

CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
OCTOBER 31, 2018



CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED OCTOBER 31, 2018

CITY OFFICIALS

MAYOR

TOM DALY

CITY COUNCIL

KEVIN HADAS
KEN HARRIS
JOHN T. SHARP
JIM PARMA
KEN POLASEK

CITY ADMINISTRATOR

JOHNNY CASIAS

CITY ATTORNEY

MARC SCHNALL, LANGLEY & BANACK, INC.

CITY OF SELMA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED OCTOBER 31, 2018

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CITY OF SELMA, TEXAS
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February 22, 2019

The Honorable Tom Daly
And Members of the City Council

Dear Mayor/Council Members:

I am pleased to present the Annual Financial Report (audit) of the City of Selma, Texas, for the fiscal year that ended October 31, 2018.

The presentation meets the requirements of State Statutes that an annual audit of the books of account, financial records and transactions of all City Departments be performed by independent certified public accountants selected by the City Council. Copies will be on file in the office of the City Administrator.

Sincerely,

Johnny Casias
City Administrator





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Selma, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Selma, Texas, as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of City of Selma, Texas' primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the reporting entity and unmodified audit opinions on the governmental activities, business-type activities, and major funds of the primary government.

Basis for Adverse Opinion on the Reporting Entity

The financial statements referred to above include only the primary government of City of Selma, Texas, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise City of Selma, Texas' legal entity and the Municipal Development Corporation, a legally separate component unit of the City of Selma, Texas. The financial statements do not include the financial data for Retama Development Corporation, one of the City of Selma, Texas' legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of City of Selma, Texas' primary government.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of City of Selma, Texas, as of October 31, 2018, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. The City of Selma, Texas has not issued separate reporting entity financial statements, however separate financial statements are available for the Retama Development Corporation.

Unmodified Opinions on the Governmental Activities, Business-Type Activities, and each Major Fund

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, and each major fund for the primary government of City of Selma, Texas, as of October 31, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A22 of the financial statements, in November 2017, the City adopted new accounting guidance from the Governmental Accounting Standards Board Statement No. 75 related to accounting for post-employment benefits other than pensions (OPEB). This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

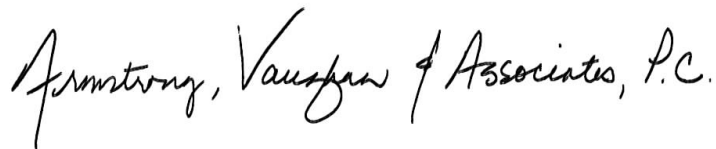
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of changes and contributions for net pension liability and net other post-employment benefits liability, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Selma, Texas' primary government basic financial statements. The transmittal letter, statistical section and individual fund comparative statements are presented for purposes of additional analysis and are not a required part of the primary government's basic financial statements.

The individual fund comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the supplementary information related to the exclusion of the Retama Development Corporation, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 22, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of City of Selma’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended October 31, 2018. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

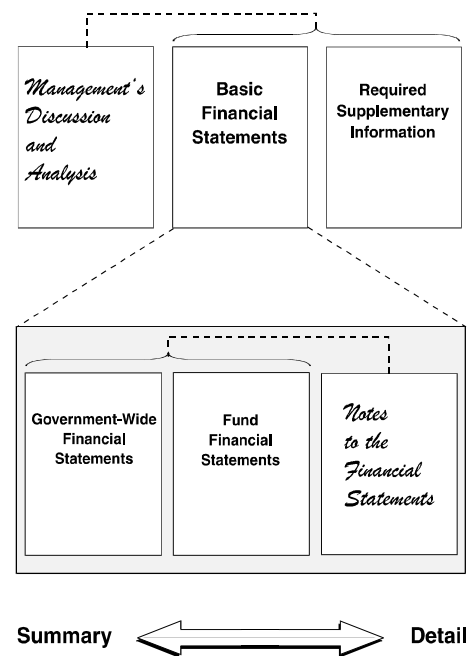
- The City’s total combined net position was \$41 million at October 31, 2018. The general fund reported a fund balance this year of \$8.3 million.
- During the year, the City’s governmental expenses were \$1.9 million less than the \$12.9 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance of \$8.3 million at the end of the fiscal year, a \$463 thousand increase over the previous fiscal year. This increase is primarily due to the 4.8% increase in tax revenues over the previous year.
- The City’s Water/Sewer Fund reported a \$224 thousand increase in net position over the previous fiscal year. Net position at October 31, 2018 was \$7.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
Fund Statements			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water/sewer
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Net Position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balance	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City’s tax base

The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as public safety, public works and general administration. Sales taxes, property taxes, franchise fees and charges for services finance most of these activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position was \$41 million at October 31, 2018. (See Table A-1).

Table A-1
City of Selma Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2018	2017	2018	2017	2018	2017	
ASSETS							
<i>Current Assets:</i>							
Cash and Investments	\$ 16,497	\$ 21,574	\$ 2,950	\$ 2,671	\$ 19,447	\$ 24,245	-19.79%
Other Current Assets	1,555	1,398	693	767	2,248	2,165	3.83%
Total Current Assets:	18,052	22,972	3,643	3,438	21,695	26,410	-17.85%
<i>Noncurrent Assets:</i>							
Capital Assets (Net)	34,895	29,036	11,385	11,358	46,280	40,394	14.57%
Total Noncurrent Assets	34,895	29,036	11,385	11,358	46,280	40,394	14.57%
Total Assets	52,947	52,008	15,028	14,796	67,975	66,804	1.75%
Deferred Outflows of Resources							
Deferred OPEB Outflows	10	-	1	-	11	-	100.00%
Deferred Pension Related Outflows	1,301	1,499	66	82	1,367	1,581	-13.52%
Total Deferred Outflows of Resources	1,311	1,499	67	82	1,378	1,581	-12.84%
LIABILITIES							
Current Liabilities	2,415	2,640	4,278	3,958	6,693	6,598	1.45%
Long-Term Liabilities	17,178	18,837	3,557	3,916	20,735	22,753	-8.87%
Total Liabilities	19,593	21,477	7,835	7,874	27,428	29,351	-6.55%
DEFERRED INFLOWS							
Future Tax Levy Collections	36	6	-	-	36	6	500.00%
Deferred Pension Related Inflows	739	-	38	-	777	-	100.00%
Total Deferred Inflows of Resources	775	6	38	-	813	6	13449.07%
NET POSITION							
Net Investment in							
Capital Assets	23,171	21,508	7,965	7,628	31,136	29,136	6.86%
Restricted	9,690	8,775	-	-	9,690	8,775	10.43%
Unrestricted	1,029	1,741	(743)	(624)	286	1,117	-74.38%
Total Net Position	\$ 33,890	\$ 32,024	\$ 7,222	\$ 7,004	\$ 41,112	\$ 39,028	5.34%

*Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

The \$286 thousand of unrestricted net position represents resources available to fund the programs of the City next year.

CHANGES IN NET POSITION

Table A-2
Changes in City of Selma Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2018	2017	2018	2017	2018	2017	
Program Revenues:							
Charges for Services	\$ 1,263	\$ 1,886	\$ 4,779	\$ 4,357	\$ 6,042	\$ 6,243	-3.2%
Operating Grants & Contributions	3	3	-	-	3	3	0.0%
General Revenues							
Property Taxes	2,084	2,016	-	-	2,084	2,016	3.4%
Franchise Taxes	758	756	-	-	758	756	0.3%
Sales Taxes	8,195	7,639	-	-	8,195	7,639	7.3%
Occupancy Taxes	237	214	-	-	237	214	10.7%
Impact Fees	-	-	460	248	460	248	85.5%
Investment Earnings	184	97	4	2	188	99	89.9%
Other	167	235	16	29	183	264	-30.7%
Total Revenues	12,891	12,846	5,259	4,636	18,150	17,482	3.8%
General Government	2,244	2,470	-	-	2,244	2,470	-9.1%
Police Department	3,932	3,852	-	-	3,932	3,852	2.1%
Fire Department	2,448	2,470	-	-	2,448	2,470	-0.9%
Building Inspections	614	578	-	-	614	578	6.2%
Infrastructure	1,610	1,308	-	-	1,610	1,308	23.1%
Others	162	193	-	-	162	193	-16.3%
Water/Sewer	-	-	4,454	3,949	4,454	3,949	12.8%
Interest on Long-Term Debt	399	422	110	117	509	539	-5.6%
Total Expenses	11,409	11,293	4,564	4,066	15,973	15,359	4.0%
Transfers In (Out)	471	600	(471)	(600)	-	-	0.0%
Increase (Decrease) in Net Position	\$ 1,953	\$ 2,153	\$ 224	\$ (30)	\$ 2,177	\$ 2,123	2.6%

*Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

Governmental Activities

- Property tax rates decreased from 0.20340 to 0.20160, however, higher property values resulted in an increase of 3.4% in property tax revenues.
- The City's total revenues were \$12.9 million. A significant portion, 87.5%, comes from taxes and 9.8% relates to charges for services.

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$11.4 million.
- However, the amount that our taxpayers paid for these activities through taxes was \$11.3 million.
- Some of the cost was paid by those who directly benefited from the programs, \$1.3 million.

Business-Type Activities (Water Sewer)

Revenues of the City's business-type activities were \$5.3 million (a 13% increase) and expenses were \$4.6 million (12% increase).

Table A-3
 Net Cost of Selected City Functions
(in thousands of dollars)

	Total Cost of			Net Cost of		
	Services		Percent Change	Services		Percent Change
	2018	2017		2018	2017	
General Government	\$ 2,244	\$ 2,470	-9.1%	\$ 1,976	\$ 2,201	-10.2%
Police Department	3,932	3,852	2.1%	3,333	3,095	7.7%
Fire Department	2,448	2,470	-0.9%	2,448	2,470	-0.9%
Building Inspection	614	578	6.1%	215	(285)	-175.4%
Infrastructure	1,610	1,308	23.1%	1,610	1,308	23.1%
Other	162	193	-16.3%	162	193	-16.3%
Debt Service – Interest & Fiscal	399	422	-5.5%	399	422	-5.5%
Water/Sewer	4,564	4,066	12.2%	(215)	(291)	-26.1%

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following types of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Revenues from governmental fund types totaled \$12.9 million, a 0.3% increase over the prior year. Expenditures increased 19.9% to \$18.2 million.

Budgetary Highlights

The City did not make any amendments during the year. Expenditures were under budget in total by \$791 thousand in the general fund and under budget by \$732 thousand in the municipal development district, respectively. Ending resources increased by \$463 thousand in the general fund. Additionally, the MDD was budgeted to have a zero decrease in fund balance. Although there was a decrease in fund balance, the fund remained strong with a \$4.3 million fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of October 31, 2018, the City had invested \$55.8 million and \$14.9 million in a broad range of capital assets, including land, equipment, buildings, infrastructure and vehicles for governmental and business-type activities, respectively. Significant additions during the year include several infrastructure projects, police cars and updated software. (See Table A-4.)

Table A-4
City's Capital Assets
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2018	2017	2018	2017	2018	2017	
Land	\$ 1,688	\$ 1,688	\$ 173	\$ 173	\$ 1,861	\$ 1,861	0.0%
Water Rights	-	-	2,559	2,559	2,559	2,559	0.0%
Buildings	8,236	8,126	404	404	8,640	8,530	1.3%
Water and Sewer Plant	-	-	10,399	10,399	10,399	10,399	0.0%
Vehicles and Equipment	5,806	5,555	707	646	6,513	6,201	5.0%
Infrastructure	28,602	27,751	-	-	28,602	27,751	3.1%
Construction in Progress	11,513	5,254	679	352	12,192	5,606	117.5%
Totals at Historical Cost	<u>55,845</u>	<u>48,374</u>	<u>14,921</u>	<u>14,533</u>	<u>70,766</u>	<u>62,907</u>	<u>12.5%</u>
Accumulated Depreciation	<u>(20,949)</u>	<u>(19,338)</u>	<u>(3,537)</u>	<u>(3,176)</u>	<u>(24,486)</u>	<u>(22,514)</u>	<u>8.8%</u>
Net Capital Assets	<u>\$ 34,896</u>	<u>\$ 29,036</u>	<u>\$ 11,385</u>	<u>\$ 11,357</u>	<u>\$ 46,280</u>	<u>\$ 40,393</u>	<u>14.6%</u>

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

As of October 31, 2018, the City had \$17.93 million in bonds outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long Term Debt
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2018	2017	2018	2017	2018	2017	
Bonds Payable	\$ 14,441	\$ 15,025	\$ 3,420	\$ 3,730	\$ 17,861	\$ 18,755	-4.77%
Capital Leases	73	60	-	-	73	60	100.00%
Total Debt	<u>\$ 14,514</u>	<u>\$ 15,085</u>	<u>\$ 3,420</u>	<u>\$ 3,730</u>	<u>\$ 17,934</u>	<u>\$ 18,815</u>	<u>-4.68%</u>

TAX RATE, BUDGET, AND ECONOMIC OUTLOOK

The proposed budget for Fiscal Year 2018-2019 was filed with the City Secretary on August 6, 2018, and the Notice of Public Hearing was published in the Northeast Herald on August 22, 2018 and August 29, 2018. The Guadalupe County Appraisal District lists the City's tax roll for FY 2018-2019 at \$1,118,970,004. Last fiscal year, the Guadalupe County Appraisal District listed the City's tax roll at \$1,091,766,500. After careful analysis, it is our recommendation that we adopt the Effective Tax Rate of \$0.2016 per \$100 of valuation for FY 2018-2019. This tax rate remains unchanged from last year's tax rate of \$0.2016 per \$100 of valuation and is lower than the proposed effective tax rate. The tax components for the proposed FY 2018-2019 tax rate would be as follows: \$0.086599 for Maintenance & Operations (General Fund) and \$0.115001 for Interest & Sinking (Debt Service).

The retail outlook from January 2018 through August 2018, exactly two-thirds of the way into the current fiscal year, Selma's local economy grew as sales tax collections were 1.85% above this same period last year. Some businesses that were added during the current fiscal year include Pluckers Wing Bar, Popcorn Piccadilly, and VIRC Snacks. Pluckers Wing Bar, located between Forum Pointe Shopping Center and Chuy's Mexican Food Restaurant, opened its doors in early July 2018 to much fanfare from the greater Selma area. The Selma Pluckers location is the 23rd location for the Austin based company, and the first in the San Antonio Area. One of 2017's most welcomed Selma businesses, Audi North Park, began work on the expansion of their state-of-the-art dealership next to their current facility earlier this year and look to complete construction in late 2018, or early 2019. Mercedes-Benz of Selma also poised to begin construction of their new dealership on Corporate Drive within coming months, bringing yet another luxury car dealership to Selma which will serve the Interstate 35 corridor as one of the areas only Mercedes-Benz dealerships. Continuing this latest trend of automobile dealerships investing in Selma, long time corporate citizen, Gillman Honda, Subaru and Mitsubishi, is expanding its automotive operations by adding over \$43,000 square feet of showroom and service space. A new eatery for Selma, Lin's Chinese Buffet, is looking to break ground on an over 11,000 square foot restaurant next to the Stage Stop Visitors Center. Also moving into the Forum Shopping Center next fiscal year will be one of the nation's most recommended jewelry retailers, Kay Jewelers. We look forward to these wonderful companies joining the City of Selma, and we are excited about potential business announcements that we hope will be forthcoming in the near future.

