

**CITY OF SELMA, TEXAS**  
**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED**  
**OCTOBER 31, 2019**





CITY OF SELMA, TEXAS  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED OCTOBER 31, 2019

CITY OFFICIALS

MAYOR

TOM DALY

CITY COUNCIL

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

CITY ADMINISTRATOR

JOHNNY CASIAS

CITY ATTORNEY

MARC SCHNALL, LANGLEY & BANACK, INC.

CITY OF SELMA, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED OCTOBER 31, 2019

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<u>PAGE</u>
CITY OFFICIALS .....	i
TABLE OF CONTENTS .....	ii
TRANSMITTAL LETTER .....	iv

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	4
BASIC FINANCIAL STATEMENTS .....	13
STATEMENT OF NET POSITION .....	14
STATEMENT OF ACTIVITIES .....	16
BALANCE SHEET - GOVERNMENTAL FUNDS .....	18
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION .....	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS .....	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	21
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE OF STATEMENT OF NET POSITION – PROPRIETARY FUND .....	23
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND.....	25
STATEMENT OF CASH FLOWS – PROPRIETARY FUND.....	26
NOTES TO BASIC FINANCIAL STATEMENTS .....	28
REQUIRED SUPPLEMENTARY INFORMATION .....	58
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND .....	59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – MUNICIPAL DEVELOPMENT DISTRICT .....	62
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL.....	63
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS.....	64
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN .....	65
SCHEDULE OF CHANGES –TOTAL SDB OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS .....	66
SCHEDULE OF CHANGES –TOTAL RHI OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS .....	67

SUPPLEMENTARY INFORMATION .....	68
COMPARATIVE BALANCE SHEETS GENERAL FUND .....	69
COMPARATIVE BALANCE SHEETS MUNICIPAL DEVELOPMENT DISTRICT FUND .....	70
COMPARATIVE BALANCE SHEETS DEBT SERVICE FUND .....	71
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DEBT SERVICE FUND .....	72
COMPARATIVE BALANCE SHEETS CAPITAL PROJECTS FUND .....	73
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND .....	74
COMPARATIVE STATEMENTS OF NET POSITION PROPRIETARY WATER SEWER FUND .....	75
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND WATER SEWER FUND .....	77
COMPARATIVE STATEMENTS OF CASH FLOWS PROPRIETARY WATER SEWER FUND .....	78
STATISTICAL SECTION .....	80
NET POSITION BY COMPONENT .....	81
CHANGE IN NET POSITION .....	83
FUND BALANCES, GOVERNMENTAL FUNDS .....	87
CHANGES IN FUND BALANCE .....	89
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS .....	91
ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY .....	92
DIRECT AND OVERLAPPING PROPERTY TAX RATES .....	93
PRINCIPAL PROPERTY TAX PAYERS .....	94
PROPERTY TAX LEVIES AND COLLECTIONS .....	95
RATIOS OF OUTSTANDING DEBT BY TYPE .....	96
LEGAL DEBT MARGIN .....	97
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT .....	98
DEMOGRAPHIC AND ECONOMIC STATISTICS .....	99
PRINCIPAL EMPLOYERS .....	100





February 28, 2020

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, 2019.

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,

A handwritten signature in blue ink, appearing to read "JC" or "Johnny Casias".

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, 2019, 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 the City of Selma, Texas, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the 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 the 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 the City of Selma, Texas, as of October 31, 2019, 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 the City of Selma, Texas, as of October 31, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of changes and contributions for net pension liability and other post-employment benefits, 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 28, 2020

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the 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, 2019. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

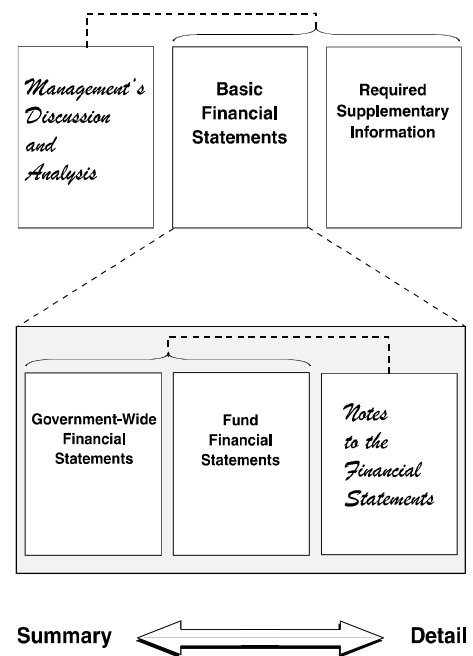
- The City’s total combined net position was \$42.9 million at October 31, 2019. The general fund reported a fund balance this year of \$7.6 million.
- During the year, the City’s governmental expenses were \$2.1 million less than the \$13.5 million generated in taxes and other revenues for governmental activities.
- The City’s Water/Sewer Fund reported a \$346 thousand increase in net position over the previous fiscal year. Net position at October 31, 2019 was \$7.5 million.
- The City issued \$5.95 million in certificates of obligation during the fiscal year ending October 31, 2019 for the purpose of constructing a new Public Works building, expansion of the City Hall, and completing various water system improvements.

### 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.

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>			
	<b>Fund Statements</b>		
<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 \$42.9 million at October 31, 2019. (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
	2019	2018*	2019	2018*	2019	2018*	
<b>ASSETS</b>							
<i>Current Assets:</i>							
Cash and Investments	\$ 18,708	\$ 16,497	\$ 3,458	\$ 2,950	\$ 22,166	\$ 19,447	13.98%
Other Current Assets	1,869	1,555	666	693	2,535	2,248	12.77%
<b>Total Current Assets:</b>	<b>20,577</b>	<b>18,052</b>	<b>4,124</b>	<b>3,643</b>	<b>24,701</b>	<b>21,695</b>	<b>13.86%</b>
<i>Noncurrent Assets:</i>							
Capital Assets (Net)	39,563	34,895	11,187	11,385	50,750	46,280	9.66%
<b>Total Noncurrent Assets</b>	<b>39,563</b>	<b>34,895</b>	<b>11,187</b>	<b>11,385</b>	<b>50,750</b>	<b>46,280</b>	<b>9.66%</b>
<b>Total Assets</b>	<b>60,140</b>	<b>52,947</b>	<b>15,311</b>	<b>15,028</b>	<b>75,451</b>	<b>67,975</b>	<b>11.00%</b>
<b>Deferred Outflows of Resources</b>							
Deferred Total OPEB Outflows	67	67	4	4	71	71	0.00%
Deferred Pension Related Outflows	2,280	1,301	118	66	2,398	1,367	75.42%
<b>Total Deferred Outflows of Resources</b>	<b>2,347</b>	<b>1,368</b>	<b>122</b>	<b>70</b>	<b>2,469</b>	<b>1,438</b>	<b>71.70%</b>
<b>LIABILITIES</b>							
Current Liabilities	1,796	2,415	4,515	4,278	6,311	6,693	-5.71%
Long-Term Liabilities	24,635	17,889	3,349	3,594	27,984	21,483	30.26%
<b>Total Liabilities</b>	<b>26,431</b>	<b>20,304</b>	<b>7,864</b>	<b>7,872</b>	<b>34,295</b>	<b>28,176</b>	<b>21.72%</b>
<b>DEFERRED INFLOWS</b>							
Future Tax Levy Collections	19	36	-	-	19	36	-47.22%
Deferred Total OPEB Inflows	59	-	3	-	62	-	100.00%
Deferred Pension Related Inflows	631	739	32	38	663	777	-14.67%
<b>Total Deferred Inflows of Resources</b>	<b>709</b>	<b>775</b>	<b>35</b>	<b>38</b>	<b>744</b>	<b>813</b>	<b>-8.49%</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	25,955	23,171	8,087	7,965	34,042	31,136	9.33%
Restricted	8,495	9,690	-	-	8,495	9,690	-12.33%
Unrestricted (Deficit)	897	375	(553)	(777)	344	(402)	-185.57%
<b>Total Net Position</b>	<b>\$ 35,347</b>	<b>\$ 33,236</b>	<b>\$ 7,534</b>	<b>\$ 7,188</b>	<b>\$ 42,881</b>	<b>\$ 40,424</b>	<b>6.08%</b>

\*Note: Comparative information for 2018 has been restated to reflect the results of a prior period adjustment. See Note L.

## 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
	2019	2018*	2019	2018*	2019	2018*	
Program Revenues:							
Charges for Services	\$ 1,295	\$ 1,263	\$ 5,386	\$ 4,779	\$ 6,681	\$ 6,042	10.6%
Operating Grants & Contributions	-	3	-	-	-	3	-100.0%
General Revenues							
Property Taxes	2,332	2,084	-	-	2,332	2,084	11.9%
Franchise Taxes	766	758	-	-	766	758	1.1%
Sales Taxes	8,651	8,195	-	-	8,651	8,195	5.6%
Occupancy Taxes	188	237	-	-	188	237	-20.7%
Impact Fees	-	-	373	460	373	460	-18.9%
Investment Earnings	178	184	5	4	183	188	-2.7%
Other	95	167	12	16	107	183	-41.5%
<b>Total Revenues</b>	<b>13,505</b>	<b>12,891</b>	<b>5,776</b>	<b>5,259</b>	<b>19,281</b>	<b>18,150</b>	<b>6.2%</b>
General Government	2,511	2,244	-	-	2,511	2,244	11.9%
Police Department	4,109	3,932	-	-	4,109	3,932	4.5%
Fire Department	2,755	2,448	-	-	2,755	2,448	12.5%
Building Inspections	568	614	-	-	568	614	-7.5%
Infrastructure	1,377	1,610	-	-	1,377	1,610	-14.5%
Others	138	162	-	-	138	162	-14.8%
Water/Sewer	-	-	4,770	4,454	4,770	4,454	7.1%
Interest on Long-Term Debt	496	399	100	110	596	509	17.1%
<b>Total Expenses</b>	<b>11,954</b>	<b>11,409</b>	<b>4,870</b>	<b>4,564</b>	<b>16,824</b>	<b>15,973</b>	<b>5.3%</b>
Transfers In (Out)	560	471	(560)	(471)	-	-	0.0%
<b>Increase (Decrease) in Net Position</b>	<b>\$ 2,111</b>	<b>\$ 1,953</b>	<b>\$ 346</b>	<b>\$ 224</b>	<b>\$ 2,457</b>	<b>\$ 2,177</b>	<b>12.9%</b>

\*Note: Comparative information for 2018 has not been restated for the effects of a prior period adjustment as the information is not available. See Note L.

### ***Governmental Activities***

- Property tax rates remained the same from the prior year, however, higher property values resulted in an increase of 11.9% in property tax revenues.
- The City's total revenues were \$13.5 million. A significant portion, 88.4%, comes from taxes and 9.6% 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 \$12 million.
- However, the amount that our taxpayers paid for these activities through taxes was \$11.9 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 \$5.8 million (a 9.8% increase) and expenses were \$4.9 million (6.7% increase).

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

	Total Cost of Services			Percent Change	Net Cost of Services		
	2019	2018			2019	2018	Percent Change
General Government	\$ 2,511	\$ 2,244	11.9%	\$ 2,221	\$ 1,976	12.4%	
Police Department	4,109	3,932	4.5%	3,496	3,333	4.9%	
Fire Department	2,755	2,448	12.5%	2,755	2,448	12.5%	
Building Inspection	568	614	-7.5%	177	215	-17.7%	
Infrastructure	1,377	1,610	-14.5%	1,377	1,610	-14.5%	
Other	138	162	-14.8%	138	162	-14.8%	
Debt Service – Interest & Fiscal	496	399	24.3%	496	399	24.3%	
Water/Sewer	4,870	4,564	6.7%	(517)	(215)	140.5%	

### **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 \$13.5 million, a 4.8% increase over the prior year. Expenditures decreased 5.2% to \$17.3 million.



## Budgetary Highlights

The City did not make any amendments during the year. Expenditures were under budget in total by \$54 thousand in the general fund and under budget by \$600 thousand in the municipal development district, respectively. Ending resources decreased by \$708 thousand in the general fund. Additionally, the MDD was budgeted to have a zero decrease in fund balance. Although there was a decrease of \$186 thousand in fund balance, the fund remained strong with a \$4.1 million fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of October 31, 2019, the City had invested \$62 million and \$15.1 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, community sign, street sweeper, and rehabilitation of an elevated water storage tank. (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
	2019	2018	2019	2018	2019	2018	
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	8,395	8,236	404	404	8,799	8,640	1.8%
Water and Sewer Plant	-	-	11,111	10,399	11,111	10,399	6.8%
Vehicles and Equipment	5,760	5,806	856	707	6,616	6,513	1.6%
Infrastructure	40,473	28,602	-	-	40,473	28,602	41.5%
Construction in Progress	5,652	11,513	33	679	5,685	12,192	-53.4%
Totals at Historical Cost	61,968	55,845	15,136	14,921	77,104	70,766	9.0%
Accumulated Depreciation	(22,405)	(20,949)	(3,949)	(3,537)	(26,354)	(24,486)	7.6%
Net Capital Assets	\$ 39,563	\$ 34,896	\$ 11,187	\$ 11,384	\$ 50,750	\$ 46,280	9.7%

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, 2019, the City had \$22.8 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
	2019	2018	2019	2018	2019	2018	
Bonds Payable	\$ 19,732	\$ 14,441	\$ 3,100	\$ 3,420	\$ 22,832	\$ 17,861	27.83%
Capital Leases	95	73	-	-	95	73	100.00%
Total Debt	\$ 19,827	\$ 14,514	\$ 3,100	\$ 3,420	\$ 22,927	\$ 17,934	27.84%

## **TAX RATE, BUDGET, AND ECONOMIC OUTLOOK**

The proposed budget for Fiscal Year 2019-2020 was filed with the City Secretary on August 9, 2019, and the Notice of Public Hearing was published in the Northeast Herald on August 21, 2019 and August 28, 2019. The Guadalupe County Appraisal District lists the City's tax roll for Fiscal Year 2019-2020 at \$1,214,331,202. Last fiscal year, the Guadalupe County Appraisal District listed the City's tax roll at \$1,118,970,004. The City adopted a Tax Rate of \$0.1968 per \$100 of valuation for FY 2019-2020. This represents a \$0.0048 decrease from last year's tax rate of \$0.2016 per \$100 of valuation. The tax components for the proposed Fiscal Year 2019-2020 tax rate would be as follows: \$0.0929 for Maintenance & Operations (General Fund) and \$0.1039 for Interest & Sinking (Debt Service).

