,683 | \$19,764 |
| Accounts receivable | 8,582 | | | | | | |
| Due from other funds | 51,599 | | | | | | |
| Total assets | <u>590,730</u> | <u>309,603</u> | <u>67,235</u> | <u>29,987</u> | <u>38,394</u> | <u>4,683</u> | <u>19,764</u> |
| Liabilities | | | | | | | |
| Accounts payable | | | | | | | |
| Due to other funds | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total liabilities | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Fund balance | | | | | | | |
| Restricted for: | | | | | | | |
| Streets and roads | | | | | | | |
| Capital projects | 590,730 | | 67,235 | 29,987 | 38,394 | 4,683 | |
| Committed for: | | | | | | | |
| Capital projects | | 309,603 | | | | | 19,764 |
| Assigned for: | | | | | | | |
| Equipment replacement | | | | | | | |
| Unassigned | | | | | | | |
| Total fund balance | <u>590,730</u> | <u>309,603</u> | <u>67,235</u> | <u>29,987</u> | <u>38,394</u> | <u>4,683</u> | <u>19,764</u> |
| Total liabilities and fund balance | <u>\$590,730</u> | <u>\$309,603</u> | <u>\$67,235</u> | <u>\$29,987</u> | <u>\$38,394</u> | <u>\$4,683</u> | <u>\$19,764</u> |

**CITY OF SELMA
Combining Balance Sheet –
Nonmajor Capital Projects Funds
June 30, 2018**

| | Amberwood Project | Tutelian Project | Selma Crossing Project | Caltrans Mitigation Fund | Capital Projects Parks | Total Nonmajor Capital Projects Funds |
|------------------------------------|----------------------|---------------------|------------------------------|--------------------------------|------------------------------|---|
| Assets | | | | | | |
| Cash and investments | \$29,058 | \$28,606 | \$ | \$212,233 | \$13,232 | \$4,825,890 |
| Accounts receivable | | 1,642 | | | | 10,224 |
| Due from other funds | | | | | | 116,499 |
| Total assets | <u>29,058</u> | <u>30,248</u> | <u>—</u> | <u>212,233</u> | <u>13,232</u> | <u>4,952,613</u> |
| Liabilities | | | | | | |
| Accounts payable | 2,454 | 6,881 | | | 20,240 | 61,484 |
| Due to other funds | | <u>3,200</u> | <u>3,704</u> | | | <u>16,758</u> |
| Total liabilities | <u>2,454</u> | <u>10,081</u> | <u>3,704</u> | <u>—</u> | <u>20,240</u> | <u>78,242</u> |
| Fund balance | | | | | | |
| Restricted for: | | | | | | |
| Streets and roads | | | | 212,233 | | 1,461,588 |
| Capital projects | | | | | | 1,895,632 |
| Committed for: | | | | | | |
| Capital projects | 26,604 | | | | | 355,971 |
| Assigned for: | | | | | | |
| Equipment replacement | | | | | | 1,151,725 |
| Unassigned | | <u>20,167</u> | <u>(3,704)</u> | | <u>(7,008)</u> | <u>9,455</u> |
| Total fund balance | <u>26,604</u> | <u>20,167</u> | <u>(3,704)</u> | <u>212,233</u> | <u>(7,008)</u> | <u>4,874,371</u> |
| Total liabilities and fund balance | <u>\$29,058</u> | <u>\$30,248</u> | <u>\$</u> | <u>\$212,233</u> | <u>\$13,232</u> | <u>\$4,952,613</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

