

CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
OCTOBER 31, 2022





CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED OCTOBER 31, 2022

CITY OFFICIALS

MAYOR

TOM DALY

CITY COUNCIL

KEVIN HADAS
BECKY HARRIS
NOAH WASHINGTON JR.
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, 2022

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	14
STATEMENT OF NET POSITION.....	15
STATEMENT OF ACTIVITIES	17
BALANCE SHEET - GOVERNMENTAL FUNDS.....	19
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	21
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	22
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	59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND.....	60
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL – MUNICIPAL DEVELOPMENT DISTRICT.....	63
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL	64
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS.....	65
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN.....	67
SCHEDULE OF CHANGES – TOTAL SDB OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS	68
SCHEDULE OF CHANGES – TOTAL RHI OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS	69

CITY OF SELMA, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED OCTOBER 31, 2022

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION.....	70
COMPARATIVE BALANCE SHEETS GENERAL FUND	71
COMPARATIVE BALANCE SHEETS MUNICIPAL DEVELOPMENT DISTRICT FUND.....	72
COMPARATIVE BALANCE SHEETS DEBT SERVICE FUND	73
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DEBT SERVICE FUND.....	74
COMPARATIVE BALANCE SHEETS CAPITAL PROJECTS FUND.....	75
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND.....	76
COMPARATIVE STATEMENTS OF NET POSITION PROPRIETARY WATER SEWER FUND	77
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND WATER SEWER FUND	79
COMPARATIVE STATEMENTS OF CASH FLOWS PROPRIETARY WATER SEWER FUND.....	80
STATISTICAL SECTION.....	82
NET POSITION BY COMPONENT	83
CHANGE IN NET POSITION	85
FUND BALANCES, GOVERNMENTAL FUNDS	89
CHANGES IN FUND BALANCE.....	91
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS	93
ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY.....	94
DIRECT AND OVERLAPPING PROPERTY TAX RATES	95
PRINCIPAL PROPERTY TAX PAYERS	96
PROPERTY TAX LEVIES AND COLLECTIONS	97
RATIOS OF OUTSTANDING DEBT BY TYPE	98
LEGAL DEBT MARGIN	99
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT.....	100
DEMOGRAPHIC AND ECONOMIC STATISTICS	101
PRINCIPAL EMPLOYERS.....	102





February 3, 2023

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, 2022.

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





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Selma, Texas

Report on Audit of the Financial Statements

Opinions

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, 2022, 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.

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 of City of Selma, Texas, as of October 31, 2022, 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.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse 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 Retama Development Corporation (RDC), as of October 31, 2022, 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. In accordance with accounting principles generally accepted in the United States of America, City of Selma, Texas has issued separate reporting entity financial statements, separate financial statements are available for the Retama Development Corporation.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Selma, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Reporting Entity

The financial statements do not include financial data for City of Selma, Texas's legally separate component unit, Retama Development Corporation (RDC). Accounting principles generally accepted in the United States of America require the financial data for RDC be reported with the financial data of City of Selma, Texas's primary government, unless RDC also issues financial statements for the financial reporting entity that include the financial data for its component units. RDC has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the discretely presented component unit that has been omitted cannot be presented.

Responsibilities of Management for the Financial Statements

The City of Selma, Texas's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Selma, Texas's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Selma, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Selma, Texas's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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.

Supplementary 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. 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be material misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Armstrong, Vaughan & Associates, P.C.
February 3, 2023

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, 2022. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

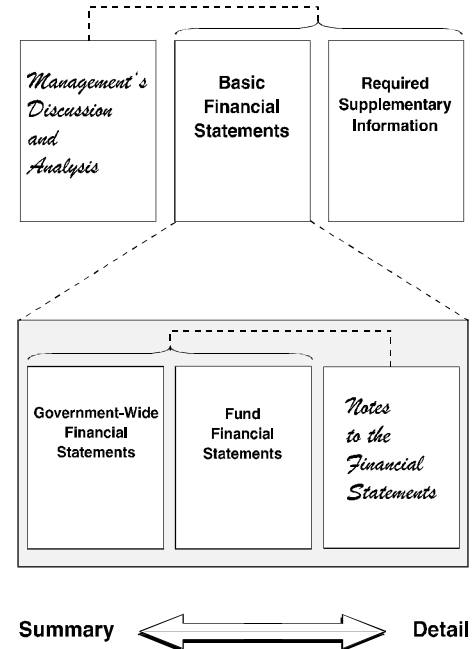
- The City’s total combined net position was \$56.2 million at October 31, 2022. The general fund reported a fund balance this year of \$14.5 million.
- During the year, the City’s governmental expenses were \$5.2 million less than the \$17.1 million generated in taxes and other revenues for governmental activities.
- The City’s Water/Sewer Fund reported a \$660 thousand increase in net position over the previous fiscal year. Net position at October 31, 2022 was \$9.4 million.
- The City issued tax notes in the amount of \$8.7 million dollars for capital improvements and asset acquisition.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	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 \$56.2 million at October 31, 2022. (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
	2022	2021	2022	2021	2022	2021	
ASSETS							
<i>Current Assets:</i>							
Cash and Investments	\$ 30,315	\$ 20,471	\$ 5,057	\$ 4,724	\$ 35,372	\$ 25,195	40.39%
Other Current Assets	5,082	2,957	751	815	5,833	3,772	54.64%
Total Current Assets:	35,397	23,428	5,808	5,539	41,205	28,967	42.25%
<i>Noncurrent Assets:</i>							
Capital Assets (Net)	45,691	44,142	10,750	10,893	56,441	55,035	2.55%
Total Noncurrent Assets	45,691	44,142	10,750	10,893	56,441	55,035	2.55%
Total Assets	81,088	67,570	16,558	16,432	97,646	84,002	16.24%
Deferred Outflows of Resources							
Deferred Total OPEB Outflows	462	527	25	29	487	556	-12.41%
Deferred Pension Related Outflows	970	1,507	50	74	1,020	1,581	-35.48%
Total Deferred Outflows of Resources	1,432	2,034	75	103	1,507	2,137	-29.48%
LIABILITIES							
Current Liabilities	4,843	3,812	4,854	5,001	9,697	8,813	10.03%
Long-Term Liabilities	29,178	22,735	2,307	2,732	31,485	25,467	23.63%
Total Liabilities	34,021	26,547	7,161	7,733	41,182	34,280	20.13%
DEFERRED INFLOWS							
Future Tax Levy Collections	8	7	-	-	8	7	14.29%
Deferred Total OPEB Inflows	350	47	18	2	368	49	651.02%
Deferred Pension Related Inflows	1,367	1,410	70	77	1,437	1,487	-3.36%
Total Deferred Inflows of Resources	1,725	1,464	88	79	1,813	1,543	17.50%
NET POSITION							
Net Investment in							
Capital Assets	28,133	28,429	8,623	8,360	36,756	36,789	-0.09%
Restricted	10,649	9,868	-	-	10,649	9,868	7.91%
Unrestricted	7,992	3,296	761	363	8,753	3,659	139.22%
Total Net Position	\$ 46,774	\$ 41,593	\$ 9,384	\$ 8,723	\$ 56,158	\$ 50,316	11.61%