The retail outlook From January 2019 through August 2019, exactly two-thirds of the way into the current fiscal year, Selma's local economy grew as sales tax collections were 4.26% above this same period last year. Some businesses that were added or expanded during the current fiscal year include Lin's International Buffet, Audi North Park, and Kay Jewelers. In early 2019, Audi North Park finished work on the expansion of their state-of-the-art dealership on Interstate 35. Audi North Park has led the development of the area near Stage Stop Park, with several other potential businesses coming soon. Mercedes-Benz of Selma has begun the design phase for their new dealership at the corner of Interstate 35 and Corporate Drive. Mercedes-Benz of Selma adds yet another high-end, luxury vehicle option for the greater Selma area and will serve as one of the areas only Mercedes-Benz dealerships. Speaking of automobile dealerships, Gillman Honda, Subaru, and Mitsubishi continue their expansion efforts, with Gillman Subaru completing its expansion earlier this year. As one of Selma's longest tenured businesses, the Gillman family of dealerships has doubled-down on the Selma area for its long-term location. This is a testament to the burgeoning commercial sector in Selma!

The industrial sector in Selma continues to expand, especially in the area of the Titan Industrial Park, located on 188 acres off of Lookout Road. Earlier this year, Ben E. Keith Foods finished construction on their brand-new South Texas Regional Headquarters and Distribution Center, with an epic grand opening held in late March. This award-winning company is now fully operational and has already made its mark on the Selma economy due to its great products and world-renowned service. Selma could not be prouder to welcome such a great corporate partner! Another new member joining the Selma family is Penske Truck Rentals, which is currently in the process of constructing its newest facility just across Lookout Road from O'Reilly Auto Parts. Penske plans to be fully operational by late 2019 or early 2020. Tex-Star Enterprises, one of Selma's long-time corporate citizens, continues its 6,000 square foot expansion of office space on Jordan Lane. Beyer Boys has also announced plans to relocate and expand their headquarters to Selma, just off Lookout Road. Selma continues to be one of the most prized locations for new and relocating businesses along the Interstate 35 corridor. With that in mind, more announcements on new businesses are on the horizon, so we look forward to having another exceptional year!

Unfortunately, it appears that the heyday of new building permits for new single-family home construction starts in Selma is behind us. Progress on Phase 2 of The Retreat at Retama Subdivision, a quad-plex townhome development located along Lookout Road, is moving along at a rapid pace. Phase 2 is projected to be completed in the coming fiscal year. New home construction in Selma Park Estates also continues to proceed at levels not seen until recent years. This continued development is the direct result of the investment that the City has made in the stormwater drainage, utilities, and roads over the past decade. The road improvements in this area, which are scheduled to be completed over the next year, should enhance the continued development of this area. In early 2019, the Creekside Ridge Subdivision near the cul-de-sac on Retama Parkway reached full buildout with approximately 95 new single-family homes. A new single-family home subdivision, Sunrise Village, has finished construction of its utilities and infrastructure and has begun construction on the first of its single-family homes. Located just off Retama Parkway between Creekside Ridge and TruCare Living Centers, this new subdivision will provide close to 100 new upscale living options for residents in the City. Lastly, a new multi-family housing project located on Lookout Road near the Selma-Live Oak city limits is in the final design phases. This new apartment complex will contain

approximately 300 units and provide another multi-family residence option for new and current residents of the City.

For almost twenty years, the City of Selma has experienced robust residential and commercial growth, which helped it gain the distinction of being the “#1 Census Designated Area” in the Greater San Antonio Area in 2017. During this time of unprecedented growth, the City of Selma has also been conscious of the need to manage and encourage this growth. This understanding led the City of Selma to implement a blueprint for its future successes. With this in mind, the City Council approved a 2017-2032 Comprehensive Development Plan (CDP), which provides a variety of capital improvement projects for the next decade and beyond. The CDP Update included improvements to a number of streets in the Selma Park Estates Subdivision. Over the last year, crews diligently fought Mother Nature to complete reconstruction projects on streets such as Ventura Blvd, Arcadia Blvd, and Belle Glade Blvd, among others in Selma Park Estates. Once these projects are completed, almost every street in this subdivision will have been reconstructed, which will increase the number of lots that are primed for development. Look for these projects to be completed in the coming months. The crown jewel in the Selma CDP was the completion of the Lookout Road Widening and Bridge Expansion Project. This project, funded by a \$9 million-dollar special bond election approved by voters in May 2015, provides a much-needed alternate transportation route to the highly congested Interstate 35. The newly completed Lookout Road features a four-lane contiguous driving surface with an elevated bridge crossing the often-flooded Cibolo Creek and turn lanes at several intersections. In even better news, this project came in under budget!

Also scheduled for completion this Fiscal Year is the last remaining development of the John S. Harrison House Property. The design and planning phase of the “Final Four” project, which encompasses the final four undeveloped acres of the property, was completed and approved in July 2019 by Garden Ridge Consulting LLC. The contract for implementation of this plan was awarded at the August 8, 2019 Regular City Council Meeting, with construction slated to begin in September 2019. Other projects currently in the design stages that are anticipated to be funded next fiscal year include:

- Engineering /Construction costs for Evans Road reconstruction and expansion project
- Continued road reconstruction projects including Margie’s Lane, Utopia Boulevard, and Bluffside Boulevard
- Further improvements to various storm water drainage systems across the city.

In addition to the aforementioned projects, the City recently issued certificates of obligation, which were approved at the August 8, 2019 Regular Monthly City Council Meeting. The issuance of these certificates will allow for the construction of a new Public Works building, an expansion to City Hall and the parking lot, and the funding of various improvements to the City’s water system that were identified in the Selma 2017-2032 Comprehensive Development Plan. The issuance of these certificates of obligation was authorized in an amount not to exceed \$6,210,000.00, all of which will provide City Staff the necessary tools to continue to provide excellent services to our residential and commercial residents. The City has also made heavy investment in infrastructure to meet the current and future needs of the citizens and businesses located in Selma. 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, 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 and Trails Master Plan provides a plan for future development of parks and iconic locations, connected by an intricate system of walking and biking trails. Finally, the City has completed other master planning documents, including a Water Cost of Service Rate Study and a City Facilities Renovation and Expansion Plan, both of which were completed in early 2019.

## **ANNUAL OPERATING BUDGET**

Collectively, the funds that make up the Fiscal Year 2019-2020 Annual Operating Budget (which begins on November 1) will increase by 7.4% or \$1,595,605 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 2019-2020 of \$23,061,861.

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 August 2019, Standard and Poor's affirmed this 'AA' rating. This rating, which was assigned during the bond process for the 2019 certificates of obligation, reflects the city's stable budgetary operation and ability to achieve strong budgetary performance. In an effort to further affirm this rating, city staff is currently in the midst of compiling all of the City's financial policies into one document. These Comprehensive Financial Management Policy Statements will serve as the tools used to ensure that the City is financially able to meet its current and future service needs. The individual statements contained in the Comprehensive Financial Management Policy Statements serve as guidelines for both the financial planning and internal financial management of the City. 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. City staff continuously updates the City's financial transparency documentation to remain in compliance and ensure the most current information is available to its citizens. 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 the budget. Lastly, we would like to thank the Mayor, City Council and the Citizens of Selma for your continued support as together, we continue to strive to make Selma, "a unique city that leads through providing planned growth, quality of life, a safe environment, and a vision for the future." Our goal is that the annual operating budget will continue to provide exemplary and sustainable city services and infrastructure to our residents and visitors, 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, 2019

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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 18,708,469	\$ 3,458,359	\$ 22,166,828
Receivables (Net of Allowance for Uncollectibles):			
Property Taxes	26,406	-	26,406
Nonproperty Taxes	1,843,173	-	1,843,173
Lot Maintenance	438	-	438
Water Sewer Customers	-	646,136	646,136
Prepaid Expenses	17,316	1,488	18,804
Internal Balances	(18,289)	18,289	-
Capital Assets:			
Land	1,688,152	173,139	1,861,291
Water Rights	-	2,558,666	2,558,666
Buildings & Improvements	8,394,618	404,337	8,798,955
Water Sewer Plant	-	11,110,733	11,110,733
Vehicles & Equipment	5,760,178	856,064	6,616,242
Infrastructure	40,472,886	-	40,472,886
Construction in Progress	5,652,713	32,179	5,684,892
Accumulated Depreciation	(22,405,237)	(3,948,540)	(26,353,777)
<b>TOTAL ASSETS</b>	60,140,823	15,310,850	75,451,673
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Total Other Post Employment Benefit (OPEB) Outflows	66,607	3,542	70,149
Deferred Pension Related Outflows	2,279,779	117,751	2,397,530
<b>TOTAL DEFERRED OUTFLOWS     OF RESOURCES</b>	\$ 2,346,386	\$ 121,293	\$ 2,467,679

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS  
STATEMENT OF NET POSITION (CONTINUED)  
OCTOBER 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 713,046	\$ 426,847	\$ 1,139,893
Accrued Expenses	488,389	10,376	498,765
Accrued Compensated Absences	467,462	21,680	489,142
Accrued Interest Payable	127,814	23,526	151,340
Unearned Revenue	-	3,998,333	3,998,333
Customer Deposits	-	33,674	33,674
<i>Noncurrent Liabilities:</i>			
Due within One Year	1,216,080	330,000	1,546,080
Due in more than One Year	18,611,142	2,770,000	21,381,142
Total Other Post Employment Benefits (OPEB) Liability	834,417	44,289	878,706
Net Pension Liability	3,973,082	204,499	4,177,581
<b>TOTAL LIABILITIES</b>	<b>26,431,432</b>	<b>7,863,224</b>	<b>34,294,656</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Levy for Future Period	19,240	-	19,240
Deferred Total Other Post Employment Benefit (OPEB) Inflows	58,815	3,081	61,896
Deferred Pension Related Inflows	630,509	32,156	662,665
<b>TOTAL DEFERRED INFLOWS</b>	<b>708,564</b>	<b>35,237</b>	<b>743,801</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	25,954,954	8,086,579	34,041,533
Restricted Net Position:			
Debt Service	1,304,703	-	1,304,703
Municipal Development District	4,089,161	-	4,089,161
Police Department	68,544	-	68,544
Hotel/Motel	525,858	-	525,858
Building Security and Technology	359,004	-	359,004
Street Repairs	1,970,198	-	1,970,198
Other	177,824	-	177,824
Unrestricted (Deficit)	896,967	(552,897)	344,070
<b>TOTAL NET POSITION</b>	<b>\$ 35,347,213</b>	<b>\$ 7,533,682</b>	<b>\$ 42,880,895</b>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED OCTOBER 31, 2019

<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>
<b>Primary Government:</b>				
Governmental Activities:				
General Administration	\$ 2,511,006	\$ 290,425	\$ -	\$ -
Police Protection	4,108,789	612,677	-	-
Fire Protection	2,755,160	-	-	-
Building Inspections	568,428	391,555	-	-
Infrastructure	1,376,881	-	-	-
Other	137,859	-	-	-
Interest on Long-Term Debt	496,451	-	-	-
Total Governmental Activities	<u>11,954,574</u>	<u>1,294,657</u>	<u>-</u>	<u>-</u>
Business-Type Activities				
Water & Sewer Utility	<u>4,869,910</u>	<u>5,386,497</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>4,869,910</u>	<u>5,386,497</u>	<u>-</u>	<u>-</u>
<b>Total Government</b>	<u>\$ 16,824,484</u>	<u>\$ 6,681,154</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Occupancy Tax				
Interest and Investment Earnings				
Impact Fees				
Miscellaneous				
<b>Total General Revenues</b>				
Transfers				
Change in Net Position				
<b>Net Position at Beginning of Year</b>				
Prior Period Adjustment				
<b>Net Position at End of Year</b>				

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>
\$ (2,220,581)	\$ -	\$ (2,220,581)
(3,496,112)	-	(3,496,112)
(2,755,160)	-	(2,755,160)
(176,873)	-	(176,873)
(1,376,881)	-	(1,376,881)
(137,859)	-	(137,859)
(496,451)	-	(496,451)
<u>(10,659,917)</u>	<u>-</u>	<u>(10,659,917)</u>
-	516,587	516,587
-	516,587	516,587
<u>(10,659,917)</u>	<u>516,587</u>	<u>(10,143,330)</u>
2,332,307	-	2,332,307
765,711	-	765,711
8,651,499	-	8,651,499
187,712	-	187,712
178,487	5,269	183,756
-	372,604	372,604
95,430	11,630	107,060
<u>12,211,146</u>	<u>389,503</u>	<u>12,600,649</u>
<u>560,191</u>	<u>(560,191)</u>	<u>-</u>
2,111,420	345,899	2,457,319
33,888,793	7,221,988	41,110,781
(653,000)	(34,205)	(687,205)
<u>\$ 35,347,213</u>	<u>\$ 7,533,682</u>	<u>\$ 42,880,895</u>

CITY OF SELMA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
OCTOBER 31, 2019