The industrial sector in Selma continues to show sustained growth, especially in the vicinity of the Titan Industrial Park, located on 188 acres off of Lookout Road. Last year, Ben E. Keith Foods began construction on their brand-new South Texas Regional Headquarters and Distribution Center, which is located next to O'Reilly Auto Parts Distribution Center. This award-winning company plans to be fully operational by the end of 2018, with the new headquarters and distribution center encompassing over 625,000 square feet and eventually employing over 800 employees. Also joining the Selma Industrial Market is Penske Truck Rentals, which has begun building their new facility just off Lookout Road on the former site of Blue Bonnet Driving Range. Long time corporate citizen, Tex-Star Enterprises is expanding by adding over 6,000 square feet of office space. Two new businesses, California Closets and Aqua metrics, have relocated from San Antonio and Schertz, respectively, to the Alamo Industrial Park and look to be open for business in the coming months. Look for more announcements on new businesses that should be released soon. The industrial sector in Selma has become one of the most sought-after locations for new and relocating businesses along the IH-35 corridor and is poised to have another great year!

Progress continues on the Retreat at Retama Subdivision, a quad-plex townhome development, with construction set to begin soon on Phase 2, located along Lookout Road behind Retama Park. A resurgence of new home construction is also occurring in the Selma Park Estates Subdivision, with empty lots being purchased and houses constructed at a higher rate than the last several years. Some of this resurgence we suspect is the result of the investment the City of Selma has made in this subdivision over the past 10 years with improvements to roads, storm water drainage, and utilities. Creekside Ridge Subdivision near the cul-de-sac on Retama Parkway has already sold numerous homes and continues to move closer to its full buildout. Upon completion, Creekside Ridge will encompass approximately 95 new single-family homes. A new single-family home subdivision, Sunrise Village has begun construction of its utilities and infrastructure

and looks to begin selling homes sometime in the next year. Located just off Retama Parkway between Creekside Village and TruCare Living Centers, this new subdivision will provide close to 100 new upscale homes in the City. Lastly, a new multi-family housing project located on Lookout Road near the Selma-Live Oak city limits is in the early design phases. This new apartment complex will contain approximately 300 units and provide another multi-family residence option for a new and current residents of the City.

For more than a decade, the City of Selma has experienced residential and commercial growth unmatched by most cities in the area. In addition to a concerted effort to manage and encourage this growth, the City of Selma has also laid the blueprint for its future successes. With a current estimated population of 10,088, the City has seen an even greater need for continued capital improvement projects and planning. With this in mind, the City Council approved a 2017-2032 Comprehensive Development Plan (CDP) in order to provide a variety of capital improvement projects for the next fiscal year and beyond. One such project that was recently completed that was included in the 2017-2032 CDP was the reconstruction of Woodcliffe Boulevard in Selma Park Estates. This project was completed in mid-2018. In June of this year, City Council awarded a contract to J3 Company, to perform road improvements to Ventura Boulevard in Selma Park Estates Subdivision. Also included in this road project are additional streets in the Selma Park Estates Subdivision, that once completed will make a good number of lots better primed for developing. Look for this road project to be completed in summer 2019. In August 2017, the City of Selma also began work on the long-awaited Lookout Road Widening and Bridge Expansion Project. This project, funded by a \$9 million-dollar special bond election approved by voters in May 2015, will provide an alternate transportation route to the highly congested Interstate 35. Once completed, Lookout Road will be a four—lane contiguous roadway with an elevated bridge traversing the often-flooded Cibolo Creek. This highly anticipated and necessary project is expected to be completed under budget by the end of 2018. Also completed within the past year was the Historic Evans Road Hike & Bike Trail. The trail connects the Stage Stop Park with the John S Harrison House Property, and also traverses Cibolo Creek to connect with FM 1518 Park. This project was one of the last remaining pieces for the overall development of the Harrison House Property. The last development stage of the Harrison House Property involves the development of the “Final Four” acres. We are pleased to report that at the July 12, 2018 Regular City Council Meeting, City Council awarded a contract for the design and planning phase of this project to Garden Ridge Consulting LLC. This project is currently in the design phase with community involvement and key stakeholder meetings to be held in coming months. Other projects currently in the design stages that are anticipated to be funded next fiscal year include: Engineering / Non-construction costs for Evans Road reconstruction and expansion project; Further improvements to various storm water drainage systems across the city; and Preventative Maintenance (painting the interior bowl and rehabilitation to the discharge piping) to the Elevated Water Storage Tank in Live Oak Hills Subdivision. Recently, the City has made great strides to invest in current infrastructure in order to meet the needs of the citizenry this year and into the future. The Selma 2017 — 2032 CDP Update includes a prioritized listing of key capital improvements based on public health and safety, maintaining a high level of service to the citizens, and the urgency and feasibility of the project. The CDP provides a roadmap for future improvement projects that will allow the City to continue to thrive and keep pace with our growing population and economy. The Selma Branding & Trails Master Plan, also completed in 2018, provides a plan for the future development of parks and iconic locations, connected by an intricate system of walking and biking trails. This plan is just another quality of life initiative by the City to enhance the overall community experience of residents and visitors. In addition to these projects, the City has recently undertaken other master planning documents, such as a Water Cost of Service Rate Study and a City Facilities Renovation and Expansion Plan.

ANNUAL OPERATING BUDGET

Collectively, the funds that make up the Fiscal Year 2018-2019 Annual Operating Budget (which begins on November 1) will increase by 3% or \$629,346 over the previous fiscal year. The following is a list of all city funds represented in this budget: General Fund, Municipal Development District Fund, Utility Fund, Reserve Funds and the Debt Service Fund. Combined, these funds equate to a total operating budget for Fiscal Year 2018-2019 of \$21,466,256.

Overall, the City of Selma is in a sound financial position heading into next fiscal year. We will continue to monitor economic conditions throughout the current and next fiscal year and recommend adjustments to the budget that may be warranted. In July 2015, Standard & Poor's Credit Rating Agency raised the City's long-term rating to 'AA' from 'AA-'. According to Standard & Poor's, this upgrade was due primarily to the City's further strengthened wealth and income levels, strong economy, strong management, adequate budgetary performance, very strong budgetary flexibility, very strong liquidity, weak debt & contingent liability profile, and strong institutional framework. In May 2018, the City of Selma celebrated another financial milestone. The Texas Comptroller of Public Accounts, Glenn Hegar, awarded the City the Transparency Stars Award in the area of Traditional Finances. The Transparency Stars Award for Traditional Finances recognizes entities for their outstanding efforts in making their spending and revenue information easily available. Selma is just one of a handful of Texas cities, counties and school districts across the state to be recognized for their efforts to promote greater government transparency.

We would like to thank all the department heads for their hard work and assistance in developing this document. Lastly, we would like to thank the Mayor, City Council and all Selma Citizens for your continued support and faith in striving to make Selma, "a premier destination in the San Antonio-Austin corridor for quality entertainment, shopping, dining, and industrial services." Our goal is that this annual operating budget will continue to provide exemplary and sustainable city services and infrastructure to our residents, while maintaining good stewardship of our public's financial resources and continuing to invest in our City Staff by making our workplace enjoyable and challenging.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Selma citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator by phone at 651-6661.

CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED OCTOBER 31, 2018

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION
OCTOBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 16,496,892	\$ 2,949,579	\$ 19,446,471
Receivables (Net of Allowance for Uncollectibles):			
Property Taxes	30,023	-	30,023
Nonproperty Taxes	1,655,699	-	1,655,699
Lot Maintenance	84	-	84
Water Sewer Customers	-	526,107	526,107
Prepaid Expenses	34,359	1,488	35,847
Internal Balances	(165,596)	165,596	-
Capital Assets:			
Land	1,688,152	173,139	1,861,291
Water Rights	-	2,558,666	2,558,666
Buildings & Improvements	8,235,720	404,337	8,640,057
Water Sewer Plant	-	10,399,275	10,399,275
Vehicles & Equipment	5,806,150	706,567	6,512,717
Infrastructure	28,601,631	-	28,601,631
Construction in Progress	11,513,007	679,451	12,192,458
Accumulated Depreciation	(20,949,480)	(3,536,809)	(24,486,289)
TOTAL ASSETS	52,946,641	15,027,396	67,974,037
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Other Post Employment Benefit Outflows	10,090	581	10,671
Deferred Pension Related Outflows	1,301,104	66,311	1,367,415
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,311,194	\$ 66,892	\$ 1,378,086

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
OCTOBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 1,514,073	\$ 206,330	\$ 1,720,403
Accrued Expenses	348,945	13,500	362,445
Accrued Compensated Absences	447,995	21,680	469,675
Accrued Interest Payable	104,293	26,833	131,126
Unearned Revenue	-	4,002,718	4,002,718
Customer Deposits	-	7,050	7,050
<i>Noncurrent Liabilities:</i>			
Due within One Year	1,070,713	320,000	1,390,713
Due in more than One Year	13,443,275	3,100,000	16,543,275
Net Other Post Employment Benefits Liability	110,967	6,394	117,361
Net Pension Liability	2,553,077	130,118	2,683,195
TOTAL LIABILITIES	19,593,338	7,834,623	27,427,961
DEFERRED INFLOWS OF RESOURCES			
Property Tax Levy for Future Period	36,437	-	36,437
Deferred Pension Related Inflows	739,267	37,677	776,944
TOTAL DEFERRED INFLOWS	775,704	37,677	813,381
NET POSITION			
Net Investment in Capital Assets	22,338,451	7,964,626	30,303,077
Restricted Net Position:			
Debt Service	1,488,917	-	1,488,917
Municipal Development District	4,275,616	-	4,275,616
Police Department	69,833	-	69,833
Hotel/Motel	883,995	-	883,995
Building Security and Technology	335,962	-	335,962
Street Repairs	2,472,753	-	2,472,753
Other	163,161	-	163,161
Unrestricted (Deficit)	1,860,105	(742,638)	1,117,467
TOTAL NET POSITION	\$ 33,888,793	\$ 7,221,988	\$ 41,110,781

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2018

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Administration	\$ 2,244,299	\$ 268,335	\$ -	\$ -
Police Protection	3,931,676	596,056	2,494	-
Fire Protection	2,447,627	-	-	-
Building Inspections	613,526	398,801	-	-
Infrastructure	1,610,406	-	-	-
Other	161,586	-	-	-
Interest on Long-Term Debt	398,957	-	-	-
Total Governmental Activities	<u>11,408,077</u>	<u>1,263,192</u>	<u>2,494</u>	<u>-</u>
Business-Type Activities				
Water & Sewer Utility	<u>4,563,610</u>	<u>4,778,807</u>	-	-
Total Business-Type Activities	<u>4,563,610</u>	<u>4,778,807</u>	-	-
Total Government	<u>\$ 15,971,687</u>	<u>\$ 6,041,999</u>	<u>\$ 2,494</u>	<u>\$ -</u>
General Revenues:				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Occupancy Tax				
Interest and Investment Earnings				
Impact Fees				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

The accompanying notes are an integral part of these statements.

Net (Expense) Revenue

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,975,964)	\$ -	\$ (1,975,964)
(3,333,126)	-	(3,333,126)
(2,447,627)	-	(2,447,627)
(214,725)	-	(214,725)
(1,610,406)	-	(1,610,406)
(161,586)	-	(161,586)
(398,957)	-	(398,957)
<u>(10,142,391)</u>	<u>-</u>	<u>(10,142,391)</u>
-	215,197	215,197
-	215,197	215,197
<u>(10,142,391)</u>	<u>215,197</u>	<u>(9,927,194)</u>
2,084,289	-	2,084,289
758,026	-	758,026
8,194,677	-	8,194,677
237,095	-	237,095
183,532	3,665	187,197
-	460,419	460,419
166,561	15,732	182,293
<u>11,624,180</u>	<u>479,816</u>	<u>12,103,996</u>
<u>471,227</u>	<u>(471,227)</u>	<u>-</u>
1,953,016	223,786	2,176,802
32,024,710	7,003,326	39,028,036
(88,933)	(5,124)	(94,057)
<u>\$ 33,888,793</u>	<u>\$ 7,221,988</u>	<u>\$ 41,110,781</u>

CITY OF SELMA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2018

	Major Funds				Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District	Capital Projects	
ASSETS					
Cash and Investments	\$ 9,254,542	\$ 122,774	\$ 4,329,774	\$ 2,789,802	\$ 16,496,892
Receivables (Net of Uncollectibles):					
Property Taxes	12,643	17,380	-	-	30,023
Sales and Franchise Tax	1,384,482	-	271,217	-	1,655,699
Lot Maintenance	84	-	-	-	84
Prepaid Items	34,359	-	-	-	34,359
Due From Other Funds	-	1,473,841	12,027	-	1,485,868
TOTAL ASSETS	<u>\$ 10,686,110</u>	<u>\$ 1,613,995</u>	<u>\$ 4,613,018</u>	<u>\$ 2,789,802</u>	<u>\$ 19,702,925</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 344,128	\$ -	\$ 337,402	\$ 832,542	\$ 1,514,072
Accrued Expenditures	348,945	-	-	-	348,945
Due To Other Funds	1,651,464	-	-	-	1,651,464
TOTAL LIABILITIES	<u>2,344,537</u>	<u>-</u>	<u>337,402</u>	<u>832,542</u>	<u>3,514,481</u>
<i>Deferred Inflow of Resources:</i>					
Unavailable Revenue	12,489	17,231	-	-	29,720
Future Property Tax Levy	15,652	20,785	-	-	36,437
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,141</u>	<u>38,016</u>	<u>-</u>	<u>-</u>	<u>66,157</u>
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	34,359	-	-	-	34,359
Restricted for:					
Debt Service	-	1,575,979	-	-	1,575,979
Police Department	69,833	-	-	-	69,833
Hotel/Motel	883,995	-	-	-	883,995
Building Security and Technology	335,962	-	-	-	335,962
Municipal Development District	-	-	4,275,616	-	4,275,616
Street Repairs	2,472,753	-	-	-	2,472,753
Lookout Road Improvements	-	-	-	1,957,260	1,957,260
Other Balances	163,161	-	-	-	163,161
Assigned for:					
Fire Department	31,478	-	-	-	31,478
Parks	13,262	-	-	-	13,262
Police Department	58,325	-	-	-	58,325
Unassigned	4,250,304	-	-	-	4,250,304
TOTAL FUND BALANCES	<u>8,313,432</u>	<u>1,575,979</u>	<u>4,275,616</u>	<u>1,957,260</u>	<u>16,122,287</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,686,110</u>	<u>\$ 1,613,995</u>	<u>\$ 4,613,018</u>	<u>\$ 2,789,802</u>	<u>\$ 19,702,925</u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
OCTOBER 31, 2018

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 16,122,287

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 34,895,180

Other long-term assets are not available to pay for current-period expenditures and therefore, are not reported in the governmental funds. 29,720

Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the governmental funds. (447,996)

Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, not reported in the governmental funds.

