

City of Selma | California

Financial Statements

For the Year Ended June 30, 2023



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INDEPENDENT AUDITOR’S REPORT

To the City Council of the
City of Selma
Selma, California

Report on the Audit of the Financial Statements

Opinions

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, California (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison information on pages 65-66, the Schedule of Proportionate Share of Net Pension Liability on page 68, Schedule of Contributions on page 69, and the Schedule of Changes in Net OPEB Liability and Related Ratios on page 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 April 5, 2024, on our consideration of the City’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 solely 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 the effectiveness of the City’s 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’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Kevin J. [unclear]", is written over a faint, illegible printed name.

April 5, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SELMA | JUNE 30, 2023
Statement of Net Position

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 45,813,461	\$ 2,911,302	\$ 48,724,763
Restricted cash with fiscal agents	695,290	-	695,290
Receivables:			
Accounts, net	357,573	2,874,144	3,231,717
Interest	179,859	9,208	189,067
Intergovernmental	5,225,531	259,071	5,484,602
Leases	254,351	197,994	452,345
Due from the Successor Agency	1,180,364	-	1,180,364
Advance to the Successor Agency	65,000	-	65,000
Prepaid expenses	163,465	-	163,465
Deposits	103,249	-	103,249
Internal balances	1,557	(1,557)	-
Capital assets (net of accumulated depreciation):			
Non-depreciable	11,274,034	625,000	11,899,034
Depreciable	52,193,242	641,527	52,834,769
Total assets	<u>117,506,976</u>	<u>7,516,689</u>	<u>125,023,665</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	19,144,637	3,937,368	23,082,005
OPEB related	<u>681,358</u>	<u>144,095</u>	<u>825,453</u>
Total deferred outflows of resources	<u>19,825,995</u>	<u>4,081,463</u>	<u>23,907,458</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,461,362	425,627	2,886,989
Accrued wages/benefits	646,665	145,684	792,349
Deposits and other liabilities	42,774	-	42,774
Accrued interest payable	557,248	-	557,248
Noncurrent liabilities:			
Due within one year	1,032,233	92,861	1,125,094
Due in more than one year	21,695,736	250,908	21,946,644
Net pension liability	15,948,687	3,343,935	19,292,622
Net OPEB liability	<u>3,615,740</u>	<u>764,666</u>	<u>4,380,406</u>
Total liabilities	<u>46,000,445</u>	<u>5,023,681</u>	<u>51,024,126</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	837,347	360,062	1,197,409
OPEB related	3,109,481	657,602	3,767,083
Lease related	<u>222,297</u>	<u>129,110</u>	<u>351,407</u>
Total deferred inflows of resources	<u>4,169,125</u>	<u>1,146,774</u>	<u>5,315,899</u>
NET POSITION			
Net investment in capital assets	56,673,190	1,231,205	57,904,395
Restricted for:			
Streets and roads	22,440,624	-	22,440,624
Public safety	4,941,005	-	4,941,005
Community development	5,026,164	-	5,026,164
Debt service	1,875,044	-	1,875,044
Capital projects	9,406,033	-	9,406,033
Pension trust	597,811	-	597,811
Unrestricted	<u>(13,796,470)</u>	<u>4,196,492</u>	<u>(9,599,978)</u>
Total net position	<u>\$ 87,163,401</u>	<u>\$ 5,427,697</u>	<u>\$ 92,591,098</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Activities

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,541,740	\$ -	\$ 663,445	\$ -	\$ (2,878,295)	\$ -	\$ (2,878,295)
Public safety	10,967,285	781,416	381,032	4,500,000	(5,304,837)	-	(5,304,837)
Public works	5,853,249	651,974	2,373,328	260,963	(2,566,984)	-	(2,566,984)
Community development	1,642,689	589,939	71,495	-	(981,255)	-	(981,255)
Parks and recreation	941,088	178,273	-	-	(762,815)	-	(762,815)
Interest and other charges	903,431	-	-	-	(903,431)	-	(903,431)
Total governmental activities	<u>23,849,482</u>	<u>2,201,602</u>	<u>3,489,300</u>	<u>4,760,963</u>	<u>(13,397,617)</u>	<u>-</u>	<u>(13,397,617)</u>
Business-type activities:							
Ambulance	4,303,033	4,885,290	-	-	-	582,257	582,257
Garbage	1,632,364	1,626,460	-	-	-	(5,904)	(5,904)
Pioneer Village	61,553	-	-	-	-	(61,553)	(61,553)
Transit service	768,924	1,051,023	-	-	-	282,099	282,099
Cultural arts	<u>215,787</u>	<u>121,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,629)</u>	<u>(94,629)</u>
Total business-type activities	<u>6,981,661</u>	<u>7,683,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,270</u>	<u>702,270</u>
Total primary government	<u>\$ 30,831,143</u>	<u>\$ 9,885,533</u>	<u>\$ 3,489,300</u>	<u>\$ 4,760,963</u>	<u>(13,397,617)</u>	<u>702,270</u>	<u>(12,695,347)</u>
General revenues:							
Taxes					17,679,012	-	17,679,012
Licenses and permits					457,840	-	457,840
Motor vehicle in-lieu					25,335	-	25,335
Fines					123,073	-	123,073
Franchise fees					1,104,495	-	1,104,495
Unrestricted investment earnings					744,585	61,674	806,259
Miscellaneous					74,448	20,543	94,991
Transfers					<u>(1,372,403)</u>	<u>1,372,403</u>	<u>-</u>
Total general revenues and transfers					<u>18,836,385</u>	<u>1,454,620</u>	<u>20,291,005</u>
Change in net position					5,438,768	2,156,890	7,595,658
Net position - beginning (restated)					<u>81,724,633</u>	<u>3,270,807</u>	<u>84,995,440</u>
Net position - ending					<u>\$ 87,163,401</u>	<u>\$ 5,427,697</u>	<u>\$ 92,591,098</u>

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF SELMA | JUNE 30, 2023

Governmental Funds

Balance Sheet

	General	Special Revenue Funds		Capital	Nonmajor Governmental Funds	Total Governmental Funds
		Local Transportation	Street Maintenance	Projects Fund State-Funded Capital Projects		
ASSETS						
Cash and investments	\$ 19,825,499	\$ 124,042	\$ 3,314,616	\$ 4,371,398	\$ 14,884,660	\$ 42,520,215
Cash with fiscal agents	597,811	-	-	-	97,479	695,290
Accounts receivable, net	207,942	-	1,050	-	91,997	300,989
Interest receivable	88,483	-	14,085	19,096	45,433	167,097
Interfund receivables	1,242,172	-	-	-	-	1,242,172
Due from the Successor Agency	-	-	-	-	1,180,364	1,180,364
Intergovernmental receivables	1,814,332	1,626,410	-	-	1,784,789	5,225,531
Leases receivable	254,351	-	-	-	-	254,351
Advance to the Successor Agency	-	-	-	-	65,000	65,000
Prepaid expenses	163,465	-	-	-	-	163,465
Total assets	<u>\$ 24,194,055</u>	<u>\$ 1,750,452</u>	<u>\$ 3,329,751</u>	<u>\$ 4,390,494</u>	<u>\$ 18,149,722</u>	<u>\$ 51,814,474</u>
LIABILITIES						
Accounts payable	\$ 1,018,468	\$ -	\$ 961,303	\$ -	\$ 297,246	\$ 2,277,017
Accrued wages/benefits	607,583	-	18,296	-	14,952	640,831
Deposits	13,348	-	5,000	-	-	18,348
Other liabilities	24,426	-	-	-	-	24,426
Interfund payables	-	-	-	-	1,149,907	1,149,907
Total liabilities	<u>1,663,825</u>	<u>-</u>	<u>984,599</u>	<u>-</u>	<u>1,462,105</u>	<u>4,110,529</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	10,487	1,626,410	-	-	85,271	1,722,168
Lease related	222,297	-	-	-	-	222,297
Total deferred inflows of resources	<u>232,784</u>	<u>1,626,410</u>	<u>-</u>	<u>-</u>	<u>85,271</u>	<u>1,944,465</u>
FUND BALANCES						
Nonspendable:						
Leases receivable	32,054	-	-	-	-	32,054
Restricted for:						
Streets and roads	-	124,042	2,345,152	-	7,937,913	10,407,107
Public safety	-	-	-	4,500,000	163,867	4,663,867
Community development	-	-	-	-	2,527,082	2,527,082
Debt service	-	-	-	-	937,522	937,522
Capital projects	-	-	-	-	5,160,720	5,160,720
Pension trust	597,811	-	-	-	-	597,811
Committed for:						
Streets and roads	-	-	-	-	24,006	24,006
Community development	-	-	-	-	304,860	304,860
Recreation	-	-	-	-	3,351	3,351
Assigned for:						
Subsequent year's budget:						
Appropriation of fund balance	3,538,057	-	-	-	-	3,538,057
Unassigned	18,129,524	-	-	(109,506)	(456,975)	17,563,043
Total fund balances	<u>22,297,446</u>	<u>124,042</u>	<u>2,345,152</u>	<u>4,390,494</u>	<u>16,602,346</u>	<u>45,759,480</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,194,055</u>	<u>\$ 1,750,452</u>	<u>\$ 3,329,751</u>	<u>\$ 4,390,494</u>	<u>\$ 18,149,722</u>	<u>\$ 51,814,474</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds balance sheet		\$ 45,759,480
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.		63,262,622
Long-term debt is not due and payable in the current period, and therefore, are not reported in the funds.		(21,229,457)
Leases and subscriptions payable are not due and payable in the current period, and therefore, are not reported in the funds.		(435,744)
Compensated absences are not due and payable in the current period, and therefore are not reported in the funds.		(1,036,671)
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.		(557,248)
Net pension liability and pension-related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net pension liability	(15,712,853)	
Deferred outflows of resources	18,864,218	
Deferred inflows of resources	<u>(797,872)</u>	2,353,493
Net OPEB liability and OPEB-related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net OPEB liability	(3,582,188)	
Deferred outflows of resources	675,036	
Deferred inflows of resources	<u>(3,080,627)</u>	(5,987,779)
Certain assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.		1,722,168
Internal service funds are used by management to charge the costs of fleet maintenance services to individual funds. The assets and liabilities of the internal revenue service funds are included in the governmental activities in the statement of net position.		<u>3,312,537</u>
Net position of governmental activities - statement of net position		<u>\$ 87,163,401</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	General	Special Revenue Funds		Capital	Nonmajor Governmental Funds	Total Governmental Funds
		Local Transportation	Street Maintenance	Projects Fund State-Funded Capital Projects		
Revenues:						
Taxes	\$ 14,368,706	\$ -	\$ -	\$ -	\$ 551,622	\$ 14,920,328
Licenses and permits	457,840	-	-	-	-	457,840
Intergovernmental	71,488	-	-	4,500,000	6,063,913	10,635,401
Charges for services	1,365,683	-	178,137	-	107,003	1,650,823
Fines	116,665	-	-	-	6,408	123,073
Franchise fees	1,104,495	-	-	-	-	1,104,495
Use of money and property	460,061	9,750	37,044	19,794	190,909	717,558
Assessments	-	-	-	-	475,843	475,843
Loan repayments	-	-	-	-	1,080	1,080
Miscellaneous	53,565	-	1,050	-	14,159	68,774
Total revenues	17,998,503	9,750	216,231	4,519,794	7,410,937	30,155,215
Expenditures:						
General government	3,995,946	-	-	-	574,766	4,570,712
Public safety	19,683,047	-	-	-	940,545	20,623,592
Public works	2,375,617	-	1,853,940	-	594,328	4,823,885
Community development	2,310,049	-	-	-	78,871	2,388,920
Recreation	1,069,375	-	-	-	57,124	1,126,499
Capital outlay	976,972	-	887,572	-	988,140	2,852,684
Debt Service:						
Principal	436,415	-	-	-	193,295	629,710
Interest and fiscal charges	115,130	-	-	-	320,778	435,908
Total expenditures	30,962,551	-	2,741,512	-	3,747,847	37,451,910
Excess (deficiency) of revenues over (under) expenditures	(12,964,048)	9,750	(2,525,281)	4,519,794	3,663,090	(7,296,695)
Other financing sources (uses):						
Proceeds from long-term debt	308,246	-	-	-	14,583,000	14,891,246
Operating transfers in	13,904,830	-	4,472,318	-	732,540	19,109,688
Operating transfers out	(208,964)	(1,673,510)	-	(110,000)	(18,717,095)	(20,709,569)
Total other financing sources (uses)	14,004,112	(1,673,510)	4,472,318	(110,000)	(3,401,555)	13,291,365
Net change in fund balance	1,040,064	(1,663,760)	1,947,037	4,409,794	261,535	5,994,670
Fund balances - beginning (restated)	21,257,382	1,787,802	398,115	(19,300)	16,340,811	39,764,810
Fund balances - ending	\$ 22,297,446	\$ 124,042	\$ 2,345,152	\$ 4,390,494	\$ 16,602,346	\$ 45,759,480

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance -- total governmental funds \$ 5,994,670

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period. (1,199,574)

Repayment of bond, leases and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Lease issued	(308,246)	
Debt issued	(14,583,000)	
Principal paid on long-term debt	545,647	
Principal paid on leases	94,996	
Amortization of premiums	<u>4,395</u>	(14,246,208)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 503,475

Compensated absences expense reported in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds. (260,042)

Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the governmental fund statements. (475,002)

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. 14,288,313

Changes to net OPEB liability and OPEB-related deferred outflows and inflows of resources do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. (22,968)

The net revenue (expense) of internal service funds is reported with governmental activities. 856,104

Change in net position of governmental activities - statement of activities \$ 5,438,768