	Major Funds				Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District	Capital Projects	
<b>ASSETS</b>					
Cash and Investments	\$ 7,287,544	\$ 1,426,812	\$ 4,016,245	\$ 5,977,868	\$ 18,708,469
Receivables (Net of Uncollectibles):					
Property Taxes	10,544	15,862	-	-	26,406
Sales and Franchise Tax	1,527,593	-	315,580	-	1,843,173
Lot Maintenance	438	-	-	-	438
Prepaid Items	17,316	-	-	-	17,316
Due From Other Funds	-	-	-	243,472	243,472
<b>TOTAL ASSETS</b>	<b>\$ 8,843,435</b>	<b>\$ 1,442,674</b>	<b>\$ 4,331,825</b>	<b>\$ 6,221,340</b>	<b>\$ 20,839,274</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ 480,487	\$ -	\$ 230,085	\$ 2,474	\$ 713,046
Accrued Expenditures	488,389	-	-	-	488,389
Due To Other Funds	249,182	-	12,579	-	261,761
<b>TOTAL LIABILITIES</b>	<b>1,218,058</b>	<b>-</b>	<b>242,664</b>	<b>2,474</b>	<b>1,463,196</b>
<i>Deferred Inflow of Resources:</i>					
Unavailable Revenue	10,544	15,862	-	-	26,406
Future Property Tax Levy	9,082	10,157	-	-	19,239
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>19,626</b>	<b>26,019</b>	<b>-</b>	<b>-</b>	<b>45,645</b>
<i>Fund Balances:</i>					
Nonspendable:					
Prepaid Items	17,316	-	-	-	17,316
Restricted for:					
Debt Service	-	1,416,655	-	-	1,416,655
Police Department	68,544	-	-	-	68,544
Hotel/Motel	525,858	-	-	-	525,858
Building Security and Technology	359,004	-	-	-	359,004
Municipal Development District	-	-	4,089,161	-	4,089,161
Street Repairs	1,970,198	-	-	-	1,970,198
Construction Projects	-	-	-	6,218,866	6,218,866
Other Balances	177,824	-	-	-	177,824
Assigned for:					
Fire Department	31,478	-	-	-	31,478
Parks	13,262	-	-	-	13,262
Police Department	72,799	-	-	-	72,799
Unassigned	4,369,468	-	-	-	4,369,468
<b>TOTAL FUND BALANCES</b>	<b>7,605,751</b>	<b>1,416,655</b>	<b>4,089,161</b>	<b>6,218,866</b>	<b>19,330,433</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,843,435</b>	<b>\$ 1,442,674</b>	<b>\$ 4,331,825</b>	<b>\$ 6,221,340</b>	<b>\$ 20,839,274</b>

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, 2019

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 19,330,433

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. 39,563,310

Other long-term assets are not available to pay for current-period expenditures and therefore, are not reported in the governmental funds. 26,406

Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the governmental funds. (467,463)

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	(19,065,000)	
Premium	(667,268)	
Capital Lease	<u>(94,954)</u>	(19,827,222)

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	(3,973,082)	
Pension Related Deferred Outflows	2,279,779	
Pension Related Deferred Inflows	<u>(630,509)</u>	(2,323,812)

Total 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.

Total OPEB Liability	(834,417)	
Total OPEB Related Deferred Outflows	66,607	
Total OPEB Related Deferred Inflows	<u>(58,815)</u>	(826,625)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the governmental funds. (127,814)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 35,347,213

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, 2019

	Major Funds				Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District Fund	Capital Projects	
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 953,198	\$ 1,382,423	\$ -	\$ -	\$ 2,335,621
Sales and Mixed Beverage Tax	6,949,717	-	1,713,636	-	8,663,353
Franchise Taxes	765,711	-	-	-	765,711
Occupancy Tax	187,712	-	-	-	187,712
Charges for Services	659,772	-	-	-	659,772
Fines and Forfeits	606,278	-	-	-	606,278
Miscellaneous	276,846	15,160	-	-	292,006
<b>TOTAL REVENUES</b>	<b>10,399,234</b>	<b>1,397,583</b>	<b>1,713,636</b>	<b>-</b>	<b>13,510,453</b>
<b>EXPENDITURES</b>					
Current:					
General Administration	2,250,865	-	35,001	-	2,285,866
Police Protection	3,550,732	-	-	-	3,550,732
Fire Protection	2,436,685	-	-	-	2,436,685
Building Inspections	536,638	-	-	-	536,638
Infrastructure	335,799	-	-	-	335,799
Other	83,837	-	-	-	83,837
Capital Outlay	2,654,684	-	1,865,090	1,948,393	6,468,167
Debt Service:					
Principal	107,838	980,000	-	-	1,087,838
Interest and Fiscal Charges	5,077	412,098	-	91,277	508,452
<b>TOTAL EXPENDITURES</b>	<b>11,962,155</b>	<b>1,392,098</b>	<b>1,900,091</b>	<b>2,039,670</b>	<b>17,294,014</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,562,921)</b>	<b>5,485</b>	<b>(186,455)</b>	<b>(2,039,670)</b>	<b>(3,783,561)</b>
<b>OTHER FINANCING</b>					
<b>SOURCES (USES):</b>					
Issuance of Bond/Capital Lease	130,240	-	-	5,950,000	6,080,240
Premiums from Bond Issuances	-	-	-	351,276	351,276
Transfers In (Out)	725,000	(164,809)	-	-	560,191
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>855,240</b>	<b>(164,809)</b>	<b>-</b>	<b>6,301,276</b>	<b>6,991,707</b>
<b>Net Change in Fund Balance</b>	<b>(707,681)</b>	<b>(159,324)</b>	<b>(186,455)</b>	<b>4,261,606</b>	<b>3,208,146</b>
<b>FUND BALANCES - NOVEMBER 1</b>	<b>8,313,432</b>	<b>1,575,979</b>	<b>4,275,616</b>	<b>1,957,260</b>	<b>16,122,287</b>
<b>FUND BALANCES - OCTOBER 31</b>	<b>\$ 7,605,751</b>	<b>\$ 1,416,655</b>	<b>\$ 4,089,161</b>	<b>\$ 6,218,866</b>	<b>\$ 19,330,433</b>

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, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,208,146

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	6,353,347	
Depreciation Expense	<u>(1,679,652)</u>	4,673,695

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. (5,565)

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	(3,314)
---	---------

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:

Proceeds from the Issuance of Debt	(5,950,000)	
Premiums from Bond Issuances	(351,276)	
Principal Repayments	1,087,838	
Proceeds from Capital Lease	(130,240)	
Amortization of Debt Related Balances	<u>30,444</u>	(5,313,234)

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. (332,572)

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, 2019

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. \$ (72,748)

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	(19,467)	
Accrued Interest	<u>(23,521)</u>	<u>(42,988)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,111,420

CITY OF SELMA, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
OCTOBER 31, 2019

	<u>Water &amp; Sewer</u>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Investments	\$ 3,458,359
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	646,136
Prepaid Expenses	1,488
Due From Other Funds	18,289
<i>Total Current Assets</i>	<u>4,124,272</u>
 <i>Capital Assets:</i>	
Land	173,139
Water Rights	2,558,666
Building and Improvements	404,337
Water Sewer Plant	11,110,733
Equipment	856,064
Construction in Progress	32,179
Accumulated Depreciation	<u>(3,948,540)</u>
<i>Total Capital Assets, Net</i>	<u>11,186,578</u>
<b>TOTAL ASSETS</b>	<u>15,310,850</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Total Other Post Employment Benefit Outflows	3,542
Deferred Pension Related Outflows	<u>117,751</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 121,293</u>

The accompanying notes are an integral part of these statements.



CITY OF SELMA, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)  
OCTOBER 31, 2019

**LIABILITIES**

*Current Liabilities:*

Accounts Payable	\$	426,847
Accrued Expenses		10,376
Accrued Vacation Payable		21,680
Accrued Interest		23,526
Unearned Revenue		3,998,333
Customer Deposits		33,674
Current Portion of Bonds Payable		<u>330,000</u>
<i>Total Current Liabilities</i>		<u>4,844,436</u>

*Noncurrent Liabilities:*

Bonds Payable		2,770,000
Total Other Post Employment Benefits Liability		44,289
Net Pension Liability		<u>204,499</u>
<i>Total Noncurrent Liabilities:</i>		<u>3,018,788</u>
<b>TOTAL LIABILITIES</b>		<u><u>7,863,224</u></u>

**DEFERRED INFLOWS  
OF RESOURCES**

Deferred Total Other Post Employment Benefit Inflows		3,081
Deferred Pension Related Inflows		<u>32,156</u>
<b>TOTAL DEFERRED INFLOWS  OF RESOURCES</b>		<u>35,237</u>

**NET POSITION**

Net Investment in Capital Assets		8,086,579
Unrestricted (Deficit)		<u>(552,897)</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><u>7,533,682</u></u>

CITY OF SELMA, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUND  
FOR THE YEAR ENDED OCTOBER 31, 2019

	<u>Water &amp; Sewer</u>
<b>OPERATING REVENUE</b>	
Water Service	\$ 1,562,510
Sewer Service	1,455,333
Stormwater Fees	424,179
Garbage Billing	1,494,979
Connection and Extension Fees	90,600
Other Fees	358,896
<b>TOTAL OPERATING REVENUE</b>	<u>5,386,497</u>
 <b>OPERATING EXPENSES</b>	
Administration Costs:	
Personnel	412,507
Administrative Services	3,402,192
Water and Sewer Operations:	
Supplies and Materials	225,633
Repairs and Maintenance	211,659
Other	106,030
Depreciation	411,731
<b>TOTAL OPERATING EXPENSES</b>	<u>4,769,752</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>616,745</u>
 <b>NONOPERATING INCOME (EXPENSE)</b>	
Impact Fees	372,604
Miscellaneous	11,630
Interest Income	5,269
Interest Expense	(100,158)
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<u>289,345</u>
 <b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	906,090
 Transfers In (Out)	<u>(560,191)</u>
 <b>NET INCOME (LOSS)</b>	345,899
 <b>NET POSITION, BEGINNING OF YEAR</b>	7,221,988
Prior Period Adjustment	(34,205)
<b>NET POSITION, END OF YEAR</b>	<u>\$ 7,533,682</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, 2019

	<u>Water &amp; Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 5,266,468
Cash Paid to Suppliers	(3,724,997)
Cash Paid to Employees	<u>(394,401)</u>
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>1,147,070</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Miscellaneous Income	11,630
Impact Fees	372,604
Deposits Collected (Refunded)	22,239
Due to (from) Other Funds	147,307
Transfers From (to) Other Funds	<u>(560,191)</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(6,411)</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(213,683)
Principal Payments on Long-term Debt	(320,000)
Interest Paid for Financing Activities	<u>(103,465)</u>
<b>NET CASH USED FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(637,148)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income Received	<u>5,269</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>5,269</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 508,780
 <b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	 <u>2,949,579</u>
<b>CASH AND INVESTMENTS, END OF YEAR</b>	<u><u>\$ 3,458,359</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, 2019

	<u>Water &amp; Sewer</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ 616,745
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	411,731
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (net)	(120,029)
(Increase) Decrease in Total Deferred Other Post Employment Benefit Outflows	(2,961)
(Increase) Decrease in Deferred Pension Outflows	(51,440)
Increase (Decrease) in Accounts Payable	220,517
Increase (Decrease) in Accrued Expenses	(3,124)
Increase (Decrease) in Total Other Post Employment Benefits Liability	3,690
Increase (Decrease) in Net Pension Liability	74,381
Increase (Decrease) in Total Deferred Other Post Employment Benefit Inflows	3,081
Increase (Decrease) in Deferred Pension Related Inflows	(5,521)
Total Adjustments	<u>530,325</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,147,070</u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
OCTOBER 31, 2019

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Selma, Texas (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, 2018 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, 2019

**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, 2019

**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, 2019

**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, 2019

**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, 2019.

	General Fund	Debt Service Fund	Water/Sewer Fund
	2019	2019	2019
Property taxes	\$ 1,655	\$ 602	\$ -
Lot Maintenance	8,327	-	-
Water/Sewer Accounts	-	-	101,433

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, 2019

**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	12 to 40 years
Machinery and Equipment	3 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, 2019 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, 2019

**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 BENEFITS (OPEB) LIABILITY

The net position of the Texas municipal Retirement System (TMRS) and the City's Retiree Health Insurance have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for the purposes of measuring OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions or deductions from the net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as both OPEBs are pay as you go.

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
OCTOBER 31, 2019

**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, 2019

**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. COMPLIANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

In November 2017, the City implemented Government Accounting Standards Board Statement No. 75 related to accounting for post employment benefits other than pensions (OPEB). Since the actuarial study of the City's Retiree Health Insurance (RHI) OPEB was not conducted until September 2019, a prior period adjustment was required to restate prior years, in compliance with the statement, for the retiree health insurance portion of the total OPEB liability at October 31, 2019, less associated OPEB related deferred outflows and inflows of resources. The amount of the restatement can be seen in more detail in Note L.

23. NEW PRONOUNCEMENT

In April 2018, GASB issued Statement No. 88, *Certain disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement establishes new note disclosure requirements for long-term debt, including direct borrowings and placements. In addition, this Statement requires that a government should disclose in the notes to financial statements summarized information about the following items: (1) amount of unused lines of credit, (2) assets pledged as collateral for debt, and (3) terms specified in debt agreements with finance-related consequences such as: (a) events of default, (b) termination events, and (c) subjective acceleration clauses. This Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures. This Statement is effective for the City's financial periods beginning November 1, 2018. The City did not have any direct borrowings or placements that are distinct from other debt disclosures.

**NOTE B -- CASH AND INVESTMENTS**

1. Cash and Cash Equivalents

At October 31, 2019, the amount of the city's cash on hand was \$900 and deposits in bank (including certificates of deposit) was \$16,650,066, and the carrying amount was \$15,940,173. The city's cash and cash equivalents were fully collateralized between pledged securities and FDIC as of October 31, 2019.

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.

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

2. Investments (Cont.)

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.

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.

The City’s investments at October 31, 2019 were in short-term certificates of deposit, Texpool and Invesco, which are both AAAM rated, public funds external investment pools. These investments are valued using prices quoted in active markets for those securities (Level 1). 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, 2019:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity in Days</u>
TexPool	\$ 1,030	39
Invesco	6,224,725	15
Total Investments	<u>\$ 6,225,755</u>	

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.