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
	2022	2021	2022	2021	2022	2021	
Program Revenues:							
Charges for Services	\$ 1,392	\$ 1,156	\$ 6,208	\$ 5,512	\$ 7,600	\$ 6,668	14.0%
Operating Grants & Contributions	23	7	-	-	23	7	228.6%
Capital Grants & Contributions	95	98	384	179	479	277	72.9%
General Revenues							
Property Taxes	2,910	2,802	-	-	2,910	2,802	3.9%
Franchise Taxes	884	741	-	-	884	741	19.3%
Sales Taxes	11,154	10,614	-	-	11,154	10,614	5.1%
Occupancy Taxes	287	228	-	-	287	228	25.9%
Impact Fees	-	-	121	208	121	208	-41.8%
Investment Earnings	97	15	2	-	99	15	560.0%
Other	255	538	14	6	269	544	-50.6%
Total Revenues	17,097	16,199	6,729	5,905	23,826	22,104	7.8%
General Government	2,396	2,555	-	-	2,396	2,555	-6.2%
Police Department	4,098	4,265	-	-	4,098	4,265	-3.9%
Fire Department	2,889	2,820	-	-	2,889	2,820	2.4%
Building Inspections	419	411	-	-	419	411	1.9%
Infrastructure	1,946	1,735	-	-	1,946	1,735	12.2%
Others	209	189	-	-	209	189	10.6%
Water/Sewer	-	-	5,353	5,051	5,353	5,051	6.0%
Interest on Long-Term Debt	675	483	-	-	675	483	39.8%
Total Expenses	12,632	12,458	5,353	5,051	17,985	17,509	2.7%
Transfers In (Out)	715	429	(715)	(429)	-	-	0.0%
Increase (Decrease) in Net Position	5,180	4,170	661	425	5,841	4,595	27.1%
Beginning Net Position	41,593	37,423	8,723	8,298	50,316	45,721	10.1%
Ending Net Position	<u>\$ 46,773</u>	<u>\$ 41,593</u>	<u>\$ 9,384</u>	<u>\$ 8,723</u>	<u>\$ 56,157</u>	<u>\$ 50,316</u>	<u>11.6%</u>

Governmental Activities

- Property tax rates remained the same at .196800, however, higher property values resulted in an increase of 3.9% in property tax revenues.
- The City's total revenues were \$17.1 million. A significant portion, 89.1%, comes from taxes and 8.1% 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 \$12.6 million.
- However, the amount that our taxpayers paid for these activities through taxes was \$15.2 million.
- Some of the cost was paid by those who directly benefited from the programs, \$1.4 million.

Business-Type Activities (Water Sewer)

Revenues of the City’s business-type activities were \$6.7 million (a 13.9% increase) and expenses were \$5.4 million (3.4% increase).

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

	Total Cost of Services			Percent Change	Net Cost of Services		
	2022	2021			2022	2021	Percent Change
General Government	\$ 2,396	\$ 2,555	-6.2%	\$ 2,105	\$ 2,269	-7.2%	
Police Department	4,098	4,265	-3.9%	3,580	3,854	-7.1%	
Fire Department	2,888	2,820	2.4%	2,888	2,820	2.4%	
Building Inspection	419	411	1.9%	(189)	(55)	243.6%	
Infrastructure	1,946	1,735	12.2%	1,851	1,637	13.1%	
Other	209	189	10.6%	209	189	10.6%	
Debt Service – Interest & Fiscal	675	483	39.8%	675	483	39.8%	
Water/Sewer	5,353	5,051	6.0%	(1,238)	(357)	246.8%	

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 \$17.1 million, a 5.6% increase over the prior year. Expenditures decreased 1.5% to \$16 million.

Budgetary Highlights

The City did not make any amendments during the year. Expenditures were under budget in total by \$1.3 million in the general fund and by \$1.0 million in the municipal development district. Ending resources increased by \$2.15 million in the general fund. Additionally, the MDD was budgeted to have no change in fund balance. There was an increase of \$751 thousand in fund balance and the fund balance remained strong with a \$4.9 million fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of October 31, 2022, the City had invested \$73 million and \$15.8 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
	2022	2021	2022	2021	2022	2021	
Land	\$ 1,761	\$ 1,761	\$ 173	\$ 173	\$ 1,934	\$ 1,934	0.0%
Water Rights	-	-	2,559	2,559	2,559	2,559	0.0%
Buildings	11,607	8,072	293	404	11,900	8,476	40.4%
Water and Sewer Plant	-	-	11,170	11,170	11,170	11,170	0.0%
Vehicles and Equipment	5,843	6,080	1,030	1,107	6,873	7,187	-4.4%
Infrastructure	48,309	48,310	-	-	48,309	48,310	0.0%
Construction in Progress	5,452	5,243	619	161	6,071	5,404	12.3%
Totals at Historical Cost	<u>72,972</u>	<u>69,466</u>	<u>15,844</u>	<u>15,574</u>	<u>88,816</u>	<u>85,040</u>	<u>4.4%</u>
Accumulated Depreciation	<u>(27,282)</u>	<u>(25,324)</u>	<u>(5,092)</u>	<u>(4,681)</u>	<u>(32,374)</u>	<u>(30,005)</u>	<u>7.9%</u>
Net Capital Assets	<u>\$ 45,690</u>	<u>\$ 44,142</u>	<u>\$ 10,752</u>	<u>\$ 10,893</u>	<u>\$ 56,442</u>	<u>\$ 55,035</u>	<u>2.6%</u>

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

Long Term Debt

As of October 31, 2022, the City had \$28.6 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
	2022	2021	2022	2021	2022	2021	
Bonds Payable	\$ 26,355	\$ 18,661	\$ 2,075	\$ 2,430	\$ 28,430	\$ 21,091	34.80%
Notes Payable	82	131	52	102	134	233	-42.49%
Total Debt	<u>\$ 26,437</u>	<u>\$ 18,792</u>	<u>\$ 2,127</u>	<u>\$ 2,532</u>	<u>\$ 28,564</u>	<u>\$ 21,324</u>	<u>33.95%</u>

TAX RATE, BUDGET, AND ECONOMIC OUTLOOK

The proposed budget for Fiscal Year 2022-23 was filed with the City Secretary on August 8, 2022, and the Notice of Public Hearing was published in the Northeast Herald on August 17, 2022. The Guadalupe County Appraisal District lists the City's tax roll for Fiscal Year 2022-2023 at \$1,669,016,944. Last fiscal year, the Guadalupe County Appraisal District listed the City's tax roll at \$1,435,457,936. After careful analysis, it is our recommendation that we adopt a Tax Rate of \$0.1919 per \$100 of valuation for FY 2022-2023. This represents a \$0.0049 decrease from last year's tax rate of \$0.1968 per \$100 of valuation. The tax components for the proposed Fiscal Year 2022-2023 tax rate would be as follows: \$0.0855 for Maintenance & Operations (General Fund) and \$0.1064 for Interest & Sinking (Debt Service).

From January 2022 through August 2022, exactly two-thirds of the way into the current fiscal year, Selma's local economy grew as sales tax collections increased by 7.5% over this same period last year. This growth is due primarily to our consistently robust retail sector. This success seems poised to continue through the next fiscal year with the addition of a number of new businesses to the Selma family. In August, Ulta Beauty opened its 10th San Antonio location at The Forum. Ulta has long sought a location in our area and we are excited to finally welcome them to Selma!

Another business that was recently added is Skechers Footwear. Opening later this year, Skechers Footwear will take the place of World Market in The Forum, adding yet another high-profile business to our retail sector. We are also excited to welcome two new custom vehicle businesses to Selma: Rolltechs Specialty Vehicles and Ultimate Top Drives. Rolltechs Specialty Vehicles are one of the premier specialty vehicle manufacturers, with years of experience in building and customizing a variety of specialty vehicles including mobile command vehicles, food trucks, communications trailers, and many more. Similarly, Ultimate Top Drives serves as the area's leading builder of customized hunting and safari vehicles. We are pleased to welcome these new businesses to the Selma family and look forward to even more exciting additions in the coming fiscal year to our already diverse retail sector!

The industrial development outlook in Selma is stronger than ever. Titan Development recently completed the construction of a 325,000 square foot spec building with plans for future construction of an adjacent 425,000 square foot building. Construction of a similar-sized development is also planned across from City Hall on the property formerly occupied by Keller Materials. Similarly, Stream Realty recently purchased 30+ acres on Lookout Road near the Blue Bonnet Palace for future construction of a Class A industrial development. In total, these current or future industrial projects total more than 2 million square feet of industrial space and more high-quality jobs!