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | JUNE 30, 2023

Proprietary Funds
Statement of Net Position

	Business-type Activities -- Enterprise Funds					Governmental
	Ambulance	Garbage	Transit	Nonmajor	Total	Internal
				Enterprise Funds		Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 2,150,502	\$ 351,262	\$ 409,538	\$ -	\$ 2,911,302	\$ 3,293,246
Accounts receivable, net	2,872,641	-	-	1,503	2,874,144	56,584
Interest receivable	9,208	-	-	-	9,208	12,762
Intergovernmental receivable	-	-	259,071	-	259,071	-
Lease receivable	-	-	-	197,994	197,994	-
Deposits	-	-	-	-	-	103,249
Total current assets	<u>5,032,351</u>	<u>351,262</u>	<u>668,609</u>	<u>199,497</u>	<u>6,251,719</u>	<u>3,465,841</u>
Noncurrent assets:						
Capital assets:						
Construction in progress	625,000	-	-	-	625,000	-
Buildings and improvements	-	-	-	284,182	284,182	6,079
Machinery and equipment	820,294	-	-	-	820,294	320,297
Right-to-use leased buildings	68,203	-	-	-	68,203	-
Right-to-use leased equipment	-	-	-	-	-	63,748
Less accumulated depreciation/amortization	(261,565)	-	-	(269,587)	(531,152)	(185,470)
Total noncurrent assets	<u>1,251,932</u>	<u>-</u>	<u>-</u>	<u>14,595</u>	<u>1,266,527</u>	<u>204,654</u>
Total assets	<u>6,284,283</u>	<u>351,262</u>	<u>668,609</u>	<u>214,092</u>	<u>7,518,246</u>	<u>3,670,495</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	3,152,833	-	712,105	72,430	3,937,368	280,419
OPEB related	124,376	-	17,657	2,062	144,095	6,322
Total deferred outflows of resources	<u>3,277,209</u>	<u>-</u>	<u>729,762</u>	<u>74,492</u>	<u>4,081,463</u>	<u>286,741</u>
LIABILITIES						
Current liabilities:						
Accounts payable	126,876	268,622	7,624	22,505	425,627	184,345
Accrued wages and benefits	123,520	-	19,147	3,017	145,684	5,834
Interfund payables	-	-	-	92,265	92,265	-
Current portion of compensated absences	63,364	-	4,450	1,999	69,813	-
Current portion of leases payable	23,048	-	-	-	23,048	13,713
Total current liabilities	<u>336,808</u>	<u>268,622</u>	<u>31,221</u>	<u>119,786</u>	<u>756,437</u>	<u>203,892</u>
Noncurrent liabilities:						
Compensated absences	188,946	-	38,370	11,318	238,634	7,667
Leases payable	12,274	-	-	-	12,274	4,717
Net pension liability	2,679,789	-	602,787	61,359	3,343,935	235,834
Net OPEB liability	660,027	-	93,700	10,939	764,666	33,552
Total noncurrent liabilities	<u>3,541,036</u>	<u>-</u>	<u>734,857</u>	<u>83,616</u>	<u>4,359,509</u>	<u>281,770</u>
Total liabilities	<u>3,877,844</u>	<u>268,622</u>	<u>766,078</u>	<u>203,402</u>	<u>5,115,946</u>	<u>485,662</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	258,621	-	92,217	9,224	360,062	39,475
OPEB related	567,614	-	80,581	9,407	657,602	28,854
Lease related	-	-	-	129,110	129,110	-
Total deferred inflows of resources	<u>826,235</u>	<u>-</u>	<u>172,798</u>	<u>147,741</u>	<u>1,146,774</u>	<u>68,329</u>
NET POSITION						
Net investment in capital assets	1,216,610	-	-	14,595	1,231,205	186,224
Unrestricted	3,640,803	82,640	459,495	(77,154)	4,105,784	3,217,021
Total net position	<u>\$ 4,857,413</u>	<u>\$ 82,640</u>	<u>\$ 459,495</u>	<u>\$ (62,559)</u>	<u>5,336,989</u>	<u>\$ 3,403,245</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						90,708
Net position of business-type activities						<u>\$ 5,427,697</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

	Business-type Activities -- Enterprise Funds					Governmental
	Ambulance	Garbage	Transit	Nonmajor	Total	Internal
				Enterprise		Service
			Funds		Funds	
Operating revenues:						
Charges for services	\$ 4,885,290	\$ 1,626,460	\$ 1,051,023	\$ 121,158	\$ 7,683,931	\$ 3,417,274
Rents	-	-	-	36,137	36,137	-
Miscellaneous	-	-	-	18,634	18,634	171,541
Pension revenue	1,824,879	-	591,201	49,193	2,465,273	349,674
Total revenues	<u>6,710,169</u>	<u>1,626,460</u>	<u>1,642,224</u>	<u>225,122</u>	<u>10,203,975</u>	<u>3,938,489</u>
Operating expenses:						
Personnel services	5,497,141	-	1,044,793	113,247	6,655,181	414,226
Services and supplies	547,943	1,632,364	315,332	259,102	2,754,741	1,230,206
Other internal services	-	-	-	-	-	1,588,306
Depreciation/amortization	99,567	-	-	1,392	100,959	45,705
Total operating expenses	<u>6,144,651</u>	<u>1,632,364</u>	<u>1,360,125</u>	<u>373,741</u>	<u>9,510,881</u>	<u>3,278,443</u>
Operating Income (loss)	<u>565,518</u>	<u>(5,904)</u>	<u>282,099</u>	<u>(148,619)</u>	<u>693,094</u>	<u>660,046</u>
Nonoperating revenues (expenses)						
Interest income	17,427	-	1,082	14,056	32,565	40,276
Interest expense	(1,519)	-	-	-	(1,519)	(13,251)
Bad debt recovery	1,909	-	-	-	1,909	-
Total nonoperating revenues (expenses)	<u>17,817</u>	<u>-</u>	<u>1,082</u>	<u>14,056</u>	<u>32,955</u>	<u>27,025</u>
Income (loss) before transfers	583,335	(5,904)	283,181	(134,563)	726,049	687,071
Transfers in	1,934,035	-	563,945	124,739	2,622,719	227,478
Transfers out	<u>(1,150,316)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(1,250,316)</u>	<u>-</u>
Changes in net position	1,367,054	(5,904)	747,126	(9,824)	2,098,452	914,549
Net position (deficit) - beginning	<u>3,490,359</u>	<u>88,544</u>	<u>(287,631)</u>	<u>(52,735)</u>		<u>2,488,696</u>
Net position (deficit) - ending	<u>\$ 4,857,413</u>	<u>\$ 82,640</u>	<u>\$ 459,495</u>	<u>\$ (62,559)</u>		<u>\$ 3,403,245</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					<u>58,445</u>	
Changes in the net position of business-type activities					<u>\$ 2,156,897</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Cash Flows

	Business-type Activities -- Enterprise Funds					Governmental
	Ambulance	Garbage	Transit	Nonmajor	Total	Internal
				Enterprise		Service
			Funds		Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received for current services	\$ 5,054,175	\$ 1,626,460	\$ 871,327	\$ 123,721	\$ 7,675,683	\$ 3,361,879
Cash received for rents	-	-	-	34,236	34,236	-
Cash paid for services and supplies	(454,839)	(1,487,776)	(315,015)	(241,449)	(2,499,079)	(2,688,397)
Cash paid for salaries and benefits	(5,076,327)	-	(1,088,876)	(118,784)	(6,283,987)	(684,410)
Cash received for other operating revenues	-	-	-	18,634	18,634	430,726
Net cash provided by (used for) operating activities	<u>(476,991)</u>	<u>138,684</u>	<u>(532,564)</u>	<u>(183,642)</u>	<u>(1,054,513)</u>	<u>419,798</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Loans from (to) other funds	-	-	-	44,847	44,847	-
Transfers (to) from other funds	783,719	-	463,945	124,739	1,372,403	227,478
Net cash provided by (used for) noncapital financing activities	<u>783,719</u>	<u>-</u>	<u>463,945</u>	<u>169,586</u>	<u>1,417,250</u>	<u>227,478</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on financed purchases	-	-	-	-	-	(10,893)
Principal paid on leases	(20,573)	-	-	-	(20,573)	(13,077)
Interest paid on long-term liabilities	(1,519)	-	-	-	(1,519)	(13,251)
Acquisition of capital assets	(142,159)	-	-	-	(142,159)	(16,609)
Net cash provided by (used for) capital and related financing activities	<u>(164,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,251)</u>	<u>(53,830)</u>
CASH FLOW FROM INVESTING ACTIVITIES						
Interest received	10,532	-	1,577	14,056	26,165	30,164
Net cash provided by (used for) investing activities	<u>10,532</u>	<u>-</u>	<u>1,577</u>	<u>14,056</u>	<u>26,165</u>	<u>30,164</u>
Net increase (decrease) in cash and investments	153,009	138,684	(67,042)	-	224,651	623,610
Cash and investments - beginning	1,997,493	212,578	476,580	-	2,686,651	2,669,636
Cash and investments - ending	<u>\$ 2,150,502</u>	<u>\$ 351,262</u>	<u>\$ 409,538</u>	<u>\$ -</u>	<u>\$ 2,911,302</u>	<u>\$ 3,293,246</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds
Statement of Cash Flows
(Continued)

	Business-type Activities -- Enterprise Funds					Governmental
	Ambulance	Garbage	Transit	Nonmajor	Total	Internal
				Enterprise		Service
			Funds		Funds	
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 565,518	\$ (5,904)	\$ 282,099	\$ (148,619)	\$ 693,094	\$ 660,046
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Depreciation	99,567	-	-	1,392	100,959	45,705
Bad debt recovery	1,909	-	-	-	1,909	-
Changes in the balance sheet:						
(Increase) decrease in:						
Accounts receivable, net	166,976	-	(179,696)	2,563	(10,157)	(56,578)
Leases receivable	-	-	-	5,143	5,143	-
Deposits	-	-	-	-	-	1,183
Deferred outflows of resources from pensions	(2,745,167)	-	(596,870)	(62,814)	(3,404,851)	(209,702)
Deferred outflows of resources from OPEB	(9,458)	-	10,555	948	2,045	2,764
Increase (decrease) in:						
Accounts payable	93,104	144,588	317	17,653	255,662	130,115
Accrued wages and benefits	43,276	-	707	964	44,947	(2,524)
Compensated absences	110,408	-	3,855	(2,880)	111,383	1,549
Net pension liability	1,550,062	-	246,586	31,960	1,828,608	21,856
Net OPEB liability	(159,985)	-	(107,611)	(10,543)	(278,139)	(31,281)
Deferred inflow of resources from pensions	(629,774)	-	(240,917)	(18,339)	(889,030)	(161,828)
Deferred inflow of resources from OPEB	436,573	-	48,411	5,974	490,958	18,493
Deferred inflow of resources from leases	-	-	-	(7,044)	(7,044)	-
Total adjustments	(1,042,509)	144,588	(814,663)	(35,023)	(1,747,607)	(240,248)
Net cash provided by (used for) operating activities	\$ (476,991)	\$ 138,684	\$ (532,564)	\$ (183,642)	\$ (1,054,513)	\$ 419,798

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | JUNE 30, 2023
 Fiduciary Funds
 Statement of Fiduciary Net Position

	Redevelopment Successor Agency Private-Purpose Trust Fund
ASSETS	
Cash and investments	\$ 379,146
Restricted cash with fiscal agent	360,014
Notes receivable	<u>13,305</u>
Total assets	<u>752,465</u>
LIABILITIES	
Due to the City of Selma Housing Authority	1,180,364
Advances from the City	65,000
Long-term liabilities:	
Due within one year	455,000
Due in more than one year	<u>2,795,000</u>
Total liabilities	<u>4,495,364</u>
NET POSITION (DEFICIT)	
Held in trust for retirement of obligations of the former Selma Redevelopment Agency	<u>(3,742,899)</u>
Total net position (deficit)	<u>\$ (3,742,899)</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

	Redevelopment Successor Agency Private-Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 18,260
Investment earnings	<u>1,573</u>
Total additions	<u>19,833</u>
DEDUCTIONS	
Community development	2,585
Interest and fiscal charges	<u>188,831</u>
Total deductions	<u>191,416</u>
Change in net position	(171,583)
Net position (deficit) - beginning	<u>(3,571,316)</u>
Net position (deficit) - ending	<u>\$ (3,742,899)</u>

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of the City of Selma, California (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.

A. 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.

B. Blended Component Units

Based on the aforementioned oversight criteria, the operations of the Selma Public Finance Authority (the 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 that 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.

C. Basis of Presentation and Basis of Accounting

Basis of Presentation

The accounts of the City are organized based on funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Statements

The Statement of Net Position 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Basis of Accounting (Continued)

Basis of Presentation (Continued)

Government-Wide Statements (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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund note receivable/interfund long-term debt, and transfers in/transfers out.

Fund Financial Statements

The fund financial statements provide information about the City’s funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. 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. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which a party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

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 nonmajor 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 does not prepare legally adopted budgets for the Local Transportation Fund Special Revenue Fund, Street Maintenance Special Revenue Fund or the Prop 68 Special Revenue Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

Major Funds (Continued)

The City reports the following major governmental funds:

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

Local Transportation Fund Special Revenue Fund – This fund accounts for the activities of the City’s local transportation fund allocation for various transit projects.

Street Maintenance Special Revenue Fund – This fund accounts for the maintenance of the City’s streets and alleyways.

State-Funded Capital Projects Fund – This fund accounts for State-funded capital projects including construction, renovation, and major infrastructure improvements.

The City reports the following major enterprise funds:

Ambulance Fund – This fund accounts for the operations of the ambulance service provided by the City.

Garbage Fund – This fund accounts for the transactions relating to the commercial and residential garbage collection for the City.

Transit Fund – This fund accounts for the transactions between the City and the Fresno County Rural Transit Agency (FCRTA). The City performs repairs and maintenance services necessary to maintain FCRTA’s vehicle fleet.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues, except for grants, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues items are considered to be measurable and available only when cash is received by the City.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts

Cash and Cash Equivalents

For the 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.

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. This pool utilizes investments authorized by the Government Code and is further defined by the City's investment policy that is approved by the City Council.

Authorized investments include deposits in the State of California administered Local Agency Investment Fund (LAIF), insured certificates of deposits, collateralized certificates of deposits, commercial paper, money market mutual funds, federally sponsored credit agency securities, and securities backed by the U.S. Government. All investments are stated at fair value.

Interest income earned as a result of pooling is distributed to the appropriate funds based on month-end cash balances in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Restricted Assets

Cash with fiscal agents is used to report resources set aside for potential deficiencies in the repayment ability of the enterprise funds, and for payment of construction projects undertaken by the City.

Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the fund financial statements and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, 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 between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Receivables

Enterprise fund statements report an allowance for uncollectible accounts against the account receivables. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Property Taxes

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

On October 12, 1993, the Fresno County Board of Supervisors voted to adopt an alternate method of property tax apportionment known as the Teeter Plan. The method applies to current secured and supplemental, but not to unsecured. The basic concept of the Teeter Plan is that the County will apportion taxing agencies 100% of their levy (adjusted for roll changes) with the County owning the delinquent receivables. The County will apportion the current secured and unitary taxes 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.

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 machinery 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
Roads and Infrastructure	30-50 years
Buildings	50 years
Building Improvement	20 years
Vehicles	2-15 years
Office Equipment	3-15 years
Computer Equipment	3-15 years
Right-to-use leased buildings	3-15 years
Right-to-use leased equipment	3-15 years
Right-to-use IT subscriptions	3-15 years

Right-to-Use Lease Assets

Right-to-use lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Leases

Lessee: The City is a lessee for noncancellable leases of equipment and vehicles. The lessee recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental and enterprise fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the interest rate charged to the lessees as the discount rate. When the interest rate charged to the lessees is not provided, the City generally uses the implied rate of return as the discount rate for leases. When the implied rate of return cannot be determined, the City uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Subscription Based Information Technology Arrangements (SBITAs)

Lessee: The City entered into noncancellable subscription-based information technology arrangements (SBITAs) for the acquisition of various information technology services. SBITAs are accounted for in accordance with GASB Statement No. 96.

Upon commencement of a subscription, the City recognizes subscription liability as an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. Subscription liabilities are recognized when their initial individual values are \$25,000 or more. The subscription liability is initially measured at the present value of payments expected to be made during the subscription term and is subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, and any directly attributable initial costs. The subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include determining the discount rate used to discount expected subscription payments to present value, the subscription term, and the composition of subscription payments.

- The City generally uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the provider is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs, which is the prime rate at the inception of the subscription.
- The subscription term includes the noncancellable period of the subscription and subscription payments that the City is reasonably certain to make.
- The measurement of subscription liability excludes any variable payments such as payments based on the number of user seats unless they depend on an index or a rate or are fixed in substance.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other intangible assets, and subscription liabilities are reported as liabilities on the statement of net position.

This disclosure provides information on the accounting policies related to Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96 and should be read in conjunction with the accompanying financial statements.

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes 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.

Interest Payable

In the government-wide financial statements, interest payable for long-term debt is recognized as the liability is incurred for the governmental fund-types and proprietary-fund types.

In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Compensated Absences Payable

City employees are granted vacation and sick leave in varying amounts depending on the number of years of service. City employees also accumulate hours of overtime as compensated time off. For governmental funds, earned but unused, vested leave (vacation, compensated time off, holiday) is expensed and established as a liability and is reported in the government-wide Statement of Net Position in the governmental activities column. Vested leave for enterprise funds is recorded as an expense and liability of those funds as the benefits accrue. No liability is recorded for non-vesting leave such as sick leave.

Unearned Revenue

Unearned revenue is a cash receipt for which asset recognition criteria have been met, but asset revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred) as unearned revenue.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Long-Term Debt

In the government-wide financial statements and enterprise fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Pensions

In the government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 10 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability of the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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 the City of Selma California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Committed Fund Balance – represents amounts that can only be used for specific purposes because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically made 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 – 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 authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Fund Balances – Governmental Funds (Continued)

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

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

Net Position

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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 a 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 arise only under a full accrual basis of accounting, deferred inflows related to pensions and deferred inflows related to OPEB.

Unavailable revenues arise only under the modified accrual basis of accounting and are reported only in the governmental funds balance sheet.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/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, 2022
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

Estimates

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

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance or Fund Net Position of Individual Funds

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

Fund Name	Deficit Amount
Nonmajor Special Revenue Funds	
AB 1913 Grant Fund	\$ 4,693
CDBG Grant Fund	209,046
ABC Grant Fund	72
DOJ Bynes Grant Fund	5,447
ACT Program Fund	6,476
High Speed Rail CVTC Fund	151,117
Transit Oriented Development Fund	6,000
SB2 Planning Grant Program Fund	72,938
AB 74 Storm Drain Appropriation Fund	1,186
Nonmajor Enterprise Funds	
Cultural Arts Fund	87,138

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 were classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 48,724,763
Restricted cash and investments with fiscal agent	695,290
Fiduciary funds:	
Cash and investments	379,146
Restricted cash and investments with fiscal agent	<u>360,014</u>
 Total cash and investments	 <u>\$ 50,159,213</u>

Cash and investments as of June 30, 2023 consisted of the following:

Cash on hand	\$ 1,675
Deposits with financial institutions	25,021,572
Investments	<u>25,135,966</u>
 Total cash and investments	 <u>\$ 50,159,213</u>

A. 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 (the City) by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies 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 trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. 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 trustees. The table also identifies certain provisions of these debt agreements that address interest-rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
US Treasury Obligations	N/A	None	None
US Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans Certificate of Deposits	N/A	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	1 year	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.

C. Interest Rate Risk

Interest rate risk is the risk that 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	Amount	12 Months or Less
State Investment Pool	\$ 24,080,662	\$ 24,080,662
PARS Section 115 Pension Trust	597,811	597,811
Held by Bond Trustee:		
Money Market Funds	<u>457,493</u>	<u>457,493</u>
 Total investments	 <u>\$ 25,135,966</u>	 <u>\$ 25,135,966</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. 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).

E. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Ratings as of Fiscal Year End		
		Minimum Legal Rating	Not Rated	AAAm
State Investment Pool	\$ 24,080,662	N/A	\$ 24,080,662	\$ -
PARS Section 115 Investment Trust	597,811	N/A	597,811	-
Held by Bond Trustee:				
Money Market Funds	<u>457,493</u>	N/A	<u>-</u>	<u>457,493</u>
Total investments	<u>\$ 25,135,966</u>		<u>\$ 24,678,473</u>	<u>\$ 457,493</u>

F. 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.

G. Custodial Credit Risk

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

As of June 30, 2023, the carrying amount of the City’s bank deposits was \$24,080,662, and the respective bank balances totaled \$24,510,402, the total amount of which was collateralized with pooled securities held by the financial institution’s trust department. These securities are held in the name of the financial institution and not in the name of the City.

As of June 30, 2023, 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, 2023, no investments were held by the same broker-dealer (counterparty) that was used by the City of Selma to purchase the securities.

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. 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.

I. Fair Value Measurements

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

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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 the City's asset manager from a third-party service provider.

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Fair Value Measurements (Continued)

The City has no investments subject to categorization.

Investments not subject to fair value hierarchy:	
State Investment Pool	\$ 24,080,662
PARS Section 115 Investment Trust	597,811
Held with Fiscal Agent:	
Money Market Funds	<u>457,493</u>
 Total investment portfolio	 <u>\$ 25,135,966</u>

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable with related allowance for bad debt at June 30, 2023:

Fund Name	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable, Net
Major Governmental Funds:			
General Fund	\$ 288,116	\$ (80,174)	\$ 207,942
Street Maintenance Special Revenue Fund	1,214	(164)	1,050
 Nonmajor Special Revenue Funds:			
Sidewalk Repair Fund	397	(397)	-
CID Groundwater Surcharge Fund	76,558	-	76,558
Foreclosed Home Project	21,524	(6,085)	15,439
Impact Fees Fund	3,798	(3,798)	-
 Major Enterprise Funds:			
Ambulance Fund	3,817,044	(944,403)	2,872,641
 Nonmajor Enterprise Funds:			
Pioneer Village Fund	453	-	453
Cultural Arts Fund	5,010	(3,960)	1,050
 Internal Service Funds:			
Fleet Maintenance Fund	56,138	-	56,138
Information Processing Fund	<u>446</u>	<u>-</u>	<u>446</u>
 Total Accounts Receivable, Net	 <u>\$ 4,270,698</u>	 <u>\$ (1,038,981)</u>	 <u>\$ 3,231,717</u>

NOTE 5 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity of the governmental activities for the year ended June 30, 2023 was as follows:

	Beginning Balances	Additions	Retirements/ Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 7,990,302	\$ -	\$ -	\$ 7,990,302
Land improvements	597,080	-	-	597,080
Construction in progress	904,901	1,781,751	-	2,686,652
Total capital assets not being depreciated/amortized	<u>9,492,283</u>	<u>1,781,751</u>	<u>-</u>	<u>11,274,034</u>
Capital assets being depreciated/amortized:				
Roads and other infrastructure	112,123,219	-	-	112,123,219
Buildings and improvements	18,275,785	34,959	(3,021)	18,307,723
Machinery and equipment	9,928,814	215,441	(366,451)	9,777,804
Right-to-use leased buildings	379,674	-	-	379,674
Right-to-use leased equipment	63,748	-	-	63,748
Right-to-use IT subscriptions	-	524,476	-	524,476
Total capital assets being depreciated/amortized	<u>140,771,240</u>	<u>774,876</u>	<u>(369,472)</u>	<u>141,176,644</u>
Less accumulated depreciation/amortization for:				
Roads and other infrastructure	(75,539,072)	(2,459,361)	-	(77,998,433)
Buildings and improvements	(4,352,244)	(517,420)	3,021	(4,866,643)
Machinery and equipment	(5,476,238)	(650,652)	366,451	(5,760,439)
Right-to-use leased buildings	(166,108)	(94,919)	-	(261,027)
Right-to-use leased equipment	(33,915)	(12,750)	-	(46,665)
Right-to-use IT subscriptions	-	(50,195)	-	(50,195)
Total accumulated depreciation/amortization	<u>(85,567,577)</u>	<u>(3,785,297)</u>	<u>369,472</u>	<u>(88,983,402)</u>
Total capital assets being depreciated/amortized, net	<u>55,203,663</u>	<u>(3,010,421)</u>	<u>-</u>	<u>52,193,242</u>
Governmental activities capital assets, net	<u>\$ 64,695,946</u>	<u>\$ (1,228,670)</u>	<u>\$ -</u>	<u>\$ 63,467,276</u>

Depreciation/amortization was charged to the functions as follows for the year ended June 30, 2023:

General government	\$ 168,780
Public safety	860,985
Public works	2,546,388
Parks and recreation	143,489
Community development	19,950
Internal Service Funds	<u>45,705</u>
Total governmental activities depreciation/amortization expense	<u>\$ 3,785,297</u>

NOTE 5 – CAPITAL ASSETS (Continued)

B. Business-type Activities

Capital asset activity of the business-type activities for the year ended June 30, 2023 was as follows:

	Beginning Balances	Additions	Retirements/ Adjustments	Ending Balances
Business-type activities				
Capital assets not being depreciated/amortized:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	<u>554,025</u>	<u>70,975</u>	<u>-</u>	<u>625,000</u>
Total capital assets not being depreciated/amortized	<u>554,025</u>	<u>70,975</u>	<u>-</u>	<u>625,000</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	284,182	-	-	284,182
Machinery and equipment	752,625	71,184	-	823,809
Right-to-use leased buildings	<u>68,203</u>	<u>-</u>	<u>-</u>	<u>68,203</u>
Total capital assets being depreciated/amortized	<u>1,105,010</u>	<u>71,184</u>	<u>-</u>	<u>1,176,194</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(268,195)	(1,392)	-	(269,587)
Machinery and equipment	(159,102)	(85,926)	-	(245,028)
Right-to-use leased buildings	<u>(6,411)</u>	<u>(13,641)</u>	<u>-</u>	<u>(20,052)</u>
Total accumulated depreciation/amortization	<u>(433,708)</u>	<u>(100,959)</u>	<u>-</u>	<u>(534,667)</u>
Total capital assets being depreciated/amortized, net	<u>671,302</u>	<u>(29,775)</u>	<u>-</u>	<u>641,527</u>
Business-type activities capital assets, net	<u>\$ 1,225,327</u>	<u>\$ 41,200</u>	<u>\$ -</u>	<u>\$ 1,266,527</u>

Depreciation/amortization was charged to the funds as follows for the year ended June 30, 2023:

Ambulance	\$ 99,567
Pioneer Village	<u>1,392</u>
Total business-type activities depreciation/amortization expense	<u>\$ 100,959</u>

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

A. Interfund Payables and Interfund Receivables

Balances due to and due from other funds at June 30, 2023, consisted of the following, each of which consist of short-term cash deficits expected to be recouped through grant reimbursements, additional program revenue exceeding expenditures, or through a subsidy from the General Fund.

Fund Name	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General Fund	\$ 1,242,172	\$ -
Nonmajor Special Revenue Funds:		
CMAQ Grant Fund	-	56,335
CDBG Grant Fund	-	256,313
ABC Grant Fund	-	12,231
DOJ Bynes Grant Fund	-	55,038
ACT Program Fund	-	45,282
High Speed Rail CVTC Fund	-	353,896
USDA RBDG Fund	-	15,475
SB2 Planning Grant Program Fund	-	229,427
Local Early Action Plan Fund	-	124,724
Housing Authority Fund	1,180,364	-
AB74 Storm Drain Appropriation Fund	-	1,186
Nonmajor Enterprise Funds:		
Pioneer Village Fund	-	13,416
Cultural Arts Fund	-	78,849
Fiduciary Funds:		
Redevelopment Successor Agency Private-Purpose Trust Fund	-	1,180,364
Total Interfund Balances	\$ 2,422,536	\$ 2,422,536

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

NOTE 6 – INTERFUND BALANCES AND ACTIVITY (Continued)

B. Advances Between Funds

At June 30, 2023, the following funds had long-term advances that were not expected to be repaid within one year:

Fund Name	Advances To	Advances From
Nonmajor Debt Service Funds:		
Debt Service Fund	\$ 65,000	\$ -
Fiduciary Funds:		
Redevelopment Successor Agency Private-Purpose Trust Fund	-	65,000
	-	65,000
Total Interfund Balances	\$ 65,000	\$ 65,000

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. On June 30, 2023, the advance balance of the 1994 Revenue Bonds was \$65,000.