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
OCTOBER 31, 2019

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

3. Analysis of Specific Deposit and Investment Risks (Cont.)

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.

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.

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

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.

**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 2019, the assessed tax rate for the City was \$0.2016 per \$100 on a taxable assessed valuation of \$1,123,665,093. The rate is broken out as \$0.0866 per \$100 for general operations and \$0.1150 per \$100 for debt retirement. Total tax levy for fiscal year 2019 after all exemptions and freeze adjustments was \$2,354,079.

**NOTE D -- INTERFUND TRANSACTIONS**

As of October 31, 2019, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Payable from/to</u>		<u>Reason</u>
General Fund/Proprietary Fund	\$ 5,710	reimbursement
General Fund/Capital Projects Fund	243,472	reimbursement
MDD Fund/Proprietary Fund	12,579	reimbursement
	<u>\$ 261,761</u>	



CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

**NOTE D -- INTERFUND TRANSACTIONS (CONT.)**

The following transfers occurred during the year ended October 31, 2019:

	Transfer In	Transfer Out	Reason
<b>General Fund</b>			
Proprietary Fund	\$ 725,000	\$ -	Transfer in lieu of taxes
<b>Debt Service</b>			
Proprietary Fund	-	164,809	In support of debt
<b>Proprietary Fund</b>			
Debt Service	164,809	-	In support of debt
General Fund	-	725,000	Transfer in lieu of taxes
	<u>\$ 889,809</u>	<u>\$ 889,809</u>	

**NOTE E -- CAPITAL ASSETS**

Capital asset activity for the year ended October 31, 2019, was as follows:

<b>Governmental Activities</b>	Balances at 11/1/18	Additions	Disposals/ Transfers	Balances at 10/31/19
Land	\$ 1,688,152	\$ -	\$ -	\$ 1,688,152
Buildings	8,235,720	158,898	-	8,394,618
Infrastructure	28,601,631	-	11,871,255	40,472,886
Vehicles and Equipment	5,806,150	183,488	(229,460)	5,760,178
Construction in Progress	11,513,007	6,010,961	(11,871,255)	5,652,713
	<u>55,844,660</u>	<u>6,353,347</u>	<u>(229,460)</u>	<u>61,968,547</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(3,154,667)	(302,499)	-	(3,457,166)
Infrastructure	(13,152,216)	(1,014,811)	-	(14,167,027)
Vehicles and Equipment	(4,642,597)	(362,342)	223,895	(4,781,044)
	<u>(20,949,480)</u>	<u>(1,679,652)</u>	<u>223,895</u>	<u>(22,405,237)</u>
Governmental Capital Assets, Net	<u>\$ 34,895,180</u>	<u>\$ 4,673,695</u>	<u>\$ (5,565)</u>	<u>\$ 39,563,310</u>

Depreciation Expense was charged to the governmental functions as follows:

General Government	\$ 173,374
Police Department	330,555
Fire Department	134,662
Infrastructure	1,027,154
Building Inspection	13,907
Total Depreciation Expense	<u>\$ 1,679,652</u>

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
OCTOBER 31, 2019

**NOTE E -- CAPITAL ASSETS (CONT.)**

<u>Business-Type Activities</u>	Balances at 11/1/18	Additions	Disposals/ Transfers	Balances at 10/31/19
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	-	711,458	11,110,733
Vehicles and Equipment	706,567	149,497	-	856,064
Construction in Progress	679,451	64,186	(711,458)	32,179
	<u>14,921,435</u>	<u>213,683</u>	<u>-</u>	<u>15,135,118</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(146,128)	(13,943)	-	(160,071)
Water Sewer Utility Plant	(2,848,492)	(325,574)	-	(3,174,066)
Vehicles and Equipment	(542,189)	(72,214)	-	(614,403)
	<u>(3,536,809)</u>	<u>(411,731)</u>	<u>-</u>	<u>(3,948,540)</u>
Business-Type Capital Assets, Net	<u>\$ 11,384,626</u>	<u>\$ (198,048)</u>	<u>\$ -</u>	<u>\$ 11,186,578</u>

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

**NOTE F -- UNEARNED REVENUE – PROPRIETARY FUND**

The unearned revenue represents the amount of \$3,998,333 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 G -- LONG-TERM DEBT**

At October 31, 2019, the City's long-term debt consisted of the following:

	Interest Rates	Original Issue	Outstanding
<u>Governmental Activities</u>			
General Obligation, Series 2010	0.9-3.25%	\$ 1,660,000	\$ 365,000
General Obligation, Series 2012	2-3%	2,210,000	915,000
Certificate of Obligation, Series 2012	2-3%	2,435,000	1,445,000
Certificate of Obligation, Series 2008	3.75%	4,000,000	2,175,000
General Obligation, Series 2015	2-3.5%	8,995,000	8,215,000
General Obligation, Series 2019	2-5%	5,950,000	5,950,000
			<u>\$ 19,065,000</u>
<u>Business-Type Activities</u>			
Certificate of Obligation, Series 2008	3.75%	\$ 4,100,000	\$ 2,225,000
Certificate of Obligation, Series 2016	1.075-1.975%	1,200,000	875,000
			<u>\$ 3,100,000</u>

These certificates of obligation and general obligations are not direct borrowings or direct placements.

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

Changes in the City's long-term debt during the fiscal year ending October 31, 2019, follows:

	Balance Outstanding 11/1/18	Current Additions	Current Retirements	Balance Outstanding 10/31/19	Due Within One Year
<i>Governmental Activities:</i>					
<i>Certificates of Obligation:</i>					
Series 2008	\$ 2,375,000	\$ -	\$ (200,000)	\$ 2,175,000	\$ 205,000
Series 2012	1,590,000	-	(145,000)	1,445,000	150,000
Series 2019	-	5,950,000	-	5,950,000	60,000
<i>General Obligation</i>					
Series 2010	540,000	-	(175,000)	365,000	180,000
Series 2012	1,135,000	-	(220,000)	915,000	220,000
Series 2015	8,455,000	-	(240,000)	8,215,000	275,000
Premiums	346,436	351,276	(30,444)	667,268	48,008
Capital Leases	72,552	130,240	(107,838)	94,954	78,072
Totals	<u>\$ 14,513,988</u>	<u>\$ 6,431,516</u>	<u>\$ (1,118,282)</u>	<u>\$ 19,827,222</u>	<u>\$ 1,216,080</u>
<i>Business-Type Activities:</i>					
Series 2008	\$ 2,430,000	\$ -	\$ (205,000)	\$ 2,225,000	\$ 210,000
Series 2016	990,000	-	(115,000)	875,000	120,000
Totals	<u>\$ 3,420,000</u>	<u>\$ -</u>	<u>\$ (320,000)</u>	<u>\$ 3,100,000</u>	<u>\$ 330,000</u>

Future minimum lease payments are as follows:

Year End October 31,	
2020	\$ 80,517
2021	17,059
Total Lease Payments	<u>97,576</u>
Amount Representing Interest	<u>(2,622)</u>
Total Payments	<u>\$ 94,954</u>

The City leased police vehicles totaling \$225,180, respectively, with interest rates of 3.3% for the 2018 lease and 4.2% for the 2019 lease. Total accumulated depreciation on the vehicles was \$58,762, respectively, as of October 31, 2019.

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
OCTOBER 31, 2019

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

The annual requirements to amortize all bonded debt outstanding as of October 31, 2019, including interest payments, are as follows:

Year Ending October 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,090,000	\$ 572,396	\$ 1,662,396	\$ 330,000	\$ 94,104	\$ 424,104
2021	1,180,000	541,290	1,721,290	340,000	84,338	424,338
2022	1,290,000	508,434	1,798,434	355,000	74,160	429,160
2023	1,355,000	467,353	1,822,353	365,000	63,410	428,410
2024	1,075,000	428,116	1,503,116	370,000	52,254	422,254
2025-2029	5,610,000	1,558,002	7,168,002	1,340,000	90,414	1,430,414
2030-2034	4,895,000	729,713	5,624,713	-	-	-
2035-2039	2,570,000	136,838	2,706,838	-	-	-
Total	<u>\$ 19,065,000</u>	<u>\$ 4,942,142</u>	<u>\$ 24,007,142</u>	<u>\$ 3,100,000</u>	<u>\$ 458,680</u>	<u>\$ 3,558,680</u>

**NOTE H -- PENSION PLAN**

**Plan Description**

The City participates as one of 887 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](http://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, 2019

**NOTE H -- PENSION PLAN (CONT.)**

**Benefits Provided (Cont.)**

At the December 31, valuations and measurement dates, the following employees were covered by the benefit terms:

	2018	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	22	19
Inactive Employees Entitled to but Not Yet Receiving Benefits	44	36
Active employees	85	91
	151	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 14.82% and 14.66% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended October 31, 2019 were \$863,098, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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, 2019

**NOTE H -- PENSION PLAN (CONT.)**

**Actuarial Assumptions (Continued)**

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.

The actuarial assumptions were 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 and a one-time change to the amortization policy. 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, 2019

**NOTE H -- PENSION PLAN (CONT.)**

**Actuarial Assumptions (Continued)**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
	<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, 2019

**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, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 18,900,128	\$ 16,216,933	\$ 2,683,195
Changes for the year:			
Service Cost	1,017,874	-	1,017,874
Interest	1,295,547	-	1,295,547
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(93,167)	-	(93,167)
Changes of Assumptions	-	-	-
Contributions - Employer	-	830,206	(830,206)
Contributions - Employee	-	392,136	(392,136)
Net Investment Income	-	(486,595)	486,595
Benefit Payments, Including Refunds of Employee Contributions	(431,567)	(431,567)	-
Administrative Expense	-	(9,388)	9,388
Other Changes	-	(491)	491
Net Changes	<u>1,788,687</u>	<u>294,301</u>	<u>1,494,386</u>
Balance at December 31, 2018	<u>\$ 20,688,815</u>	<u>\$ 16,511,234</u>	<u>\$ 4,177,581</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	\$ 7,873,229	\$ 4,177,581	\$ 1,232,430

**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](http://www.tmrs.com).



CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

**NOTE H -- PENSION PLAN (CONT.)**

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

For the year ended October 31, 2019, the City recognized pension expense of \$1,213,090. Also as of October 31, 2019, 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	\$ 248,060	\$ 80,334
Changes in Actuarial Assumptions	11,544	-
Differences Between Projected and Actual Investment Earnings	1,419,087	582,331
Contributions Subsequent to the Measurement Date	718,839	-
	\$ 2,397,530	\$ 662,665

Deferred outflows of resources in the amount of \$718,839 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, 2019. 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,	
2019	\$ 351,014
2020	195,784
2021	167,048
2022	325,509
2023	(7,656)
Thereafter	(15,673)
	\$ 1,016,026

**NOTE I -- OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*TMRS Supplemental Death Benefits Other Post Employment Benefit*

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, 2019

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

*TMRS Supplemental Death Benefits Other Post Employment Benefit (Continued)*

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 the December 31, valuations and measurement dates, consisted of:

	2018	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	16	14
Inactive Employees Entitled to but Not Yet Receiving Benefits	8	7
Active Employees	85	91
Total	109	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%
2019	0.13%	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, 2019

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

*TMRS Supplemental Death Benefits Other Post Employment Benefit (Continued)*

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through 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 female 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 female 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 SDB OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2018, the measurement and actuarial valuation date, was calculated as follows:

	Total SDB OPEB Liability
Balance at December 31, 2017	\$ 117,361
Changes for the year:	
Service Cost	9,523
Interest on Total SDB OPEB Liability	4,033
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(5,422)
Changes of Assumptions or Other Inputs	(10,203)
Benefit Payments	(560)
Net Changes	(2,629)
Balance at December 31, 2018	\$ 114,732

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 3.71% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

*TMRS Supplemental Death Benefits Other Post Employment Benefit (Continued)*

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total SDB OPEB Liability	\$ 142,431	\$ 114,732	\$ 93,585

For the year ended October 31, 2019, the City recognized OPEB expense of \$13,111 and reported deferred outflows of resources and deferred inflows of resources related to SDB OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 4,849
Changes in Assumptions and Other Inputs	9,004	9,126
Contributions Subsequent to the Measurement Date	531	-
	\$ 9,535	\$ 13,975

Deferred outflows of resources in the amount of \$531 is related to SDB 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to SDB OPEB will be recognized in OPEB expense as follows:

For the Year ended December 31,	
2019	\$ (445)
2020	(445)
2021	(445)
2022	(445)
2023	(445)
Thereafter	(2,746)
	\$ (4,971)

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

*City of Selma Retiree Health Insurance Other Post Employment Benefit Plan*

In addition to the TMRS OPEB, The City administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

The City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists.

Membership in the plan as of December 31, measurement dates, consisted of:

	2018	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	2	2
Inactive Employees Entitled to but Not Yet Receiving Benefits	-	-
Active Employees	91	91
Total	93	93

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age 60 with 5 years of service or have at least 20 years of employment with the City. When a regular, full-time employee retires, they are eligible to maintain their coverage in the City's group health coverage. The City of Selma also provides full time employees with City-paid life insurance. Upon retirement, retirees may choose to continue paying for their life insurance policy of \$50,000. The retiree pays 100% of the premium. The City does not provide an explicit subsidy for retiree insurance. The liability for the city is due to the implicit rate.

\* The City made no direct contributions for monthly premiums. The retirees pay 100% of the monthly premiums which range based on the type of plan from \$574 to \$616 health insurance and \$8 life insurance for retiree only.