| | 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 |
|--|--------------------------|---|--|--|--|--------------------------------------|--------------------------------|
| Revenues | | | | | | | |
| Intergovernmental | \$ 50,500 | \$ | \$ | \$ | \$ | \$ | \$ |
| Charges for services | 63,878 | 216,949 | 12,187 | 10,575 | 36,157 | 50,214 | 5,785 |
| Revenue for use of money & property | 8,141 | 9,477 | | | 2,476 | | 5,725 |
| Miscellaneous | <u>627,904</u> | | | | | <u>6,800</u> | |
| Total revenues | <u>750,423</u> | <u>226,426</u> | <u>12,187</u> | <u>10,575</u> | <u>38,633</u> | <u>57,014</u> | <u>11,510</u> |
| Expenditures | | | | | | | |
| Public safety | 80,288 | | 27,311 | | | | |
| Public works | | 48,348 | | | | 38,477 | 54,561 |
| Community development | | | | | | | |
| Recreation | | | | | | | |
| Capital outlay | 244,119 | | | 69,435 | | 69,800 | |
| Debt Service: | | | | | | | |
| Principal | 36,962 | | 12,081 | 25,333 | | | |
| Interest and fiscal charges | <u>2,784</u> | | <u>1,362</u> | | | | |
| Total expenditures | <u>364,153</u> | <u>48,348</u> | <u>40,754</u> | <u>94,768</u> | | <u>108,277</u> | <u>54,561</u> |
| Excess (deficiency) of revenues over (under) expenditures | 386,270 | 178,078 | (28,567) | (84,193) | 38,633 | (51,263) | (43,051) |
| Other financing sources (uses) | | | | | | | |
| Sale of capital assets | 14,980 | | | | | | |
| Operating transfers in | 100,000 | | | | | | |
| Operating transfers out | | | | | | | |
| Total other financing sources (uses) | <u>114,980</u> | | | | | | |
| Net change in fund balance | 501,250 | 178,078 | (28,567) | (84,193) | 38,633 | (51,263) | (43,051) |
| Fund balance, beginning 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> |
| Fund balance, end of year | <u>\$1,151,725</u> | <u>\$1,249,355</u> | <u>\$(10,974)</u> | <u>\$ 29,781</u> | <u>\$330,376</u> | <u>\$ 86,250</u> | <u>\$729,170</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

| | 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 |
|--|--|----------------------------------|---|--|---|--|------------------------------|
| Revenues | | | | | | | |
| Intergovernmental | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Charges for services | 8,585 | 15,432 | 1,120 | 5,633 | 1,318 | 980 | |
| Revenue for use of money & property | 4,406 | 2,343 | | | | | |
| Miscellaneous | | | | | | | |
| Total revenues | <u>12,991</u> | <u>17,775</u> | <u>1,120</u> | <u>5,633</u> | <u>1,318</u> | <u>980</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> |
| Excess (deficiency) of revenues over (under) expenditures | 12,991 | 17,775 | 1,120 | 5,633 | 1,318 | 980 | |
| Other financing sources (uses) | | | | | | | |
| Sale of capital assets | | | | | | | |
| Operating transfers in | | | | | | | |
| Operating transfers out | | | | | | | (70) |
| Total other financing sources (uses) | | | | | | | <u>(70)</u> |
| Net change in fund balance | 12,991 | 17,775 | 1,120 | 5,633 | 1,318 | 980 | (70) |
| Fund balance, beginning of year | <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> |
| Fund balance, end of year | <u>\$590,730</u> | <u>\$309,603</u> | <u>\$67,235</u> | <u>\$29,987</u> | <u>\$38,394</u> | <u>\$4,683</u> | <u>\$—</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018

| | City Hall Construction | Amberwood Project | Tutelian Project | Selma Crossing Project | Caltrans Mitigation Fund | Capital Project- Parks | Total Nonmajor Capital Projects Funds |
|--|---------------------------|----------------------|---------------------|------------------------------|--------------------------------|------------------------------|--|
| Revenues | | | | | | | |
| Intergovernmental | \$ | \$ | \$ | \$ | \$ | \$ | \$ 50,500 |
| Charges for services | | | | | 50,240 | | 479,053 |
| Revenue for use of money & property | | | | | | | 32,568 |
| Miscellaneous | <u> </u> | <u> </u> | 36,350 | <u> </u> | <u> </u> | <u> </u> | 671,054 |
| Total revenues | <u> </u> | <u> </u> | <u>36,350</u> | <u> </u> | <u>50,240</u> | <u> </u> | <u>1,233,175</u> |
| Expenditures | | | | | | | |
| Public safety | | | | | | | 107,599 |
| Public works | | | | | | | 141,386 |
| Community development | | | 10,099 | 2,112 | | | 12,211 |
| Recreation | | | | | | 34,594 | 34,594 |
| Capital outlay | | | | | | 244,130 | 627,484 |
| Debt Service: | | | | | | | |
| Principal | | | | | | | 74,376 |
| Interest and fiscal charges | | | | | | | 4,146 |
| Total expenditures | <u> </u> | <u> </u> | <u>10,099</u> | <u>2,112</u> | <u> </u> | <u>278,724</u> | <u>1,001,796</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | 26,251 | (2,112) | 50,240 | (278,724) | 231,379 |
| Other financing sources (uses) | | | | | | | |
| Sale of capital assets | | | | | | | 14,980 |
| Operating transfers in | | | | | | 105,000 | 205,000 |
| Operating transfers out | | | | | | | (70) |
| Total other financing sources (uses) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>105,000</u> | <u>219,910</u> |
| Net change in fund balance | | | 26,251 | (2,112) | 50,240 | (173,724) | 451,289 |
| Fund balance, beginning of year | <u>19,764</u> | <u>26,604</u> | <u>(6,084)</u> | <u>(1,592)</u> | <u>161,993</u> | <u>166,716</u> | <u>4,423,082</u> |
| Fund balance, end of year | <u>\$19,764</u> | <u>\$26,604</u> | <u>\$20,167</u> | <u>\$(3,704)</u> | <u>\$212,233</u> | <u>\$ (7,008)</u> | <u>\$4,874,371</u> |