NOTE 6 – INTERFUND BALANCES AND ACTIVITY (Continued)

C. 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. The total transfers are as follows:

Fund Name	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 13,904,830	\$ 208,964
Street Local Transportation Special Revenue Fund	-	1,673,510
Street Maintenance Special Revenue Fund	4,472,318	-
State-Funded Capital Projects Fund	-	110,000
Nonmajor Special Revenue Funds:		
Citizens' Tax Initiative - Measure S Fund	225,231	1,849,075
Public Safety Fund	-	42,000
AB 1913 Grant Fund	99,745	-
Street Gas Tax Fund	73,057	486,808
Road Maintenance and Rehabilitation Fund	-	600,000
Street Measure C Fund	-	1,181,490
Landscape and Lighting Assessment Fund	80,854	-
ACT Program Fund	115,107	-
SB2 Planning Grant Program Fund	-	25,000
Local Early Action Plan Fund	-	124,724
Nonmajor Debt Service Funds:		
Debt Service Fund	-	14,407,998
Nonmajor Capital Projects Funds:		
Capital Projects Fund	138,546	-
Major Enterprise Funds:		
Ambulance Fund	1,934,035	1,150,316
Transit Fund	563,945	100,000
Nonmajor Enterprise Funds:		
Pioneer Village Fund	22,706	-
Cultural Arts Fund	102,033	-
Internal Service Funds:		
Fleet Maintenance Fund	156,575	-
Building and Utility Fund	70,903	-
Total Transfers	<u>\$ 21,959,885</u>	<u>\$ 21,959,885</u>

NOTE 6 – INTERFUND BALANCES AND ACTIVITY (Continued)

D. Internal Balances (Continued)

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, 2023:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Due Within One Year
Governmental activities:					
1994 Revenue Bonds	\$ 100,000	\$ -	\$ (10,000)	\$ 90,000	\$ 90,000
2017 General Obligations Bonds	3,665,000	-	(90,000)	3,575,000	90,000
2017 General Obligations Bonds - Premium	109,870	-	(4,395)	105,475	-
<i>Direct placements and borrowings:</i>					
2015 Lease Revenue Bonds	2,872,074	-	(249,496)	2,622,578	257,205
2022 Pension Obligation Bond	-	14,583,000	-	14,583,000	28,000
<i>Financed Purchases:</i>					
2016 Fire Truck	221,874	-	(53,121)	168,753	54,656
Danko Wildland Vehicle	124,852	-	(40,201)	84,651	41,490
Computer Equipment	10,893	-	(10,893)	-	-
Police Vehicles	102,829	-	(102,829)	-	-
Total Financed Purchases	460,448	-	(207,044)	253,404	96,146
Total direct placement and borrowings	3,332,522	14,583,000	(456,540)	17,458,982	381,351
Leases payable	254,001	-	(106,372)	147,629	110,086
Subscriptions payable	-	308,246	(1,701)	306,545	177,268
Compensated absences	782,747	1,079,379	(817,788)	1,044,338	183,528
Total governmental activities	\$ 8,244,140	\$ 15,970,625	\$ (1,486,796)	\$ 22,727,969	\$ 1,032,233
Business-type activities:					
Leases payable	\$ 55,895	\$ -	\$ (20,573)	\$ 35,322	\$ 23,048
Compensated absences	197,064	273,408	(162,025)	308,447	69,813
Total business-type activities	\$ 252,959	\$ 273,408	\$ (182,598)	\$ 343,769	\$ 92,861

NOTE 7 – LONG-TERM LIABILITIES (Continued)

A. 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 money deposited in any fund or account pursuant to this indenture. The principal balance on the 1994 revenue bonds at June 30, 2023 was \$90,000.

The Bonds were issued to partially refinance the City of Selma Financing 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.

The annual debt service requirements for the 1994 Revenue Bonds are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 90,000	\$ 3,263	\$ 93,263
Total	\$ 90,000	\$ 3,263	\$ 93,263

B. 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, 2023 was \$3,575,000.

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.

There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

B. Series 2017 General Obligation Bonds (Continued)

The annual debt service requirements for the Series 2017 General Obligation Bonds are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 90,000	\$ 131,963	\$ 221,963
2025	95,000	129,638	224,638
2026	95,000	126,788	221,788
2027	100,000	123,363	223,363
2028	100,000	119,363	219,363
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	995,000	102,500	1,097,500
Total	<u>\$ 3,575,000</u>	<u>\$ 1,961,847</u>	<u>\$ 5,536,847</u>

C. 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 3.09% 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 monies on deposit in any fund or account pursuant to this indenture. The principal balance on the Series 2015 Refunding Lease Obligation Bond at June 30, 2023 was \$2,622,578.

The Bonds were issued to refinance the City of Selma Financing Authority’s previously issued 2010 Lease Revenue Refunding Bonds outstanding of \$3,940,000 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.

There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

The annual debt service requirements for the Series 2015 Refunding Lease Obligations are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 257,205	\$ 81,038	\$ 338,243
2025	265,153	73,090	338,243
2026	273,346	64,897	338,243
2027	281,793	56,450	338,243
2028	290,500	47,743	338,243
2029-2033	1,254,581	98,391	1,352,972
Total	<u>\$ 2,622,578</u>	<u>\$ 421,609</u>	<u>\$ 3,044,187</u>

NOTE 7 – LONG-TERM LIABILITIES (Continued)

D. Series 2022 Taxable Pension Obligation Bonds

On August 30, 2022, the City of Selma issued \$14,583,000 Series 2022 Taxable Pension Obligation Bonds, bearing interest of 4.30% payable semi-annually on February 1st and August 1st, commencing August 1, 2023. The bonds mature annually at various amounts through August 1, 2043. The bonds are payable from revenues and all other monies on deposit in any fund or account pursuant to this indenture. The principal balance on the Series 2022 Taxable Obligation Bonds at June 30, 2023 was \$14,583,000.

The Bonds were issued to refund a portion of the City’s pension obligations to the California Public Employees’ Retirement System (CalPERS).

There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

The annual debt service requirements for the Series 2022 Taxable Pension Obligation Bonds are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,000	\$ 889,488	\$ 917,488
2025	298,000	619,458	917,458
2026	311,000	606,365	917,365
2027	325,000	592,691	917,691
2028	339,000	578,415	917,415
2029-2033	2,277,000	2,647,704	4,924,704
2034-2038	4,365,000	1,913,049	6,278,049
2039-2043	5,411,000	865,913	6,276,913
2044-2048	<u>1,229,000</u>	<u>26,424</u>	<u>1,255,424</u>
Total	<u>\$ 14,583,000</u>	<u>\$ 8,739,507</u>	<u>\$ 23,322,507</u>

E. Financed Purchases

The City has entered into multiple lease agreements for financing the acquisition of police vehicles, fire trucks, police and fire equipment, and computer equipment. The titles to the assets are transferred to the City after the last payment and, accordingly, are not considered leases in accordance with GASB 87 – *Leases*. Rather, each of these agreements are considered financed purchases for accounting purposes. These financed purchases have interest rates varying from 2.4% to 3.68%, with the final payment on these leases due in 2032.

There is a provision in the financed purchase agreement whereby in the event of default, the City could be required to return the financed assets to the seller. The City’s financed purchases are as follows:

NOTE 7 – LONG-TERM LIABILITIES (Continued)

E. Financed Purchases (Continued)

2016 Financed Purchase for Fire Truck

In March 2016 the City entered into a financed purchase agreement with Santander Leasing for a fire truck with a purchase price of \$510,694. Annual payments of \$59,533 for 10 years. The effective interest rate is 3.42% per annum. The balance outstanding at June 30, 2023, was \$221,875.

The annual debt service requirements for the 2016 financed purchase for the fire truck at June 30, 2023 are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 54,656	\$ 4,877	\$ 59,533
2025	56,236	3,297	59,533
2026	<u>57,861</u>	<u>1,672</u>	<u>59,533</u>
Total	<u>\$ 168,753</u>	<u>\$ 9,846</u>	<u>\$ 178,599</u>

2020 Financed Purchase for Danko Wildland Vehicle

In March 2020, the City entered into a financed purchase agreement with Umpqua Bank for the acquisition of a Danko emergency vehicle with a purchase price of \$201,019. The agreement calls for semi-annual payments of \$21,922 for five years. The effective interest rate is 3.16%. The balance outstanding at June 30, 2023 is \$84,651.

The annual debt service requirements for the emergency vehicle at June 30, 2023 are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 41,490	\$ 1,341	\$ 42,831
2025	<u>43,161</u>	<u>681</u>	<u>43,842</u>
Total	<u>\$ 84,651</u>	<u>\$ 2,022</u>	<u>\$ 86,673</u>

2017 Financed Purchase for Computer Equipment

In December 2017 the City entered into a financed purchase 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 financed purchase was paid off in FY2023.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

E. Financed Purchases (Continued)

2018 Financed Purchase for Police Vehicles

In April 2018, the City entered into a financed purchase agreement with Umpqua for police vehicles with a purchase price of \$482,220. Semi-annual payments of \$53,685 for five years. The financed purchase was paid off in the fiscal year 2023.

F. 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 Position 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.

G. Fiduciary Long-Term Debt

The following is a summary of changes in the Redevelopment Successor Agency’s long-term liabilities for the fiscal year ended June 30, 2023:

	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023	Due Within One Year
2010A Tax Allocation Bonds	\$ 1,110,000	\$ -	\$ (350,000)	\$ 760,000	\$ 370,000
<i>Direct placements and borrowings:</i>					
2001 Industrial Park Limited Obligation Improvement Bonds	2,570,000	-	(80,000)	2,490,000	85,000
<i>Total direct placement and borrowings</i>	<u>2,570,000</u>	<u>-</u>	<u>(80,000)</u>	<u>2,490,000</u>	<u>85,000</u>
Total long-term liabilities	<u>\$ 3,680,000</u>	<u>\$ -</u>	<u>\$ (430,000)</u>	<u>\$ 3,250,000</u>	<u>\$ 455,000</u>

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, 2023 were \$760,000 and are held in the City’s Redevelopment Successor Agency Private-Purchase Trust Funds. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

The annual debt service requirements for the 2010A Tax Allocation Bonds June 30, 2023 were as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 370,000	\$ 33,063	\$ 403,063
2025	<u>390,000</u>	<u>11,213</u>	<u>401,213</u>
Totals	<u>\$ 760,000</u>	<u>\$ 44,276</u>	<u>\$ 804,276</u>

NOTE 7 – LONG-TERM LIABILITIES (Continued)

G. Fiduciary Long-Term Debt (Continued)

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, 2023 was \$2,490,000 and is held in the City’s Redevelopment Successor Agency Private-Purpose Trust Funds. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

The annual debt service requirements for the 2001 Industrial Park Limited Obligation Bonds June 30, 2023 are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 85,000	\$ 122,375	\$ 207,375
2025	90,000	118,000	208,000
2026	95,000	113,375	208,375
2027	100,000	108,500	208,500
2028	105,000	103,375	208,375
2029-2033	600,000	431,250	1,031,250
2034-2038	770,000	261,250	1,031,250
2039-2043	<u>645,000</u>	<u>53,375</u>	<u>698,375</u>
Totals	<u>\$ 2,490,000</u>	<u>\$ 1,311,500</u>	<u>\$ 3,801,500</u>

NOTE 8 – LEASES

A. Leases as Lessor

In January 2014, the City leased two parcels of land to a third party. The lease, which is recorded in the General Fund, has an initial lease term of five years with four five-year extensions, all of which the City anticipates exercising. The City receives an average monthly payment of \$1,743 for the lease. The City recognized \$14,342 in lease revenue and \$8,486 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City’s receivable for lease payments was \$254,351. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$222,297.

In November 2005, the City leased 14,000 square feet of real property to a third party. The lease, which is split 50% to the Pioneer Village Fund and 50% to the Cultural Arts Fund, has an initial lease term of 26 years with two five-year extensions. The City received payments of \$1,600 per month. The City recognized \$7,042 in lease revenue and \$14,057 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City’s receivable for lease payments was \$197,994. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$129,110.

NOTE 8 – LEASES (Continued)

B. Leases as Lessee

In November 2019, the City entered into a five-year lease agreement as lessee for copy machines, which is recorded in the General Overhead Fund. An initial lease liability was recorded in the amount of \$63,748 during fiscal year 2020. As of June 30, 2023, the value of the lease liability was \$18,430. The City is required to make monthly principal and interest payments of \$1,119. The lease has an interest rate of 4.75%. The copy machines have an estimated useful life of five-years. The value of the right-to-use asset as of the end of the current fiscal year was \$16,999 and had accumulated amortization of \$46,749.

In October 2020, the City entered into a one-year lease agreement with three one-year extensions that the City anticipates exercising, as lessee for the CVTC building lease. This lease is recorded as a governmental activity and had an initial lease liability in the amount of \$379,674. As of June 30, 2023, the value of the lease liability was \$129,199. The City is required to make monthly principal and interest payments averaging \$8,262. The lease has an interest rate of 3.25%. The building has an estimated useful life of four years. The value of the right-to-use asset as of the end of the current fiscal year was \$123,975 and had accumulated amortization of \$255,699.

In January 2022, the City entered into a three-year lease agreement as lessee for an ambulance storage facility. This lease is recorded in the Ambulance Fund and had an initial lease liability in the amount of \$55,895. As of June 30, 2023, the value of the lease liability was \$35,322. The City is required to make monthly principal and interest payments averaging \$1,931. The lease has an interest rate of 3.25%. The storage facility has an estimated useful life of three years. The value of the right-to-use asset as of the end of the current fiscal year was \$35,023 and had accumulated amortization of \$33,180.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 110,086	\$ 3,238	\$ 113,324	\$ 23,048	\$ 814	\$ 23,862
2025	37,543	381	37,924	12,274	116	12,390
Totals	\$ 147,629	\$ 3,619	\$ 151,248	\$ 35,322	\$ 930	\$ 36,252

NOTE 9 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

A. SBITAs as Lessee

In fiscal year 2023, the City entered into a two-year SBITA as lessee for management software, which has been recorded in the General Fund. An initial SBITA liability was recorded in the amount of \$21,607 during fiscal year 2023. As of June 30, 2023, the value of the SBITA liability was \$19,906. The City is required to make monthly principal and interest payments of \$960. The SBITA has an interest rate of 6.25%. The software has a two-year subscription term. The value of the right-to-use software as of the end of the current fiscal year was \$19,806 and had accumulated amortization of \$1,801. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability. There were no variable or other payments in the current year.