Bonds Payable	(14,095,000)	
Premium	(346,436)	
Capital Lease	<u>(72,552)</u>	(14,513,988)

Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Net Pension Liability	(2,553,077)	
Pension Related Deferred Outflows	1,301,104	
Pension Related Deferred Inflows	<u>(739,267)</u>	(1,991,240)

Net Other Post Employment Benefit (OPEB) Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Net OPEB Liability	(110,967)	
OPEB Related Deferred Outflows	<u>10,090</u>	(100,877)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the governmental funds. (104,293)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 33,888,793

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2018

	Major Funds				Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District Fund	Capital Projects	
REVENUES					
Ad Valorem Taxes	\$ 813,809	\$ 1,265,259	\$ -	\$ -	\$ 2,079,068
Sales and Mixed Beverage Tax	6,552,751	-	1,652,245	-	8,204,996
Franchise Taxes	758,026	-	-	-	758,026
Occupancy Tax	237,095	-	-	-	237,095
Charges for Services	642,809	-	-	-	642,809
Fines and Forfeits	596,649	-	-	-	596,649
Miscellaneous	182,029	741	-	193,314	376,084
TOTAL REVENUES	<u>9,783,168</u>	<u>1,266,000</u>	<u>1,652,245</u>	<u>193,314</u>	<u>12,894,727</u>
EXPENDITURES					
Current:					
General Administration	2,015,770	-	42,000	-	2,057,770
Police Protection	3,498,550	-	-	-	3,498,550
Fire Protection	2,313,020	-	-	-	2,313,020
Building Inspections	564,555	-	-	-	564,555
Infrastructure	585,272	-	-	-	585,272
Other	74,256	-	-	-	74,256
Capital Outlay	639,451	-	1,726,242	5,306,425	7,672,118
Debt Service:					
Principal	115,029	930,000	-	-	1,045,029
Interest and Fiscal Charges	3,264	435,203	-	-	438,467
TOTAL EXPENDITURES	<u>9,809,167</u>	<u>1,365,203</u>	<u>1,768,242</u>	<u>5,306,425</u>	<u>18,249,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,999)</u>	<u>(99,203)</u>	<u>(115,997)</u>	<u>(5,113,111)</u>	<u>(5,354,310)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Debt	127,520	-	-	-	127,520
Transfers In (Out)	361,914	109,313	-	-	471,227
TOTAL OTHER FINANCING SOURCES (USES)	<u>489,434</u>	<u>109,313</u>	<u>-</u>	<u>-</u>	<u>598,747</u>
Net Change in Fund Balance	463,435	10,110	(115,997)	(5,113,111)	(4,755,563)
FUND BALANCES - NOVEMBER 1	<u>7,849,997</u>	<u>1,565,869</u>	<u>4,391,613</u>	<u>7,070,371</u>	<u>20,877,850</u>
FUND BALANCES - OCTOBER 31	<u>\$ 8,313,432</u>	<u>\$ 1,575,979</u>	<u>\$ 4,275,616</u>	<u>\$ 1,957,260</u>	<u>\$ 16,122,287</u>

The accompanying notes are an integral part of these statements.



CITY OF SELMA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (4,755,563)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	7,553,562	
Depreciation Expense	<u>(1,684,438)</u>	5,869,124

Governmental funds report proceeds from the sale of capital assets as other financing sources. However in the statement of activities, the proceeds are reduced by the net book value of the capital assets disposed. This amount represents the net book value of capital assets disposed. (10,085)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes Not Available for Current Period	5,221
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal Repayments	1,045,029	
Proceeds from Capital Lease	(127,520)	
Amortization of Debt Related Balances	<u>30,444</u>	947,953

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined pension expense exceeded contributions. (116,373)

Governmental funds report required contributions to Other Post Employment Benefits (OPEB) as expenditures. However, in the Statement of Activities the expense for the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that contributions differed from the actuarially determined OPEB expense. \$ (11,944)

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, CHANGES IN FUND BALANCE OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)
 FOR THE YEAR ENDED OCTOBER 31, 2018

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	\$ 18,881	
Accrued Interest	<u>5,802</u>	<u>24,683</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 1,953,016</u></u>

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
OCTOBER 31, 2018

	<u>Water & Sewer</u>
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,949,579
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	526,107
Prepaid Expenses	1,488
Due From Other Funds	165,596
<i>Total Current Assets</i>	3,642,770
 <i>Capital Assets:</i>	
Land	173,139
Water Rights	2,558,666
Building and Improvements	404,337
Water Sewer Plant	10,399,275
Equipment	706,567
Construction in Progress	679,451
Accumulated Depreciation	(3,536,809)
<i>Total Capital Assets, Net</i>	11,384,626
TOTAL ASSETS	15,027,396
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Other Post Employment Benefit Outflows	581
Deferred Pension Related Outflows	66,311
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 66,892

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
OCTOBER 31, 2018

LIABILITIES

Current Liabilities:

Accounts Payable	\$	206,330
Accrued Expenses		13,500
Accrued Vacation Payable		21,680
Accrued Interest		26,833
Unearned Revenue		4,002,718
Customer Deposits		7,050
Current Portion of Bonds Payable		320,000
<i>Total Current Liabilities</i>		4,598,111

Noncurrent Liabilities:

Bonds Payable		3,100,000
Net Other Post Employment Benefits Liability		6,394
Net Pension Liability		130,118
<i>Total Noncurrent Liabilities:</i>		3,236,512
TOTAL LIABILITIES		7,834,623

**DEFERRED INFLOWS
OF RESOURCES**

Deferred Pension Related Inflows		37,677
TOTAL DEFERRED INFLOWS OF RESOURCES		37,677

NET POSITION

Net Investment in Capital Assets		7,964,626
Unrestricted (Deficit)		(742,638)
TOTAL NET POSITION	\$	7,221,988

CITY OF SELMA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2018

	<u>Water & Sewer</u>
OPERATING REVENUE	
Water Service	\$ 1,458,997
Sewer Service	1,308,314
Stormwater Fees	466,231
Garbage Billing	1,414,826
Connection and Extension Fees	55,910
Other Fees	74,529
TOTAL OPERATING REVENUE	<u>4,778,807</u>
OPERATING EXPENSES	
Administration Costs:	
Personnel	434,758
Administrative Services	3,185,901
Water and Sewer Operations:	
Supplies and Materials	202,427
Repairs and Maintenance	174,423
Other	95,480
Depreciation	360,360
TOTAL OPERATING EXPENSES	<u>4,453,349</u>
OPERATING INCOME (LOSS)	<u>325,458</u>
NONOPERATING INCOME (EXPENSE)	
Impact Fees	460,419
Miscellaneous	15,732
Interest Income	3,665
Interest Expense	(110,261)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>369,555</u>
NET INCOME (LOSS) BEFORE TRANSFERS	695,013
Transfers In (Out)	<u>(471,227)</u>
NET INCOME (LOSS)	223,786
NET POSITION, BEGINNING OF YEAR	7,003,326
Prior Period Adjustment	(5,124)
NET POSITION, END OF YEAR	<u>\$ 7,221,988</u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2018

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 5,157,161
Cash Paid to Suppliers	(3,721,606)
Cash Paid to Employees	<u>(435,951)</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u>999,604</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous Income	15,732
Impact Fees	460,419
Deposits Collected (Refunded)	3,000
Due to (from) Other Funds	77,706
Transfers From (to) Other Funds	<u>(471,227)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>85,630</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(387,401)
Principal Payments on Long-term Debt	(310,000)
Interest Paid for Financing Activities	<u>(112,461)</u>
NET CASH USED FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(809,862)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	<u>3,665</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,665</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	279,037
 CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>2,670,542</u>
CASH AND INVESTMENTS, END OF YEAR	<u><u>\$ 2,949,579</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2018

	<u>Water & Sewer</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 325,458
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	360,360
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (net)	(4,327)
(Increase) Decrease in Deferred Other Post Employment Benefit Outflows	(581)
(Increase) Decrease in Deferred Pension Outflows	15,944
Increase (Decrease) in Accounts Payable	(63,375)
Increase (Decrease) in Accrued Expenses	440
Increase (Decrease) in Unearned Revenue	382,681
Increase (Decrease) in Net Other Post Employment Benefits Liability	1,270
Increase (Decrease) in Net Pension Liability	(55,943)
Increase (Decrease) in Deferred Pension Related Inflows	37,677
Total Adjustments	674,146
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 999,604

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The City has two component units, the Retama Development Corporation and the Municipal Development District.

Component Units

The Retama Development Corporation (the "Corporation") is a local, nonprofit government corporation, without powers of taxation, created pursuant to Article 15281, Texas Revised Civil Statutes, as amended. The Corporation was created to act on behalf of the City of Selma to finance, acquire and operate a Class I horse racetrack. The City of Selma is not obligated for any of the debts of Retama Development Corporation. The City of Selma appoints the directors of the Corporation. When the bonds issued by the Corporation are paid, the Retama Development Corporation will own the horse racetrack. The City has elected not to present a discrete presentation of those financial statements in the City's annual financial report. Copies of the individual audit of Retama Development Corporation for the year ended December 31, 2017 can be obtained from City Hall.

The Selma Municipal Development District, an entity legally separate from the City, was created pursuant to Section 377.021, et. Seq. of the Texas Local Government Code. The District was created November 6, 2001, to plan, acquire, establish, develop, construct or renovate one or more development projects beneficial to the District. The District is governed by the Mayor and Council. For financial reporting purposes, the District is reported as if it were part of the City's operations because its purpose is to enhance the City's development project.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The city has no fiduciary funds. The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service Fund, Capital Projects Fund and Municipal Development District Fund meet the criteria of a **major governmental fund**. These funds are reflected in individual columns in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary and fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and impact fees assessed toward future development of utility infrastructure.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, public safety, public facilities, municipal court and capital acquisition.

Debt Service Fund is used to account for all funds collected and disbursed in the retirement of governmental debt.

Municipal Development District (MDD) Fund. On November 6, 2001, the citizens of the City of Selma voted to authorize the creation of the Selma Municipal Development District. This vote authorized the imposition of a sales and use tax at the rate of one-half percent for the purposes of financing development projects within the district (District includes portions of the City of Selma in Bexar County). The Selma Municipal Development District is a political subdivision of the State of Texas and the Board of Directors is composed of the Mayor and the five Aldermen of the City of Selma. Collection of taxes began in April 2002.

Capital Projects Fund is used to account for all funds restricted (such as bond proceeds), committed or assigned for the purchase, construction, renovation or improvement of City capital assets.

The City has no nonmajor governmental funds.

Proprietary fund level financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Water Fund (used to account for the provision of water and sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

- a. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- b. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

The City's investment policy authorizes investments in obligations of the U.S. Government, federal agency and instrumentality obligations, certificates of deposit, money market mutual funds and local government investment pools. Investments are stated at fair value, except for money market investments and deposits in local government investment pools, which are stated at share price which approximates fair value.

5. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Proprietary Fund (Water and Sewer Fund) considers all highly liquid investments including cash in banks, cash on hand, money market accounts, deposits in local government investment pools, and temporary investments that have a maturity of three months or less when purchased to be cash equivalents.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to the levy date of September 30. They become due October 1 and are past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectibles.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

6. ACCOUNTS RECEIVABLE (CONT.)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

7. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Allowances have been established by management based on best available information for a variety of receivables as of October 31, 2018.

	General Fund	Debt Service Fund	Water/Sewer Fund
	2018	2018	2018
Property taxes	\$ 1,655	\$ 602	\$ -
Lot Maintenance	14,047	-	-
Water/Sewer Accounts	-	-	84,034

8. INTERFUND BALANCES AND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements. Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

9. PREPAID ITEMS

Expenditures made in advance of the receipt of goods or services are recorded on the balance sheet as prepaid items.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined as assets with a cost of \$5,000 or more with a useful life greater than 1 year. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Property and equipment is recorded at historical costs if purchased or constructed. Donated property and equipment are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

10. CAPITAL ASSETS (CONT.)

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

Buildings and Improvements	5 to 30 years
Improvements Other than Buildings	7 to 50 years
Utility System in Service	15 to 40 years
Machinery and Equipment	5 to 10 years

11. COMPENSATED ABSENCES

Vested or accumulated vacation and sick leave and compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No expenditure is reported for these amounts. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. Vested or accumulated vacation and sick leave of the Proprietary Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. Accumulated vacation and sick pay and compensatory time at October 31, 2018 have been recorded in accrued liabilities of the Proprietary Fund and government-wide statements. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The General Fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

12. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

13. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: deferred pension and OPEB related outflows reported on the government-wide and proprietary statements. The deferred pension and OPEB related outflows result from contributions made after the measurement date and changes in assumptions.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

13. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (CONT.)

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of reporting. Unavailable revenues from property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue as an inflow of resource in the period the amounts become available. The deferred pension related inflows result from differences between expected and actual experiences and differences in between expected and actual investment return.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bond. Bond issuance costs are expensed as incurred.

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.

15. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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.

16. OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deletions from TMRS' Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

17. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority: City Council Ordinance prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council has delegated the authority to make assignments to the City Administrator.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

18. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

19. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise, which for the City, are charges for water and sewer services. Operating expenses are those necessary costs incurred to provide the service for the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

20. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

21. BUDGET

An operating budget is adopted each fiscal year for all City funds except the Capital Projects Fund which is adopted by project. The operating budgets are adopted on the GAAP basis of accounting. Additional budgetary information is provided in the required supplementary information section of this report.

22. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

For the year ending October 31, 2018, the City implemented Government Accounting Standards Board Statement No. 75 related to accounting for postemployment benefits other than pensions (OPEB). This new standard requires that the City's OPEB plan recognize the total OPEB liability (asset) and OPEB related deferred inflows and outflows of resources on the City's government-wide statements. This change required a prior period adjustment to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the total OPEB liability at October 31, 2017, less associated OPEB related deferred outflows and inflows of resources. The amount of the restatement can be seen in more detail in Note L.

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

At October 31, 2018, the amount of the city's cash on hand was \$900 and deposits in bank (including certificates of deposit) was \$13,754,952, and the carrying amount was \$13,354,148. The city's cash and cash equivalents were fully collateralized between pledged securities and FDIC as of October 31, 2018.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City has adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE B -- CASH AND CASH INVESTMENTS (CONT.)