Even more exciting is the recent announcement that University Health System has chosen Selma for its newest hospital location. The future site of this planned hospital and medical office center is located at the corner of Lookout Road and Retama Parkway. University Health Systems is an industry-leading healthcare provider and their commitment to Selma will no doubt expand medical care options, as well as quality of life, in our region. Crews have already begun the process of clearing the area of buildings formerly owned by Retama Park, with planning and design of the new, state-of-the-art hospital and medical facility expected to continue into 2023. We are beyond excited to welcome University Health and look forward to many years of partnership to improve the lives of Selma's residents and visitors!

As Selma approaches full buildout in the residential sector, housing construction has slowed when compared to recent years. However, there are still a number of areas that continue to see residential construction. Home construction in Selma Park Estates continues to see growth as residents flock to Selma. This is primarily due to the many infrastructure projects completed in this area over the decade. The dedication to provide quality roads, improved stormwater drainage, and superior utility service has led Selma Park Estates to be a hotly-sought after subdivision in the region for families of all ages. Similarly, construction in Selma's newest subdivision, Sunrise Village, continues to move at a rapid pace. Located just off Retama Parkway between Creekside Ridge and TruCare Living Centers, this new subdivision will provide approximately 93 single-family homes in Selma. Construction of these new upscale living options is scheduled to be completed in the coming fiscal year.

Lastly, Phase I of The Citadel at Lookout Apartments was completed earlier this year, providing more than 300 units of multi-family residence options for our residents. The ownership group responsible for The Citadel was so enamored with Selma that they recently doubled-down and purchased the adjacent property formerly occupied by Quality Organics for a planned second phase to their existing complex. Once completed, Phase II looks to include approximately 270 Class A multifamily dwellings, a clubhouse, state-of-the-art fitness center and business center, and a resort style pool. The expansion of The Citadel at Lookout Apartments will provide yet another upscale multi-family option for Selma residents as we continue to see further economic growth across the city.

For many years, the City of Selma has made a concerted effort to manage and encourage the robust growth that it has enjoyed. To manage this growth, the City Council approved a 2017-2032 Comprehensive Development Plan (CDP) as an outline for necessary capital improvement projects for the next decade. Additionally, the City adopted a Five-Year Water Rate Schedule in 2019 that provides the City with a rate structure to ensure the ongoing financial stability and revenue necessary for current and future improvements to our municipal water system and infrastructure. In 2018, the City also completed the Selma Branding & Trails Master Plan, which provides a plan for future development of parks and iconic locations, connected by an intricate system of walking and biking trails. This plan provides a roadmap for the future development of quality-of-life initiatives aimed at enhancing the overall community experience for residents and visitors. Each of these capital planning projects provides the basis for the continued development of much-needed and highly-desired city projects.

The 2021-2022 fiscal year saw the completion of the long-awaited reconstruction of Evans Road. With almost 7,000 linear feet of road surface and more than 4,000 linear feet of 5-foot-wide concrete sidewalks, the new Evans Road continues the enhancement that began with the completion of Lookout Road in 2019. In conjunction with the Evans Road Project, the City added yet another quality-of-life initiative for our residents with the construction of the Cibolo Creek Recreational Trail. The Cibolo Creek Trail includes sidewalks along Evans Road and over 6,000 linear feet of 10-foot-wide recreational trails along Cibolo Creek, providing a linear park element as a quality-of-life amenity for our community. We are currently exploring strategies to construct a nature trail under IH-35 that would connect the Cibolo Creek Trail along Evans Road with the Stage Stop Park.

The upcoming fiscal year will see the beginning of several new capital improvement projects. With the ensuing arrival of University Health System, the City is in the planning stages for a road improvement project to Retama Parkway to better serve our residents and those utilizing this new hospital facility. The City will seek to break ground on a traffic signal at Lookout Road and Mountcrest Boulevard, along with a road improvement that leads to our new Public Works building. Thanks to funds allotted by the Alamo Area Metropolitan Planning Organization (AAMPO), the City is currently in the initial planning stages to provide pedestrian and street improvements to the portion of Lookout Road stretching from Evans Road to the Selma-Live Oak city limits. These future improvements will provide much-needed connections for residents in this area, but will also connect this portion of the city to other trail systems by way of sidewalks, bike lanes and trails. Other future and planned road improvements include Old Evans Road and Wiederstein Road.

In 2021, the U.S. Congress passed the American Rescue Plan Act (ARPA) that allocated funding to cities based on population to fund a defined list of qualified projects. Using these funds, Selma has purchased emergency back-up generators at two of our water sites and provided premium pay to our employees who worked tirelessly throughout the pandemic. With a second tranche expected in coming months, future projects to be funded through ARPA funds include stormwater drainage improvements in the Olympia Hills Subdivision and expanded broadband at Stage Stop Park. Overall, these steps will help ensure that the City is able to fund future projects while limiting the burden placed on our residents and businesses.

ANNUAL OPERATING BUDGET

Collectively, the funds that make up the Fiscal Year 2022-2023 Annual Operating Budget (which begins on November 1) will increase by 7.0% or \$1,719,348 from 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 2022-2023 of \$26,383,431.

Expected Revenues for Fiscal Year 2022-2023 are \$14,836,914, an increase of 8.0% or \$1,100,746 from the previous fiscal year. Most of this increase is primarily due to increasing sales tax collections and growth in the number of new properties added to the City's tax rolls. It is estimated that \$40,129,936 worth of new improvements and property will be added to the City's tax rolls this year. An additional reason for this increase is due to the aforementioned receipt of funds through the American Rescue Plan Act (ARPA).

Expenditures for FY 2022-2023 balance with the revenue total of \$14,836,914. Highlights of General Fund Expenditures include:

- A 4.5% salary adjustment for all city employees;
- A revamped pay scale for our Police Officers;
- Two (2) new/replacement vehicles for Police Patrol Vehicles and CID, respectively;
- One (1) new/replacement vehicle for Fire Inspector, Code Compliance, and Administration, respectively;
- Installation of a traffic signal at the intersection of Lookout Road and Mountcrest Blvd.;
- Funding for new/replacement body cameras for the Police Department;
- Additional funding for bunker gear for the Fire Department;
- Funding for planning/design work for Wiederstein Road; and
- Third-party contracts for mowing of City drainage areas and City parks.

Municipal Development District (MDD) Revenue and Expenditures equal \$2,500,000 of which \$500,000 is rolled into this fiscal year from the MDD fund balance. Projects that may be supported by the MDD Fund must be located in Bexar County. Continued funding for the Reconstruction of Retama Parkway and planning/design work for improvements to the southern portion of Lookout Road, are to be funded from the MDD fund.

Several Reserve Funds have been allocated for various items in the next fiscal year. These reserve fund expenditures will include continued street repairs, technology upgrades, court security upgrades, police equipment and hotel/motel expenditures. Reserve funds allocated for these expenditures total \$82,500.

Revenues for the Utility Fund are \$6,083,149, an increase of 1.8% or \$107,649 from last fiscal year. This increase is primarily attributed to an increase in the collection of water and wastewater sales due to the City's rising residential and commercial population combined with the wastewater rate increase by Cibolo Creek Municipal Authority and the adopted 5-year Water Rate Schedule increase, which is now entering year four.

Expenditures for FY 2022-2023 balance with forecasted revenue. Expenditure highlights of the Utility Fund include:

- 4.5% salary adjustment increase for all city employees;
- One (1) new/replacement vehicle for the Public Works Department; and
- Additional funds allocated for contractual payments to CCMA.

Ad Valorem Tax collections applied to the City's debt service payments totaled \$2,880,868, which is a 21.6% increase over the previous fiscal year. Debt service payments are set to increase by just under \$511,000. This increase in debt service payments is tied to the 2022 Certificates of Obligation for a fire aerial apparatus, design and construction of a public safety training facility, and street improvements. This section of the budget depicts all outstanding long-term debt payments that the City is due to pay in the upcoming fiscal year.