NOTE 9 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (Continued)

A. SBITAs as Lessee (Continued)

In fiscal year 2023, the City entered into a three-year SBITA as lessee for human resources software, which has been recorded in the General Fund. An initial SBITA liability was recorded in the amount of \$204,795 during fiscal year 2023. As of June 30, 2023, the value of the SBITA liability was \$204,795. The City is required to make annual principal and interest payments ranging from \$61,124 through \$110,562, in fiscal years 2023 through 2025. The SBITA has an interest rate of 7.50%. The software has a three-year subscription term. The value of the right-to-use software as of the end of the current fiscal year was \$176,351 and had accumulated amortization of \$28,444. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability. There were no variable or other payments in the current year.

In fiscal year 2023, the City entered into a five-year SBITA as lessee for budget software, which has been recorded in the General Fund. An initial SBITA liability was recorded in the amount of \$81,844 during fiscal year 2023. As of June 30, 2023, the value of the SBITA liability was \$81,844. The City is required to make annual principal and interest payments of approximately \$21,000 each year. The SBITA has an interest rate of 5.00%. The software has a four and a half-year subscription term. The value of the right-to-use software as of the end of the current fiscal year was \$138,474 and had accumulated amortization of \$0. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability. There were no variable or other payments in the current year.

In fiscal year 2022, the City entered into a five-year SBITA as lessee for permitting software, which has been paid in advance and is recorded in the General Fund. The software has a four-year subscription term. The value of the right-to-use software as of the end of the current fiscal year was \$139,650 and had accumulated amortization of \$19,950. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability. There were no variable or other payments in the current year.

The future principal and interest SBITA payments as of June 30, 2023, are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 177,268	\$ 11,657	\$ 188,925
2025	85,087	7,687	92,774
2026	20,943	2,210	23,153
2027	<u>23,247</u>	<u>1,162</u>	<u>24,409</u>
Totals	<u>\$ 306,545</u>	<u>\$ 22,716</u>	<u>\$ 329,261</u>

NOTE 10 – PENSION PLAN

A. General Information

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (two miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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, who must be public employees 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 with statutorily 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 adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

	Miscellaneous	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	13.350%	7.470%

	Safety	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.00%
Required employer contribution rates	18.170%	12.780%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$1,569,399 for the fiscal year ended June 30, 2023.

NOTE 10 – PENSION PLAN (Continued)

A. General Information (Continued)

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.

The City’s contributions to the plan recognized as pension expense for the year ended June 30, 2023 were \$2,324,210.

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

As of June 30, 2023 the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$19,292,622.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.1932%
Proportion - June 30, 2022	0.1670%
Change - Increase (Decrease)	-0.0262%

For the year ended June 30, 2023 the City recognized pension revenue of \$1,588. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 17,101,672	\$ -
Changes of assumptions	1,958,850	-
Differences between actual and expected experience	622,241	230,932
Net differences between projected and actual earnings on plan investments	3,255,499	-
Change in employer's proportion	74,337	346,551
Differences between the employer's actual contributions and the employer's proportionate share of contributions	<u>69,406</u>	<u>619,926</u>
Total	<u>\$ 23,082,005</u>	<u>\$ 1,197,409</u>

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$17,101,672 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2024	\$	1,281,588
2025		988,963
2026		524,017
2027		1,988,356
2028		-
Thereafter		-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 PERF cash flows. 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+ 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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ^(a)	New Strategic Allocation	Real Return (a) (b)
Global Equity Cap-weighted	30.0%	4.54%
Global Equity Non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Private Debt	5.0%	27.00%
Emerging Market Sovereign Bonds	5.0%	50.00%
High Yield Bonds	5.0%	1.56%
Investment Grade Corporations	10.0%	2.27%
Mortgage-backed Securities	5.0%	2.48%
Treasuries	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% is used for this period

(b) Figures are based on the 2021 Asset Liability Management Study

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes 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:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
5.90%	6.90%	7.90%
\$ 28,469,531	\$ 19,292,622	\$ 11,773,903

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

The City did not have any contributions payable to the pension plan June 30, 2023.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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 CalPERS on or after January 1, 2013) with 5 years of State or public agency service or (2) an approved disability retirement.

The City offers medical, dental, and vision coverage to qualifying retirees. 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 \$151 per month in 2023.

The City’s contribution toward retiree medical benefits is determined by multiplying together the following three items:

- 5% times
- The number of prior years the employer has been contracted with PEMHCA times.
- The contribution the employer provides for active employees (i.e., the MEC).

The amount payable by the City for retirees was \$157 per month for 2024.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

B. Employees Covered

As of June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	114
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to, but not yet receiving benefits	<u>-</u>
 Total	 <u><u>146</u></u>

C. Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial methods of assumptions:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2022
Funding Method	Entry Age Normal Cost, level percentage of pay
Asset Valuation Method	Not applicable (\$0; plan is not yet funded)
Discount Rate	3.69% as of June 30, 2022 1.92% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this
Salary Increase	3.0% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year
Healthcare Cost Trend Rates	6.50% as of January 1, 2025, decreasing .10% per year to 3.90% for years 2076 and thereafter.
Mortality Improvements	MacLeod Watts Scale 2022 generationally from 2017.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Part A and Part B at age 65.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. 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 Bond AA 20 Year maturity yield. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 1.92% as of June 30, 2022 and 3.69% as of June 30, 2023.

Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	OPEB Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 6,957,432	\$ -	\$ 6,957,432
Changes recognized for the measurement period:			
Service cost	584,855	-	584,855
Interest on total OPEB liability	143,138	-	143,138
Differences between expected and actual experience	(1,695,504)	-	(1,695,504)
Changes of assumptions	(1,435,149)	-	(1,435,149)
Contributions:			
Employer - City's Contribution	-	68,749	(68,749)
Employer - Implicit Subsidy	-	105,617	(105,617)
Benefit payments, including refunds of employee contributions	(68,749)	(68,749)	-
Implicit Rate Subsidy Fulfilled	(105,617)	(105,617)	-
Net changes	<u>(2,577,026)</u>	<u>-</u>	<u>(2,577,026)</u>
Balance at June 30, 2023 (Measurement Date June 30, 2022)	<u>\$ 4,380,406</u>	<u>\$ -</u>	<u>\$ 4,380,406</u>

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

The discount rate used for the fiscal year end 2023 is 3.69%. 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, 2022:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
2.69%	3.69%	4.69%
\$ 5,058,089	\$ 4,380,406	\$ 3,830,531

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. Discount Rate (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The healthcare cost trend was assumed to start at 6.5% (effective January 1, 2025) and grade down to 3.9% in the year 2075 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:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 3,726,335	\$ 4,380,406	\$ 5,215,842

Payable to the OPEB Plan

The City did not have any contributions payable to the OPEB plan June 30, 2023.

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$365,389. As of fiscal the year ended June 30, 2023, 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	\$ 137,581	\$ -
Changes of assumptions	687,872	1,473,245
Differences between actual and expected experience	-	2,293,838
Total	\$ 825,453	\$ 3,767,083

The \$137,581 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	
2024	\$ (362,604)
2025	(362,604)
2026	(317,955)
2027	(292,792)
2028	(328,900)
Thereafter	(1,414,356)

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension and OPEB-related items that qualify to be reported in deferred outflows of resources. The pension and OPEB-related deferred outflows of resources are described in detail in Notes 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category and are unavailable revenues, pension deferrals, OPEB deferrals, and inflows from right-to-use leases where the City is a lessor.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues were as follows on June 30, 2023:

<u>Fund Name</u>	<u>Unavailable Revenues</u>
Major Governmental Funds:	
General Fund	\$ 10,487
Street Local Transportation Special Revenue Fund	1,626,410
Nonmajor Special Revenue Funds:	
AB 1913 Grant Fund	<u>85,271</u>
 Total Unavailable Revenue	 <u>\$ 1,722,168</u>

The City has pension-related items that qualify to be reported in deferred inflows of resources. The pension-related deferred inflows of resources are described in detail in Note 10.

The City has OPEB-related items that qualify to be reported in deferred inflows of resources. The OPEB-related deferred inflows of resources are described in detail in Note 11.

The City has lease-related items that qualify to be reported in deferred inflows of resources. The lease-related deferred inflows of resources are described in detail in Note 8.

NOTE 13 – RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement that 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 that, 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 that provides general liability coverage from \$1,000,000 to \$29,000,000. The CSJVRMA participates in an excess pool that 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 summary financial position and results of operations for CSJVRMA, as of June 30, 2023, is presented as follows:

Total assets	\$ 153,984,502
Total liabilities	<u>120,022,096</u>
Total net position	<u>\$ 33,962,406</u>
Total revenues for the year	\$ 73,088,767
Total expenses for the year	<u>71,300,255</u>
Change in net position	<u>\$ 1,788,512</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. 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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Litigation

The City is currently a party to various pending lawsuits and claims. These legal matters encompass a range of issues and are associated with expected losses that, individually, fall within the range of \$0 to \$250,000. The outcome of these legal proceedings remains uncertain, and the ultimate financial impact on the City will depend on their resolution.

Furthermore, the City participates in the CSJVRMA for general liability and workers' compensation coverages. In the event of any adverse financial outcomes resulting from these cases, the City has corresponding coverage in these insurance policies, which will help mitigate the financial impact.

For additional information regarding the City's risk management strategy and insurance coverage, please refer to Note 13 in the financial statements.

C. Federal Grant Programs

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 15 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Change in Accounting Principle

The City has retrospectively implemented GASB 96 – *Subscription Based Information Technology Arrangements (SBITAs)*. These adjustments resulted in a change to the opening fund balances of the funds and net positions of the government-wide financial statements as follows:

Governmental and Business-Type Activities

Description	Governmental Activities	Business-Type Activities	Total
Net position, as previously reported June 30, 2022			
after reclassification of of funds described in Note 15	\$ 81,565,033	\$ 3,270,807	\$ 84,835,840
Change in accounting principle:			
Record beginning balances related to implementation of GASB 96 - SBITAs:			
Prepaid expense	159,600	-	159,600
Total change in accounting principle	159,600	-	159,600
Net position, as restated, June 30, 2022	<u>\$ 81,724,633</u>	<u>\$ 3,270,807</u>	<u>\$ 84,995,440</u>

NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE (Continued)

Fund Financial Statement

Governmental Funds

Description	Major Fund General	Nonmajor Governmental Funds	Total
Fund balance, as previously reported June 30, 2022 after reclassification of of funds described in Note 15	\$ 21,247,506	\$ 16,191,087	\$ 37,438,593
Change in Accounting Principle: Record beginning balances related to implementation of GASB 96 - SBITAs:			
Prepaid expense	9,876	149,724	159,600
Total change in accounting principle	9,876	149,724	159,600
Fund balance, as restated, June 30, 2022	\$ 21,257,382	\$ 16,340,811	\$ 37,598,193

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

General Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 14,317,759	\$ 14,317,759	\$ 14,368,706	\$ 50,947
Licenses and permits	492,392	492,392	457,840	(34,552)
Intergovernmental	3,306,952	3,306,952	71,488	(3,235,464)
Charges for services	827,760	827,760	1,365,683	537,923
Fines	50,000	50,000	116,665	66,665
Franchise fees	1,003,012	1,003,012	1,104,495	101,483
Use of money and property	91,460	91,460	460,061	368,601
Miscellaneous	90,450	90,450	53,565	(36,885)
Total revenues	<u>20,179,785</u>	<u>20,179,785</u>	<u>17,998,503</u>	<u>(2,181,282)</u>
Expenditures:				
Current:				
General government	3,098,684	3,098,684	3,995,946	(897,262)
Public safety	13,035,964	13,035,964	19,683,047	(6,647,083)
Public works	1,606,629	1,606,629	2,375,617	(768,988)
Community development	1,762,172	1,762,172	2,310,049	(547,877)
Recreation	789,371	789,371	1,069,375	(280,004)
Capital outlay	3,689,919	3,689,919	976,972	2,712,947
Debt service:				
Principal	414,399	414,399	436,415	(22,016)
Interest and fiscal charges	88,747	88,747	115,130	(26,383)
Total expenditures	<u>24,485,885</u>	<u>24,485,885</u>	<u>30,962,551</u>	<u>(6,476,666)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,306,100)</u>	<u>(4,306,100)</u>	<u>(12,964,048)</u>	<u>(8,657,948)</u>
Other financing sources (uses):				
Proceeds from long-term debt	-	-	308,246	308,246
Operating transfers in	4,621,041	4,621,041	13,904,830	9,283,789
Operating transfers out	(1,827,045)	(1,827,045)	(208,964)	1,618,081
Total other financing sources (uses)	<u>2,793,996</u>	<u>2,793,996</u>	<u>14,004,112</u>	<u>11,210,116</u>
Net change in fund balance	<u>\$ (1,512,104)</u>	<u>\$ (1,512,104)</u>	1,040,064	<u>\$ 2,552,168</u>
Fund balances - beginning (restated)			<u>21,257,382</u>	
Fund balance - ending			<u>\$ 22,297,446</u>	

NOTE 1 – BUDGETARY INFORMATION

The City follows the following procedures, annually, in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedule.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action – appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
 - c. Items delegated to the department head – allocation of departmental appropriations to line-item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue, and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the general and major special revenue funds are presented on that basis in the Required Supplementary Information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department”. A “department” for legal appropriation purposes may be a single organization or an entire department having multiple organizations within the same fund, or an entire fund.