CITY OF SELMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

| | Pioneer Village | Cultural Arts | Total Nonmajor Enterprise Funds |
|---|--------------------|-------------------|--|
| Assets | | | |
| Current assets | | | |
| Cash and investments | \$ 96,347 | \$ | \$ 96,347 |
| Accounts receivable, net | <u>1,880</u> | <u>3,950</u> | <u>5,830</u> |
| Total current assets | <u>98,227</u> | <u>3,950</u> | <u>102,177</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Machinery and equipment | 278,882 | 3,515 | 282,397 |
| Less: accumulated depreciation | <u>(263,292)</u> | <u>(3,515)</u> | <u>(266,807)</u> |
| Total noncurrent assets | <u>15,590</u> | <u> </u> | <u>15,590</u> |
| Total assets | <u>113,817</u> | <u>3,950</u> | <u>117,767</u> |
| Deferred outflows of resources: | | | |
| Deferred outflows related to pensions | 4,504 | 3,515 | 8,019 |
| Deferred outflows related to OPEB | <u>121</u> | <u>94</u> | <u>215</u> |
| Total deferred outflow of resources | <u>4,625</u> | <u>3,609</u> | <u>8,234</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,304 | 5,916 | 7,220 |
| Accrued wages/benefits | 952 | 680 | 1,632 |
| Interfund payables | <u> </u> | <u>6,476</u> | <u>6,476</u> |
| Total current liabilities | <u>2,256</u> | <u>13,072</u> | <u>15,328</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 17,461 | 13,626 | 31,087 |
| Net other post-employment benefits liability | <u>6,090</u> | <u>4,751</u> | <u>10,841</u> |
| Total noncurrent liabilities | <u>23,551</u> | <u>18,377</u> | <u>41,928</u> |
| Total liabilities | <u>25,807</u> | <u>31,449</u> | <u>57,256</u> |
| Deferred inflows of resources | | | |
| Deferred inflows related to pensions | 109 | 85 | 194 |
| Deferred inflows related to OPEB | <u>558</u> | <u>435</u> | <u>993</u> |
| Total deferred inflow of resources | <u>667</u> | <u>520</u> | <u>1,187</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 15,590 | | 15,590 |
| Unrestricted | <u>76,378</u> | <u>(24,410)</u> | <u>51,968</u> |
| Total net position | <u>\$ 91,968</u> | <u>\$(24,410)</u> | <u>\$ 67,558</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