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. According to Standard & Poor's, the City's financial position is based on 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 March 2022, Standard and Poor's reaffirmed this 'AA' rating. This rating, which was assigned during the bond process for the 2022 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, the City Council adopted comprehensive financial management policy statements in late 2019. These Comprehensive Financial Management Policy Statements will serve as 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.

We would like to thank all the department heads for their hard work and assistance in developing this document. Lastly, we would like to thank the Mayor, City Council and 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 this 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 210-651-6661.



CITY OF SELMA, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED OCTOBER 31, 2022

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 30,315,495	\$ 5,056,858	\$ 35,372,353
Receivables (Net of Allowance for Uncollectibles):			
Property Taxes	48,688	-	48,688
Nonproperty Taxes	2,415,254	-	2,415,254
Lot Maintenance	368	-	368
Water Sewer Customers	-	809,009	809,009
Prepaid Expenses	2,558,619	1,488	2,560,107
Internal Balances	59,552	(59,552)	-
Capital Assets:			
Land	1,760,807	173,139	1,933,946
Water Rights	-	2,558,666	2,558,666
Buildings & Improvements	11,606,922	292,953	11,899,875
Water Sewer Plant	-	11,169,639	11,169,639
Vehicles & Equipment	5,842,759	1,029,742	6,872,501
Infrastructure	48,309,473	-	48,309,473
Construction in Progress	5,452,308	618,600	6,070,908
Accumulated Depreciation	(27,281,695)	(5,092,462)	(32,374,157)
TOTAL ASSETS	81,088,550	16,558,080	97,646,630
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Total Other Post Employment Benefit (OPEB) Outflows	461,883	24,912	486,795
Deferred Pension Related Outflows	969,787	49,907	1,019,694
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,431,670	\$ 74,819	\$ 1,506,489

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
OCTOBER 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 1,299,498	\$ 286,881	\$ 1,586,379
Accrued Expenses	713,871	11,478	725,349
Accrued Compensated Absences	593,615	21,680	615,295
Accrued Interest Payable	198,633	14,728	213,361
Unearned Revenue	2,036,896	4,512,501	6,549,397
Customer Deposits	-	7,050	7,050
<i>Noncurrent Liabilities:</i>			
Due within One Year	1,669,287	417,068	2,086,355
Due in more than One Year	24,767,995	1,710,000	26,477,995
Total Other Post Employment Benefits (OPEB) Liability	1,187,884	99,520	1,287,404
Net Pension Liability	1,553,163	79,928	1,633,091
TOTAL LIABILITIES	34,020,842	7,160,834	41,181,676
DEFERRED INFLOWS OF RESOURCES			
Property Tax Levy for Future Period	7,645	-	7,645
Deferred Total Other Post Employment Benefit (OPEB) Inflows	350,451	18,035	368,486
Deferred Pension Related Inflows	1,367,353	70,366	1,437,719
TOTAL DEFERRED INFLOWS	1,725,449	88,401	1,813,850
NET POSITION			
Net Investment in Capital Assets	28,132,814	8,623,210	36,756,024
Restricted Net Position:			
Debt Service	795,516	-	795,516
Municipal Development District	4,875,287	-	4,875,287
Police Department	49,154	-	49,154
Hotel/Motel	618,151	-	618,151
Building Security and Technology	412,605	-	412,605
Street Repairs	3,669,901	-	3,669,901
Other	228,742	-	228,742
Unrestricted	7,991,759	760,454	8,752,213
TOTAL NET POSITION	\$ 46,773,929	\$ 9,383,664	\$ 56,157,593

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2022

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Administration	\$ 2,395,562	\$ 290,219	\$ -	\$ -
Police Protection	4,098,008	494,720	22,885	-
Fire Protection	2,888,867	-	-	-
Building Inspections	419,071	607,697	-	-
Infrastructure	1,946,050	-	-	95,000
Other	208,974	-	-	-
Interest on Long-Term Debt	675,446	-	-	-
Total Governmental Activities	<u>12,631,978</u>	<u>1,392,636</u>	<u>22,885</u>	<u>95,000</u>
Business-Type Activities				
Water & Sewer Utility	<u>5,353,497</u>	<u>6,208,604</u>	-	<u>382,989</u>
Total Business-Type Activities	<u>5,353,497</u>	<u>6,208,604</u>	-	<u>382,989</u>
Total Government	<u>\$ 17,985,475</u>	<u>\$ 7,601,240</u>	<u>\$ 22,885</u>	<u>\$ 477,989</u>

General Revenues:

Taxes
 General Property Taxes
 Franchise Taxes
 Sales Taxes
 Occupancy Tax
Interest and Investment Earnings
Impact Fees
Miscellaneous

Total General Revenues

Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

The accompanying notes are an integral part of these statements.

Net (Expense) Revenue

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,105,343)	\$ -	\$ (2,105,343)
(3,580,403)	-	(3,580,403)
(2,888,867)	-	(2,888,867)
188,626	-	188,626
(1,851,050)	-	(1,851,050)
(208,974)	-	(208,974)
(675,446)	-	(675,446)
<u>(11,121,457)</u>	<u>-</u>	<u>(11,121,457)</u>
-	1,238,096	1,238,096
-	1,238,096	1,238,096
<u>(11,121,457)</u>	<u>1,238,096</u>	<u>(9,883,361)</u>
2,910,365	-	2,910,365
884,417	-	884,417
11,154,504	-	11,154,504
287,072	-	287,072
96,750	2,353	99,103
-	120,860	120,860
255,117	13,913	269,030
<u>15,588,225</u>	<u>137,126</u>	<u>15,725,351</u>
<u>715,000</u>	<u>(715,000)</u>	<u>-</u>
5,181,768	660,222	5,841,990
<u>41,592,161</u>	<u>8,723,442</u>	<u>50,315,603</u>
<u>\$ 46,773,929</u>	<u>\$ 9,383,664</u>	<u>\$ 56,157,593</u>

CITY OF SELMA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2022

	Major Funds					Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District	2022 Bond & Capital Projects	Capital Projects	
ASSETS						
Cash and Investments	\$ 15,308,189	\$ 914,454	\$ 4,517,285	\$ 727,777	\$ 8,847,789	\$ 30,315,494
Receivables (Net of Uncollectibles):						
Property Taxes	19,600	29,087	-	-	-	48,687
Sales and Franchise Tax	2,031,375	-	383,879	-	-	2,415,254
Lot Maintenance	368	-	-	-	-	368
Prepaid Items	859,619	-	-	1,699,000	-	2,558,619
Due From Other Funds	5,436	54,895	-	(30,509)	29,730	59,552
TOTAL ASSETS	\$ 18,224,587	\$ 998,436	\$ 4,901,164	\$ 9,029,436	\$ 8,877,519	\$ 35,397,974
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
<i>Liabilities:</i>						
Accounts Payable	\$ 996,005	\$ -	\$ 25,877	\$ -	\$ 277,616	\$ 1,299,498
Accrued Expenditures	713,871	-	-	-	-	713,871
Due To Other Funds	-	-	-	(6,633,168)	6,633,168	-
Unearned ARPA Revenue	2,036,896	-	-	-	-	-
TOTAL LIABILITIES	3,746,772	-	25,877	(6,633,168)	6,910,784	2,013,369
<i>Deferred Inflow of Resources:</i>						
Unavailable Revenue	19,600	29,088	-	-	-	48,688
Future Property Tax Levy	3,358	4,287	-	-	-	7,645
TOTAL DEFERRED INFLOWS OF RESOURCES	22,958	33,375	-	-	-	56,333
<i>Fund Balances:</i>						
<i>Nonspendable:</i>						
Prepaid Items	859,619	-	-	1,699,000	-	2,558,619
<i>Restricted for:</i>						
Debt Service	-	965,061	-	-	-	965,061
Police Department	49,154	-	-	-	-	49,154
Hotel/Motel	618,151	-	-	-	-	618,151
Building Security and Technology	412,605	-	-	-	-	412,605
Municipal Development District	-	-	4,875,287	-	-	4,875,287
Street Repairs	3,669,901	-	-	-	-	3,669,901
Construction Projects	-	-	-	7,330,436	1,966,735	9,297,171
PEG Fees	228,742	-	-	-	-	228,742
<i>Assigned for:</i>						
Fire Department	31,478	-	-	-	-	31,478
Parks	13,262	-	-	-	-	13,262
Police Department	110,878	-	-	-	-	110,878
Unassigned	8,461,067	-	-	-	-	8,461,067
TOTAL FUND BALANCES	14,454,857	965,061	4,875,287	9,029,436	1,966,735	31,291,376
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,224,587	\$ 998,436	\$ 4,901,164	\$ 9,029,436	\$ 8,877,519	\$ 33,365,078