The City incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

General Fund

Current:

General government	\$	897,262
Public safety		6,647,083
Public works		768,988
Community development		547,877
Recreation		280,004

Debt service:

Principal		22,016
Interest and fiscal charges		26,383

PENSION PLANS

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Pension Plans – Cost-Sharing Multiple-Employer Defined Benefit Plan

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

Last 10 Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the net pension liability	0.1561%	0.1545%	0.1541%	0.1516%	0.1552%	0.1566%	0.1553%	0.1932%	0.1670%
Proportionate share of the net pension liability	\$ 9,807,862	\$ 10,605,845	\$ 13,333,370	\$ 15,039,456	\$ 14,960,228	\$ 16,045,851	\$ 16,896,802	\$ 10,448,324	\$ 19,292,622
Covered payroll	\$ 4,971,474	\$ 4,849,801	\$ 5,089,801	\$ 4,487,735	\$ 5,200,210	\$ 5,760,825	\$ 6,529,833	\$ 6,797,498	\$ 7,056,196
Proportionate share of the net pension liability as a percentage of covered payroll	197.28%	218.69%	261.96%	335.12%	287.69%	278.53%	258.76%	153.71%	273.41%
Plan fiduciary net position as a percentage of the plan's total pension liability	76.44%	76.44%	71.54%	70.65%	72.04%	71.43%	71.47%	83.25%	71.11%

NOTES TO THE SCHEDULE

Changes in Benefit Terms - None

Changes of Assumptions - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Pension Plans – Cost-Sharing Multiple-Employer Defined Benefit Plan

Schedule of Contributions

Last 10 Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,040,689	\$ 1,023,136	\$ 1,042,615	\$ 1,209,163	\$ 1,459,243	\$ 1,608,001	\$ 1,921,130	\$ 2,137,645	\$ 2,324,210	\$ 2,481,998
Contributions in relation to the actuarially determined contributions	<u>(1,040,689)</u>	<u>(1,023,136)</u>	<u>(1,042,615)</u>	<u>(1,209,163)</u>	<u>(1,459,243)</u>	<u>(1,608,001)</u>	<u>(1,921,130)</u>	<u>(2,137,645)</u>	<u>(2,324,210)</u>	<u>(17,101,672)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<u>\$(14,619,674)</u>
Covered payroll	<u>\$ 4,971,474</u>	<u>\$ 4,849,801</u>	<u>\$ 5,089,712</u>	<u>\$ 4,487,735</u>	<u>\$ 5,200,210</u>	<u>\$ 5,760,825</u>	<u>\$ 6,529,833</u>	<u>\$ 6,797,498</u>	<u>\$ 7,056,196</u>	<u>\$ 8,773,824</u>
Contributions as a percentage of covered payroll	20.93%	21.10%	20.48%	26.94%	28.06%	27.91%	29.42%	31.45%	32.94%	194.92%

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

OPEB Plan – Single Employer Defined Benefit Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 10 Years*

	2018	2019	2020	2021	2022	2023
Total OPEB Liability:						
Service cost	\$ 375,557	\$ 329,996	\$ 335,680	\$ 391,898	\$ 499,348	\$ 584,855
Interest on total OPEB liability	164,777	196,593	213,125	213,638	154,782	143,138
Differences between expected and actual experience	-	-	-	(1,087,910)	-	(1,695,504)
Changes in assumption	(546,300)	(50,785)	465,642	10,962	549,896	(1,435,149)
Benefit payments	(34,854)	(103,626)	(129,028)	(147,078)	(129,794)	(174,366)
Net change in total OPEB liability	(40,820)	372,178	885,419	(618,490)	1,074,232	(2,577,026)
Total OPEB liability - beginning	5,284,913	5,244,093	5,616,271	6,501,690	5,883,200	6,957,432
Total OPEB liability - ending (a)	5,244,093	5,616,271	6,501,690	5,883,200	6,957,432	4,380,406
Fiduciary Net Position:						
Employer contributions	34,854	103,626	129,028	147,078	129,794	174,366
Benefit payments	(34,854)	(103,626)	(129,028)	(147,078)	(129,794)	(174,366)
Net change in plan fiduciary net position	-	-	-	-	-	-
Fiduciary net position - beginning	-	-	-	-	-	-
Fiduciary net position - ending (b)	-	-	-	-	-	-
Net OPEB (asset) liability - ending (a)-(b)	\$ 5,244,093	\$ 5,616,271	\$ 6,501,690	\$ 5,883,200	\$ 6,957,432	\$ 4,380,406
Covered-employee payroll	\$ 6,169,019	\$ 6,330,599	\$ 6,913,761	\$ 7,816,318	\$ 8,535,199	\$ 9,571,745
Net OPEB liability as a percentage of covered-employee payroll	85.01%	88.72%	94.04%	75.27%	81.51%	45.76%

Notes to the Schedule:

Changes in Assumptions

The discount rate was changed from 1.92% as of June 30, 2021 valuation to 3.69% as of June 30, 2022 valuation, based on the published change in return for the applicable municipal bond index.

The demographic assumptions were updated from those in the 2017 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021.

The mortality improvement scale was updated from MacLeod Watts Scale 2020 to MacLeod Watts Scale 2022, reflecting continued updates in available information.

The medical trend was updated from Getzen 2019 to Getzen 2023 healthcare trend model sponsored by the Society of Actuaries.

*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.

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Debt service funds are used to account for and report financial resources that are restricted, committed and/or assigned to expenditures for principal and interest.

Capital projects funds are used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlays.

CITY OF SELMA | JUNE 30, 2023

Nonmajor Governmental Funds

Combining Balance Sheet

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 13,179,441	\$ 775,043	\$ 930,176	\$ 14,884,660
Cash with fiscal agents	-	97,479	-	97,479
Accounts receivable, net	91,997	-	-	91,997
Interest receivable	45,433	-	-	45,433
Intergovernmental receivables	1,784,789	-	-	1,784,789
Due from the Successor Agency	1,180,364	-	-	1,180,364
Advance to the Successor Agency	-	65,000	-	65,000
Total assets	<u>\$ 16,282,024</u>	<u>\$ 937,522</u>	<u>\$ 930,176</u>	<u>\$ 18,149,722</u>
LIABILITIES				
Accounts payable	\$ 282,477	\$ -	\$ 14,769	\$ 297,246
Accrued wages/benefits	14,952	-	-	14,952
Interfund payables	1,149,907	-	-	1,149,907
Total liabilities	<u>1,447,336</u>	<u>-</u>	<u>14,769</u>	<u>1,462,105</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	85,271	-	-	85,271
Total deferred inflows of resources	<u>85,271</u>	<u>-</u>	<u>-</u>	<u>85,271</u>
FUND BALANCES				
Restricted for:				
Streets and roads	7,937,913	-	-	7,937,913
Public safety	163,867	-	-	163,867
Community development	2,527,082	-	-	2,527,082
Debt service	-	937,522	-	937,522
Capital projects	4,245,313	-	915,407	5,160,720
Committed for:				
Streets and roads	24,006	-	-	24,006
Community development	304,860	-	-	304,860
Recreation	3,351	-	-	3,351
Unassigned	(456,975)	-	-	(456,975)
Total fund balances	<u>14,749,417</u>	<u>937,522</u>	<u>915,407</u>	<u>16,602,346</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,282,024</u>	<u>\$ 937,522</u>	<u>\$ 930,176</u>	<u>\$ 18,149,722</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 551,622	\$ -	\$ -	\$ 551,622
Intergovernmental	6,063,913	-	-	6,063,913
Charges for services	107,003	-	-	107,003
Fines	6,408	-	-	6,408
Use of money and property	177,853	13,056	-	190,909
Assessments	273,570	202,273	-	475,843
Loan repayments	1,080	-	-	1,080
Miscellaneous	14,159	-	-	14,159
Total revenues	<u>7,195,608</u>	<u>215,329</u>	<u>-</u>	<u>7,410,937</u>
Expenditures:				
General government	574,766	-	-	574,766
Public safety	940,545	-	-	940,545
Public works	591,837	-	2,491	594,328
Community development	78,144	-	727	78,871
Recreation	57,124	-	-	57,124
Capital outlay	880,151	-	107,989	988,140
Debt Service:				
Principal	93,295	100,000	-	193,295
Interest and fiscal charges	5,850	314,928	-	320,778
Total expenditures	<u>3,221,712</u>	<u>414,928</u>	<u>111,207</u>	<u>3,747,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,973,896</u>	<u>(199,599)</u>	<u>(111,207)</u>	<u>3,663,090</u>
Other financing sources (uses):				
Proceeds from long-term debt	-	14,583,000	-	14,583,000
Operating transfers in	593,994	-	138,546	732,540
Operating transfers out	<u>(4,309,097)</u>	<u>(14,407,998)</u>	<u>-</u>	<u>(18,717,095)</u>
Total other financing sources (uses)	<u>(3,715,103)</u>	<u>175,002</u>	<u>138,546</u>	<u>(3,401,555)</u>
Net change in fund balance	258,793	(24,597)	27,339	261,535
Fund balances - beginning (restated)	<u>14,490,624</u>	<u>962,119</u>	<u>888,068</u>	<u>16,340,811</u>
Fund balances - ending	<u>\$ 14,749,417</u>	<u>\$ 937,522</u>	<u>\$ 915,407</u>	<u>\$ 16,602,346</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Balance Sheet

	Traffic Safety	Citizens' Tax Initiative Measure S	CMAQ Grant	Public Safety	Sidewalk Repair	AB 1913 Grant	Street Gas Tax	Road Maintenance and Rehabilitation
ASSETS								
Cash and investments	\$ 29,438	\$ 2,837,760	\$ -	\$ 149,973	\$ 24,006	\$ 68,434	\$ 1,416,144	\$ 1,673,126
Accounts receivable, net	-	-	-	-	-	-	-	-
Interest receivable	-	11,836	-	-	-	-	6,012	7,109
Due from the Successor Agency	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	444,728	89,201	13,699	-	20,000	53,865	96,661
Total assets	<u>\$ 29,438</u>	<u>\$ 3,294,324</u>	<u>\$ 89,201</u>	<u>\$ 163,672</u>	<u>\$ 24,006</u>	<u>\$ 88,434</u>	<u>\$ 1,476,021</u>	<u>\$ 1,776,896</u>
LIABILITIES								
Accounts payable	\$ -	\$ 40,610	\$ 15,181	\$ -	\$ -	\$ -	\$ -	\$ 9,758
Accrued wages/benefits	-	315	-	-	-	7,856	-	-
Interfund payables	-	-	56,335	-	-	-	-	-
Total liabilities	<u>-</u>	<u>40,925</u>	<u>71,516</u>	<u>-</u>	<u>-</u>	<u>7,856</u>	<u>-</u>	<u>9,758</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	85,271	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,271</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted for:								
Streets and roads	29,438	3,253,399	17,685	-	-	-	1,476,021	1,767,138
Public safety	-	-	-	163,672	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Committed for:								
Streets and roads	-	-	-	-	24,006	-	-	-
Community development	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(4,693)	-	-
Total fund balances	<u>29,438</u>	<u>3,253,399</u>	<u>17,685</u>	<u>163,672</u>	<u>24,006</u>	<u>(4,693)</u>	<u>1,476,021</u>	<u>1,767,138</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,438</u>	<u>\$ 3,294,324</u>	<u>\$ 89,201</u>	<u>\$ 163,672</u>	<u>\$ 24,006</u>	<u>\$ 88,434</u>	<u>\$ 1,476,021</u>	<u>\$ 1,776,896</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 (Continued)

	Street Measure C	CID Groundwater Surcharge	CFD 2006-1 Vineyard Estates	Landscape and Lighting Assessment	Property Cleanup and Demo	Abandoned Vehicle Abatement	CBDG Grant	Recycling Grant
ASSETS								
Cash and investments	\$ 1,136,878	\$ 1,148,990	\$ 279,255	\$ 44,313	\$ 25,000	\$ 195	\$ -	\$ 11,990
Accounts receivable, net	-	76,558	-	-	-	-	-	-
Interest receivable	4,821	4,878	-	-	-	-	-	-
Due from the Successor Agency	-	-	-	-	-	-	-	-
Intergovernmental receivables	252,533	-	-	-	-	-	54,386	-
Total assets	<u>\$ 1,394,232</u>	<u>\$ 1,230,426</u>	<u>\$ 279,255</u>	<u>\$ 44,313</u>	<u>\$ 25,000</u>	<u>\$ 195</u>	<u>\$ 54,386</u>	<u>\$ 11,990</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 22,872	\$ -	\$ -	\$ 7,119	\$ 5,891
Accrued wages/benefits	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	-	256,313	-
Total liabilities	-	-	-	<u>22,872</u>	-	-	<u>263,432</u>	<u>5,891</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted for:								
Streets and roads	1,394,232	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	195	-	-
Community development	-	1,230,426	-	21,441	-	-	-	6,099
Capital projects	-	-	-	-	-	-	-	-
Committed for:								
Streets and roads	-	-	-	-	-	-	-	-
Community development	-	-	279,255	-	25,000	-	-	-
Recreation	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(209,046)	-
Total fund balances	<u>1,394,232</u>	<u>1,230,426</u>	<u>279,255</u>	<u>21,441</u>	<u>25,000</u>	<u>195</u>	<u>(209,046)</u>	<u>6,099</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,394,232</u>	<u>\$ 1,230,426</u>	<u>\$ 279,255</u>	<u>\$ 44,313</u>	<u>\$ 25,000</u>	<u>\$ 195</u>	<u>\$ 54,386</u>	<u>\$ 11,990</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 (Continued)

	ABC Grant	Small Business Support Center	DOJ Bynes Grant	Foreclosed Home Project	Sports Hall of Fame	ACT Program	High Speed Rail CVTC	Impact Fees
ASSETS								
Cash and investments	\$ -	\$ 605	\$ -	\$ 3,777	\$ 3,351	\$ -	\$ -	\$ 4,282,206
Accounts receivable, net	-	-	-	15,439	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	10,777
Due from the Successor Agency	-	-	-	-	-	-	-	-
Intergovernmental receivables	12,159	-	60,017	-	-	45,837	313,504	-
Total assets	<u>\$ 12,159</u>	<u>\$ 605</u>	<u>\$ 60,017</u>	<u>\$ 19,216</u>	<u>\$ 3,351</u>	<u>\$ 45,837</u>	<u>\$ 313,504</u>	<u>\$ 4,292,983</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 10,426	\$ 2,464	\$ -	\$ 250	\$ 110,725	\$ 47,670
Accrued wages/benefits	-	-	-	-	-	6,781	-	-
Interfund payables	12,231	-	55,038	-	-	45,282	353,896	-
Total liabilities	<u>12,231</u>	<u>-</u>	<u>65,464</u>	<u>2,464</u>	<u>-</u>	<u>52,313</u>	<u>464,621</u>	<u>47,670</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted for:								
Streets and roads	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community development	-	-	-	16,752	-	-	-	-
Capital projects	-	-	-	-	-	-	-	4,245,313
Committed for:								
Streets and roads	-	-	-	-	-	-	-	-
Community development	-	605	-	-	-	-	-	-
Recreation	-	-	-	-	3,351	-	-	-
Unassigned	(72)	-	(5,447)	-	-	(6,476)	(151,117)	-
Total fund balances	<u>(72)</u>	<u>605</u>	<u>(5,447)</u>	<u>16,752</u>	<u>3,351</u>	<u>(6,476)</u>	<u>(151,117)</u>	<u>4,245,313</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,159</u>	<u>\$ 605</u>	<u>\$ 60,017</u>	<u>\$ 19,216</u>	<u>\$ 3,351</u>	<u>\$ 45,837</u>	<u>\$ 313,504</u>	<u>\$ 4,292,983</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 (Continued)