| | Pioneer Village | Cultural Arts | Total Nonmajor Enterprise Funds |
|---|--------------------|--------------------|--|
| Operating Revenues | | | |
| Charges for services | \$ 336 | \$ 20,022 | \$ 20,358 |
| Rents | 22,274 | 26,551 | 48,825 |
| Miscellaneous | <u>6,540</u> | <u>100,609</u> | <u>107,149</u> |
| Total operating revenues | <u>29,150</u> | <u>147,182</u> | <u>176,332</u> |
| Operating Expenses | | | |
| Personnel services | 10,947 | 31,386 | 42,333 |
| Services and supplies | 58,852 | 124,357 | 183,209 |
| Other internal services | 3,762 | 33,101 | 36,863 |
| Depreciation | <u>1,215</u> | <u>188,844</u> | <u>1,215</u> |
| Total operating expenses | <u>74,776</u> | <u>188,844</u> | <u>263,620</u> |
| Operating income (loss) | <u>(45,626)</u> | <u>(41,662)</u> | <u>(87,288)</u> |
| Income (loss) before transfers | <u>(45,626)</u> | <u>(41,662)</u> | <u>(87,288)</u> |
| Transfers | | | |
| Transfers in | <u>15,000</u> | <u>42,000</u> | <u>57,000</u> |
| Changes in net position | (30,626) | 338 | (30,288) |
| Net position (deficit), beginning of year | <u>128,689</u> | <u>(19,991)</u> | <u>108,698</u> |
| Restatement for accounting change | <u>(6,095)</u> | <u>(4,757)</u> | <u>(10,852)</u> |
| Net position (deficit), end of year | <u>\$ 91,968</u> | <u>\$ (24,410)</u> | <u>\$ 67,558</u> |

CITY OF SELMA
Combining Statement of Net Position –
Internal Service Funds
June 30, 2018

| | Insurance | Fleet Management | Building & Utility | General Overhead | Information Processing | Total Internal Service Funds |
|---|------------------|---------------------|-----------------------|---------------------|---------------------------|---------------------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$261,959 | \$526,153 | \$426,034 | \$55,890 | \$312,936 | \$1,582,972 |
| Accounts receivable, net | <u>38,892</u> | | | | | <u>38,892</u> |
| Total current assets | <u>300,851</u> | <u>526,153</u> | <u>426,034</u> | <u>55,890</u> | <u>312,936</u> | <u>1,621,864</u> |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Machinery and equipment | | | 38,400 | | 10,052 | 48,452 |
| Less: Accumulated depreciation | | | <u>(4,858)</u> | | <u>(3,853)</u> | <u>(8,711)</u> |
| Total noncurrent assets | | | <u>33,542</u> | | <u>6,199</u> | <u>39,741</u> |
| Total assets | 300,851 | 526,153 | 459,576 | 55,890 | 319,135 | 1,661,605 |
| Deferred outflows of resources: | | | | | | |
| Deferred outflows related to pensions | | 80,511 | 73,423 | | 330 | 154,264 |
| Deferred outflows related to OPEB | | <u>2,151</u> | <u>1,961</u> | | <u>8</u> | <u>4,120</u> |
| Total deferred outflow of resources | | <u>82,662</u> | <u>75,384</u> | | <u>338</u> | <u>158,384</u> |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 5,777 | 30,551 | 10,329 | 103 | 5,817 | 52,577 |
| Accrued wages/benefits | | 3,383 | 2,609 | | 1,546 | 7,538 |
| Current portion of capital leases | | | | | <u>19,963</u> | <u>19,963</u> |
| Total current liabilities | <u>5,777</u> | <u>33,934</u> | <u>12,938</u> | <u>103</u> | <u>27,326</u> | <u>80,078</u> |
| Noncurrent liabilities: | | | | | | |
| Capital leases | | | | | 73,652 | 73,652 |
| Net pension liability | | 312,114 | 284,637 | | 1,277 | 598,028 |
| Net other post-employment benefits liability | | <u>108,831</u> | <u>99,250</u> | | <u>447</u> | <u>208,528</u> |
| Total noncurrent liabilities | | <u>420,945</u> | <u>383,887</u> | | <u>75,376</u> | <u>880,208</u> |
| Total liabilities | <u>5,777</u> | <u>454,879</u> | <u>396,825</u> | <u>103</u> | <u>102,702</u> | <u>960,286</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflow of pensions | | 1,941 | 1,770 | | 7 | 3,718 |
| Deferred inflow related to OPEB | | <u>9,975</u> | <u>9,097</u> | | <u>40</u> | <u>19,112</u> |
| Total deferred inflow of resources | | <u>11,916</u> | <u>10,867</u> | | <u>47</u> | <u>22,830</u> |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | | | 33,542 | | 6,199 | 39,741 |
| Unrestricted | <u>295,074</u> | <u>142,020</u> | <u>93,726</u> | <u>55,787</u> | <u>210,525</u> | <u>797,132</u> |
| Total net position | <u>\$295,074</u> | <u>\$142,020</u> | <u>\$127,268</u> | <u>\$55,787</u> | <u>\$216,724</u> | <u>\$ 836,873</u> |