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

*City of Selma Retiree Health Insurance Other Post Employment Benefit Plan (Continued)*

The methods and assumptions used to determine contribution rates in the December 31, 2017 valuation are summarized below:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality Rates	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used 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.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after
Participation Rates	It was assumed that 30% of eligible retirees would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to elect coverage. Additionally, it was assumed that 50% of eligible retirees would choose to receive retiree life insurance coverage through the City.
Other Information:	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

The City's Total RHI OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2018, the measurement date, was calculated as follows:

	Total RHI OPEB Liability
Balance at December 31, 2017	<u>\$ 748,777</u>
Changes for the year:	
Service Cost	52,397
Interest on Total RHI OPEB Liability	25,483
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(681)
Changes of Assumptions or Other Inputs	(51,821)
Benefit Payments	<u>(10,181)</u>
Net Changes	<u>15,197</u>
Balance at December 31, 2018	<u><u>\$ 763,974</u></u>

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

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

*City of Selma Retiree Health Insurance Other Post Employment Benefit Plan (Continued)*

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 3.71% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total RHI OPEB Liability	\$ 903,219	\$ 763,974	\$ 652,221

The following presents what the total OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.2% decreasing to 3.25%) or 1-percentage point higher (8.2% decreasing to 5.25%) than the current healthcare cost trends (7.2% decreasing to 4.25% after 14 years):

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total RHI OPEB Liability	\$ 691,794	\$ 763,974	\$ 852,344

For the year ended October 31, 2019, the City recognized OPEB expense of \$78,506 and reported deferred outflows of resources and deferred inflows of resources related to RHI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 622
Changes in Assumptions and Other Inputs	49,256	47,299
Contributions Subsequent to the Measurement Date	11,358	-
	\$ 60,614	\$ 47,921

Deferred outflows of resources in the amount of \$11,358 is related to SDB 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to RHI OPEB will be recognized in OPEB expense as follows:

For the Year ended October 31,		
2020	\$	626
2021		626
2022		626
2023		626
2024		626
Thereafter		(1,795)
	\$	1,335

CITY OF SELMA, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
OCTOBER 31, 2019

**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.

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 2018 tax 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 2018 tax year per the agreement was \$68,894.

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 2018 tax year per the agreement was \$31,855.

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: calendar years 2018 through 2027. As of October 31, 2019, management has accrued \$162,000 in estimated sales tax refunds due to Ben E. Keith Company.

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.



CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

**NOTE J -- TAX ABATEMENTS (CONT.)**

Tax Increment Financing (the “Zone”) (Continued)

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, 2019, the City has paid the TIRZ \$3,106,112 and have committed to an additional amount not to exceed \$14,732,106.

**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, 2019, the City had the following estimated commitments related to these contracts:

	Total Contract Amount	Expended to Date	Estimated Remaining
Evans Road Reconstruction	\$ 291,900	\$ 272,900	\$ 19,000
Ventura Boulevard Reconstruction	3,762,342	3,651,648	110,694
Utopia/Bluffside/Margies Lane Reconstruction	190,555	121,591	68,964
Selma Town & Tourism Center Planning	343,807	302,022	41,785
City Hall & Public Facilities Design	294,390	56,483	237,907
John S. Harrison Park Phase 4A	1,065,000	166,575	898,425
Splash Pad Installation	506,942	-	506,942
Total	<u>\$ 6,454,936</u>	<u>\$ 4,571,219</u>	<u>\$ 1,883,717</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, 2019, were \$201,889.

CITY OF SELMA, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 OCTOBER 31, 2019

**NOTE L -- PRIOR PERIOD ADJUSTMENT**

In accordance with GASB Statement No. 75, and due to the actuarial study being completed after the prior year audit was released, the City has recorded a prior period adjustment to recognize the Retiree Health Insurance Other Post-Employment Benefit (OPEB) liability as described in Note A22, above. The RHI OPEB liability at October 31, 2018 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, 2018 as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Net Position, previously reported	\$ 33,888,793	\$ 7,221,988	\$ 41,110,781
Recognition of RHI OPEB Liability per GASB 75	(653,000)	(34,205)	(687,205)
Beginning Net Position, restated	\$ 33,235,793	\$ 7,187,783	\$ 40,423,576

**NOTE M -- DEFICIT NET POSITION**

The Proprietary Water Sewer Fund had a deficit net position of \$552,897 as of October 31, 2019. This deficit will be reduced through future operations.

**NOTE N -- SUBSEQUENT EVENTS**

Subsequent to year end, the City of Selma entered into contracts with Diamond X Contracting, Inc. in the amount of \$1,889,712 for the reconstruction of Utopia Boulevard, Bluffside Boulevard, and Margies Lane and TRP Construction Group, LLC in the amount of \$168,001 for a restriping project throughout the City. The City expects these costs to be incurred during fiscal year 2020.



## 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 Supplemental Death Benefits (SDB) Other Post Employment Benefit Liability and Related Ratios
- Schedule of Changes – Total Retiree Health Insurance (RHI) 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, 2019  
WITH COMPARATIVE ACTUAL TOTALS FOR 2018

	Budgeted		2019 Actual	Variance With	2018 Actual
	Original	Final		Final Budget- Positive (Negative)	
<b>REVENUES</b>					
<i>Taxes:</i>					
Ad Valorem	\$ 1,104,855	\$ 1,104,855	\$ 953,198	\$ (151,657)	\$ 813,809
City Sales Tax	5,542,500	5,542,500	5,672,469	129,969	5,371,202
City Sales Tax - Streets	1,138,500	1,138,500	1,166,894	28,394	1,084,529
Mixed Beverage	80,000	80,000	98,500	18,500	86,702
Retama Gate Fees	12,000	12,000	11,854	(146)	10,318
Franchise Fees	736,000	736,000	765,711	29,711	758,026
Occupancy Tax	230,000	230,000	187,712	(42,288)	237,095
<i>Total Taxes</i>	<u>8,843,855</u>	<u>8,843,855</u>	<u>8,856,338</u>	<u>12,483</u>	<u>8,361,681</u>
<i>Charges For Services:</i>					
Licenses and Permits	595,825	595,825	445,604	(150,221)	441,785
Lot Maintenance	-	-	3,920	3,920	-
Garbage Fees	215,000	215,000	210,248	(4,752)	201,024
<i>Total Charges for Services</i>	<u>810,825</u>	<u>810,825</u>	<u>659,772</u>	<u>(151,053)</u>	<u>642,809</u>
Fines and Forfeitures	748,530	748,530	606,278	(142,252)	596,649
<i>Other Sources:</i>					
Interest	77,455	77,455	163,327	85,872	109,389
Police Special & Seizure	1,600	1,600	2,169	569	1,900
Miscellaneous	106,150	106,150	111,350	5,200	70,740
<i>Total Other Sources</i>	<u>185,205</u>	<u>185,205</u>	<u>276,846</u>	<u>91,641</u>	<u>182,029</u>
<b>TOTAL REVENUES</b>	<u>10,588,415</u>	<u>10,588,415</u>	<u>10,399,234</u>	<u>(189,181)</u>	<u>9,783,168</u>
<b>EXPENDITURES</b>					
<i>General Administration:</i>					
Salaries	1,143,574	1,143,574	1,218,968	(75,394)	1,068,942
Contractual Services	654,700	654,700	701,043	(46,343)	763,368
Supplies & Services	183,450	183,450	249,679	(66,229)	107,108
Capital Outlay	2,333,000	2,333,000	2,362,457	(29,457)	170,361
Miscellaneous	68,200	68,200	81,175	(12,975)	76,352
<i>Total General Administration</i>	<u>\$ 4,382,924</u>	<u>\$ 4,382,924</u>	<u>\$ 4,613,322</u>	<u>\$ (230,398)</u>	<u>\$ 2,186,131</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, 2019  
WITH COMPARATIVE ACTUAL TOTALS FOR 2018

	Budget Amounts		<b>2019 Actual</b>	Variance With Final Budget-	2018 Actual
	Original	Final		Positive (Negative)	
<b>EXPENDITURES (CONTINUED)</b>					
<i>Fire Protection:</i>					
Salaries	\$ 2,251,602	\$ 2,192,072	<b>\$ 2,224,254</b>	\$ (32,182)	\$ 2,183,093
Contractual Services	32,800	32,800	<b>33,993</b>	(1,193)	23,545
Supplies & Services	95,200	117,930	<b>120,099</b>	(2,169)	82,495
Capital Outlay	23,000	44,000	<b>54,352</b>	(10,352)	221,549
Miscellaneous	40,900	56,700	<b>58,339</b>	(1,639)	23,887
<i>Total Fire Protection</i>	<u>2,443,502</u>	<u>2,443,502</u>	<u><b>2,491,037</b></u>	<u>(47,535)</u>	<u>2,534,569</u>
<i>Police Protection:</i>					
Salaries	3,351,826	3,351,826	<b>3,157,771</b>	194,055	3,145,345
Contractual Services	143,000	143,000	<b>152,170</b>	(9,170)	143,598
Supplies & Services	250,200	250,200	<b>182,364</b>	67,836	165,784
Capital Outlay	192,000	192,000	<b>215,253</b>	(23,253)	208,815
Miscellaneous	65,000	65,000	<b>58,427</b>	6,573	43,823
<i>Total Police Protection</i>	<u>4,002,026</u>	<u>4,002,026</u>	<u><b>3,765,985</b></u>	<u>236,041</u>	<u>3,707,365</u>
<i>Building Inspections:</i>					
Salaries	427,205	427,205	<b>493,552</b>	(66,347)	515,974
Contractual Services	45,000	45,000	<b>24,932</b>	20,068	36,347
Supplies & Services	16,136	16,136	<b>12,309</b>	3,827	5,267
Capital Outlay	14,000	14,000	<b>13,514</b>	486	9,225
Miscellaneous	9,390	9,390	<b>5,845</b>	3,545	6,967
<i>Total Building Inspections</i>	<u>511,731</u>	<u>511,731</u>	<u><b>550,152</b></u>	<u>(38,421)</u>	<u>573,780</u>
<i>Infrastructure:</i>					
Salaries	406,167	406,167	<b>276,812</b>	129,355	346,932
Contractual Services	7,500	7,500	<b>6,902</b>	598	5,594
Supplies & Services	51,500	51,500	<b>52,085</b>	(585)	232,746
<i>Total Infrastructure</i>	<u>\$ 465,167</u>	<u>\$ 465,167</u>	<u><b>\$ 335,799</b></u>	<u>\$ 129,368</u>	<u>\$ 585,272</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, 2019  
WITH COMPARATIVE ACTUAL TOTALS FOR 2018

	Budget Amounts		2019 Actual	Variance With Final Budget-	2018 Actual
	Original	Final		Positive (Negative)	
<b>EXPENDITURES (CONTINUED)</b>					
<i>Other:</i>					
Mayor & Council	\$ 66,700	\$ 66,700	\$ 61,580	\$ 5,120	\$ 72,872
Historical Committee	31,365	31,365	22,256	9,109	1,385
Parks Capital Outlay	-	-	9,109	(9,109)	29,500
<i>Total Other</i>	<u>98,065</u>	<u>98,065</u>	<u>92,945</u>	<u>5,120</u>	<u>103,757</u>
<i>Debt Service:</i>					
Capital Lease Principal	107,838	107,838	107,838	-	115,029
Interest and Fiscal Charges	5,077	5,077	5,077	-	3,264
<i>Total Debt Service</i>	<u>112,915</u>	<u>112,915</u>	<u>112,915</u>	<u>-</u>	<u>118,293</u>
<b>TOTAL EXPENDITURES</b>	<u>12,016,330</u>	<u>12,016,330</u>	<u>11,962,155</u>	<u>54,175</u>	<u>9,809,167</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,427,915)</u>	<u>(1,427,915)</u>	<u>(1,562,921)</u>	<u>(135,006)</u>	<u>(25,999)</u>
<b>OTHER SOURCES (USES) OF FUNDS:</b>					
Proceeds From Debt	-	-	130,240	130,240	127,520
Transfer In (Out)	125,000	125,000	725,000	600,000	361,914
<b>TOTAL OTHER SOURCES (USES) OF FUNDS</b>	<u>125,000</u>	<u>125,000</u>	<u>855,240</u>	<u>730,240</u>	<u>489,434</u>
<b>Net Change in Fund Balance</b>	(1,302,915)	(1,302,915)	(707,681)	595,234	463,435
<b>FUND BALANCE - NOVEMBER 1</b>	<u>8,313,432</u>	<u>8,313,432</u>	<u>8,313,432</u>	<u>-</u>	<u>7,849,997</u>
<b>FUND BALANCE - OCTOBER 31</b>	<u>\$ 7,010,517</u>	<u>\$ 7,010,517</u>	<u>\$ 7,605,751</u>	<u>\$ 595,234</u>	<u>\$ 8,313,432</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, 2019  
 WITH COMPARATIVE ACTUAL TOTALS FOR 2018

	Budget Amounts		<b>2019 Actual</b>	Variance With Final Budget -	2018 Actual
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Sales Tax	\$ 2,500,000	\$ 2,500,000	<b>\$ 1,713,636</b>	\$ (786,364)	\$ 1,652,245
<b>TOTAL REVENUES</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u><b>1,713,636</b></u>	<u>(786,364)</u>	<u>1,652,245</u>
<b>EXPENDITURES</b>					
Municipal Development:					
Contractual Services	30,000	30,000	<b>35,001</b>	(5,001)	42,000
Capital Outlay	2,470,000	2,470,000	<b>1,865,090</b>	604,910	1,726,242
<b>TOTAL EXPENDITURES</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u><b>1,900,091</b></u>	<u>599,909</u>	<u>1,768,242</u>
<b>Net Change in Fund Balance</b>	-	-	<b>(186,455)</b>	(186,455)	(115,997)
<b>FUND BALANCE - NOVEMBER 1</b>	4,275,616	4,275,616	<b>4,275,616</b>	-	4,391,613
<b>FUND BALANCE - OCTOBER 31</b>	<u>\$ 4,275,616</u>	<u>\$ 4,275,616</u>	<u><b>\$ 4,089,161</b></u>	<u>\$ (186,455)</u>	<u>\$ 4,275,616</u>





CITY OF SELMA, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
OCTOBER 31, 2019

**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, 2019 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 FIVE PLAN YEARS