	Transit Oriented Development	USDA RBDG	Community Power Resiliency	SB2 Planning Grant Program	Local Early Action Plan	Housing Authority	AB74 Storm Drain Appropriation	PD Wellness Grant	Total Nonmajor Special Revenue Funds
ASSETS									
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,000	\$ -	\$ -	\$ 13,179,441
Accounts receivable, net	-	-	-	-	-	-	-	-	91,997
Interest receivable	-	-	-	-	-	-	-	-	45,433
Due from the Successor Agency	-	-	-	-	-	1,180,364	-	-	1,180,364
Intergovernmental receivables	-	15,475	-	160,000	124,724	-	-	28,000	1,784,789
Total assets	\$ -	\$ 15,475	\$ -	\$ 160,000	\$ 124,724	\$ 1,224,364	\$ -	\$ 28,000	\$ 16,282,024
LIABILITIES									
Accounts payable	\$ 6,000	\$ -	\$ -	\$ 3,511	\$ -	\$ -	\$ -	\$ -	\$ 282,477
Accrued wages/benefits	-	-	-	-	-	-	-	-	14,952
Interfund payables	-	15,475	-	229,427	124,724	-	1,186	-	1,149,907
Total liabilities	6,000	15,475	-	232,938	124,724	-	1,186	-	1,447,336
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	-	-	85,271
Total deferred inflows of resources	-	-	-	-	-	-	-	-	85,271
FUND BALANCES									
Restricted for:									
Streets and roads	-	-	-	-	-	-	-	-	7,937,913
Public safety	-	-	-	-	-	-	-	-	163,867
Community development	-	-	-	-	-	1,224,364	-	28,000	2,527,082
Capital projects	-	-	-	-	-	-	-	-	4,245,313
Committed for:									
Streets and roads	-	-	-	-	-	-	-	-	24,006
Community development	-	-	-	-	-	-	-	-	304,860
Recreation	-	-	-	-	-	-	-	-	3,351
Unassigned	(6,000)	-	-	(72,938)	-	-	(1,186)	-	(456,975)
Total fund balances	(6,000)	-	-	(72,938)	-	1,224,364	(1,186)	28,000	14,749,417
Total liabilities and fund balances	\$ -	\$ 15,475	\$ -	\$ 160,000	\$ 124,724	\$ 1,224,364	\$ -	\$ 28,000	\$ 16,282,024

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Traffic Safety	Citizens' Tax Initiative Measure S	CMAQ Grant	Public Safety	Sidewalk Repair Funds	AB 1913 Grant	Street Gas Tax	Road Maintenance and Rehabilitation
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,622
Intergovernmental	-	2,692,262	63,077	85,864	-	80,000	617,293	-
Charges for services	-	-	-	-	-	-	-	-
Fines	6,408	-	-	-	-	-	-	-
Use of money and property	-	39,670	-	-	-	-	21,351	26,673
Assessments	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	6,408	2,731,932	63,077	85,864	-	80,000	638,644	578,295
Expenditures:								
General government	-	-	-	-	-	-	-	-
Public safety	-	315,094	-	-	-	306,259	-	-
Public works	-	-	-	-	-	-	81,015	110,887
Community development	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	43,639	63,077	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	358,733	63,077	-	-	306,259	81,015	110,887
Excess (deficiency) of revenues over (under) expenditures	6,408	2,373,199	-	85,864	-	(226,259)	557,629	467,408
Other financing sources (uses):								
Operating transfers in	-	225,231	-	-	-	99,745	73,057	-
Operating transfers out	-	(1,849,075)	-	(42,000)	-	-	(486,808)	(600,000)
Total other financing sources (uses)	-	(1,623,844)	-	(42,000)	-	99,745	(413,751)	(600,000)
Net change in fund balance	6,408	749,355	-	43,864	-	(126,514)	143,878	(132,592)
Fund balances - beginning (restated)	23,030	2,504,044	17,685	119,808	24,006	121,821	1,332,143	1,899,730
Fund balances - ending	\$ 29,438	\$ 3,253,399	\$ 17,685	\$ 163,672	\$ 24,006	\$ (4,693)	\$ 1,476,021	\$ 1,767,138

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Street Measure C	CID Groundwater Surcharge	CFD 2006-1 Vineyard Estates	Landscape and Lighting Assessment	Property Cleanup and Demo	Abandoned Vehicle Abatement	CBDG Grant	Recycling Grant
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	894,888	388,159	-	-	-	-	231,037	3,835
Charges for services	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Use of money and property	19,304	16,750	-	-	-	-	-	-
Assessments	-	-	67,694	205,876	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	914,192	404,909	67,694	205,876	-	-	231,037	3,835
Expenditures:								
General government	-	-	-	-	-	-	-	13,160
Public safety	-	-	-	-	-	-	-	-
Public works	-	69,450	-	270,187	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	57,124	-
Capital outlay	-	-	-	-	-	-	382,959	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	-	69,450	-	270,187	-	-	440,083	13,160
Excess (deficiency) of revenues over (under) expenditures	914,192	335,459	67,694	(64,311)	-	-	(209,046)	(9,325)
Other financing sources (uses):								
Operating transfers in	-	-	-	80,854	-	-	-	-
Operating transfers out	(1,181,490)	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,181,490)	-	-	80,854	-	-	-	-
Net change in fund balance	(267,298)	335,459	67,694	16,543	-	-	(209,046)	(9,325)
Fund balances - beginning (restated)	1,661,530	894,967	211,561	4,898	25,000	195	-	15,424
Fund balances - ending	\$ 1,394,232	\$ 1,230,426	\$ 279,255	\$ 21,441	\$ 25,000	\$ 195	\$ (209,046)	\$ 6,099

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	ABC Grant	Small Business Support Center	DOJ Bynes Grant	Foreclosed Home Project	Sports Hall of Fame	ACT Program	High Speed Rail CVTC	Impact Fees
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	59,297	-	-	190,414	611,444	-
Charges for services	-	-	-	1,200	-	-	-	105,803
Fines	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	54,105
Assessments	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	14,039	-	-	-	-
Total revenues	-	-	59,297	15,239	-	190,414	611,444	159,908
Expenditures:								
General government	-	-	-	-	-	-	561,606	-
Public safety	-	-	6,983	-	-	312,209	-	-
Public works	-	-	-	-	-	-	-	60,298
Community development	-	-	-	11,863	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	57,659	-	-	-	-	225,631
Debt Service:								
Principal	-	-	-	-	-	-	93,295	-
Interest and fiscal charges	-	-	-	-	-	-	5,850	-
Total expenditures	-	-	64,642	11,863	-	312,209	660,751	285,929
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,345)	3,376	-	(121,795)	(49,307)	(126,021)
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	115,107	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	115,107	-	-
Net change in fund balance	-	-	(5,345)	3,376	-	(6,688)	(49,307)	(126,021)
Fund balances - beginning (restated)	(72)	605	(102)	13,376	3,351	212	(101,810)	4,371,334
Fund balances - ending	<u>\$ (72)</u>	<u>\$ 605</u>	<u>\$ (5,447)</u>	<u>\$ 16,752</u>	<u>\$ 3,351</u>	<u>\$ (6,476)</u>	<u>\$ (151,117)</u>	<u>\$ 4,245,313</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Transit Oriented Development	USDA RBDG	Community Power Resiliency	SB2 Planning Grant Program	Local Early Action Plan	Housing Authority	AB74 Storm Drain Appropriation	PD Wellness Grant	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,622
Intergovernmental	-	6,450	100,000	11,893	-	-	-	28,000	6,063,913
Charges for services	-	-	-	-	-	-	-	-	107,003
Fines	-	-	-	-	-	-	-	-	6,408
Use of money and property	-	-	-	-	-	-	-	-	177,853
Assessments	-	-	-	-	-	-	-	-	273,570
Loan repayments	-	-	-	-	-	1,080	-	-	1,080
Miscellaneous	-	-	-	-	-	120	-	-	14,159
Total revenues	-	6,450	100,000	11,893	-	1,200	-	28,000	7,195,608
Expenditures:									
General government	-	-	-	-	-	-	-	-	574,766
Public safety	-	-	-	-	-	-	-	-	940,545
Public works	-	-	-	-	-	-	-	-	591,837
Community development	-	6,450	-	59,831	-	-	-	-	78,144
Recreate	-	-	-	-	-	-	-	-	57,124
Capital outlay	6,000	-	100,000	-	-	-	1,186	-	880,151
Debt Service:									
Principal	-	-	-	-	-	-	-	-	93,295
Interest and fiscal charges	-	-	-	-	-	-	-	-	5,850
Total expenditures	6,000	6,450	100,000	59,831	-	-	1,186	-	3,221,712
Excess (deficiency) of revenues over (under) expenditures	(6,000)	-	-	(47,938)	-	1,200	(1,186)	28,000	3,973,896
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	593,994
Operating transfers out	-	-	-	(25,000)	(124,724)	-	-	-	(4,309,097)
Total other financing sources (uses)	-	-	-	(25,000)	(124,724)	-	-	-	(3,715,103)
Net change in fund balance	(6,000)	-	-	(72,938)	(124,724)	1,200	(1,186)	28,000	258,793
Fund balances - beginning (restated)	-	-	-	-	124,724	1,223,164	-	-	14,490,624
Fund balances - ending	\$ (6,000)	\$ -	\$ -	\$ (72,938)	\$ -	\$ 1,224,364	\$ (1,186)	\$ 28,000	\$ 14,749,417

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Debt Service Funds

Combining Balance Sheet

	<u>Debt Service</u>	<u>Total Nonmajor Debt Service Fund</u>
ASSETS		
Cash and investments	\$ 775,043	\$ 775,043
Cash with fiscal agents	97,479	97,479
Advance to the Successor Agency	<u>65,000</u>	<u>65,000</u>
Total assets	<u>\$ 937,522</u>	<u>\$ 937,522</u>
FUND BALANCES		
Restricted for:		
Debt service	<u>\$ 937,522</u>	<u>\$ 937,522</u>
Total fund balances	<u>937,522</u>	<u>937,522</u>
Total fund balance	<u>\$ 937,522</u>	<u>\$ 937,522</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	<u>Debt Service</u>	<u>Total Nonmajor Debt Service Fund</u>
Revenues:		
Use of money and property	\$ 13,056	\$ 13,056
Assessments	<u>202,273</u>	<u>202,273</u>
Total revenues	<u>215,329</u>	<u>215,329</u>
Expenditures:		
Debt Service:		
Principal	100,000	100,000
Interest and fiscal charges	<u>314,928</u>	<u>314,928</u>
Total expenditures	<u>414,928</u>	<u>414,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(199,599)</u>	<u>(199,599)</u>
Other financing sources (uses):		
Proceeds from long-term debt	14,583,000	14,583,000
Operating transfers out	<u>(14,407,998)</u>	<u>(14,407,998)</u>
Total other financing sources (uses)	<u>175,002</u>	<u>175,002</u>
Net change in fund balance	(24,597)	(24,597)
Fund balances - beginning	<u>962,119</u>	<u>962,119</u>
Fund balances - ending	<u>\$ 937,522</u>	<u>\$ 937,522</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Capital Projects Funds

Combining Balance Sheet

	<u>Capital Projects</u>	<u>CalTrans Mitigation</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash and investments	\$ 717,943	\$ 212,233	\$ 930,176
Total assets	<u>\$ 717,943</u>	<u>\$ 212,233</u>	<u>\$ 930,176</u>
LIABILITIES			
Accounts payable	\$ 14,769	\$ -	\$ 14,769
Total liabilities	<u>14,769</u>	<u>-</u>	<u>14,769</u>
FUND BALANCES			
Restricted for:			
Capital projects	<u>703,174</u>	<u>212,233</u>	<u>915,407</u>
Total fund balances	<u>703,174</u>	<u>212,233</u>	<u>915,407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 717,943</u>	<u>\$ 212,233</u>	<u>\$ 930,176</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	<u>Capital Projects</u>	<u>CalTrans Mitigation</u>	<u>Total Nonmajor Capital Projects Funds</u>
Expenditures:			
Public works	\$ 2,491	\$ -	\$ 2,491
Community development	727	-	727
Capital outlay	<u>107,989</u>	-	<u>107,989</u>
Total expenditures	<u>111,207</u>	-	<u>111,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,207)</u>	-	<u>(111,207)</u>
Other financing sources (uses):			
Operating transfers in	<u>138,546</u>	-	<u>138,546</u>
Total other financing sources (uses)	<u>138,546</u>	-	<u>138,546</u>
Net change in fund balance	27,339	-	27,339
Fund balances - beginning	<u>675,835</u>	<u>212,233</u>	<u>888,068</u>
Fund balances - ending	<u>\$ 703,174</u>	<u>\$ 212,233</u>	<u>\$ 915,407</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City of Selma has decided that periodic determination of net income is appropriate for accountability purposes.