CITY OF SELMA
Combining Statement of Revenues, Expenses, and Changes in Net Position–
Internal Service Funds
For the Year Ended June 30, 2018

| | Insurance | Fleet Management | Building & Utility | General Overhead | Information Processing | Total Internal Service Funds |
|---|-------------------|---------------------|-----------------------|---------------------|---------------------------|---------------------------------------|
| Operating Revenues | | | | | | |
| Charges for services | \$1,075,603 | \$ 747,818 | \$410,542 | \$14,964 | \$394,215 | \$2,643,142 |
| Miscellaneous | <u>137</u> | <u>223</u> | <u> </u> | <u>681</u> | <u>98,195</u> | <u>99,236</u> |
| Total operating revenues | <u>1,075,740</u> | <u>748,041</u> | <u>410,542</u> | <u>15,645</u> | <u>492,410</u> | <u>2,742,378</u> |
| Operating Expenses | | | | | | |
| Personnel services | | 170,412 | 118,963 | | 4,653 | 294,028 |
| Services and supplies | | 437,816 | 106,057 | 15,326 | 411,140 | 970,339 |
| Other internal services | 969,807 | | | | | 969,807 |
| Depreciation | | | <u>3,840</u> | | <u>2,010</u> | <u>5,850</u> |
| Total operating expenses | <u>969,807</u> | <u>608,228</u> | <u>228,860</u> | <u>15,326</u> | <u>417,803</u> | <u>2,240,024</u> |
| Operating income (loss) | 105,933 | 139,813 | 181,682 | 319 | 74,607 | 502,354 |
| Nonoperating revenues (expenses) | | | | | | |
| Interest income | | 3,218 | 2,361 | | | 5,579 |
| Interest expense | | | | | <u>(1,684)</u> | <u>(1,684)</u> |
| Total nonoperating revenues (expenses) | | <u>3,218</u> | <u>2,361</u> | | <u>(1,684)</u> | <u>3,895</u> |
| Changes in net position | 105,933 | 143,031 | 184,043 | 319 | 72,923 | 506,249 |
| Net position, beginning of year | 189,141 | 107,943 | 42,588 | 55,468 | 144,247 | 539,387 |
| Restatement for Accounting Change | | <u>(108,954)</u> | <u>(99,363)</u> | | <u>(446)</u> | <u>(208,763)</u> |
| Net position, end of year | <u>\$ 295,074</u> | <u>\$ 142,020</u> | <u>\$127,268</u> | <u>\$55,787</u> | <u>\$216,724</u> | <u>\$ 836,873</u> |

CITY OF SELMA
Combining Statement of Fiduciary Assets and Liabilities –
Agency Funds
June 30, 2018

| | <u>Finance Clearing</u> | <u>Planning Clearing</u> | <u>Senior Citizens Clearing</u> | <u>Police Department Clearing</u> | <u>Graffiti Reward Fund</u> | <u>Total Agency Funds</u> |
|----------------------|-----------------------------|------------------------------|---|---|-------------------------------------|-----------------------------------|
| Assets | | | | | | |
| Cash and investments | \$157,529 | \$20,999 | \$18,630 | \$19,501 | \$700 | \$217,359 |
| Accounts receivable | <u>2,718</u> | <u></u> | <u></u> | <u></u> | <u></u> | <u>2,718</u> |
| Total assets | <u>160,247</u> | <u>20,999</u> | <u>18,630</u> | <u>19,501</u> | <u>700</u> | <u>220,077</u> |
| Liabilities | | | | | | |
| Accounts payable | 158,897 | 1,168 | | | | 160,065 |
| Deposits | 1,350 | 3,045 | | | | 4,395 |
| Other | <u>16,786</u> | <u>16,786</u> | <u>18,630</u> | <u>19,501</u> | <u>700</u> | <u>55,617</u> |
| Total liabilities | <u>160,247</u> | <u>20,999</u> | <u>18,630</u> | <u>19,501</u> | <u>700</u> | <u>220,077</u> |
| Net Position: | | | | | | |
| Total net position | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |

OTHER INDEPENDENT AUDITOR'S REPORTS



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

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

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, 2018, 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 March 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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. 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.

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sampson, Sampson & Patterson, LLP

Clovis, California
March 11, 2019