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, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 31,291,376

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. 45,690,574

Other long-term assets are not available to pay for current-period expenditures and therefore, are not reported in the governmental funds. 48,690

Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the governmental funds. (593,615)

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

Bonds Payable	(25,405,000)	
Premium	(950,213)	
Notes Payable	<u>(82,069)</u>	(26,437,282)

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	(1,553,163)	
Pension Related Deferred Outflows	969,787	
Pension Related Deferred Inflows	<u>(1,367,353)</u>	(1,950,729)

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	(1,187,884)	
Total OPEB Related Deferred Outflows	461,883	
Total OPEB Related Deferred Inflows	<u>(350,451)</u>	(1,076,452)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the governmental funds. (198,633)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 46,773,929

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, 2022

	Major Funds					Total Governmental Funds
	General Fund	Debt Service Fund	Municipal Development District Fund	2022 Bond & Capital Projects	Capital Projects	
REVENUES						
Ad Valorem Taxes	\$ 1,094,531	\$ 1,812,202	\$ -	\$ -	\$ -	\$ 2,906,733
Sales and Mixed Beverage Tax	8,937,128	-	2,225,656	-	-	11,162,784
Franchise Taxes	884,417	-	-	-	-	884,417
Occupancy Tax	287,072	-	-	-	-	287,072
Charges for Services	878,729	-	-	-	-	878,729
Fines and Forfeits	515,358	-	-	-	-	515,358
Miscellaneous	425,728	-	-	27,041	10,192	462,961
TOTAL REVENUES	<u>13,022,963</u>	<u>1,812,202</u>	<u>2,225,656</u>	<u>27,041</u>	<u>10,192</u>	<u>17,098,054</u>
EXPENDITURES						
Current:						
General Administration	3,801,927	-	39,751	-	-	3,841,678
Fire Protection	2,765,333	-	-	-	-	2,765,333
Police Protection	3,863,593	-	-	-	-	3,863,593
Building Inspections	420,167	-	-	-	-	420,167
Infrastructure	378,562	-	-	-	-	378,562
Other	71,846	2,943	-	-	-	74,789
Capital Outlay	226,123	-	1,434,391	-	843,466	2,503,980
Debt Service:						
Principal	48,720	1,445,000	-	-	-	1,493,720
Bond Issue Costs	-	2,000	-	165,905	-	167,905
Interest and Fiscal Charges	10,687	465,240	-	-	1,208	477,135
TOTAL EXPENDITURES	<u>11,586,958</u>	<u>1,915,183</u>	<u>1,474,142</u>	<u>165,905</u>	<u>844,674</u>	<u>15,986,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,436,005</u>	<u>(102,981)</u>	<u>751,514</u>	<u>(138,864)</u>	<u>(834,482)</u>	<u>1,111,192</u>
OTHER FINANCING SOURCES (USES):						
Issuance of Debt	-	-	-	8,670,000	-	8,670,000
Premiums from Bond Issuances	-	-	-	498,300	-	498,300
Transfers In (Out)	715,000	-	-	-	-	715,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>715,000</u>	<u>-</u>	<u>-</u>	<u>9,168,300</u>	<u>-</u>	<u>9,883,300</u>
Net Change in Fund Balance	2,151,005	(102,981)	751,514	9,029,436	(834,482)	10,994,492
FUND BALANCES - NOVEMBER 1	<u>12,303,852</u>	<u>1,068,042</u>	<u>4,123,773</u>	<u>-</u>	<u>2,801,217</u>	<u>20,296,884</u>
FUND BALANCES - OCTOBER 31	<u>\$ 14,454,857</u>	<u>\$ 965,061</u>	<u>\$ 4,875,287</u>	<u>\$ 9,029,436</u>	<u>\$ 1,966,735</u>	<u>\$ 31,291,376</u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 10,994,492

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	3,743,462	
Depreciation Expense	<u>(2,194,447)</u>	1,549,015

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	3,636
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Proceeds from the Issuance of Debt	(9,168,300)	
Principal Repayments	1,493,720	
Amortization of Debt Related Balances	<u>29,358</u>	(7,645,222)

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.

\$ 408,474

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.

\$ (70,267)

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	12,090	
Accrued Interest	<u>(70,450)</u>	<u>(58,360)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 5,181,768

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
OCTOBER 31, 2022

	<u>Water & Sewer</u>
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 5,056,858
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	809,009
Prepaid Expenses	1,488
<i>Total Current Assets</i>	5,867,355
 <i>Capital Assets:</i>	
Land	173,139
Water Rights	2,558,666
Building and Improvements	292,953
Water Sewer Plant	11,169,639
Equipment	1,029,742
Construction in Progress	618,600
Accumulated Depreciation	(5,092,462)
<i>Total Capital Assets, Net</i>	10,750,277
TOTAL ASSETS	16,617,632
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Total Other Post Employment Benefit Outflows	24,912
Deferred Pension Related Outflows	49,907
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 74,819

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
OCTOBER 31, 2022

LIABILITIES

Current Liabilities:

Accounts Payable	\$	286,881
Accrued Expenses		11,478
Accrued Compensated Absences		21,680
Accrued Interest		14,728
Unearned Revenue		4,512,501
Customer Deposits		7,050
Current Portion of Bonds Payable		417,068
Due to Other Funds		59,552
<i>Total Current Liabilities</i>		5,330,938

Noncurrent Liabilities:

Bonds Payable		1,710,000
Total Other Post Employment Benefits Liability		99,520
Net Pension Liability		79,928
<i>Total Noncurrent Liabilities:</i>		1,889,448
TOTAL LIABILITIES		7,220,386

DEFERRED INFLOWS

OF RESOURCES

Deferred Total Other Post Employment Benefit Inflows		18,035
Deferred Pension Related Inflows		70,366
TOTAL DEFERRED INFLOWS		88,401
OF RESOURCES		88,401

NET POSITION

Net Investment in Capital Assets		8,623,210
Unrestricted (Deficit)		760,454
TOTAL NET POSITION	\$	9,383,664

CITY OF SELMA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED OCTOBER 31, 2022

	<u>Water & Sewer</u>
OPERATING REVENUE	
Water Service	\$ 2,352,468
Sewer Service	1,706,517
Stormwater Fees	494,978
Garbage Billing	1,524,413
Connection and Extension Fees	52,393
Other Fees	77,835
TOTAL OPERATING REVENUE	<u>6,208,604</u>
OPERATING EXPENSES	
Administration Costs:	
Personnel	433,386
Administrative Services	3,897,893
Water and Sewer Operations:	
Supplies and Materials	287,746
Repairs and Maintenance	142,305
Depreciation	467,205
TOTAL OPERATING EXPENSES	<u>5,228,535</u>
OPERATING INCOME (LOSS)	<u>980,069</u>
NONOPERATING INCOME (EXPENSE)	
Impact Fees	120,860
Grant Contribution - American Rescue Plan Act	382,989
Miscellaneous	13,913
Interest Income	2,353
Disposal of Fixed Assets	(55,692)
Interest Expense	(69,270)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>395,153</u>
NET INCOME (LOSS) BEFORE TRANSFERS	1,375,222
Transfers In (Out)	<u>(715,000)</u>
NET INCOME (LOSS)	660,222
NET POSITION, BEGINNING OF YEAR	<u>8,723,442</u>
NET POSITION, END OF YEAR	<u>\$ 9,383,664</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, 2022