2. Investments (Cont.)

The City's investments at October 31, 2018 were in short-term certificates of deposit, Texpool and Invesco, which are both AAAM rated, public funds external investment pools. The certificates of deposit are 90 days or less in length and are included in cash and cash equivalents.

The following table summarizes the assets for which fair values are determined on a recurring basis as of October 31, 2018:

Investment	Fair Value	Maturity in Days
TexPool	\$ 1,008	32
Invesco	6,090,415	29
Total Investments	\$ 6,091,423	

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to a concentration of credit risk.

c. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE B -- CASH AND CASH INVESTMENTS (CONT.)

d. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE C -- PROPERTY TAXES

Property Taxes were levied and payable on each October 1 based on assessed valuation of the preceding January 1. Taxes levied on October 1 of each year fund the operations of the City for the following fiscal year. The City has contracted with Guadalupe County to bill and collect property taxes. Actual tax bills are mailed October 1. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

Because the City's property tax levy date (October 1) is prior to the year in which it is intended to fund (the fiscal year starting the following November 1), some collections are received prior to the period in which they are intended to fund. These collections are not available to be used by the City until that future period and are recorded as deferred inflows of resources.

For fiscal year 2018, the assessed tax rate for the City was \$0.2016 per \$100 on a taxable assessed valuation of \$1,043,803,940. The rate is broken out as \$0.0805 per \$100 for general operations and \$0.1211 per \$100 for debt retirement. Total tax levy for fiscal year 2018 after all exemptions and freeze adjustments was \$2,188,421.

NOTE D -- INTERFUND TRANSACTIONS

As of October 31, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Payable from/to</u>	<u></u>	<u>Reason</u>
Proprietary Fund/General Fund	\$ 18,063	reimbursement
General Fund/Debt Service	1,669,527	pooled tax collections
Proprietary Fund/MDD Fund	12,027	reimbursement
Debt Service/ Proprietary Fund	195,686	reimbursement
	<u>\$ 1,895,303</u>	

The following transfers occurred during the year ended October 31, 2018:

<u></u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Reason</u>
<u>General Fund</u>			
Proprietary Fund	\$ 471,227	\$ -	Transfer in lieu of taxes
Debt Service	-	109,313	In support of debt
<u>Debt Service</u>			
General Fund	109,313	-	In support of debt
<u>Proprietary Fund</u>			
General Fund	-	471,227	Transfer in lieu of taxes
	<u>\$ 580,540</u>	<u>\$ 580,540</u>	

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE E – UNEARNED REVENUE – PROPRIETARY FUND

The unearned revenue represents the amount of \$4,002,718 that Developers have paid to provide for the current and future water rights for the new water users of the City. As the City purchases water rights from the Edwards Aquifer, the unearned revenue will be recognized as revenue.

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2018, was as follows:

Governmental Activities	Balances at 11/1/17	Additions	Disposals/ Transfers	Balances at 10/31/18
Land	\$ 1,688,152	\$ -	\$ -	\$ 1,688,152
Buildings	8,126,400	109,320	-	8,235,720
Infrastructure	27,750,631	-	851,000	28,601,631
Construction in Progress	5,254,134	7,109,873	(851,000)	11,513,007
Vehicles and Equipment	5,554,802	334,369	(83,021)	5,806,150
	<u>48,374,119</u>	<u>7,553,562</u>	<u>(83,021)</u>	<u>55,844,660</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(2,869,690)	(284,977)	-	(3,154,667)
Infrastructure	(12,140,951)	(1,011,265)	-	(13,152,216)
Vehicles and Equipment	(4,327,337)	(388,196)	72,936	(4,642,597)
	<u>(19,337,978)</u>	<u>(1,684,438)</u>	<u>72,936</u>	<u>(20,949,480)</u>
Governmental Capital Assets, Net	<u>\$ 29,036,141</u>	<u>\$ 5,869,124</u>	<u>\$ (10,085)</u>	<u>\$ 34,895,180</u>

Depreciation Expense was charged to the governmental functions as follows:

General Government	\$ 204,865
Police Department	321,253
Fire Department	115,988
Infrastructure	1,023,608
Building Inspection	18,724
Total Depreciation Expense	<u>\$ 1,684,438</u>

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE F -- CAPITAL ASSETS (CONT.)

Business-Type Activities	Balances at 11/1/17	Additions	Disposals/ Transfers	Balances at 10/31/18
Land	\$ 173,139	\$ -	\$ -	\$ 173,139
Buildings	404,337	-	-	404,337
Water Rights	2,558,666	-	-	2,558,666
Water Sewer Utility Plant	10,399,275	-	-	10,399,275
Construction in Progress	352,346	327,105	-	679,451
Vehicles and Equipment	646,271	60,296	-	706,567
	<u>14,534,034</u>	<u>387,401</u>	<u>-</u>	<u>14,921,435</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(132,185)	(13,943)	-	(146,128)
Water Sewer Utility Plant	(2,548,391)	(300,101)	-	(2,848,492)
Vehicles and Equipment	(495,873)	(46,316)	-	(542,189)
	<u>(3,176,449)</u>	<u>(360,360)</u>	<u>-</u>	<u>(3,536,809)</u>
Business-Type Capital Assets, Net	<u>\$ 11,357,585</u>	<u>\$ 27,041</u>	<u>\$ -</u>	<u>\$ 11,384,626</u>

Land, Construction in Progress and Water Rights are not depreciated.

NOTE G -- LONG-TERM DEBT

At October 31, 2018, the City's long-term debt consisted of the following:

	Interest Rates	Original Issue	Outstanding
Governmental Activities			
General Obligation, Series 2010	0.9-3.25%	\$ 1,660,000	\$ 540,000
General Obligation, Series 2012	2-3%	2,210,000	1,135,000
Certificate of Obligation, Series 2012	2-3%	2,435,000	1,590,000
Certificate of Obligation, Series 2008	3.75%	4,000,000	2,375,000
General Obligation, Series 2015	2-3.5%	8,995,000	8,455,000
			<u>\$ 14,095,000</u>
Business-Type Activities			
Certificate of Obligation, Series 2008	3.75%	\$ 4,100,000	\$ 2,430,000
Certificate of Obligation, Series 2016	1.075-1.975%	1,200,000	990,000
			<u>\$ 3,420,000</u>

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE G -- LONG-TERM DEBT (CONT.)

Changes in the City's long-term debt during the fiscal year ending October 31, 2018, follows:

	Balance Outstanding 11/1/17	Current Additions	Current Retirements	Balance Outstanding 10/31/18	Due Within One Year
<i>Governmental Activities:</i>					
<i>Certificates of Obligation:</i>					
Series 2008	\$ 2,565,000	\$ -	\$ (190,000)	\$ 2,375,000	\$ 200,000
Series 2012	1,735,000	-	(145,000)	1,590,000	145,000
<i>General Obligation</i>					
Series 2010	710,000	-	(170,000)	540,000	175,000
Series 2012	1,350,000	-	(215,000)	1,135,000	220,000
Series 2015	8,665,000	-	(210,000)	8,455,000	240,000
Premiums	376,880	-	(30,444)	346,436	30,444
Capital Leases	60,061	127,520	(115,029)	72,552	60,269
Totals	<u>\$ 15,461,941</u>	<u>\$ 127,520</u>	<u>\$ (1,075,473)</u>	<u>\$ 14,513,988</u>	<u>\$ 1,070,713</u>
<i>Business-Type Activities:</i>					
Series 2008	\$ 2,625,000	\$ -	\$ (195,000)	\$ 2,430,000	\$ 205,000
Series 2016	1,105,000	-	(115,000)	990,000	115,000
Totals	<u>\$ 3,730,000</u>	<u>\$ -</u>	<u>\$ (310,000)</u>	<u>\$ 3,420,000</u>	<u>\$ 320,000</u>

Future minimum lease payments are as follows:

<u>Year End October 31,</u>	
2019	\$ 60,270
2020	12,282
Total Lease Payments	72,552
Amount Representing Interest	1,865
Total Payments	<u>\$ 74,417</u>

The City leased police vehicles in the amount of \$95,340 and \$95,340 in 2017 and 2018, respectively. Accumulated depreciation on the vehicles was \$36,547 and 15,890, respectively, as of October 31, 2018. The 2018 lease was for 4 vehicles, however one was totaled during the year, causing the difference between asset cost and lease additions.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE G -- LONG-TERM DEBT (CONT.)

The annual requirements to amortize all bonded debt outstanding as of October 31, 2018, including interest payments, are as follows:

Year Ending October 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 980,000	\$ 410,901	\$ 1,390,901	\$ 320,000	\$ 103,467	\$ 423,467
2020	1,030,000	385,969	1,415,969	330,000	94,104	424,104
2021	1,055,000	359,488	1,414,488	340,000	84,338	424,338
2022	1,075,000	335,132	1,410,132	355,000	74,160	429,160
2023	1,110,000	305,551	1,415,551	365,000	63,410	428,410
2024-2028	4,320,000	1,107,977	5,427,977	1,710,000	142,669	1,852,669
2029-2033	3,205,000	520,050	3,725,050	-	-	-
2034-2035	1,320,000	68,025	1,388,025	-	-	-
Total	<u>\$ 14,095,000</u>	<u>\$ 3,493,093</u>	<u>\$ 17,588,093</u>	<u>\$ 3,420,000</u>	<u>\$ 562,148</u>	<u>\$ 3,982,148</u>

NOTE H -- PENSION PLAN

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE H -- PENSION PLAN (CONT.)

Benefits Provided (Cont.)

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	19
Inactive Employees Entitled to but Not Yet Receiving Benefits	36
Active employees	91
	146

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The matching rate is 2 to 1. The contribution rates for the City were 14.66% and 14.82% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended October 31, 2018 were \$844,822, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE H -- PENSION PLAN (CONT.)

Actuarial Assumptions (Cont.)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE H -- PENSION PLAN (CONT.)

Actuarial Assumptions (CONT.)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE H -- PENSION PLAN (CONT.)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 17,187,114	\$ 13,627,071	\$ 3,560,043
Changes for the year:			
Service Cost	1,004,049	-	1,004,049
Interest	1,177,599	-	1,177,599
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	17,814	-	17,814
Changes of Assumptions	-	-	-
Contributions - Employer	-	809,202	(809,202)
Contributions - Employee	-	386,385	(386,385)
Net Investment Income	-	1,891,007	(1,891,007)
Benefit Payments, Including Refunds of Employee Contributions	(486,448)	(486,448)	-
Administrative Expense	-	(9,788)	9,788
Other Changes	-	(496)	496
Net Changes	<u>1,713,014</u>	<u>2,589,862</u>	<u>(876,848)</u>
Balance at December 31, 2017	<u>\$ 18,900,128</u>	<u>\$ 16,216,933</u>	<u>\$ 2,683,195</u>

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 6,077,967	\$ 2,683,195	\$ (20,480)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE H -- PENSION PLAN (CONT.)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended October 31, 2018, the City recognized pension expense of \$958,874. Also as of October 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 331,745	\$ -
Changes in Actuarial Assumptions	14,842	-
Differences Between Projected and Actual Investment Earnings	334,881	776,944
Contributions Subsequent to the Measurement Date	685,947	-
	\$ 1,367,415	\$ 776,944

Deferred outflows of resources in the amount of \$685,947 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2018	\$ 73,154
2019	47,599
2020	(107,631)
2021	(136,367)
2022	22,096
Thereafter	5,673
	\$ (95,476)

NOTE I -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE I -- OTHER POST EMPLOYMENT BENEFITS (CONT.)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Inactive Employees Entitled to but Not Yet Receiving Benefits	7
Active Employees	91
Total	112

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
For the Plan Year Ended December 31,		
2017	0.12%	0.01%
2018	0.12%	0.01%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE I -- OTHER POST EMPLOYMENT BENEFITS (CONT.)

Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Other Information:	No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2016	\$ 94,501
Changes for the year:	
Service Cost	8,280
Interest on Total OPEB Liability	3,718
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	11,414
Benefit Payments	(552)
Net Changes	22,860
Balance at December 31, 2017	\$ 117,361

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE I -- OTHER POST EMPLOYMENT BENEFITS (CONT.)

	Discount Rate 2.31%	Discount Rate 3.31%	Discount Rate 4.31%
Total OPEB Liability	\$ 147,211	\$ 117,361	\$ 94,836

For the year ended October 31, 2018, the City recognized OPEB expense of \$13,203 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions and Other Inputs	\$ 10,209	\$ -
Contributions Subsequent to the Measurement Date	462	-
	\$ 10,671	\$ -

Deferred outflows of resources in the amount of \$462 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year ended December 31,	
2018	\$ 1,205
2019	1,205
2020	1,205
2021	1,205
2022	1,205
Thereafter	4,184
	\$ 10,209

NOTE J -- TAX ABATEMENTS

The City of Selma promotes economic development within the city with both sales tax rebates and property tax abatement incentives. The guidelines for a sales tax rebate, when offered is to attract new businesses, commercial activity and investment and to retain or expand primary employment within the City. The City's policy is to follow Chapter 380 of the Texas Local Government Code. Stimulation of business and commercial activity and the creation and retention of job opportunities with the City is the highest priority. Tax abatement incentives are generally the same, with the exception of following Chapter 312 of the Texas Tax Code.

Criteria for recapture of the agreements are in effect for each agreement entered into by the City.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2018

NOTE J -- TAX ABATEMENTS (CONT.)

The City entered into an agreement with Ben E. Keith Company pursuant to provisions of Chapter 312 of the Texas Tax Code. According to the agreement, Ben E. Keith will receive an abatement of ad valorem taxation for ninety percent (90%) of the certified appraised value of the New Improvements for a ten (10) year period beginning on January 1 of the year following Completion of Construction. There was no tax abated during the year.

The City entered into an agreement with O'Reilly Auto Enterprises, LLC (O'Reilly's) pursuant to provisions of Chapter 312 of the Texas Tax Code. According to the agreement, O'Reilly's will receive an abatement of ad valorem taxation for ninety percent (90%) of the certified appraised value of the New Improvements beginning January 1, 2016 and shall terminate on December 31, 2021. The total amount of tax abated during the 2017 tax year per the agreement was \$69,045.

The City entered into an agreement with Curtis C. Gunn, Ltd (Gunn) pursuant to provisions of Chapter 312 of the Texas Tax Code. According to the agreement, Gunn will receive a ninety percent (90%) abatement of ad valorem tax of the certified appraised value of the New Improvements from January 1, 2013 and shall terminate December 31, 2018. The total amount of tax abated during the 2016 tax year per the agreement was \$32,181.