Total Pension Liability					
	2014	2015	2016	2017	2018
Service Cost	\$ 783,967	\$ 934,909	\$ 928,155	\$ 1,004,049	\$ 1,017,874
Interest (on the Total Pension Liability)	857,644	985,212	1,065,980	1,177,599	1,295,547
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	398,622	146,636	60,054	17,814	(93,167)
Change of Assumptions	-	24,736	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(236,662)	(349,971)	(390,578)	(486,448)	(431,567)
Net Change in Total Pension Liability	1,803,571	1,741,522	1,663,611	1,713,014	1,788,687
Total Pension Liability - Beginning	11,978,410	13,781,981	15,523,503	17,187,114	18,900,128
Total Pension Liability - Ending	<u>\$ 13,781,981</u>	<u>\$ 15,523,503</u>	<u>\$ 17,187,114</u>	<u>\$ 18,900,128</u>	<u>\$ 20,688,815</u>
Plan Fiduciary Net Position					
	2014	2015	2016	2017	2018
Contributions - Employer	\$ 653,214	\$ 746,216	\$ 770,388	\$ 809,202	\$ 830,206
Contributions - Employee	339,712	352,226	358,559	386,385	392,136
Net Investment Income	572,517	16,718	817,358	1,891,007	(486,595)
Benefit Payments, Including Refunds of Employee Contributions	(236,662)	(349,971)	(390,578)	(486,448)	(431,567)
Administrative Expense	(5,975)	(10,180)	(9,221)	(9,788)	(9,388)
Other	(491)	(503)	(497)	(496)	(491)
Net Change in Plan Fiduciary Net Position	1,322,315	754,506	1,546,009	2,589,862	294,301
Plan Fiduciary Net Position - Beginning	10,004,241	11,326,556	12,081,062	13,627,071	16,216,933
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>	<u>\$ 16,511,234</u>
Net Pension Liability - Ending	\$ 2,455,425	\$ 3,442,441	\$ 3,560,043	\$ 2,683,195	\$ 4,177,581
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.18%	77.82%	79.29%	85.80%	79.81%
Covered Payroll	\$ 4,853,031	\$ 5,031,801	\$ 5,122,266	\$ 5,519,788	\$ 5,601,947
Net Pension Liability as a Percentage of Covered Payroll	50.60%	68.41%	69.50%	48.61%	74.57%

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 FIVE FISCAL YEARS

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 726,484	\$ 764,458	\$ 804,816	\$ 844,822	\$ 863,098
Contributions in Relation to the Actuarially Determined Contribution	726,484	764,458	804,816	844,822	863,098
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,024,897	\$ 5,096,817	\$ 5,463,249	\$ 5,712,253	\$ 5,876,811
Contributions as a Percentage of Covered Payroll	14.46%	15.00%	14.73%	14.79%	14.69%

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	27 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 SDB OTHER POST EMPLOYMENT BENEFIT LIABILITY AND  
RELATED RATIOS  
LAST TWO CALANDAR YEARS

Total SDB OPEB Liability	2017	2018
Service Cost	\$ 8,280	\$ 9,523
Interest on Total SDB OPEB Liability	3,718	4,033
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	(5,422)
Change in Assumptions or Other Inputs	11,414	(10,203)
Benefit Payments	(552)	(560)
Net Change in Total OPEB Liability	22,860	(2,629)
Total SDB OPEB Liability - Beginning	94,501	117,361
Total SDB OPEB Liability - Ending	\$ 117,361	\$ 114,732
 Covered Payroll	 \$ 5,519,788	 \$ 5,601,947
 Total SDB OPEB Liability as a Percentage of Covered Payroll	 2.13%	 2.05%

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:**

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through 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 female 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 female 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.

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

Total RHI OPEB Liability	2017	2018
Service Cost	\$ 45,143	\$ 52,397
Interest on Total RHI OPEB Liability	24,608	25,483
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	(681)
Change in Assumptions or Other Inputs	59,670	(51,821)
Benefit Payments	<u>(7,885)</u>	<u>(10,181)</u>
Net Change in Total RHI OPEB Liability	121,536	15,197
Total RHI OPEB Liability - Beginning	<u>627,241</u>	<u>748,777</u>
Total RHI OPEB Liability - Ending	<u>\$ 748,777</u>	<u>\$ 763,974</u>
 Covered Payroll	 \$ 5,519,788	 \$ 5,712,253
 Total RHI OPEB Liability as a Percentage of Covered Payroll	 13.57%	 13.37%

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

**Valuation Date:** December 31, 2017

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality Rates	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used 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.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after
Participation Rates	It was assumed that 30% of eligible retirees would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to elect coverage. Additionally, it was assumed that 50% of eligible retirees would choose to receive retiree life insurance coverage through the City.
Other Information:	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

## 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, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Cash and Investments	\$ 7,287,544	\$ 9,254,542
Delinquent Taxes Receivable (Net of Allowance for Uncollectibles)	10,544	12,643
Lot Maintenance Receivable (Net of Allowance for Uncollectibles)	438	84
Sales and Franchise Taxes Receivable	1,527,593	1,384,482
Prepaid Items	17,316	34,359
<b>TOTAL ASSETS</b>	<b>\$ 8,843,435</b>	<b>\$ 10,686,110</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>LIABILITIES</i>		
Accounts Payable	\$ 480,487	\$ 344,128
Accrued Expenditures	488,389	348,944
Due to Other Funds	249,182	1,651,465
<i>TOTAL LIABILITIES</i>	<b>1,218,058</b>	<b>2,344,537</b>
 <i>DEFERRED INFLOWS OF RESOURCES</i>		
Unavailable Revenue	10,544	12,489
Future Property Tax Levy	9,082	15,652
<i>TOTAL DEFERRED INFLOWS OF RESOURCES</i>	<b>19,626</b>	<b>28,141</b>
 <i>FUND BALANCES</i>		
Nonspendable:		
Prepaid Items	17,316	34,359
Restricted for:		
Police Department	68,544	69,833
Hotel/Motel	525,858	883,995
Building Security and Technology	359,004	335,962
Street Repairs	1,970,198	2,472,753
Other Balances	177,824	163,161
Assigned for:		
Fire Department	31,478	31,478
Parks	13,262	13,262
Police Department	72,799	58,325
Unassigned	4,369,468	4,250,304
<i>TOTAL FUND BALANCES</i>	<b>7,605,751</b>	<b>8,313,432</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,843,435</b>	<b>\$ 10,686,110</b>



CITY OF SELMA, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 MUNICIPAL DEVELOPMENT DISTRICT FUND  
 OCTOBER 31, 2019 AND 2018

	<b>2019</b>	2018
<b>ASSETS</b>		
Cash and Investments	<b>\$ 4,016,245</b>	\$ 4,329,774
Sales Taxes Receivable	<b>315,580</b>	271,217
Due from Other Funds	-	12,027
<b>TOTAL ASSETS</b>	<b>\$ 4,331,825</b>	\$ 4,613,018
 <b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	<b>\$ 230,085</b>	\$ 337,402
Due to Other Funds	<b>12,579</b>	-
<i>Total Liabilities</i>	<b>242,664</b>	337,402
 <i>Fund Balance:</i>		
Restricted for Municipal Development	<b>4,089,161</b>	4,275,616
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,331,825</b>	\$ 4,613,018

CITY OF SELMA, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 DEBT SERVICE FUND  
 OCTOBER 31, 2019 AND 2018

	<b>2019</b>	2018
<b>ASSETS</b>		
Cash and Investments	<b>\$ 1,426,812</b>	\$ 122,774
Delinquent Taxes Receivable (Net of allowance for uncollectibles)	<b>15,862</b>	17,380
Due from Other Funds	-	1,473,841
<b>TOTAL ASSETS</b>	<b><u>\$ 1,442,674</u></b>	<b><u>\$ 1,613,995</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>Deferred Inflows of Resources:</i>		
Unavailable Revenue	<b>\$ 15,862</b>	\$ 17,231
Future Property Tax Levy	<b>10,157</b>	20,785
<i>Total Deferred Inflows of Resources</i>	<b><u>26,019</u></b>	<b><u>38,016</u></b>
 <i>Fund Balance:</i>		
Restricted for Debt Service	<b><u>1,416,655</u></b>	<b><u>1,575,979</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 1,442,674</u></b>	<b><u>\$ 1,613,995</u></b>

CITY OF SELMA, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 DEBT SERVICE FUND  
 FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

	<b>2019</b>	2018
<b>REVENUES</b>		
Ad Valorem Taxes	<b>\$ 1,382,423</b>	\$ 1,265,259
Interest Income	<b>15,160</b>	741
<b>TOTAL REVENUES</b>	<b>1,397,583</b>	1,266,000
 <b>EXPENDITURES</b>		
Bond Principal	<b>980,000</b>	930,000
Bond Interest and Agent Fees	<b>412,098</b>	435,203
<b>TOTAL EXPENDITURES</b>	<b>1,392,098</b>	1,365,203
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,485</b>	(99,203)
 <b>OTHER SOURCES (USES) OF FUNDS:</b>		
Transfers In (Out)	<b>(164,809)</b>	109,313
<b>TOTAL OTHER SOURCES (USES) OF FUNDS</b>	<b>(164,809)</b>	109,313
 <b>Net Change in Fund Balance</b>	<b>(159,324)</b>	10,110
 <b>FUND BALANCE - NOVEMBER 1</b>	<b>1,575,979</b>	1,565,869
 <b>FUND BALANCE - OCTOBER 31</b>	<b>\$ 1,416,655</b>	\$ 1,575,979

CITY OF SELMA, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 CAPITAL PROJECTS FUND  
 OCTOBER 31, 2019 AND 2018

	<b>2019</b>	2018
<b>ASSETS</b>		
Cash and Investments	<b>\$ 5,977,868</b>	\$ 2,789,802
Due from Other Funds	<b>243,472</b>	-
	<b>\$ 6,221,340</b>	\$ 2,789,802
<b>TOTAL ASSETS</b>	<b>\$ 6,221,340</b>	\$ 2,789,802
 <b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	<b>\$ 2,474</b>	\$ 832,542
<i>Total Liabilities</i>	<b>2,474</b>	832,542
 <i>Fund Balance:</i>		
Restricted for Construction Projects	<b>6,218,866</b>	1,957,260
<i>Total Fund Balance</i>	<b>6,218,866</b>	1,957,260
	<b>\$ 6,221,340</b>	\$ 2,789,802
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,221,340</b>	\$ 2,789,802

CITY OF SELMA, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND  
 FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018

	2019	2018
<b>REVENUES</b>		
Miscellaneous Income	\$ -	\$ 193,314
<b>TOTAL REVENUES</b>	-	193,314
<b>EXPENDITURES</b>		
Capital Outlay	1,948,393	5,306,425
Interest and Fiscal Charges	91,277	-
<b>TOTAL EXPENDITURES</b>	2,039,670	5,306,425
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(2,039,670)</b>	<b>(5,113,111)</b>
<b>OTHER FINANCING SOURCES</b>		
Proceeds from Bond Issuance	5,950,000	-
Premiums from Bond Issuance	351,276	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>6,301,276</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>4,261,606</b>	<b>(5,113,111)</b>
<b>FUND BALANCE - NOVEMBER 1</b>	<b>1,957,260</b>	<b>7,070,371</b>
<b>FUND BALANCE - OCTOBER 31</b>	<b>\$ 6,218,866</b>	<b>\$ 1,957,260</b>

CITY OF SELMA, TEXAS  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY WATER SEWER FUND  
 OCTOBER 31, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Investments	\$ 3,458,359	\$ 2,949,579
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	646,136	526,107
Prepaid Expenses	1,488	1,488
Due from Other Funds	18,289	165,596
<i>Total Current Assets</i>	4,124,272	3,642,770
<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	11,110,733	10,399,275
Equipment	856,064	706,567
Construction in Progress	32,179	679,451
Accumulated Depreciation	(3,948,540)	(3,536,809)
<i>Total Capital Assets, Net</i>	11,186,578	11,384,626
<b>TOTAL ASSETS</b>	<b>15,310,850</b>	<b>15,027,396</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Other Post Employment Benefit Outflows	3,542	581
Deferred Pension Related Outflows	117,751	66,311
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 121,293</b>	<b>\$ 66,892</b>

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

CITY OF SELMA, TEXAS  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY WATER SEWER FUND (CONT.)  
 OCTOBER 31, 2019 AND 2018

<b>LIABILITIES</b>	<u>2019</u>	<u>2018</u>
<i>Current Liabilities:</i>		
Accounts Payable	\$ 426,847	\$ 206,330
Accrued Expenses	10,376	13,500
Vacation Payable	21,680	21,680
Accrued Interest	23,526	26,833
Unearned Revenue	3,998,333	3,998,333
Customer Deposits	33,674	11,435
Current Portion of Bonds Payable	330,000	320,000
<i>Total Current Liabilities</i>	<u>4,844,436</u>	<u>4,598,111</u>
<i>Noncurrent Liabilities:</i>		
Bonds Payable	2,770,000	3,100,000
Total Other Post Employment Benefits Liability	44,289	6,394
Net Pension Liability	204,499	130,118
<i>Total Noncurrent Liabilities:</i>	<u>3,018,788</u>	<u>3,236,512</u>
<b>TOTAL LIABILITIES</b>	<u>7,863,224</u>	<u>7,834,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Other Post Employment Benefit Inflows	3,081	-
Deferred Pension Related Inflows	32,156	37,677
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>35,237</u>	<u>37,677</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	8,086,579	7,964,626
Unrestricted (Deficit)	(552,897)	(742,638)
<b>TOTAL NET POSITION</b>	<u>\$ 7,533,682</u>	<u>\$ 7,221,988</u>

Note: Comparative information has not been restated for compliance with 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, 2019 AND 2018