	<u>Water & Sewer</u>
CASH FLOWS FROM	
OPERATING ACTIVITIES	
Cash Received from Customers	\$ 6,056,259
Cash Paid to Suppliers	(4,424,315)
Cash Paid to Employees	(415,522)
NET CASH FLOWS PROVIDED (USED)	<u>1,216,422</u>
BY OPERATING ACTIVITIES	<u>1,216,422</u>
CASH FLOWS FROM NONCAPITAL	
FINANCING ACTIVITIES	
Miscellaneous Income	13,913
Grant Contributions Received	382,989
Impact Fees	120,860
Deposits Collected (Refunded)	(500)
Due to (from) Other Funds	171,724
Transfers From (to) Other Funds	(715,000)
NET CASH PROVIDED (USED) BY	<u>(26,014)</u>
NONCAPITAL FINANCING ACTIVITIES	<u>(26,014)</u>
CASH FLOWS FROM CAPITAL AND RELATED	
FINANCING ACTIVITIES	
Acquisition of Capital Assets	(477,555)
Gain on Disposal of Capital Assets	97,129
Principal Payments on Long-term Debt	(405,409)
Interest Paid for Financing Activities	(74,163)
NET CASH USED FROM CAPITAL AND	<u>(859,998)</u>
RELATED FINANCING ACTIVITIES	<u>(859,998)</u>
CASH FLOWS FROM	
INVESTING ACTIVITIES	
Interest Income Received	2,353
NET CASH PROVIDED (USED) BY	<u>2,353</u>
INVESTING ACTIVITIES	<u>2,353</u>
NET INCREASE (DECREASE) IN CASH	
AND CASH EQUIVALENTS	332,763
CASH AND INVESTMENTS,	
BEGINNING OF YEAR	<u>4,724,095</u>
CASH AND INVESTMENTS,	
END OF YEAR	<u><u>\$ 5,056,858</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, 2022

	<u>Water & Sewer</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 980,069
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	467,205
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (net)	(107,685)
(Increase) Decrease in Total Deferred Other Post Employment Benefit Outflows	4,820
(Increase) Decrease in Deferred Pension Outflows	24,108
Increase (Decrease) in Accounts Payable	(96,371)
Increase (Decrease) in Accrued Expenses	5
Increase (Decrease) in Unearned Revenue	(44,660)
Increase (Decrease) in Total Other Post Employment Benefits Liability	18,253
Increase (Decrease) in Net Pension Liability	(38,113)
Increase (Decrease) in Total Deferred Other Post Employment Benefit Inflows	15,621
Increase (Decrease) in Deferred Pension Related Inflows	(6,830)
Total Adjustments	<u>236,353</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,216,422</u>

The accompanying notes are an integral part of these statements.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
OCTOBER 31, 2022

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, 2021 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, 2022

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, 2022 Bond and Construction 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, 2022

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.

2022 Bond & Construction Fund is used to track capital projects related to the 2022 bond issuance.

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).

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

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

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.

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 net asset value 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.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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

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. 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, 2022.

	General Fund	Debt Service Fund	Water/Sewer Fund
	2022	2022	2022
Property taxes	\$ 1,655	\$ 602	\$ -
Lot Maintenance	6,992	-	-
Water/Sewer Accounts	-	-	69,553

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.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

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.

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, 2022 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.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

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.

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.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

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.

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.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

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.

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. NEW ACCOUNTING PRNOUNCEMENT

The City implemented Governmental Accounting Standards Board Statement 87 regarding leases as of November 1, 2021. This Statement changed the way leases are presented and recorded. The City analyzed its contracts and found no leases at this time.

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The city's cash and cash equivalents were fully collateralized between pledged securities and FDIC as of October 31, 2022.

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, 2022

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 inactive 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, 2022 were in short-term certificates of deposit, Texpool and Invesco, which are both AAAM rated, public funds external investment pools. These investments are valued by using net asset value (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, 2022:

Investment	Fair Value	Maturity in Days
TexPool	\$ 1,047	37
Invesco	6,325,708	33
Total Investments	\$ 6,326,755	

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, 2022

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.

d. Custodial Credit Risk (Cont.)

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, 2022

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 2022, the assessed tax rate for the City was \$0.196800 per \$100 on a taxable assessed valuation of \$1,504,168,413. The rate is broken out as \$0.079800 per \$100 for general operations and \$0.117000 per \$100 for debt retirement. Total tax levy for fiscal year 2022 after all exemptions and freeze adjustments was \$2,839,271.

NOTE D -- INTERFUND TRANSACTIONS

As of October 31, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Due From/To</u>	<u>Amount</u>	<u>Reason</u>
Construction Fund/2022 Bond & Capital Projects	\$ 6,633,168	Bond Funds
Water Fund/General Fund	2,638	Reimbursements
Capital Projects Fund/General Fund	2,003	Reimbursements
Debt Service/General Fund	800	Debt Reimbursement
Water Fund/Debt Service	25,186	Debt Reimbursement
General Fund/Water Fund	5	Reimbursements
2022 Bond & Capital Projects Fund/Debt Service	30,509	Debt Reimbursement
Water Fund/Capital Projects Fund	31,733	Capital Project Funding
	<u>\$ 6,726,042</u>	

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

NOTE D -- INTERFUND TRANSACTIONS

The following transfers occurred during the year ended October 31, 2022:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Reason</u>
<u>General Fund</u>			
Proprietary Fund	\$ 715,000	\$ -	Transfer in lieu of taxes
<u>Proprietary Fund</u>			
General Fund	-	715,000	Transfer in lieu of taxes
	<u>\$ 715,000</u>	<u>\$ 715,000</u>	

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2022, was as follows:

<u>Governmental Activities</u>	<u>Balances at 11/1/21</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balances at 10/31/22</u>
Land	\$ 1,760,807	\$ -	\$ -	\$ 1,760,807
Buildings	8,072,491	-	3,534,431	11,606,922
Infrastructure	48,309,473	-	-	48,309,473
Vehicles and Equipment	6,079,971	-	(237,212)	5,842,759
Construction in Progress	5,243,277	3,743,462	(3,534,431)	5,452,308
	<u>69,466,019</u>	<u>3,743,462</u>	<u>(237,212)</u>	<u>72,972,269</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(3,734,635)	(308,629)	-	(4,043,264)
Infrastructure	(16,892,938)	(1,505,288)	-	(18,398,226)
Vehicles and Equipment	(4,696,887)	(380,530)	237,212	(4,840,205)
	<u>(25,324,460)</u>	<u>(2,194,447)</u>	<u>237,212</u>	<u>(27,281,695)</u>
Governmental Capital Assets, Net	<u>\$ 44,141,559</u>	<u>\$ 1,549,015</u>	<u>\$ -</u>	<u>\$ 45,690,574</u>

Depreciation Expense was charged to the governmental functions as follows:

General Government	\$ 255,813
Police Department	281,701
Fire Department	166,427
Infrastructure	1,481,531
Building Inspection	8,975
Total Depreciation Expense	<u>\$ 2,194,447</u>

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

NOTE E -- CAPITAL ASSETS (CONT.)