The City has entered into a Sales Tax Refund Agreement with Costco Wholesale Corporation pursuant to the provisions of Chapter 380.001 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City. The agreement calls for a refund of half of the City's 1% sales tax proceeds from retail sales at the Costco Wholesale Corporation over a ten year period: calendar year 2008 through 2017. As of October 31, 2018, all sales tax refunds due to Costco Corporation have been paid.

The City has entered into a Sales Tax Refund Agreement with Ben E. Keith Company pursuant to the provisions of Chapter 380.001 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City. The agreement calls for a refund of 75% of the City's 1% sales tax proceeds from retail sales at the Ben E. Keith Company over a ten year period following the year in which Completion of Construction occurs. Although construction has been completed, the company was not expected to be fully operational until the end of 2018, therefore, the City has not accrued any estimated sales tax refunds due to Ben E. Keith.

Tax Increment Financing (the "Zone")

The City is a principal in the Increment Reinvestment Zone #1, pursuant to Chapter 311 of the Texas Tax Code. Under the terms of the Zone agreement, the City of Selma, San Antonio River Authority and Bexar County are partially funding infrastructure improvements through tax increment financing to Retama Partners, Ltd.

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax base are being used to finance Zone improvement costs. Project costs to date are \$14,087,470. The total projected cost is \$33,695,326. Project costs of the developer will be funded up to 51% of the tax increment generated by the City of Selma. The Zone has a statutory termination date of September 30, 2025. As of October 31, 2018, the City has paid the TIRZ \$2,741,184 and have committed to an additional amount not to exceed \$15,097,034.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE K -- SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Commitments

The City has entered into various contracts for engineering and construction of improvements and repairs to City assets. As of October 31, 2018, the City had the following estimated commitments related to these contracts:

	Total Contract Amount	Expended to Date	Estimated Remaining
Lookout Road and Bridge Improvements	\$ 9,733,104	\$ 8,062,308	\$ 1,670,796
Woodcliff Reconstruction	1,620,222	1,537,019	83,203
Evans Road Reconstruction	291,900	121,100	170,800
Ventura Boulevard Reconstruction	3,672,686	849,604	2,823,082
Elevated Water Storage Tank Rehabilitation	122,292	80,635	41,657
Other Professional Services	81,500	12,202	69,298
Total	<u>\$ 15,521,704</u>	<u>\$ 10,662,868</u>	<u>\$ 4,858,836</u>

Risk Management

The City has identified possible risk of losses arising from events such as the following:

1. Torts.
2. Theft of, damage to, or destruction of assets.
3. Errors and omissions.
4. Job-related illnesses or injuries to employees.
5. Acts of God.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the coverage period beginning October 1, 2018, were \$188,979.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2018

NOTE L -- PRIOR PERIOD ADJUSTMENT

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post-Employment Benefit (OPEB) liability as described in Note A22, above. The OPEB liability at October 31, 2017 was allocated between the general fund and the water/sewer fund resulting in a prior period adjustment to restate the beginning fund balances as of October 31, 2017 as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Net Position, previously reported	\$ 32,024,710	\$ 7,003,326	\$ 39,028,036
Recognition of OPEB Liability per GASB 75	(88,933)	(5,124)	(94,057)
Beginning Net Position, restated	<u>\$ 31,935,777</u>	<u>\$ 6,998,202</u>	<u>\$ 38,933,979</u>

NOTE M -- DEFICIT NET POSITION

The Proprietary Water Sewer Fund had a deficit net position of \$742,638 as of October 31, 2018. This deficit will be funded through future operations.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Municipal Development District
- Schedule of Changes - Net Pension Liability and Related Ratios
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post Employment Benefit Liability and Related Ratios

CITY OF SELMA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED OCTOBER 31, 2018
 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	Budgeted		2018 Actual	Variance With	2017 Actual
	Original	Final		Final Budget- Positive (Negative)	
REVENUES					
<i>Taxes:</i>					
Ad Valorem	\$ 1,104,855	\$ 1,104,855	\$ 813,809	\$ (291,046)	\$ 953,376
City Sales Tax	5,453,000	5,453,000	5,371,202	(81,798)	4,922,588
City Sales Tax - Streets	1,100,000	1,100,000	1,084,529	(15,471)	1,037,602
Mixed Beverage	80,000	80,000	86,702	6,702	81,588
Retama Gate Fees	12,000	12,000	10,318	(1,682)	15,565
Franchise Fees	729,000	729,000	758,026	29,026	756,342
Occupancy Tax	230,000	230,000	237,095	7,095	214,444
<i>Total Taxes</i>	<u>8,708,855</u>	<u>8,708,855</u>	<u>8,361,681</u>	<u>(347,174)</u>	<u>7,981,505</u>
<i>Charges For Services:</i>					
Licenses and Permits	620,825	620,825	441,785	(179,040)	907,110
Garbage Fees	215,000	215,000	201,024	(13,976)	193,278
<i>Total Charges for Services</i>	<u>835,825</u>	<u>835,825</u>	<u>642,809</u>	<u>(193,016)</u>	<u>1,100,388</u>
Fines and Forfeitures	814,030	814,030	596,649	(217,381)	755,515
<i>Other Sources:</i>					
Interest	20,000	20,000	109,389	89,389	40,511
Police Special & Seizure	1,500	1,500	1,900	400	1,808
Miscellaneous	109,150	109,150	70,740	(38,410)	128,895
<i>Total Other Sources</i>	<u>130,650</u>	<u>130,650</u>	<u>182,029</u>	<u>51,379</u>	<u>171,214</u>
TOTAL REVENUES	<u>10,489,360</u>	<u>10,489,360</u>	<u>9,783,168</u>	<u>(706,192)</u>	<u>10,008,622</u>
EXPENDITURES					
<i>General Administration:</i>					
Salaries	1,071,224	1,071,224	1,068,942	2,282	1,034,539
Contractual Services	1,707,700	1,707,700	763,368	944,332	903,723
Supplies & Services	178,450	178,450	107,108	71,342	167,956
Capital Outlay	34,500	34,500	170,361	(135,861)	1,013,871
Miscellaneous	68,200	68,200	76,352	(8,152)	79,584
<i>Total General Administration</i>	<u>\$ 3,060,074</u>	<u>\$ 3,060,074</u>	<u>\$ 2,186,131</u>	<u>\$ 873,943</u>	<u>\$ 3,199,673</u>

CITY OF SELMA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED OCTOBER 31, 2018
 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	Budget Amounts		2018 Actual	Variance With Final Budget- Positive (Negative)	2017 Actual
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Fire Protection:</i>					
Salaries	\$ 2,132,755	\$ 2,117,664	\$ 2,183,093	\$ (65,429)	\$ 2,153,818
Contractual Services	25,800	25,800	23,545	2,255	19,128
Supplies & Services	91,700	92,174	82,495	9,679	74,076
Capital Outlay	192,000	204,590	221,549	(16,959)	53,188
Miscellaneous	37,900	39,927	23,887	16,040	29,524
<i>Total Fire Protection</i>	2,480,155	2,480,155	2,534,569	(54,414)	2,329,734
<i>Police Protection:</i>					
Salaries	3,188,432	3,188,432	3,145,345	43,087	2,935,851
Contractual Services	133,000	133,000	143,598	(10,598)	154,296
Supplies & Services	294,200	294,200	165,784	128,416	197,254
Capital Outlay	200,000	200,000	208,815	(8,815)	253,584
Miscellaneous	61,000	61,000	43,823	17,177	47,619
<i>Total Police Protection</i>	3,876,632	3,876,632	3,707,365	169,267	3,588,604
<i>Building Inspections:</i>					
Salaries	540,641	540,641	515,974	24,667	442,382
Contractual Services	60,000	60,000	36,347	23,653	88,177
Supplies & Services	9,500	9,500	5,267	4,233	4,972
Capital Outlay	12,000	12,000	9,225	2,775	7,922
Miscellaneous	9,190	9,190	6,967	2,223	4,367
<i>Total Building Inspections</i>	631,331	631,331	573,780	57,551	547,820
<i>Infrastructure:</i>					
Salaries	402,537	402,537	346,932	55,605	343,802
Contractual Services	10,000	10,000	5,594	4,406	3,221
Supplies & Services	44,000	44,000	232,746	(188,746)	33,657
<i>Total Infrastructure</i>	\$ 456,537	\$ 456,537	\$ 585,272	\$ (128,735)	\$ 380,680

CITY OF SELMA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2018
WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	Budget Amounts		2018 Actual	Variance With Final Budget- Positive (Negative)	2017 Actual
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Other:</i>					
Mayor & Council	\$ 64,700	\$ 64,700	\$ 72,872	\$ (8,172)	\$ 51,466
Parks and Historical Committee	30,600	30,600	30,885	(285)	28,921
<i>Total Other</i>	<u>95,300</u>	<u>95,300</u>	<u>103,757</u>	<u>(8,457)</u>	<u>80,387</u>
<i>Debt Service:</i>					
Capital Lease Principal	-	-	115,029	(115,029)	35,279
Interest and Fiscal Charges	-	-	3,264	(3,264)	1,336
<i>Total Debt Service</i>	<u>-</u>	<u>-</u>	<u>118,293</u>	<u>(118,293)</u>	<u>36,615</u>
TOTAL EXPENDITURES	<u>10,600,029</u>	<u>10,600,029</u>	<u>9,809,167</u>	<u>790,862</u>	<u>10,163,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,669)</u>	<u>(110,669)</u>	<u>(25,999)</u>	<u>84,670</u>	<u>(154,891)</u>
OTHER SOURCES (USES) OF FUNDS:					
Proceeds From Debt	-	-	127,520	127,520	95,340
Transfer In (Out)	110,669	110,669	361,914	251,245	342,778
TOTAL OTHER SOURCES (USES) OF FUNDS	<u>110,669</u>	<u>110,669</u>	<u>489,434</u>	<u>378,765</u>	<u>438,118</u>
Net Change in Fund Balance	-	-	463,435	463,435	283,227
FUND BALANCE - NOVEMBER 1	<u>7,849,997</u>	<u>7,849,997</u>	<u>7,849,997</u>	-	<u>7,566,770</u>
FUND BALANCE - OCTOBER 31	<u>\$ 7,849,997</u>	<u>\$ 7,849,997</u>	<u>\$ 8,313,432</u>	<u>\$ 463,435</u>	<u>\$ 7,849,997</u>

CITY OF SELMA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – MUNICIPAL DEVELOPMENT DISTRICT
 FOR THE YEAR ENDED OCTOBER 31, 2018
 WITH COMPARATIVE ACTUAL TOTALS FOR 2017

	Budget Amounts		2018 Actual	Variance With Final Budget -	2017 Actual
	Original	Final		Positive (Negative)	
REVENUES					
Sales Tax	\$ 2,500,000	\$ 2,500,000	\$ 1,652,245	\$ (847,755)	\$ 1,596,792
TOTAL REVENUES	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,652,245</u>	<u>(847,755)</u>	<u>1,596,792</u>
EXPENDITURES					
Municipal Development:					
Contractual Services	30,000	30,000	42,000	(12,000)	20,000
Capital Outlay	2,470,000	2,470,000	1,726,242	743,758	1,583,842
TOTAL EXPENDITURES	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,768,242</u>	<u>731,758</u>	<u>1,603,842</u>
Net Change in Fund Balance	-	-	(115,997)	(115,997)	(7,050)
FUND BALANCE - NOVEMBER 1	4,391,613	4,391,613	4,391,613	-	4,398,663
FUND BALANCE - OCTOBER 31	<u>\$ 4,391,613</u>	<u>\$ 4,391,613</u>	<u>\$ 4,275,616</u>	<u>\$ (115,997)</u>	<u>\$ 4,391,613</u>



CITY OF SELMA, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
OCTOBER 31, 2018

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Municipal Development District and Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. As of October 31, 2018 the City expenditures did not exceed appropriations in total.

The City does not use encumbrances.

CITY OF SELMA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR PLAN YEARS

Total Pension Liability				
	2014	2015	2016	2017
Service Cost	\$ 783,967	\$ 934,909	\$ 928,155	\$ 1,004,049
Interest (on the Total Pension Liability)	857,644	985,212	1,065,980	1,177,599
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	398,622	146,636	60,054	17,814
Change of Assumptions	-	24,736	-	-
Benefit Payments, Including Refunds of Employee Contributions	(236,662)	(349,971)	(390,578)	(486,448)
Net Change in Total Pension Liability	1,803,571	1,741,522	1,663,611	1,713,014
Total Pension Liability - Beginning	11,978,410	13,781,981	15,523,503	17,187,114
Total Pension Liability - Ending	<u>\$ 13,781,981</u>	<u>\$ 15,523,503</u>	<u>\$ 17,187,114</u>	<u>\$ 18,900,128</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 653,214	\$ 746,216	\$ 770,388	\$ 809,202
Contributions - Employee	339,712	352,226	358,559	386,385
Net Investment Income	572,517	16,718	817,358	1,891,007
Benefit Payments, Including Refunds of Employee Contributions	(236,662)	(349,971)	(390,578)	(486,448)
Administrative Expense	(5,975)	(10,180)	(9,221)	(9,788)
Other	(491)	(503)	(497)	(496)
Net Change in Plan Fiduciary Net Position	1,322,315	754,506	1,546,009	2,589,862
Plan Fiduciary Net Position - Beginning	10,004,241	11,326,556	12,081,062	13,627,071
Plan Fiduciary Net Position - Ending	<u>\$ 11,326,556</u>	<u>\$ 12,081,062</u>	<u>\$ 13,627,071</u>	<u>\$ 16,216,933</u>
Net Pension Liability - Ending	\$ 2,455,425	\$ 3,442,441	\$ 3,560,043	\$ 2,683,195
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.18%	77.82%	79.29%	85.80%
Covered Payroll	\$ 4,853,031	\$ 5,031,801	\$ 5,122,266	\$ 5,519,788
Net Pension Liability as a Percentage of Covered Payroll	50.60%	68.41%	69.50%	48.61%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

CITY OF SELMA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
 LAST FOUR FISCAL YEARS

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 726,484	764,458	804,816	844,822
Contributions in Relation to the Actuarially Determined Contribution	726,484	764,458	804,816	844,822
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
 Covered Payroll	 \$ 5,024,897	 \$ 5,096,817	 \$ 5,463,249	 \$ 5,712,253
Contributions as a Percentage of Covered Payroll	14.46%	15.00%	14.73%	14.79%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

CITY OF SELMA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES –TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY AND
 RELATED RATIOS
 LAST CALANDAR YEAR

Total OPEB Liability	2017
Service Cost	\$ 8,280
Interest on Total OPEB Liability	3,718
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change in Assumptions or Other Inputs	11,414
Benefit Payments	(552)
Net Change in Total OPEB Liability	22,860
Total OPEB Liability - Beginning	94,501
Total OPEB Liability - Ending	\$ 117,361
 Covered Payroll	 \$ 5,519,788
 Total OPEB Liability as a Percentage of Covered Payroll	 2.13%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Comparative Balance Sheets – General Fund
- Comparative Balance Sheets – Municipal Development District Fund
- Comparative Statements – Debt Service Fund
- Comparative Statements – Capital Projects Fund
- Comparative Statements – Proprietary Fund