	2019	2018
<b>OPERATING REVENUE</b>		
Water Service	\$ 1,562,510	\$ 1,458,997
Sewer Service	1,455,333	1,308,314
Stormwater Fees	424,179	466,231
Garbage Billing	1,494,979	1,414,826
Connection and Extension Fees	90,600	55,910
Other Fees	358,896	74,529
<b>TOTAL OPERATING REVENUE</b>	<b>5,386,497</b>	<b>4,778,807</b>
<b>OPERATING EXPENSES</b>		
Administration Costs:		
Personnel	412,507	434,758
Contractual Services	3,402,192	3,185,901
Water and Sewer Operations:		
Supplies and Materials	225,633	202,427
Repairs and Maintenance	211,659	174,423
Other	106,030	95,480
Depreciation	411,731	360,360
<b>TOTAL OPERATING EXPENSES</b>	<b>4,769,752</b>	<b>4,453,349</b>
<b>OPERATING INCOME (LOSS)</b>	<b>616,745</b>	<b>325,458</b>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Impact Fees	372,604	460,419
Miscellaneous	11,630	15,732
Interest Income	5,269	3,665
Interest Expense	(100,158)	(110,261)
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>289,345</b>	<b>369,555</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>906,090</b>	<b>695,013</b>
Transfers In (Out)	<b>(560,191)</b>	<b>(471,227)</b>
<b>NET INCOME (LOSS)</b>	<b>345,899</b>	<b>223,786</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>7,221,988</b>	<b>7,003,326</b>
Prior Period Adjustment	(34,205)	(5,124)
<b>NET POSITION, END OF YEAR</b>	<b>\$ 7,533,682</b>	<b>\$ 7,221,988</b>

Note: Comparative information has not been restated for compliance with 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, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 5,266,468	\$ 5,157,161
Cash Paid to Suppliers	(3,724,997)	(3,721,606)
Cash Paid to Employees	(394,401)	(435,951)
<b>NET CASH FLOWS PROVIDED (USED)</b>		
<b>BY OPERATING ACTIVITIES</b>	1,147,070	999,604
 <b>CASH FLOWS FROM NONCAPITAL</b>		
<b>FINANCING ACTIVITIES</b>		
Miscellaneous Income	11,630	15,732
Impact Fees	372,604	460,419
Deposits Collected (Refunded)	22,239	3,000
Due to (from) Other Funds	147,307	77,706
Transfers From (to) Primary Government	(560,191)	(471,227)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL</b>		
<b>FINANCING ACTIVITIES</b>	(6,411)	85,630
 <b>CASH FLOWS FROM CAPITAL AND RELATED</b>		
<b>FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	(213,683)	(387,401)
Principal Payments on Long-term Debt	(320,000)	(310,000)
Interest Paid for Financing Activities	(103,465)	(112,461)
<b>NET CASH USED FROM CAPITAL AND</b>		
<b>RELATED FINANCING ACTIVITIES</b>	(637,148)	(809,862)
 <b>CASH FLOWS FROM</b>		
<b>INVESTING ACTIVITIES</b>		
Interest Income Received	5,269	3,665
<b>NET CASH PROVIDED (USED) BY</b>		
<b>INVESTING ACTIVITIES</b>	5,269	3,665
 <b>NET INCREASE (DECREASE) IN CASH</b>		
<b>AND CASH EQUIVALENTS</b>	508,780	279,037
 <b>CASH AND INVESTMENTS,</b>		
<b>BEGINNING OF YEAR</b>	2,949,579	2,670,542
<b>CASH AND INVESTMENTS,</b>		
<b>END OF YEAR</b>	\$ 3,458,359	\$ 2,949,579

Note: Comparative information has not been restated for compliance with 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, 2019 AND 2018

	2019	2018
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 616,745	\$ 325,458
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	411,731	360,360
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (net)	(120,029)	(4,327)
(Increase) Decrease in Total Deferred Other Post Employment Benefit Outflows	(2,961)	(581)
Increase (Decrease) in Deferred Pension Outflows	(51,440)	15,944
Increase (Decrease) in Accounts Payable	220,517	(63,375)
Increase (Decrease) in Accrued Expenses	(3,124)	440
Increase (Decrease) in Unearned Revenue	-	382,681
Increase (Decrease) in Total Other Post Employment Benefits Liability	3,690	1,270
Increase (Decrease) in Net Pension Liability	74,381	(55,943)
Increase (Decrease) in Total Deferred Other Post Employment Benefit Inflows	3,081	-
Increase (Decrease) in Deferred Pension Related Inflows	(5,521)	37,677
Total Adjustments	530,325	674,146
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,147,070</b>	<b>\$ 999,604</b>

Note: Comparative information has not been restated for compliance with 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

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<i>Governmental Activities</i>				
Net Investment in				
Capital Assets	\$ 10,717,460	\$ 10,751,720	\$ 10,920,249	\$ 11,759,003
Restricted	4,023,811	5,552,110	7,298,863	8,848,506
Unrestricted	2,457,920	3,007,144	3,414,934	3,588,047
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 17,199,191</u>	<u>\$ 19,310,974</u>	<u>\$ 21,634,046</u>	<u>\$ 24,195,556</u>
 <i>Business-Type Activities</i>				
Net Investment in				
Capital Assets	\$ 7,305,739	\$ 7,127,921	\$ 6,967,499	\$ 6,911,218
Unrestricted	181,015	703,827	517,040	304,487
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 7,486,754</u>	<u>\$ 7,831,748</u>	<u>\$ 7,484,539</u>	<u>\$ 7,215,705</u>
 <i>Primary Government</i>				
Net Investment in				
Capital Assets	\$ 18,023,199	\$ 17,879,641	\$ 17,887,748	\$ 18,670,221
Restricted	4,023,811	5,552,110	7,298,863	8,848,506
Unrestricted	2,638,935	3,710,971	3,931,974	3,892,534
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 24,685,945</u>	<u>\$ 27,142,722</u>	<u>\$ 29,118,585</u>	<u>\$ 31,411,261</u>

Note: Years 2010-2014 have not been restated for adoption of GASB No. 68. Years 2010-2018 have not been restated for adoption of GASB No. 75.

TABLE 1

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 13,861,571	\$ 16,145,975	\$ 18,620,017	\$ 20,644,571	\$ 22,338,451	\$ 25,954,954
8,632,372	9,107,089	8,193,278	8,775,056	9,690,237	8,495,292
4,141,554	2,933,646	3,056,532	2,605,083	1,860,105	896,967
<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>	<u>\$ 35,347,213</u>
\$ 6,884,019	\$ 7,081,303	\$ 7,578,267	\$ 7,627,584	\$ 7,964,626	\$ 8,086,579
(11,632)	(130,298)	(546,050)	(624,258)	(742,638)	(552,897)
<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>	<u>\$ 7,533,682</u>
\$ 20,745,590	\$ 23,227,278	\$ 26,198,284	\$ 28,272,155	\$ 30,303,077	\$ 34,041,533
8,632,372	9,107,089	8,193,278	8,775,056	9,690,237	8,495,292
4,129,922	2,803,348	2,510,482	1,980,825	1,117,467	344,070
<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>	<u>\$ 42,880,895</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
<i>Governmental Activities:</i>				
General Administration	\$ 2,136,036	\$ 1,703,177	\$ 1,978,268	\$ 2,088,390
Police Protection	2,460,824	2,763,879	2,824,576	3,064,241
Fire Protection	1,689,653	1,599,372	1,681,700	1,652,306
Building Inspections	303,537	304,338	383,619	407,359
Infrastructure	842,418	862,542	863,111	966,528
Other	238,472	185,637	79,401	85,391
Interest on Long-Term Debt	360,130	310,739	278,809	502,356
<i>Total Governmental Activities Expenses</i>	<u>8,031,070</u>	<u>7,729,684</u>	<u>8,089,484</u>	<u>8,766,571</u>
<i>Business-Type Activities:</i>				
Water & Sewer Utility	2,361,424	2,443,198	3,032,906	3,207,201
<i>Total Business-Type Activities</i>	<u>2,361,424</u>	<u>2,443,198</u>	<u>3,032,906</u>	<u>3,207,201</u>
<b>Total Primary Government Expenses</b>	<u>\$ 10,392,494</u>	<u>\$ 10,172,882</u>	<u>\$ 11,122,390</u>	<u>\$ 11,973,772</u>
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for Service:				
General Administration	\$ 180,054	\$ 204,615	\$ 206,118	\$ 215,248
Police Protection	1,055,167	1,136,200	1,152,566	1,065,608
Building Inspections	315,413	352,003	429,191	579,423
Operating Grants and Contributions	18,297	9,216	2,175	21,890
Capital Grants and Contributions	-	91,536	27,401	-
<i>Total Governmental Activities Program Revenues</i>	<u>1,568,931</u>	<u>1,793,570</u>	<u>1,817,451</u>	<u>1,882,169</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Water and Sewer	2,823,265	2,916,335	3,003,105	3,204,456
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>2,823,265</u>	<u>2,916,335</u>	<u>3,003,105</u>	<u>3,204,456</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 4,392,196</u>	<u>\$ 4,709,905</u>	<u>\$ 4,820,556</u>	<u>\$ 5,086,625</u>

TABLE 2

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 1,931,429	\$ 2,142,251	\$ 2,174,422	\$ 2,469,812	\$ 2,244,299	\$ 2,511,006
3,175,085	3,434,449	3,500,486	3,851,578	3,931,676	4,108,789
1,940,768	1,960,907	2,344,013	2,470,192	2,447,627	2,755,160
441,712	517,314	546,353	578,308	613,526	568,428
978,074	1,063,967	1,221,549	1,308,483	1,610,406	1,376,881
227,074	69,096	176,435	193,259	161,586	137,859
235,239	517,112	458,142	421,974	398,957	496,451
<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>11,954,574</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>4,869,910</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>4,869,910</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>	<u>\$ 16,824,484</u>
\$ 230,100	\$ 247,964	\$ 291,988	\$ 269,274	\$ 268,335	\$ 290,425
906,740	973,872	603,886	754,417	596,056	612,677
406,529	791,455	515,581	862,612	398,801	391,555
40,442	1,426	7,636	2,906	2,494	-
-	-	-	-	-	-
<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>1,294,657</u>
3,639,193	3,935,510	4,215,745	4,357,154	4,778,807	5,386,497
-	-	-	-	-	-
<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>5,386,497</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>	<u>\$ 6,681,154</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Net (Expenses) Revenue</b>				
Governmental Activities	\$ (6,462,139)	\$ (5,936,114)	\$ (6,272,033)	\$ (6,884,402)
Business-Type Activities	461,841	473,137	(29,801)	(2,745)
Total Primary Government				
Net Expenses	<u>\$ (6,000,298)</u>	<u>\$ (5,462,977)</u>	<u>\$ (6,301,834)</u>	<u>\$ (6,887,147)</u>
<b>Governmental Revenues and Other Changes in Net Position</b>				
<i>Governmental Activities:</i>				
Taxes:				
Property Taxes	\$ 1,494,381	\$ 1,661,448	\$ 1,616,897	\$ 1,684,088
Franchise Taxes	391,696	408,727	432,303	454,559
Sales Taxes	5,354,210	5,411,118	5,614,740	6,035,698
Occupancy Taxes	187,949	179,705	205,522	271,094
Interest and Investment Earnings	37,856	23,475	7,635	9,167
Miscellaneous	38,120	42,719	168,008	441,306
Gain on Capital Asset Disposal	8,076	20,705	-	-
Transfers	188,085	300,000	550,000	550,000
<i>Total Governmental Activities</i>	<u>7,700,373</u>	<u>8,047,897</u>	<u>8,595,105</u>	<u>9,445,912</u>
<i>Business-Type Activities:</i>				
Interest and Investment Earnings	4,535	2,381	925	670
Impact Fees	220,540	168,589	227,484	276,569
Miscellaneous	1,454	887	4,183	6,672
Loss on Capital Asset Disposal	(551,509)	-	-	-
Transfers	(188,085)	(300,000)	(550,000)	(550,000)
<i>Total Business-Type Activities</i>	<u>(513,065)</u>	<u>(128,143)</u>	<u>(317,408)</u>	<u>(266,089)</u>
<b>Total Primary Government</b>	<u>\$ 7,187,308</u>	<u>\$ 7,919,754</u>	<u>\$ 8,277,697</u>	<u>\$ 9,179,823</u>
<b>Changes In Net Position</b>				
Government Activities	\$ 1,238,234	\$ 2,111,783	\$ 2,323,072	\$ 2,561,510
Business-Type Activities	(51,224)	344,994	(347,209)	(268,834)
Total Primary Government	<u>\$ 1,187,010</u>	<u>\$ 2,456,777</u>	<u>\$ 1,975,863</u>	<u>\$ 2,292,676</u>

Note: Years 2010-2014 have not been restated for adoption of GASB No. 68. Years 2010-2018 have not been restated for adoption of GASB No. 75.