Business-Type Activities	Balances at 11/1/21	Additions	Disposals/ Transfers	Balances at 10/31/22
Land	\$ 173,139	\$ -	\$ -	\$ 173,139
Buildings	404,337	-	(111,384)	292,953
Water Rights	2,558,666	-	-	2,558,666
Water Sewer Utility Plant	11,169,639	-	-	11,169,639
Vehicles and Equipment	1,106,839	20,032	(97,129)	1,029,742
Construction in Progress	161,077	457,523	-	618,600
	<u>15,573,697</u>	<u>477,555</u>	<u>(208,513)</u>	<u>15,842,739</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(187,957)	(13,943)	55,692	(146,208)
Water Sewer Utility Plant	(3,851,939)	(340,757)	-	(4,192,696)
Vehicles and Equipment	(641,053)	(112,505)	-	(753,558)
	<u>(4,680,949)</u>	<u>(467,205)</u>	<u>55,692</u>	<u>(5,092,462)</u>
Business-Type Capital Assets, Net	<u>\$ 10,892,748</u>	<u>\$ 10,350</u>	<u>\$ (152,821)</u>	<u>\$ 10,750,277</u>

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

NOTE F -- UNEARNED REVENUE – PROPRIETARY FUND

The unearned revenue represents the amount of \$4,512,501 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, 2022, the City's long-term debt consisted of the following:

	Interest Rates	Original Issue	Outstanding
<u>Governmental Activities</u>			
Certificate of Obligation, Series 2008	3.75%	\$ 4,000,000	\$ 1,530,000
Certificate of Obligation, Series 2019	2-5%	5,950,000	5,550,000
Certificate of Obligation, Series 2022	3.25-5%	8,670,000	8,670,000
General Obligation, Series 2015	2-3.5%	8,995,000	7,215,000
General Obligation, Series 2021	0.633-1.377%	1,665,000	1,235,000
Tax Note, Series 2021	0.633-1.634%	1,335,000	1,205,000
			<u>\$ 25,405,000</u>
<u>Business-Type Activities</u>			
Certificate of Obligation, Series 2008	3.75%	\$ 4,100,000	\$ 1,565,000
Certificate of Obligation, Series 2016	1.075-1.975%	1,200,000	510,000
			<u>\$ 2,075,000</u>

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

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

Changes in the City's long-term debt during the fiscal year ending October 31, 2022, follows:

	Balance Outstanding 11/1/21	Current Additions	Current Retirements	Balance Outstanding 10/31/22	Due Within One Year
<i>Governmental Activities:</i>					
<i>Certificates of Obligation:</i>					
Series 2008	\$ 1,755,000	\$ -	\$ (225,000)	\$ 1,530,000	\$ 230,000
Series 2019	5,765,000	-	(215,000)	5,550,000	245,000
Series 2022	-	8,670,000	-	8,670,000	-
<i>General Obligation</i>					
Series 2015	7,660,000	-	(445,000)	7,215,000	460,000
Series 2021	1,665,000	-	(430,000)	1,235,000	435,000
<i>Tax Notes</i>					
Series 2021	1,335,000	-	(130,000)	1,205,000	195,000
Premiums	481,271	498,300	(29,358)	950,213	54,273
Notes Payable	130,789	-	(48,720)	82,069	50,014
Totals	<u>\$ 18,792,060</u>	<u>\$ 9,168,300</u>	<u>\$ (1,523,078)</u>	<u>\$ 26,437,282</u>	<u>\$ 1,669,287</u>
<i>Business-Type Activities:</i>					
Series 2008	\$ 1,795,000	\$ -	\$ (230,000)	\$ 1,565,000	\$ 240,000
Series 2016	635,000	-	(125,000)	510,000	125,000
Notes Payable	102,477	-	(50,409)	52,068	52,068
Totals	<u>\$ 2,532,477</u>	<u>\$ -</u>	<u>\$ (405,409)</u>	<u>\$ 2,127,068</u>	<u>\$ 417,068</u>

Certificates of Obligations Series 2022 were issued in the amount of \$8,670,000 to provide additional funding for future capital improvement and street repairs. With the first maturity date set in 2024.

The annual requirements to amortize all notes payable outstanding as of October 31, 2022, including interest payments, are as follows:

Year Ending October 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 50,014	\$ 1,664	\$ 51,678	\$ 52,068	\$ 1,713	\$ 53,781
2024	32,055	395	32,450	-	-	-
Total	<u>\$ 82,069</u>	<u>\$ 2,059</u>	<u>\$ 84,128</u>	<u>\$ 52,068</u>	<u>\$ 1,713</u>	<u>\$ 53,781</u>

The City financed police vehicles totaling \$146,462 with interest rates of 2.71% and 2.65%. Total accumulated depreciation on the vehicles was \$50,716 as of October 31, 2022. The City also financed Public Works equipment totaling \$205,062 with interest rates of 3.3%. Total accumulated depreciation on the vehicles was \$119,619 as of October 31, 2022.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

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

The annual requirements to amortize all bonded debt outstanding as of October 31, 2022, including interest payments, are as follows:

Year Ending October 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,565,000	\$ 886,857	\$ 2,451,857	\$ 365,000	\$ 63,410	\$ 428,410
2024	1,380,000	755,184	2,135,184	370,000	52,254	422,254
2025	1,425,000	714,563	2,139,563	385,000	40,691	425,691
2026	1,555,000	665,485	2,220,485	395,000	28,536	423,536
2027	1,745,000	610,885	2,355,885	275,000	15,844	290,844
2028-2032	7,480,000	2,215,025	9,695,025	285,000	5,344	290,344
2033-2037	6,370,000	1,098,369	7,468,369	-	-	-
2038-2042	3,885,000	292,238	4,177,238	-	-	-
Total	<u>\$ 25,405,000</u>	<u>\$ 7,238,606</u>	<u>\$ 32,643,606</u>	<u>\$ 2,075,000</u>	<u>\$ 206,079</u>	<u>\$ 2,281,079</u>

NOTE H -- PENSION PLAN

Plan Description

The City participates as one of 892 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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:

	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	32	31
Inactive Employees Entitled to but Not Yet Receiving Benefits	56	54
Active employees	88	86
	176	171

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 15.24% and 15.31% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended October 31, 2022 were \$935,460, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% 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, 2022

NOTE H -- PENSION PLAN (CONT.)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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. 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, 2022

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 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	7.80%
Core Fixed Income	10.00%	3.80%
Non-Core Fixed Income	20.00%	6.60%
Real Return	10.00%	6.40%
Real Estate	10.00%	6.50%
Absolute Return	10.00%	6.00%
Private Equity	10.00%	10.30%
	<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, 2022

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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 23,880,323	\$ 21,306,140	\$ 2,574,183
Changes for the year:			
Service Cost	1,082,879	-	1,082,879
Interest	1,624,471	-	1,624,471
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	417,374	-	417,374
Changes of Assumptions	-	-	-
Contributions - Employer	-	885,724	(885,724)
Contributions - Employee	-	409,517	(409,517)
Net Investment Income	-	2,783,340	(2,783,340)
Benefit Payments, Including Refunds of Employee Contributions	(711,064)	(711,064)	-
Administrative Expense	-	(12,852)	12,852
Other Changes	-	87	(87)
Net Changes	2,413,660	3,354,752	(941,092)
Balance at December 31, 2021	\$ 26,293,983	\$ 24,660,892	\$ 1,633,091

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 (Asset)	\$ 6,233,359	\$ 1,633,091	\$ (2,037,078)

Pension Plan Fiduciary Net Position

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

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

NOTE H -- PENSION PLAN (CONT.)

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

For the year ended October 31, 2022, the City recognized pension expense of \$500,037. Also as of October 31, 2022, 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	\$ 135,690	\$ -
Changes in Actuarial Assumptions	94,840	-
Differences Between Projected and Actual Investment Earnings	-	1,437,719
Contributions Subsequent to the Measurement Date	789,164	-
	\$ 1,019,694	\$ 1,437,719

Deferred outflows of resources in the amount of \$789,164 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, 2022. 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,	
2022	\$ (213,935)
2023	(547,101)
2024	(263,011)
2025	(225,562)
2026	42,420
Thereafter	-
	\$ (1,207,189)

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, 2022

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:

	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	23	23
Inactive Employees Entitled to but Not Yet Receiving Benefits	13	11
Active Employees	88	86
Total	124	120

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,		
2022	0.10%	0.03%
2021	0.10%	0.03%
2020	0.11%	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, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB liability and the OPEB Contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The assumptions are summarized below:

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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

TMRS Supplemental Death Benefits Other Post Employment Benefit (Continued)

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	1.84%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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.
Note:	The Actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 14, 2014 to December 31, 2018.