CITY OF SELMA, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 9,254,542	\$ 8,951,799
Delinquent Taxes Receivable (Net of Allowance for Uncollectibles)	12,643	11,341
Lot Maintenance Receivable (Net of Allowance for Uncollectibles)	84	204
Sales and Franchise Taxes Receivable	1,384,482	1,321,417
Prepaid Items	34,359	34,359
TOTAL ASSETS	\$10,686,110	\$ 10,319,120
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>LIABILITIES</i>		
Accounts Payable	\$ 344,128	\$ 225,311
Accrued Expenditures	348,945	524,059
Due to Other Funds	1,651,464	1,705,822
TOTAL LIABILITIES	2,344,537	2,455,192
 <i>DEFERRED INFLOWS OF RESOURCES</i>		
Unavailable Revenue	12,489	11,341
Future Property Tax Levy	15,652	2,590
TOTAL DEFERRED INFLOWS OF RESOURCES	28,141	13,931
 <i>FUND BALANCES</i>		
Nonspendable:		
Prepaid Items	34,359	34,359
Restricted for:		
Police Department	69,833	62,531
Hotel/Motel	883,995	895,608
Building Security and Technology	335,962	347,750
Street Repairs	2,472,753	1,465,219
Other Balances	163,161	143,403
Assigned for:		
Fire Department	31,478	31,478
Parks	13,262	13,262
Police Department	58,325	29,498
Unassigned	4,250,304	4,826,889
TOTAL FUND BALANCES	8,313,432	7,849,997
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$10,686,110	\$ 10,319,120

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 MUNICIPAL DEVELOPMENT DISTRICT FUND
 OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 4,329,774	\$ 4,459,709
Sales Taxes Receivable	271,217	260,847
Due from Other Funds	12,027	-
TOTAL ASSETS	\$ 4,613,018	\$ 4,720,556
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 337,402	\$ 328,943
<i>Total Liabilities</i>	337,402	328,943
 <i>Fund Balance:</i>		
Restricted for Municipal Development	4,275,616	4,391,613
 TOTAL LIABILITIES AND FUND BALANCE	\$ 4,613,018	\$ 4,720,556

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 122,774	\$ 229,429
Delinquent Taxes Receivable (Net of allowance for uncollectibles)	17,380	13,158
Due from Other Funds	1,473,841	1,340,336
TOTAL ASSETS	\$ 1,613,995	\$ 1,582,923
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Deferred Inflows of Resources:</i>		
Unavailable Revenue	17,231	13,158
Future Property Tax Levy	20,785	3,896
<i>Total Deferred Inflows of Resources</i>	38,016	17,054
 <i>Fund Balance:</i>		
Restricted for Debt Service	1,575,979	1,565,869
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,613,995	\$ 1,582,923

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 DEBT SERVICE FUND
 FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
REVENUES		
Ad Valorem Taxes	\$ 1,265,259	\$ 1,066,458
Interest Income	741	408
TOTAL REVENUES	1,266,000	1,066,866
EXPENDITURES		
Bond Principal	930,000	885,000
Bond Interest and Agent Fees	435,203	457,856
TOTAL EXPENDITURES	1,365,203	1,342,856
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,203)	(275,990)
OTHER SOURCES (USES) OF FUNDS:		
Transfers In (Out)	109,313	257,222
TOTAL OTHER SOURCES (USES) OF FUNDS	109,313	257,222
Net Change in Fund Balance	10,110	(18,768)
FUND BALANCE - NOVEMBER 1	1,565,869	1,584,637
FUND BALANCE - OCTOBER 31	\$ 1,575,979	\$ 1,565,869

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 2,789,802	\$ 7,933,338
Due from Other Funds	<u>-</u>	<u>122,183</u>
TOTAL ASSETS	<u>\$ 2,789,802</u>	<u>\$ 8,055,521</u>
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	<u>\$ 832,542</u>	<u>\$ 985,150</u>
<i>Total Liabilities</i>	<u>832,542</u>	<u>985,150</u>
 <i>Fund Balance:</i>		
Restricted for Lookout Road Improvements	<u>1,957,260</u>	<u>7,070,371</u>
<i>Total Fund Balance</i>	<u>1,957,260</u>	<u>7,070,371</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,789,802</u>	<u>\$ 8,055,521</u>

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
 FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Miscellaneous Income	<u>\$ 193,314</u>	<u>\$ 178,588</u>
TOTAL REVENUES	<u>193,314</u>	<u>178,588</u>
 EXPENDITURES		
Capital Outlay	<u>5,306,425</u>	<u>2,115,747</u>
TOTAL EXPENDITURES	<u>5,306,425</u>	<u>2,115,747</u>
 Excess (Deficiency) of Revenues over (Under) Expenditures	 <u>(5,113,111)</u>	 <u>(1,937,159)</u>
 Net Change in Fund Balance	 <u>(5,113,111)</u>	 <u>(1,937,159)</u>
 FUND BALANCE - NOVEMBER 1	 <u>7,070,371</u>	 <u>9,007,530</u>
 FUND BALANCE - OCTOBER 31	 <u>\$1,957,260</u>	 <u>\$ 7,070,371</u>

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY WATER SEWER FUND
 OCTOBER 31, 2018 AND 2017

	2018	2017
ASSETS		
<i>Current Assets:</i>		
Cash and Investments	\$ 2,949,579	\$ 2,670,542
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	526,107	521,780
Prepaid Expenses	1,488	1,488
Due from Other Funds	165,596	243,302
<i>Total Current Assets</i>	3,642,770	3,437,112
<i>Capital Assets:</i>		
Land	173,139	173,139
Water Rights	2,558,666	2,558,666
Building and Improvements	404,337	404,337
Water Sewer Plant	10,399,275	10,399,275
Equipment	706,567	646,271
Construction in Progress	679,451	352,346
Accumulated Depreciation	(3,536,809)	(3,176,449)
<i>Total Capital Assets, Net</i>	11,384,626	11,357,585
TOTAL ASSETS	15,027,396	14,794,697
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Other Post Employment Benefit Outflows	581	-
Deferred Pension Related Outflows	66,311	82,255
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 66,892	\$ 82,255

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY WATER SEWER FUND (CONT.)
 OCTOBER 31, 2018 AND 2017

LIABILITIES	<u>2018</u>	<u>2017</u>
<i>Current Liabilities:</i>		
Accounts Payable	\$ 206,330	\$ 269,705
Accrued Expenses	13,500	13,060
Vacation Payable	21,680	21,680
Accrued Interest	26,833	29,033
Unearned Revenue	4,002,718	3,620,037
Customer Deposits	7,050	4,050
Current Portion of Bonds Payable	<u>320,000</u>	<u>310,000</u>
<i>Total Current Liabilities</i>	<u>4,598,111</u>	<u>4,267,565</u>
<i>Noncurrent Liabilities:</i>		
Bonds Payable	3,100,000	3,420,000
Net Other Post Employment Benefits Liability	6,394	-
Net Pension Liability	<u>130,118</u>	<u>186,061</u>
<i>Total Noncurrent Liabilities:</i>	<u>3,236,512</u>	<u>3,606,061</u>
TOTAL LIABILITIES	<u>7,834,623</u>	<u>7,873,626</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	<u>37,677</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,677</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	7,964,626	7,627,584
Unrestricted (Deficit)	<u>(742,638)</u>	<u>(624,258)</u>
TOTAL NET POSITION	<u>\$ 7,221,988</u>	<u>\$ 7,003,326</u>

Note: Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – PROPRIETARY FUND WATER SEWER FUND
 FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
OPERATING REVENUE		
Water Service	\$ 1,458,997	\$ 1,369,209
Sewer Service	1,308,314	1,152,305
Stormwater Fees	466,231	338,008
Garbage Billing	1,414,826	1,360,327
Connection and Extension Fees	55,910	68,253
Other Fees	74,529	69,052
TOTAL OPERATING REVENUE	4,778,807	4,357,154
OPERATING EXPENSES		
Administration Costs:		
Personnel	434,758	417,921
Contractual Services	3,185,901	2,812,303
Water and Sewer Operations:		
Supplies and Materials	202,427	198,568
Repairs and Maintenance	174,423	160,570
Other	95,480	38,408
Depreciation	360,360	320,478
TOTAL OPERATING EXPENSES	4,453,349	3,948,248
OPERATING INCOME (LOSS)	325,458	408,906
NONOPERATING INCOME (EXPENSE)		
Impact Fees	460,419	248,330
Miscellaneous	15,732	28,924
Interest Income	3,665	1,747
Interest Expense	(110,261)	(116,798)
TOTAL NONOPERATING INCOME (EXPENSE)	369,555	162,203
NET INCOME (LOSS) BEFORE TRANSFERS	695,013	571,109
Transfers In (Out)	(471,227)	(600,000)
NET INCOME (LOSS)	223,786	(28,891)
NET POSITION, BEGINNING OF YEAR	7,003,326	7,032,217
Prior Period Adjustment	(5,124)	-
NET POSITION, END OF YEAR	\$ 7,221,988	\$ 7,003,326

Note: Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY WATER SEWER FUND
 FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Cash Received from Customers	\$ 5,157,161	\$ 4,605,783
Cash Paid to Suppliers	(3,721,606)	(3,190,175)
Cash Paid to Employees	(435,951)	(400,552)
NET CASH FLOWS PROVIDED (USED)		
BY OPERATING ACTIVITIES	999,604	1,015,056
 CASH FLOWS FROM NONCAPITAL		
FINANCING ACTIVITIES		
Miscellaneous Income	15,732	28,923
Impact Fees	460,419	248,330
Deposits Collected (Refunded)	3,000	(1,450)
Due to (from) Other Funds	77,706	(3,619)
Transfers From (to) Primary Government	(471,227)	(600,000)
NET CASH PROVIDED (USED) BY NONCAPITAL		
FINANCING ACTIVITIES	85,630	(327,816)
 CASH FLOWS FROM CAPITAL AND RELATED		
FINANCING ACTIVITIES		
Acquisition of Capital Assets	(387,401)	(1,284,796)
Proceeds from Long-term Debt	-	1,200,000
Principal Payments on Long-term Debt	(310,000)	(285,000)
Interest Paid for Financing Activities	(112,461)	(114,156)
NET CASH USED FROM CAPITAL AND		
RELATED FINANCING ACTIVITIES	(809,862)	(483,952)
 CASH FLOWS FROM		
INVESTING ACTIVITIES		
Interest Income Received	3,665	1,747
NET CASH PROVIDED (USED) BY		
INVESTING ACTIVITIES	3,665	1,747
 NET INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	279,037	205,035
 CASH AND INVESTMENTS,		
BEGINNING OF YEAR	2,670,542	2,465,507
CASH AND INVESTMENTS,		
END OF YEAR	\$ 2,949,579	\$ 2,670,542

Note: Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY WATER SEWER FUND (CONTINUED)
 FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017

	2018	2017
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 325,458	\$ 408,906
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	360,360	320,478
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (net)	(4,327)	4,386
(Increase) Decrease in Deferred Other Post Employment Benefit Outflows	(581)	-
Increase (Decrease) in Deferred Pension Outflows	15,944	9,006
Increase (Decrease) in Accounts Payable	(63,375)	19,674
Increase (Decrease) in Accrued Expenses	440	(1,706)
Increase (Decrease) in Employee Compensated Absences	-	3,838
Increase (Decrease) in Unearned Revenue	382,681	244,243
Increase (Decrease) in Net Other Post Employment Benefits Liability	1,270	-
Increase (Decrease) in Net Pension Liability	(55,943)	6,231
Increase (Decrease) in Deferred Pension Related Inflows	37,677	-
Total Adjustments	674,146	606,150
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 999,604	\$ 1,015,056

Note: Comparative information has not been restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

This part of the City of Selma's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Selma's overall financial health.

Contents

Financial Trends – Tables 1 through 5

These schedules contain trend information to help the reader understand how Selma's financial performance and well-being have changed over time.

Revenue Capacity – Tables 6 through 9

These schedules contain information to help the reader assess Selma's most significant local revenue source, the property tax.

Debt Capacity – Tables 10 through 12

These schedules present information to help the reader assess the affordability of Selma's current levels of outstanding debt and the City's ability to issue additional

Demographic and Economic Information – Tables 13 and 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which Selma's financial activities take place.

CITY OF SELMA, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
<i>Governmental Activities</i>				
Net Investment in				
Capital Assets	\$ 11,179,097	\$ 10,717,460	\$ 10,751,720	\$ 10,920,249
Restricted	3,035,099	4,023,811	5,552,110	7,298,863
Unrestricted	1,746,761	2,457,920	3,007,144	3,414,934
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 15,960,957</u>	<u>\$ 17,199,191</u>	<u>\$ 19,310,974</u>	<u>\$ 21,634,046</u>
 <i>Business-Type Activities</i>				
Net Investment in				
Capital Assets	\$ 7,808,894	\$ 7,305,739	\$ 7,127,921	\$ 6,967,499
Restricted	-	-	-	-
Unrestricted	(270,916)	181,015	703,827	517,040
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 7,537,978</u>	<u>\$ 7,486,754</u>	<u>\$ 7,831,748</u>	<u>\$ 7,484,539</u>
 <i>Primary Government</i>				
Net Investment in				
Capital Assets	\$ 18,987,991	\$ 18,023,199	\$ 17,879,641	\$ 17,887,748
Restricted	3,035,099	4,023,811	5,552,110	7,298,863
Unrestricted	1,475,845	2,638,935	3,710,971	3,931,974
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 23,498,935</u>	<u>\$ 24,685,945</u>	<u>\$ 27,142,722</u>	<u>\$ 29,118,585</u>

Note: Years 2009-2014 have not been restated for adoption of GASB No. 68. Years 2009-2017 have not been restated for adoption of GASB No. 75.