CITY OF SELMA | JUNE 30, 2023
 Nonmajor Enterprise Funds
 Combining Statement of Net Position

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Accounts receivable, net	\$ 453	\$ 1,050	\$ 1,503
Lease receivable	<u>98,998</u>	<u>98,996</u>	<u>197,994</u>
Total current assets	<u>99,451</u>	<u>100,046</u>	<u>199,497</u>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	284,182	-	284,182
Less accumulated depreciation/amortization	<u>(269,587)</u>	<u>-</u>	<u>(269,587)</u>
Total noncurrent assets	<u>14,595</u>	<u>-</u>	<u>14,595</u>
 Total assets	 <u>114,046</u>	 <u>100,046</u>	 <u>214,092</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	11,532	60,898	72,430
OPEB related	<u>396</u>	<u>1,666</u>	<u>2,062</u>
Total deferred outflows of resources	<u>11,928</u>	<u>62,564</u>	<u>74,492</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,349	19,156	22,505
Accrued wages and benefits	1,198	1,819	3,017
Interfund payables	13,416	78,849	92,265
Current portion of compensated absences	<u>1,953</u>	<u>46</u>	<u>1,999</u>
Total current liabilities	<u>19,916</u>	<u>99,870</u>	<u>119,786</u>
Noncurrent liabilities:			
Compensated absences	1,592	9,726	11,318
Net pension liability	9,649	51,710	61,359
Net OPEB liability	<u>2,100</u>	<u>8,839</u>	<u>10,939</u>
Total noncurrent liabilities	<u>13,341</u>	<u>70,275</u>	<u>83,616</u>
 Total liabilities	 <u>33,257</u>	 <u>170,145</u>	 <u>203,402</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,777	7,447	9,224
OPEB related	1,806	7,601	9,407
Lease related	<u>64,555</u>	<u>64,555</u>	<u>129,110</u>
Total deferred inflows of resources	<u>68,138</u>	<u>79,603</u>	<u>147,741</u>
NET POSITION			
Net investment in capital assets	14,595	-	14,595
Unrestricted	<u>9,984</u>	<u>(87,138)</u>	<u>(77,154)</u>
 Total net position	 <u>\$ 24,579</u>	 <u>\$ (87,138)</u>	 <u>\$ (62,559)</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ -	\$ 121,158	\$ 121,158
Rents	24,831	11,306	36,137
Miscellaneous	11,996	6,638	18,634
Pension revenue	19,665	29,528	49,193
Total revenues	<u>56,492</u>	<u>168,630</u>	<u>225,122</u>
Operating expenses:			
Personnel services	24,181	89,066	113,247
Services and supplies	61,458	197,644	259,102
Depreciation/amortization	1,392	-	1,392
Total operating expenses	<u>87,031</u>	<u>286,710</u>	<u>373,741</u>
Operating Income (loss)	<u>(30,539)</u>	<u>(118,080)</u>	<u>(148,619)</u>
Nonoperating revenues (expenses)			
Interest income	7,028	7,028	14,056
Total nonoperating revenues (expenses)	<u>7,028</u>	<u>7,028</u>	<u>14,056</u>
Income (loss) before transfers	(23,511)	(111,052)	(134,563)
Transfers in	<u>22,706</u>	<u>102,033</u>	<u>124,739</u>
Changes in net position	(805)	(9,019)	(9,824)
Net position (deficit) - beginning	<u>25,384</u>	<u>(78,119)</u>	<u>(52,735)</u>
Net position (deficit) - ending	<u>\$ 24,579</u>	<u>\$ (87,138)</u>	<u>\$ (62,559)</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

	Pioneer Village	Cultural Arts	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for current services	\$ 3,613	\$ 120,108	\$ 123,721
Cash received for rents	23,880	10,356	34,236
Cash paid for services and supplies	(59,501)	(181,948)	(241,449)
Cash paid for salaries and benefits	(22,921)	(95,863)	(118,784)
Cash received for other operating revenues	11,996	6,638	18,634
Net cash provided by (used for) operating activities	<u>(42,933)</u>	<u>(140,709)</u>	<u>(183,642)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	13,199	31,648	44,847
Loans from (to) other funds	22,706	102,033	124,739
Net cash provided by (used for) noncapital financing activities	<u>35,905</u>	<u>133,681</u>	<u>169,586</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received	7,028	7,028	14,056
Net cash provided by (used for) investing activities	<u>7,028</u>	<u>7,028</u>	<u>14,056</u>
Net increase (decrease) in cash and investments	-	-	-
Cash and investments - beginning	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (30,539)	\$ (118,080)	\$ (148,619)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	1,392	-	1,392
Changes in the balance sheet:			
(Increase) decrease in:			
Accounts receivable, net	3,613	(1,050)	2,563
Leases receivable	2,571	2,572	5,143
Deferred outflows of resources from pensions	(7,527)	(55,287)	(62,814)
Deferred outflows of resources from OPEB	326	622	948
Increase (decrease) in:			
Accounts payable	1,957	15,696	17,653
Accrued wages and benefits	694	270	964
Compensated absences	2,313	(5,193)	(2,880)
Net pension liability	(2,502)	34,462	31,960
Net OPEB liability	(3,055)	(7,488)	(10,543)
Deferred inflow of resources from pensions	(9,636)	(8,703)	(18,339)
Deferred inflow of resources from OPEB	982	4,992	5,974
Deferred inflow of resources from leases	(3,522)	(3,522)	(7,044)
Total adjustments	<u>(12,394)</u>	<u>(22,629)</u>	<u>(35,023)</u>
Net cash provided by (used for) operating activities	<u>\$ (42,933)</u>	<u>\$ (140,709)</u>	<u>\$ (183,642)</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

Insurance Funds – These funds are used to account for workers' compensation, liability, and medical malpractice insurance expense.

Fleet Management Fund – This fund is used to account for the rental of motor vehicles to other departments and related costs.

Building and Utility Fund – This fund is used to account for the accumulation and allocation of general building and utility costs.

General Overhead Fund – This fund is used to account for the accumulation and allocation of costs associated with office supplies.

Information Processing Fund – This fund is used to account for the accumulation and allocation of costs associated with all information technology equipment and related services.

CITY OF SELMA | JUNE 30, 2023
Internal Service Funds
Combining Statement of Net Position

	Insurance	Fleet Management	Building and Utility	General Overhead	Information Processing	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 1,308,534	\$ 243,453	\$ 1,069,913	\$ 62,337	\$ 609,009	\$ 3,293,246
Accounts receivable, net	-	56,138	-	-	446	56,584
Interest receivable	5,559	-	4,613	-	2,590	12,762
Deposits	103,249	-	-	-	-	103,249
Total current assets	<u>1,417,342</u>	<u>299,591</u>	<u>1,074,526</u>	<u>62,337</u>	<u>612,045</u>	<u>3,465,841</u>
Noncurrent assets:						
Capital assets:						
Buildings and improvements	-	-	6,079	-	-	6,079
Machinery and equipment	-	31,901	103,753	-	184,643	320,297
Right-to-use leased equipment	-	-	-	63,748	-	63,748
Less accumulated depreciation/amortization	-	(11,929)	(38,957)	(46,665)	(87,919)	(185,470)
Total noncurrent assets	-	<u>19,972</u>	<u>70,875</u>	<u>17,083</u>	<u>96,724</u>	<u>204,654</u>
Total assets	<u>1,417,342</u>	<u>319,563</u>	<u>1,145,401</u>	<u>79,420</u>	<u>708,769</u>	<u>3,670,495</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	-	197,721	82,698	-	-	280,419
OPEB related	-	4,967	1,355	-	-	6,322
Total deferred outflows of resources	-	<u>202,688</u>	<u>84,053</u>	-	-	<u>286,741</u>
LIABILITIES						
Current liabilities:						
Accounts payable	12,145	118,914	35,238	123	17,925	184,345
Accrued wages and benefits	-	5,116	718	-	-	5,834
Current portion of leases payable	-	-	-	13,713	-	13,713
Total current liabilities	<u>12,145</u>	<u>124,030</u>	<u>35,956</u>	<u>13,836</u>	<u>17,925</u>	<u>203,892</u>
Noncurrent liabilities:						
Compensated absences	-	4,160	2,880	627	-	7,667
Leases payable	-	-	-	4,717	-	4,717
Net pension liability	-	167,952	67,882	-	-	235,834
Net OPEB liability	-	26,359	7,193	-	-	33,552
Total noncurrent liabilities	-	<u>198,471</u>	<u>77,955</u>	<u>5,344</u>	-	<u>281,770</u>
Total liabilities	<u>12,145</u>	<u>322,501</u>	<u>113,911</u>	<u>19,180</u>	<u>17,925</u>	<u>485,662</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	-	23,897	15,578	-	-	39,475
OPEB related	-	22,669	6,185	-	-	28,854
Total deferred inflows of resources	-	<u>46,566</u>	<u>21,763</u>	-	-	<u>68,329</u>
NET POSITION						
Net investment in capital assets	-	19,972	70,875	(1,347)	96,724	186,224
Unrestricted	\$ 1,405,197	133,212	1,022,905	61,587	594,120	3,217,021
Total net position	<u>\$ 1,405,197</u>	<u>\$ 153,184</u>	<u>\$ 1,093,780</u>	<u>\$ 60,240</u>	<u>\$ 690,844</u>	<u>\$ 3,403,245</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

	Insurance	Fleet Management	Building and Utility	General Overhead	Information Processing	Total Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,675,117	\$ 649,682	\$ 625,760	\$ 35,014	\$ 431,701	\$ 3,417,274
Miscellaneous	114,609	56,742	-	190	-	171,541
Pension revenue	-	90,489	259,185	-	-	349,674
Total revenues	<u>1,789,726</u>	<u>796,913</u>	<u>884,945</u>	<u>35,204</u>	<u>431,701</u>	<u>3,938,489</u>
Operating expenses:						
Personnel services	-	288,845	124,754	627	-	414,226
Services and supplies	-	671,896	271,050	4,190	283,070	1,230,206
Other internal services	1,588,306	-	-	-	-	1,588,306
Depreciation/amortization	-	2,808	9,729	12,750	20,418	45,705
Total operating expenses	<u>1,588,306</u>	<u>963,549</u>	<u>405,533</u>	<u>17,567</u>	<u>303,488</u>	<u>3,278,443</u>
Operating Income (loss)	<u>201,420</u>	<u>(166,636)</u>	<u>479,412</u>	<u>17,637</u>	<u>128,213</u>	<u>660,046</u>
Nonoperating revenues (expenses)						
Interest income	16,663	-	14,866	-	8,747	40,276
Interest expense	-	-	-	(13,251)	-	(13,251)
Total nonoperating revenues (expenses)	<u>16,663</u>	<u>-</u>	<u>14,866</u>	<u>(13,251)</u>	<u>8,747</u>	<u>27,025</u>
Income (loss) before transfers	218,083	(166,636)	494,278	4,386	136,960	687,071
Transfers in	-	156,575	70,903	-	-	227,478
Changes in net position	218,083	(10,061)	565,181	4,386	136,960	914,549
Net position (deficit) - beginning	<u>1,187,114</u>	<u>163,245</u>	<u>528,599</u>	<u>55,854</u>	<u>553,884</u>	<u>2,488,696</u>
Net position (deficit) - ending	<u>\$ 1,405,197</u>	<u>\$ 153,184</u>	<u>\$ 1,093,780</u>	<u>\$ 60,240</u>	<u>\$ 690,844</u>	<u>\$ 3,403,245</u>

CITY OF SELMA | FOR THE YEAR ENDED JUNE 30, 2023

Internal Service Funds

Combining Statement of Cash Flows

	Insurance	Fleet Management	Building and Utility	General Overhead	Information Processing	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received for current services	\$ 1,676,300	\$ 593,544	\$ 625,760	\$ 35,020	\$ 431,255	\$ 3,361,879
Cash paid for services and supplies	(1,577,717)	(594,934)	(246,037)	(4,083)	(265,626)	(2,688,397)
Cash paid for salaries and benefits	-	(297,783)	(386,627)	-	-	(684,410)
Cash received for other operating revenues	114,609	56,742	259,185	190	-	430,726
Net cash provided by (used for) operating activities	<u>213,192</u>	<u>(242,431)</u>	<u>252,281</u>	<u>31,127</u>	<u>165,629</u>	<u>419,798</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Loans from (to) other funds	-	156,575	70,903	-	-	227,478
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>156,575</u>	<u>70,903</u>	<u>-</u>	<u>-</u>	<u>227,478</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on financed purchases	-	-	-	-	(10,893)	(10,893)
Principal paid on leases	-	-	-	(13,077)	-	(13,077)
Interest paid on long-term liabilities	-	-	-	(13,251)	-	(13,251)
Acquisition of capital assets	-	-	(16,609)	-	-	(16,609)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(16,609)</u>	<u>(26,328)</u>	<u>(10,893)</u>	<u>(53,830)</u>
CASH FLOW FROM INVESTING ACTIVITIES						
Interest received	12,361	-	11,127	-	6,676	30,164
Net cash provided by (used for) investing activities	<u>12,361</u>	<u>-</u>	<u>11,127</u>	<u>-</u>	<u>6,676</u>	<u>30,164</u>
Net increase (decrease) in cash and investments	225,553	(85,856)	317,702	4,799	161,412	623,610
Cash and investments - beginning	1,082,981	329,309	752,211	57,538	447,597	2,669,636
Cash and investments - ending	<u>\$ 1,308,534</u>	<u>\$ 243,453</u>	<u>\$ 1,069,913</u>	<u>\$ 62,337</u>	<u>\$ 609,009</u>	<u>\$ 3,293,246</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 201,420	\$ (166,636)	\$ 479,412	\$ 17,637	\$ 128,213	\$ 660,046
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:						
Depreciation	-	2,808	9,729	12,750	20,418	45,705
Changes in the balance sheet:						
(Increase) decrease in:						
Accounts receivable, net	-	(56,138)	-	6	(446)	(56,578)
Deposits	1,183	-	-	-	-	1,183
Deferred outflows of resources from pensions	-	(180,652)	(29,050)	-	-	(209,702)
Deferred outflows of resources from OPEB	-	2,371	393	-	-	2,764
Increase (decrease) in:						
Accounts payable	10,589	76,962	25,013	107	17,444	130,115
Accrued wages and benefits	-	710	(3,234)	-	-	(2,524)
Compensated absences	-	(315)	1,237	627	-	1,549
Net pension liability	-	115,437	(93,581)	-	-	21,856
Net OPEB liability	-	(26,005)	(5,276)	-	-	(31,281)
Deferred inflow of resources from pensions	-	(25,274)	(136,554)	-	-	(161,828)
Deferred inflow of resources from OPEB	-	14,301	4,192	-	-	18,493
Total adjustments	<u>11,772</u>	<u>(75,795)</u>	<u>(227,131)</u>	<u>13,490</u>	<u>37,416</u>	<u>(240,248)</u>
Net cash provided by (used for) operating activities	<u>\$ 213,192</u>	<u>\$ (242,431)</u>	<u>\$ 252,281</u>	<u>\$ 31,127</u>	<u>\$ 165,629</u>	<u>\$ 419,798</u>