TABLE 2 (CONTINUED)

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (7,345,570)	\$ (7,690,379)	\$ (9,002,309)	\$ (9,404,397)	\$ (10,142,391)	\$ (10,659,917)
44,209	157,704	132,684	292,108	215,197	516,587
<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>	<u>\$ (10,143,330)</u>
\$ 1,598,452	\$ 1,724,654	\$ 1,848,494	\$ 2,017,459	\$ 2,084,289	\$ 2,332,307
639,748	716,759	722,441	756,342	758,026	765,711
6,742,098	7,443,287	7,460,307	7,638,569	8,194,677	8,651,499
221,909	220,827	231,950	214,444	237,095	187,712
1,760	24,789	18,818	97,324	183,532	178,487
31,544	77,255	69,114	235,142	166,561	95,430
-	-	-	-	-	-
550,000	412,500	334,300	600,000	471,227	560,191
<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>	<u>12,771,337</u>
99	46	552	1,747	3,665	5,269
158,942	396,144	242,310	248,330	460,419	372,604
3,432	13,944	39,966	28,924	15,732	11,630
-	-	-	-	-	-
(550,000)	(412,500)	(334,300)	(600,000)	(471,227)	(560,191)
(387,527)	(2,366)	(51,472)	(320,999)	8,589	(170,688)
<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>	<u>\$ 12,600,649</u>
\$ 2,439,941	\$ 2,929,692	\$ 1,683,115	\$ 2,154,883	\$ 1,953,016	\$ 2,111,420
(343,318)	155,338	81,212	(28,891)	223,786	345,899
<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>	<u>\$ 2,457,319</u>

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

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Fund				
Nonspendable	\$ 34,673	\$ 38,381	\$ 41,779	\$ 32,305
Restricted	960,139	1,109,435	1,872,140	2,375,984
Assigned	-	-	98,938	113,683
Unassigned	<u>2,547,425</u>	<u>2,957,623</u>	<u>3,477,515</u>	<u>3,987,796</u>
Total General Fund	<u>\$ 3,542,237</u>	<u>\$ 4,105,439</u>	<u>\$ 5,490,372</u>	<u>\$ 6,509,768</u>
All Other Governmental Funds				
Municipal Development Fund	\$ 2,514,962	\$ 3,574,226	\$ 4,152,772	\$ 4,957,654
Capital Projects Fund	316,681	316,681	-	2,463,477
Debt Service Funds	<u>528,647</u>	<u>914,489</u>	<u>1,314,762</u>	<u>1,561,954</u>
Total All Other Governmental Funds	<u>\$ 3,360,290</u>	<u>\$ 4,805,396</u>	<u>\$ 5,467,534</u>	<u>\$ 8,983,085</u>

TABLE 3

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 512,745	\$ 74,087	\$ 77,153	\$ 34,359	\$ 34,359	\$ 17,316
2,374,441	3,374,637	2,311,457	2,914,511	3,925,704	3,101,428
139,368	164,371	87,434	74,238	103,065	117,539
3,884,120	4,869,064	5,090,726	4,826,889	4,250,304	4,369,468
<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>	<u>\$ 7,605,751</u>
\$ 4,725,411	\$ 4,199,772	\$ 4,398,663	\$ 4,391,613	\$ 4,275,616	\$ 4,089,161
1,559,398	9,946,244	9,007,530	7,070,371	1,957,260	6,218,866
1,581,114	1,609,612	1,584,637	1,565,869	1,575,979	1,416,655
<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>	<u>\$ 11,724,682</u>

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

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>REVENUES</b>				
Property Taxes	\$ 1,500,577	\$ 1,650,022	\$ 1,631,504	\$ 1,682,681
Sales & Mixed Beverage Taxes	5,354,210	5,411,118	5,624,935	6,047,922
Franchise Tax	391,696	408,727	432,303	454,559
Occupancy Tax	187,949	179,705	205,522	271,094
Charges for Services	482,854	539,295	608,519	764,697
Fines and Forfeits	1,043,901	1,077,081	1,149,410	1,062,673
Miscellaneous	159,769	242,201	233,485	487,051
<b>TOTAL REVENUES</b>	<u>9,120,956</u>	<u>9,508,149</u>	<u>9,885,678</u>	<u>10,770,677</u>
<b>EXPENDITURES</b>				
Current:				
General Administration	1,940,018	1,928,158	1,764,921	2,330,380
Police Protection	2,259,493	2,306,109	2,478,389	2,645,407
Fire Protection	1,409,136	1,463,822	1,545,040	1,518,755
Building Inspections	310,708	288,862	370,268	396,569
Infrastructure	155,208	145,744	159,804	202,582
Other	30,922	32,345	40,653	44,069
Capital Outlay	699,975	790,816	1,109,007	1,062,955
Debt Service:				
Principal	538,303	2,248,113	636,508	830,878
Interest and Fiscal Charges	366,371	371,614	284,017	398,680
<b>TOTAL EXPENDITURES</b>	<u>7,710,134</u>	<u>9,575,583</u>	<u>8,388,607</u>	<u>9,430,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,410,822</u>	<u>(67,434)</u>	<u>1,497,071</u>	<u>1,340,402</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Bond Issue/Capital Lease	130,770	1,775,742	-	4,645,000
Premiums from Bond Issuances	-	-	-	257,835
Proceeds from Capital Lease Financing	-	-	-	-
Payments to Refunding Agents	-	-	-	(2,258,290)
Transfers In (Out)	188,085	300,000	550,000	550,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>318,855</u>	<u>2,075,742</u>	<u>550,000</u>	<u>3,194,545</u>
Net Change in Fund Balance	<u>\$ 1,729,677</u>	<u>\$ 2,008,308</u>	<u>\$ 2,047,071</u>	<u>\$ 4,534,947</u>
<b>Debt Service as a percentage of noncapital expenditures</b>	12.91%	29.82%	12.65%	14.69%

TABLE 4

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 1,603,291	\$ 1,722,318	\$ 1,850,175	\$ 2,019,834	\$ 2,079,068	\$ 2,335,621
6,759,061	7,456,791	7,473,130	7,654,135	8,204,996	8,663,353
639,748	716,759	722,441	756,342	758,026	765,711
221,909	220,827	231,950	214,444	237,095	187,712
608,740	1,009,248	777,425	1,100,388	642,809	659,772
913,688	973,517	609,681	755,515	596,649	606,278
96,105	120,497	107,096	350,210	376,084	292,006
<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>	<u>13,510,453</u>
2,582,256	2,117,435	3,729,473	2,205,802	2,057,770	2,285,866
2,833,010	3,040,472	3,036,828	3,335,020	3,498,550	3,550,732
1,793,018	1,906,377	2,197,721	2,276,546	2,313,020	2,436,685
422,988	501,487	511,736	539,898	564,555	536,638
219,245	244,695	330,763	380,680	585,272	335,799
48,650	63,564	83,135	80,387	74,256	83,837
3,452,210	3,278,790	2,522,296	5,028,154	7,672,118	6,468,167
733,503	773,901	875,270	920,279	1,045,029	1,087,838
261,731	475,433	499,163	459,192	438,467	508,452
<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>17,294,014</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>	<u>(3,783,561)</u>
-	8,995,000	-	-	-	5,950,000
-	235,887	-	-	-	351,276
237,813	-	-	95,340	127,520	130,240
-	-	-	-	-	-
<u>550,000</u>	<u>412,500</u>	<u>334,300</u>	<u>600,000</u>	<u>471,227</u>	<u>560,191</u>
<u>787,813</u>	<u>9,643,387</u>	<u>334,300</u>	<u>695,340</u>	<u>598,747</u>	<u>6,991,707</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>	<u>\$ 3,208,146</u>
11.19%	13.69%	12.20%	13.53%	14.03%	14.75%

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

TABLE 5

Fiscal Year	Property	Sales & Beverage	Franchise	Occupancy	Total
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
2019	2,335,621	8,663,353	765,711	187,712	11,952,397

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
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
2019	556,725,600	868,508,560	301,569,067	1,123,665,093	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
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
2019	0.20160	1.49000	1.39000	1.44000	0.33090	0.27743	0.29519

Fiscal Period	Other Overlapping		
	Alamo Community College	San Antonio River Authority	Hospital District
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
2019	0.14915	0.01858	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	2019			2010		
	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	\$ 66,013,433	1	5.87%	\$ 28,102,080	1	4.91%
FPK Realty Lookout Hollow 1, LLC	42,770,000	2	3.81%			
Kimco Forum at Olympia, LP	33,481,698	3	2.98%	26,490,307	2	4.63%
Retreat at Chelsea, LP	25,200,000	4	2.24%			
Costco Wholesale	23,518,320	5	2.09%	5,989,010	7	1.05%
Sanfilippo John B & Son, Inc.	17,641,221	6	1.57%			
O'Reilly Auto Enterprises, LLC	13,213,843	7	1.18%			
Ben E Keith Company	11,505,260	8	1.02%			
Selma Retail, LTD	10,655,650	9	0.95%			
Gunn Chevrolet, LTD	10,607,772	10	0.94%			
Rose-Forum Associates				20,329,199	3	3.55%
Furniture Row USA, LLC				7,700,000	4	1.35%
Koehler, James				7,100,000	5	1.24%
Haverty Furniture Co., Inc.				6,360,106	6	1.11%
Selma Amphitheatre, LLC				5,112,270	8	0.89%
Dicker-Warminston Prop				4,900,000	9	0.86%
Centex Homes				4,600,800	10	0.80%
	<u>\$ 254,607,197</u>		<u>22.65%</u>	<u>\$ 116,683,772</u>		<u>20.39%</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
2010	\$ 1,560,007	\$ 1,522,127	97.6%	39,502	\$ 1,561,629	100.1%
2011	1,698,239	1,674,239	98.6%	25,219	1,699,458	100.1%
2012	1,735,555	1,730,755	99.7%	5,889	1,736,644	100.1%
2013	1,819,794	1,814,370	99.7%	7,655	1,822,026	100.1%
2014	1,692,511	1,683,183	99.4%	15,226	1,698,409	100.3%
2015	1,796,246	1,787,495	99.5%	17,840	1,805,334	100.5%
2016	1,918,429	1,907,197	99.4%	4,790	1,911,987	99.7%
2017	2,032,315	2,019,834	99.4%	(28,762)	1,991,072	98.0%
2018	2,188,421	2,179,167	99.6%	1,751	2,180,918	99.7%
2019	2,354,079	2,335,008	99.2%	-	2,335,008	99.2%

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					
2010	\$ -	\$ 280,000	\$ 8,120,000	\$ 3,960,000	\$ 12,360,000	\$ 571,983,596	2.16%	2,449	
2011	1,615,000	190,000	6,125,000	3,815,000	11,745,000	609,482,269	1.93%	2,120	
2012	1,475,000	95,000	5,805,000	3,665,000	11,040,000	623,650,471	1.77%	1,941	
2013	3,480,000	-	5,550,000	3,510,000	12,540,000	652,102,795	1.92%	1,754	
2014	3,135,000	-	5,250,000	3,345,000	11,730,000	691,503,542	1.70%	1,543	
2015	11,780,000	-	4,945,000	3,175,000	19,900,000	776,608,234	2.56%	2,346	
2016	11,285,000	-	4,625,000	3,000,000	18,910,000	890,859,645	2.12%	2,076	
2017	10,725,000	-	4,300,000	2,815,000	17,840,000	981,635,959	1.82%	1,768	
2018	10,725,000	-	4,300,000	3,730,000	18,755,000	1,043,803,940	1.80%	1,859	
2019	16,112,268	-	3,620,000	3,100,000	22,832,268	1,123,665,093	2.03%	2,062	

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>\$ 1,123,665,093</u>
Debt Limit - 10% of Taxable Value [1]	\$ 112,366,509
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 19,732,268
Less Funds Available in Debt Service Fund	<u>1,416,655</u>
Total Amount of Debt Applicable to Debt Limit	<u>18,315,613</u>
Legal Debt Margin	<u>\$ 94,050,896</u>

	Fiscal Year		
	2016	2017	2018
Debt Limit	\$ 89,085,965	\$ 98,163,596	\$ 104,380,394
Total Net Debt			
Applicable to Unit	<u>(17,140,363)</u>	<u>(13,459,131)</u>	<u>(12,865,457)</u>
Legal Debt Margin	<u>\$ 71,945,602</u>	<u>\$ 84,704,465</u>	<u>\$ 91,514,937</u>

	Fiscal Year		
	2013	2014	2015
Debt Limit	\$ 65,210,280	\$ 69,150,354	\$ 77,660,823
Total Net Debt			
Applicable to Unit	<u>(10,813,046)</u>	<u>(9,978,886)</u>	<u>(18,115,388)</u>
Legal Debt Margin	<u>\$ 54,397,234</u>	<u>\$ 59,171,468</u>	<u>\$ 59,545,435</u>

	Fiscal Year		
	2010	2011	2012
Debt Limit	\$ 57,198,360	\$ 60,948,227	\$ 62,365,047
Total Net Debt			
Applicable to Unit	<u>(11,686,353)</u>	<u>(10,680,511)</u>	<u>(9,570,238)</u>
Legal Debt Margin	<u>\$ 45,512,007</u>	<u>\$ 50,267,716</u>	<u>\$ 52,794,809</u>

CITY OF SELMA, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
OCTOBER 31, 2019

TABLE 12

Governmental Unit	Estimated Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Alamo CCD	\$ 437,330,000	0.48%	\$ 2,099,184
Bexar County	1,860,590,000	0.47%	8,744,773
Bexar County University Health	840,300,000	0.48%	4,033,440
Comal County	155,015,000	0.16%	248,024
Comal ISD	747,720,504	0.37%	2,766,566
Guadalupe County	11,570,000	3.64%	421,148
Judson ISD	609,179,223	7.70%	46,906,800
Schertz-Cibolo-Universal City ISD	408,181,092	6.77%	27,633,860
Subtotal, Overlapping Debt			92,853,795
City of Selma - Direct Debt			<u>19,732,268</u>
Total Direct and Overlapping Debt			<u><u>\$ 112,586,063</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
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	10,088	30,617	31.80	2.8%
2019	11,075	31,111	31.80	2.9%

*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	2019			2010		
	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	3.11%
Fort Sam Houston	32,000	2	2.70%	30,793	1	3.41%
HEB Food Stores	20,000	3	1.69%	14,588	4	1.62%
USAA	18,305	4	1.54%	14,852	3	1.65%
Randolph Air Force Base	11,000	5	0.93%	10,700	6	1.19%
Methodist Healthcare	9,620	6	0.81%	7,013	10	0.78%
City of San Antonio	9,145	7	0.77%	9,000	8	1.00%
Baptist Health System	6,383	8	0.54%			
Wells Fargo	5,073	9	0.43%			
Harland Clarke	5,000	10	0.42%			
Northside ISD				12,597	5	1.40%
Northeast ISD				10,223	7	1.13%
San Antonio ISD				7,581	9	0.84%
Total	<u>153,526</u>		<u>12.95%</u>	<u>145,447</u>		<u>16.13%</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.

Source: San Antonio Economic Development Foundation