TABLE 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 11,759,003	\$ 13,861,571	\$ 16,145,975	\$ 18,620,017	\$ 20,644,571	\$ 22,338,451
8,848,506	8,632,372	9,107,089	8,193,278	8,775,056	9,690,237
3,588,047	4,141,554	2,933,646	3,056,532	2,605,083	1,860,105
<u>\$ 24,195,556</u>	<u>\$ 26,635,497</u>	<u>\$ 28,186,710</u>	<u>\$ 29,869,827</u>	<u>\$ 32,024,710</u>	<u>\$ 33,888,793</u>
\$ 6,911,218	\$ 6,884,019	\$ 7,081,303	\$ 7,578,267	\$ 7,627,584	\$ 7,964,626
-	-	-	-	-	-
304,487	(11,632)	(130,298)	(546,050)	(624,258)	(742,638)
<u>\$ 7,215,705</u>	<u>\$ 6,872,387</u>	<u>\$ 6,951,005</u>	<u>\$ 7,032,217</u>	<u>\$ 7,003,326</u>	<u>\$ 7,221,988</u>
\$ 18,670,221	\$ 20,745,590	\$ 23,227,278	\$ 26,198,284	\$ 28,272,155	\$ 30,303,077
8,848,506	8,632,372	9,107,089	8,193,278	8,775,056	9,690,237
3,892,534	4,129,922	2,803,348	2,510,482	1,980,825	1,117,467
<u>\$ 31,411,261</u>	<u>\$ 33,507,884</u>	<u>\$ 35,137,715</u>	<u>\$ 36,902,044</u>	<u>\$ 39,028,036</u>	<u>\$ 41,110,781</u>

CITY OF SELMA, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
<i>Governmental Activities:</i>				
General Administration	\$ 1,755,954	\$ 2,136,036	\$ 1,703,177	\$ 1,978,268
Police Protection	2,367,788	2,460,824	2,763,879	2,824,576
Fire Protection	1,739,245	1,689,653	1,599,372	1,681,700
Building Inspections	439,140	303,537	304,338	383,619
Infrastructure	842,063	842,418	862,542	863,111
Other	91,775	238,472	185,637	79,401
Interest on Long-Term Debt	399,731	360,130	310,739	278,809
<i>Total Governmental Activities Expenses</i>	<u>7,635,696</u>	<u>8,031,070</u>	<u>7,729,684</u>	<u>8,089,484</u>
<i>Business-Type Activities:</i>				
Water & Sewer Utility	2,236,768	2,361,424	2,443,198	3,032,906
<i>Total Business-Type Activities</i>	<u>2,236,768</u>	<u>2,361,424</u>	<u>2,443,198</u>	<u>3,032,906</u>
Total Primary Government Expenses	<u><u>\$ 9,872,464</u></u>	<u><u>\$ 10,392,494</u></u>	<u><u>\$ 10,172,882</u></u>	<u><u>\$ 11,122,390</u></u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Service:				
General Administration	\$ 190,470	\$ 180,054	\$ 204,615	\$ 206,118
Police Protection	1,289,326	1,055,167	1,136,200	1,152,566
Fire Protection	-	-	-	-
Building Inspections	328,330	315,413	352,003	429,191
Operating Grants and Contributions	32,902	18,297	9,216	2,175
Capital Grants and Contributions	61,035	-	91,536	27,401
<i>Total Governmental Activities Program Revenues</i>	<u>1,902,063</u>	<u>1,568,931</u>	<u>1,793,570</u>	<u>1,817,451</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Water and Sewer	2,241,045	2,823,265	2,916,335	3,003,105
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>2,241,045</u>	<u>2,823,265</u>	<u>2,916,335</u>	<u>3,003,105</u>
Total Primary Government Program Revenues	<u><u>\$ 4,143,108</u></u>	<u><u>\$ 4,392,196</u></u>	<u><u>\$ 4,709,905</u></u>	<u><u>\$ 4,820,556</u></u>

TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,088,390	\$ 1,931,429	\$ 2,142,251	\$ 2,174,422	\$ 2,469,812	\$ 2,244,299
3,064,241	3,175,085	3,434,449	3,500,486	3,851,578	3,931,676
1,652,306	1,940,768	1,960,907	2,344,013	2,470,192	2,447,627
407,359	441,712	517,314	546,353	578,308	613,526
966,528	978,074	1,063,967	1,221,549	1,308,483	1,610,406
85,391	227,074	69,096	176,435	193,259	161,586
502,356	235,239	517,112	458,142	421,974	398,957
<u>8,766,571</u>	<u>8,929,381</u>	<u>9,705,096</u>	<u>10,421,400</u>	<u>11,293,606</u>	<u>11,408,077</u>
<u>3,207,201</u>	<u>3,594,984</u>	<u>3,777,806</u>	<u>4,083,061</u>	<u>4,065,046</u>	<u>4,563,610</u>
<u>3,207,201</u>	<u>3,594,984</u>	<u>3,777,806</u>	<u>4,083,061</u>	<u>4,065,046</u>	<u>4,563,610</u>
<u>\$ 11,973,772</u>	<u>\$ 12,524,365</u>	<u>\$ 13,482,902</u>	<u>\$ 14,504,461</u>	<u>\$ 15,358,652</u>	<u>\$ 15,971,687</u>
\$ 215,248	\$ 230,100	\$ 247,964	\$ 291,988	\$ 269,274	\$ 268,335
1,065,608	906,740	973,872	603,886	754,417	596,056
-	-	-	-	-	-
579,423	406,529	791,455	515,581	862,612	398,801
21,890	40,442	1,426	7,636	2,906	2,494
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,882,169</u>	<u>1,583,811</u>	<u>2,014,717</u>	<u>1,419,091</u>	<u>1,889,209</u>	<u>1,265,686</u>
<u>3,204,456</u>	<u>3,639,193</u>	<u>3,935,510</u>	<u>4,215,745</u>	<u>4,357,154</u>	<u>4,778,807</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,204,456</u>	<u>3,639,193</u>	<u>3,935,510</u>	<u>4,215,745</u>	<u>4,357,154</u>	<u>4,778,807</u>
<u>\$ 5,086,625</u>	<u>\$ 5,223,004</u>	<u>\$ 5,950,227</u>	<u>\$ 5,634,836</u>	<u>\$ 6,246,363</u>	<u>\$ 6,044,493</u>

CITY OF SELMA, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)

	Fiscal Year			
	2009	2010	2011	2012
Net (Expenses) Revenue				
Governmental Activities	\$ (5,733,633)	\$ (6,462,139)	\$ (5,936,114)	\$ (6,272,033)
Business-Type Activities	4,277	461,841	473,137	(29,801)
Total Primary Government				
Net Expenses	<u>\$ (5,729,356)</u>	<u>\$ (6,000,298)</u>	<u>\$ (5,462,977)</u>	<u>\$ (6,301,834)</u>
Governmental Revenues and Other Changes in Net Position				
<i>Governmental Activities:</i>				
Taxes:				
Property Taxes	\$ 1,317,848	\$ 1,494,381	\$ 1,661,448	\$ 1,616,897
Franchise Taxes	349,893	391,696	408,727	432,303
Sales Taxes	4,691,619	5,354,210	5,411,118	5,614,740
Occupancy Taxes	133,822	187,949	179,705	205,522
Interest and Investment Earnings	89,525	37,856	23,475	7,635
Police Seizure	-	-	-	-
Miscellaneous	35,709	38,120	42,719	168,008
Gain on Capital Asset Disposal	-	8,076	20,705	-
Transfers	-	188,085	300,000	550,000
<i>Total Governmental Activities</i>	<u>6,618,416</u>	<u>7,700,373</u>	<u>8,047,897</u>	<u>8,595,105</u>
<i>Business-Type Activities:</i>				
Interest and Investment Earnings	6,013	4,535	2,381	925
Impact Fees	114,995	220,540	168,589	227,484
Miscellaneous	1,329	1,454	887	4,183
Loss on Capital Asset Disposal	-	(551,509)	-	-
Transfers	-	(188,085)	(300,000)	(550,000)
<i>Total Business-Type Activities</i>	<u>122,337</u>	<u>(513,065)</u>	<u>(128,143)</u>	<u>(317,408)</u>
Total Primary Government	<u>\$ 6,740,753</u>	<u>\$ 7,187,308</u>	<u>\$ 7,919,754</u>	<u>\$ 8,277,697</u>
Changes In Net Position				
Government Activities	\$ 884,783	\$ 1,238,234	\$ 2,111,783	\$ 2,323,072
Business-Type Activities	126,614	(51,224)	344,994	(347,209)
Total Primary Government	<u>\$ 1,011,397</u>	<u>\$ 1,187,010</u>	<u>\$ 2,456,777</u>	<u>\$ 1,975,863</u>

Note: Years 2009-2014 have not been restated for adoption of GASB No. 68. Years 2009-2017 have not been restated for adoption of GASB No. 75.

TABLE 2 (CONTINUED)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (6,884,402)	\$ (7,345,570)	\$ (7,690,379)	\$ (9,002,309)	\$ (9,404,397)	\$ (10,142,391)
(2,745)	44,209	157,704	132,684	292,108	215,197
<u>\$ (6,887,147)</u>	<u>\$ (7,301,361)</u>	<u>\$ (7,532,675)</u>	<u>\$ (8,869,625)</u>	<u>\$ (9,112,289)</u>	<u>\$ (9,927,194)</u>
\$ 1,684,088	\$ 1,598,452	\$ 1,724,654	\$ 1,848,494	\$ 2,017,459	\$ 2,084,289
454,559	639,748	716,759	722,441	756,342	758,026
6,035,698	6,742,098	7,443,287	7,460,307	7,638,569	8,194,677
271,094	221,909	220,827	231,950	214,444	237,095
9,167	1,760	24,789	18,818	97,324	183,532
-	-	-	-	-	-
441,306	31,544	77,255	69,114	235,142	166,561
-	-	-	-	-	-
550,000	550,000	412,500	334,300	600,000	471,227
<u>9,445,912</u>	<u>9,785,511</u>	<u>10,620,071</u>	<u>10,685,424</u>	<u>11,559,280</u>	<u>12,095,407</u>
670	99	46	552	1,747	3,665
276,569	158,942	396,144	242,310	248,330	460,419
6,672	3,432	13,944	39,966	28,924	15,732
-	-	-	-	-	-
(550,000)	(550,000)	(412,500)	(334,300)	(600,000)	(471,227)
(266,089)	(387,527)	(2,366)	(51,472)	(320,999)	8,589
<u>\$ 9,179,823</u>	<u>\$ 9,397,984</u>	<u>\$ 10,617,705</u>	<u>\$ 10,633,952</u>	<u>\$ 11,238,281</u>	<u>\$ 12,103,996</u>
\$ 2,561,510	\$ 2,439,941	\$ 2,929,692	\$ 1,683,115	\$ 2,154,883	\$ 1,953,016
(268,834)	(343,318)	155,338	81,212	(28,891)	223,786
<u>\$ 2,292,676</u>	<u>\$ 2,096,623</u>	<u>\$ 3,085,030</u>	<u>\$ 1,764,327</u>	<u>\$ 2,125,992</u>	<u>\$ 2,176,802</u>

CITY OF SELMA, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ 38,338	\$ 34,673	\$ 38,381	\$ 41,779
Restricted	755,160	960,139	1,109,435	1,872,140
Assigned	-	-	-	98,938
Unassigned	<u>2,271,808</u>	<u>2,547,425</u>	<u>2,957,623</u>	<u>3,477,515</u>
Total General Fund	<u>\$ 3,065,306</u>	<u>\$ 3,542,237</u>	<u>\$ 4,105,439</u>	<u>\$ 5,490,372</u>
All Other Governmental Funds				
Municipal Development Fund	\$ 1,576,716	\$ 2,514,962	\$ 3,574,226	\$ 4,152,772
Capital Projects Fund	300,942	316,681	316,681	-
Debt Service Funds	<u>229,886</u>	<u>528,647</u>	<u>914,489</u>	<u>1,314,762</u>
Total All Other Governmental Funds	<u>\$ 2,107,544</u>	<u>\$ 3,360,290</u>	<u>\$ 4,805,396</u>	<u>\$ 5,467,534</u>

TABLE 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 32,305	\$ 512,745	\$ 74,087	\$77,153	\$34,359	\$ 34,359
2,375,984	2,374,441	3,374,637	2,311,457	2,914,511	3,925,704
113,683	139,368	164,371	87,434	74,238	103,065
<u>3,987,796</u>	<u>3,884,120</u>	<u>4,869,064</u>	<u>5,090,726</u>	<u>4,826,889</u>	<u>4,250,304</u>
<u>\$ 6,509,768</u>	<u>\$ 6,910,674</u>	<u>\$ 8,482,159</u>	<u>\$ 7,566,770</u>	<u>\$ 7,849,997</u>	<u>\$ 8,313,432</u>
\$ 4,957,654	\$ 4,725,411	\$ 4,199,772	\$4,398,663	\$4,391,613	\$ 4,275,616
2,463,477	1,559,398	9,946,244	9,007,530	7,070,371	1,957,260
<u>1,561,954</u>	<u>1,581,114</u>	<u>1,609,612</u>	<u>1,584,637</u>	<u>1,565,869</u>	<u>1,575,979</u>
<u>\$ 8,983,085</u>	<u>\$ 7,865,923</u>	<u>\$ 15,755,628</u>	<u>\$ 14,990,830</u>	<u>\$ 13,027,853</u>	<u>\$ 7,808,855</u>

CITY OF SELMA, TEXAS
CHANGES IN FUND BALANCE
LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Property Taxes	\$ 1,316,181	\$ 1,500,577	\$ 1,650,022	\$ 1,631,504
Sales & Mixed Beverage Taxes	4,691,619	5,354,210	5,411,118	5,624,935
Franchise Tax	349,893	391,696	408,727	432,303
Occupancy Tax	133,822	187,949	179,705	205,522
Charges for Services	502,695	482,854	539,295	608,519
Fines and Forfeits	1,276,118	1,043,901	1,077,081	1,149,410
Miscellaneous	275,982	159,769	242,201	233,485
TOTAL REVENUES	8,546,310	9,120,956	9,508,149	9,885,678
EXPENDITURES				
Current:				
General Administration	1,793,401	1,940,018	1,928,158	1,764,921
Police Protection	2,263,322	2,259,493	2,306,109	2,478,389
Fire Protection	1,410,098	1,409,136	1,463,822	1,545,040
Building Inspections	428,146	310,708	288,862	370,268
Infrastructure	173,142	155,208	145,744	159,804
Other	32,786	30,922	32,345	40,653
Capital Outlay	5,121,062	699,975	790,816	1,109,007
Debt Service:				
Principal	484,855	538,303	2,248,113	636,508
Interest and Fiscal Charges	385,102	366,371	371,614	284,017
TOTAL EXPENDITURES	12,091,914	7,710,134	9,575,583	8,388,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,545,604)	1,410,822	(67,434)	1,497,071
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issue/Capital Lease	107,006	130,770	1,775,742	-
Premiums from Bond Issuances	-	-	-	-
Proceeds from Capital Lease Financing	-	-	-	-
Payments to Refunding Agents	-	-	-	-
Transfers In (Out)	-	188,085	300,000	550,000
TOTAL OTHER FINANCING SOURCES (USES)	107,006	318,855	2,075,742	550,000
Net Change in Fund Balance	<u>\$(3,438,598)</u>	<u>\$ 1,729,677</u>	<u>\$ 2,008,308</u>	<u>\$ 2,047,071</u>
Debt Service as a percentage of noncapital expenditures	12.48%	12.91%	29.82%	12.65%

TABLE 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,682,681	\$ 1,603,291	\$ 1,722,318	\$ 1,850,175	\$ 2,019,834	\$ 2,079,068
6,047,922	6,759,061	7,456,791	7,473,130	7,654,135	8,204,996
454,559	639,748	716,759	722,441	756,342	758,026
271,094	221,909	220,827	231,950	214,444	237,095
764,697	608,740	1,009,248	777,425	1,100,388	642,809
1,062,673	913,688	973,517	609,681	755,515	596,649
487,051	96,105	120,497	107,096	350,210	376,084
<u>10,770,677</u>	<u>10,842,542</u>	<u>12,219,957</u>	<u>11,771,898</u>	<u>12,850,868</u>	<u>12,894,727</u>
2,330,380	2,582,256	2,117,435	3,729,473	2,205,802	2,057,770
2,645,407	2,833,010	3,040,472	3,036,828	3,335,020	3,498,550
1,518,755	1,793,018	1,906,377	2,197,721	2,276,546	2,313,020
396,569	422,988	501,487	511,736	539,898	564,555
202,582	219,245	244,695	330,763	380,680	585,272
44,069	48,650	63,564	83,135	80,387	74,256
1,062,955	3,452,210	3,278,790	2,522,296	5,028,154	7,672,118
830,878	733,503	773,901	875,270	920,279	1,045,029
398,680	261,731	475,433	499,163	459,192	438,467
<u>9,430,275</u>	<u>12,346,611</u>	<u>12,402,154</u>	<u>13,786,385</u>	<u>15,225,958</u>	<u>18,249,037</u>
<u>1,340,402</u>	<u>(1,504,069)</u>	<u>(182,197)</u>	<u>(2,014,487)</u>	<u>(2,375,090)</u>	<u>(5,354,310)</u>
4,645,000	-	8,995,000	-	-	-
257,835	-	235,887	-	-	-
-	237,813	-	-	95,340	127,520
(2,258,290)	-	-	-	-	-
<u>550,000</u>	<u>550,000</u>	<u>412,500</u>	<u>334,300</u>	<u>600,000</u>	<u>471,227</u>
<u>3,194,545</u>	<u>787,813</u>	<u>9,643,387</u>	<u>334,300</u>	<u>695,340</u>	<u>598,747</u>
<u>\$ 4,534,947</u>	<u>\$ (716,256)</u>	<u>\$ 9,461,190</u>	<u>\$(1,680,187)</u>	<u>\$(1,679,750)</u>	<u>\$(4,755,563)</u>
14.69%	11.19%	13.69%	12.20%	13.53%	14.03%

CITY OF SELMA, TEXAS
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Beverage	Franchise	Occupancy	Total
2009	\$ 1,316,181	\$ 4,691,619	\$ 349,893	\$ 133,822	\$ 6,491,515
2010	1,500,577	5,354,210	391,696	187,949	7,434,432
2011	1,650,022	5,411,118	408,727	179,705	7,649,572
2012	1,631,504	5,624,935	432,303	205,522	7,894,264
2013	1,682,681	6,047,922	454,559	271,094	8,456,256
2014	1,603,291	6,759,061	639,748	221,909	9,224,009
2015	1,722,318	7,456,791	716,759	220,827	10,116,695
2016	1,850,175	7,473,130	722,441	231,950	10,277,696
2017	2,019,834	7,654,135	756,342	214,444	10,644,755
2018	2,079,068	8,204,996	758,026	237,095	11,279,185

CITY OF SELMA, TEXAS
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year Ended October 31,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2009	\$ 215,833,465	\$ 565,132,804	\$ 230,592,937	\$ 550,373,332	0.249800
2010	234,120,599	571,178,467	233,315,470	571,983,596	0.265000
2011	258,222,133	559,206,601	207,946,465	609,482,269	0.279300
2012	267,337,243	569,990,952	213,677,724	623,650,471	0.279300
2013	286,217,470	576,087,818	210,202,493	652,102,795	0.279300
2014	317,057,184	563,390,917	188,944,559	691,503,542	0.234200
2015	354,898,659	620,777,003	199,067,428	776,608,234	0.222300
2016	415,626,460	704,997,056	229,763,871	890,859,645	0.206500
2017	456,169,638	763,422,790	237,956,469	981,635,959	0.203400
2018	510,356,047	842,926,995	309,479,102	1,043,803,940	0.201600

Source: Guadalupe, Comal and Bexar Appraisal Districts.

* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

CITY OF SELMA, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 7

Fiscal Period	City Direct Rate	Overlapping School Districts			Overlapping Counties		
		Schertz Cibolo UC ISD	Comal ISD	Judson ISD	Guadalupe County	Bexar County	Comal County
2009	0.24980	1.38500	1.31000	1.46500	0.38950	0.32687	0.30802
2010	0.26500	1.42000	1.31000	1.46300	0.38950	0.32687	0.31300
2011	0.27930	1.43500	1.37000	1.47480	0.39990	0.32687	0.33400
2012	0.27930	1.43500	1.43000	1.43000	0.40060	0.32687	0.35042
2013	0.27930	1.46000	1.43000	1.42500	0.40360	0.32687	0.35042
2014	0.23420	1.00000	1.43000	1.42500	0.39990	0.32687	0.35042
2015	0.22230	1.49000	1.39000	1.42500	0.33610	0.28382	0.29282
2016	0.20650	1.49000	1.39000	1.42500	0.33110	0.29750	0.29292
2017	0.20340	1.47000	1.39000	1.42500	0.33110	0.29325	0.29282
2018	0.20160	1.49000	1.39000	1.42500	0.32690	0.29123	0.30782

Fiscal Period	Other Overlapping		
	Alamo Community College	San Antonio River Authority	Hospital District
2009	0.13586	0.01595	0.26100
2010	0.13586	0.01595	0.26620
2011	0.14162	0.01665	0.27624
2012	0.14162	0.01737	0.27624
2013	0.14915	0.01737	0.27624
2014	0.14915	0.01780	0.27624
2015	0.14915	0.01750	0.27624
2016	0.14915	0.01729	0.27624
2017	0.14915	0.01729	0.27624
2018	0.14915	0.01729	0.27624

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses on the City of Selma, Texas. This process recognizes that, when considering the City of Selma's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Three counties and school districts are present in the City of Selma. To determine the total tax rate applicable to residents, the City rate would be added to the applicable school district, county, Alamo Community College District and the San Antonio River Authority.

CITY OF SELMA, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT AND NINE YEARS AGO

TABLE 8

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SA Development Co., LP	\$ 65,637,897	1	6.29%	\$ 28,202,021	2	5.12%
FPK Realty Lookout Hollow 1, LLC	45,020,340	2	4.31%			
Kimco Forum at Olympia, LP	30,736,000	3	2.94%	29,302,901	1	5.32%
Sanflippo John B & Son, Inc.	24,294,887	4	2.33%			
Retreat at Chelsea, LP	23,800,000	5	2.28%			
Costco Wholesale	23,184,680	6	2.22%	24,464,337	3	4.45%
O'Reilly Auto Enterprises, LLC	13,857,034	7	1.33%			
Gunn Chevrolet, LTD	11,353,266	8	1.09%			
Selma Retail, LTD	9,450,000	9	0.91%			
Selma - SMC Health Invest Holdings	9,253,620	10	0.89%			
Haverty Furniture Co., Inc.				6,040,822	5	1.10%
Furniture Row USA, LLC						
Rose-Forum Associates				21,627,847	4	3.93%
Selma Amphitheatre, LLC				5,950,600	6	1.08%
Centex Homes				5,193,290	7	0.94%
Koehler, James				5,124,170	8	0.93%
Dicker-Warminston Prop				4,600,000	9	0.84%
Academy Sports				3,951,780	10	0.72%
	<u>\$ 256,587,724</u>		<u>24.58%</u>	<u>\$ 134,457,768</u>		<u>24.43%</u>

Source: Bexar, Comal and Guadalupe County Appraisal Districts

CITY OF SELMA, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year Ended October 31,	Taxes Levied for the Fiscal Year	Collected within the		Collections In Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 1,441,779	\$ 1,417,975	98.3%	\$ 25,231	\$ 1,443,206	100.1%
2010	1,560,007	1,522,127	97.6%	39,492	1,561,619	100.1%
2011	1,698,239	1,674,239	98.6%	25,216	1,699,455	100.1%
2012	1,735,555	1,730,755	99.7%	5,772	1,736,527	100.1%
2013	1,819,794	1,814,370	99.7%	7,518	1,821,888	100.1%
2014	1,692,511	1,683,183	99.4%	15,083	1,698,266	100.3%
2015	1,796,246	1,787,495	99.5%	17,755	1,805,250	100.5%
2016	1,918,429	1,907,197	99.4%	5,044	1,912,241	99.7%
2017	2,032,315	2,019,834	99.4%	(29,143)	1,990,691	98.0%
2018	2,188,421	2,179,167	99.6%	-	2,179,167	99.6%

Source: Guadalupe County Tax Office

CITY OF SELMA, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per Capita*
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Certificates of Obligation					
2009	\$ -	\$ 365,000	\$ 8,520,000	\$ 3,960,000	\$ 12,845,000	\$ 550,373,332	2.33%	2,773	
2010	-	280,000	8,120,000	3,815,000	12,215,000	571,983,596	2.14%	2,421	
2011	1,615,000	190,000	6,125,000	3,665,000	11,595,000	609,482,269	1.90%	2,093	
2012	1,475,000	95,000	5,805,000	3,510,000	10,885,000	623,650,471	1.75%	1,913	
2013	3,480,000	-	5,550,000	3,345,000	12,375,000	652,102,795	1.90%	1,731	
2014	3,135,000	-	5,250,000	3,175,000	11,560,000	691,503,542	1.67%	1,521	
2015	11,780,000	-	4,945,000	3,000,000	19,725,000	776,608,234	2.54%	2,325	
2016	11,285,000	-	4,625,000	2,815,000	18,725,000	890,859,645	2.10%	2,056	
2017	10,725,000	-	4,300,000	3,730,000	18,755,000	981,635,959	1.91%	1,859	
2018	10,476,436	-	3,965,000	3,420,000	17,861,436	1,043,803,940	1.71%	1,667	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population data can be found on Table 13.

CITY OF SELMA, TEXAS
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

TABLE 11

Taxable Assessed Value	<u>\$ 1,043,803,940</u>
Debt Limit - 10% of Taxable Value [1]	\$ 104,380,394
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 14,441,436
Less Funds Available in Debt Service Fund	<u>1,575,979</u>
Total Amount of Debt Applicable to Debt Limit	<u>12,865,457</u>
Legal Debt Margin	<u>\$ 91,514,937</u>

	Fiscal Year		
	2015	2016	2017
Debt Limit	\$ 77,660,823	\$ 89,085,965	\$ 98,163,596
Total Net Debt			
Applicable to Unit	<u>(18,115,388)</u>	<u>(17,140,363)</u>	<u>(13,459,131)</u>
Legal Debt Margin	<u>\$ 59,545,435</u>	<u>\$ 71,945,602</u>	<u>\$ 84,704,465</u>

	Fiscal Year		
	2012	2013	2014
Debt Limit	\$62,365,047	\$65,210,280	\$ 69,150,354
Total Net Debt			
Applicable to Unit	<u>(9,570,238)</u>	<u>(10,813,046)</u>	<u>(9,978,886)</u>
Legal Debt Margin	<u>\$52,794,809</u>	<u>\$ 54,397,234</u>	<u>\$ 59,171,468</u>

	Fiscal Year		
	2009	2010	2011
Debt Limit	\$55,037,333	\$57,198,360	\$60,948,227
Total Net Debt			
Applicable to Unit	<u>(12,615,114)</u>	<u>(11,686,353)</u>	<u>(10,680,511)</u>
Legal Debt Margin	<u>\$ 42,422,219</u>	<u>\$ 45,512,007</u>	<u>\$ 50,267,716</u>

CITY OF SELMA, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
OCTOBER 31, 2018

TABLE 12

Governmental Unit	Estimated Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Alamo CCD	\$ 479,445,000	0.53%	\$ 2,541,059
Bexar County	1,700,305,000	0.53%	9,011,617
Bexar County University Health	891,565,000	0.53%	4,725,295
Comal County	146,210,000	0.06%	87,726
Comal ISD	767,165,107	0.06%	460,299
Guadalupe County	13,655,000	2.11%	288,121
Judson ISD	620,852,521	8.36%	51,903,271
Schertz-Cibolo-Universal City ISD	417,456,092	5.57%	23,252,304
Subtotal, Overlapping Debt			92,269,690
City of Selma - Direct Debt			<u>14,441,436</u>
Total Direct and Overlapping Debt			<u><u>\$ 106,711,126</u></u>

Source: Municipal Advisory Council of Texas.

**Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses on the City of Selma, Texas. This process recognizes that, when considering the City of Selma's ability to issue and repay long-term debt, the entire burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.*

CITY OF SELMA, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE 13

Year	Population	Per Capita Personal Income	Median Age	Unemployment Rate
2009	4,632	\$ 33,387	32.60	6.6%
2010	5,046	34,937	32.80	7.8%
2011	5,540	30,873	32.30	6.9%
2012	5,689	29,112	32.30	5.7%
2013	7,148	29,752	32.30	5.8%
2014	7,602	29,840	32.30	4.5%
2015	8,483	29,752	30.80	3.7%
2016	9,108	28,401	30.90	3.7%
2017	10,088	30,617	31.50	2.8%
2018	10,712	30,601	31.80	3.1%

Sources: Population, Per Capita Personal Income and Median Age information are from the Census Bureau. Unemployment rate was provided by United States Bureau of Labor Statistics.

CITY OF SELMA, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 14

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,000	1	3.12%	28,100	2	1.46%
Fort Sam Houston	32,000	2	2.70%	30,793	1	2.49%
HEB Food Stores	20,000	3	1.69%	14,588	4	0.36%
USAA	18,305	4	1.54%	14,852	3	0.65%
Randolph Air Force Base	11,000	5	0.93%	10,700	5	0.29%
Methodist Healthcare	9,620	6	0.81%			
City of San Antonio	9,145	7	0.77%			
Baptist Health System	6,383	8	0.54%			
Wells Fargo	5,073	9	0.43%			
Harland Clarke	5,000	10	0.42%			
AT&T				5,000	6	0.28%
Bill Miller BBQ				4,190	7	0.26%
Frost Bank				3,982	8	0.25%
Valero Energy				3,777	9	0.22%
Brooks-City Base				3,406	10	0.22%
Total	<u>153,526</u>		<u>12.94%</u>	<u>119,388</u>		<u>6.48%</u>

The City of Selma is adjoined by the City of San Antonio and no data is available for the employers in Selma. The above data is for San Antonio.