The City's Total SDB OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2021, the measurement and actuarial valuation date, was calculated as follows:

	Total SDB OPEB Liability
Balance at December 31, 2020	\$ 207,471
Changes for the year:	
Service Cost	15,211
Interest on Total SDB OPEB Liability	4,284
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(4,417)
Changes of Assumptions or Other Inputs	8,415
Benefit Payments	(1,755)
Net Changes	21,738
Balance at December 31, 2021	\$ 229,209

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.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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

TMRS Supplemental Death Benefits Other Post Employment Benefit (Continued)

The following presents the TOL of the City, calculated using the discount rate of 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (.84%) and 1-percentage point higher (2.84%) than the current rate:

	Discount Rate 0.84%	Discount Rate 1.84%	Discount Rate 2.84%
Total SDB OPEB Liability	\$ 290,693	\$ 229,209	\$ 182,781

For the year ended October 31, 2022, the City recognized OPEB expense of \$26,821 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	\$ -	\$ 4,897
Changes in Assumptions and Other Inputs	51,917	-
Contributions Subsequent to the Measurement Date	1,556	-
	\$ 53,473	\$ 4,897

Deferred outflows of resources in the amount of \$1,566 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, 2022. 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,		
2022	\$	7,326
2023		7,326
2024		7,326
2025		7,326
2026		6,690
Thereafter		11,026
	\$	47,020

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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:

	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	7	6
Inactive Employees Entitled to but Not Yet Receiving Benefits	-	-
Active Employees	88	85
Total	95	91

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, 2022

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, 2021 valuation are summarized below:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality Rates	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
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 3.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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

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

The City's Total RHI OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2021, the measurement date, was calculated as follows:

	Total RHI OPEB Liability
Balance at December 31, 2020	\$ 1,360,182
Changes for the year:	
Service Cost	75,162
Interest on Total RHI OPEB Liability	27,558
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(98,356)
Changes of Assumptions or Other Inputs	(266,652)
Benefit Payments	(39,699)
Net Changes	(301,987)
Balance at December 31, 2021	\$ 1,058,195

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 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (.84%) and 1-percentage point higher (2.84%) than the current rate:

	Discount Rate 0.84%	Discount Rate 1.84%	Discount Rate 2.84%
Total RHI OPEB Liability	\$ 1,256,897	\$ 1,058,195	\$ 901,079

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 (6.0% decreasing to 3.15%) or 1-percentage point higher (8.0% decreasing to 5.15%) than the current healthcare cost trends (7.0% decreasing to 4.15% after 14 years):

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total RHI OPEB Liability	\$ 973,015	\$ 1,058,195	\$ 1,162,154

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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

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

For the year ended October 31, 2022, the City recognized OPEB expense of \$113,063 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	\$ 118,597	\$ 89,209
Changes in Assumptions and Other Inputs	292,519	274,380
Contributions Subsequent to the Measurement Date	22,205	-
	\$ 433,321	\$ 363,589

Deferred outflows of resources in the amount of \$22,205 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, 2022. 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,	
2023	\$ 10,343
2024	10,343
2025	10,343
2026	10,343
2027	10,343
Thereafter	(4,188)
	\$ 47,527

Monthly premiums effective November 1, 2020 for health care and life insurance are \$625 and \$7, respectively.

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 2021 tax year.

CITY OF SELMA, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
OCTOBER 31, 2022

NOTE J -- TAX ABATEMENTS (CONT.)

The City entered into an agreement with PJP Partners, Ltd. (Beyer Boys) pursuant to provisions of Chapter 380 of the Texas Tax Code. According to the agreement, Beyer Boys will receive an abatement of ad valorem taxation for ninety percent (90%) of the amount of property taxes on the property paid by the company for City property taxes and actually received by the City from the Guadalupe County Tax Assessor-Collector's Office over and above the amount of City property taxes paid on the property for the 2020 calendar year for a six (6) year period beginning on January 1 of the year following Completion of Construction. There was no tax abated during the 2022 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. There was no tax abated during the 2022 tax year.

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, 2022, management has accrued \$388,103 in estimated sales tax refunds due to Ben E. Keith Company for tax year 2022. A payment of \$355,718 was made for tax year 2021.

Tax Increment Financing (the "Zone")

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

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax base are being used to finance Zone improvement costs. Project costs to date are \$17,132,132. 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, 2022, the City has paid the TIRZ \$4,293,049 and have committed to an additional amount not to exceed \$13,545,169.

CITY OF SELMA, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 OCTOBER 31, 2022

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, 2022, the City had the following estimated commitments related to these contracts:

	Total Contract Amount	Expended to Date	Estimated Remaining
Evans Road Reconstruction	\$ 4,257,147	\$ 3,873,647	\$ 383,500
Wiederstein Reconstruction	209,040	201,578	7,462
Lookout Road and Mt. Crest	159,500	63,448	96,052
Heroes Memorial Plaza	835,000	265,245	569,755
Back-up Generator Project	902,460	563,701	338,759
Selma Town & Tourism Center Planning	343,807	324,232	19,575
City Hall & Public Facilities Design	3,332,673	3,183,613	149,060
Total	<u>\$ 10,039,627</u>	<u>\$ 8,475,464</u>	<u>\$ 1,564,163</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, 2022, were \$224,592.

NOTE L – UNEARNED REVENUE – GOVERNMENTAL ACTIVITIES

The unearned revenue represents the amount of \$2,032,896 in American Rescue Plan Act funds that have been distributed by the federal government. As the City expends these funds on compliant and approved projects, the unearned revenue will be recognized as revenue.

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, 2022
WITH COMPARATIVE ACTUAL TOTALS FOR 2021

	Budgeted		2022 Actual	Variance With Final Budget-	2021 Actual
	Original	Final		Positive (Negative)	
REVENUES					
<i>Taxes:</i>					
Ad Valorem	\$ 1,071,061	\$ 1,071,061	\$ 1,094,531	\$ 23,470	\$ 1,091,416
City Sales Tax	6,489,688	6,489,688	7,289,443	799,755	6,979,301
City Sales Tax - Streets	1,350,000	1,350,000	1,552,263	202,263	1,434,196
Mixed Beverage	75,000	75,000	87,142	12,142	76,269
Retama Gate Fees	10,000	10,000	8,280	(1,720)	4,796
Franchise Fees	728,000	728,000	884,417	156,417	740,832
Occupancy Tax	215,000	215,000	287,072	72,072	228,214
<i>Total Taxes</i>	9,938,749	9,938,749	11,203,148	1,264,399	10,555,024
<i>Charges For Services:</i>					
Licenses and Permits	497,800	497,800	667,858	170,058	529,723
Lot Maintenance	-	-	709	709	-
Garbage Fees	215,000	215,000	210,162	(4,838)	209,053
<i>Total Charges for Services</i>	712,800	712,800	878,729	165,929	738,776
Fines and Forfeitures	612,530	612,530	515,358	(97,172)	408,531
<i>Other Sources:</i>					
Interest	7,000	7,000	62,456	55,456	5,006
Police Special & Seizure	2,100	2,100	2,247	147	2,247
Miscellaneous	108,500	108,500	266,025	157,525	553,247
<i>Total Other Sources</i>	1,496,777	1,496,777	425,728	(1,071,049)	658,900
TOTAL REVENUES	12,760,856	12,760,856	13,022,963	262,107	12,361,231
EXPENDITURES					
<i>General Administration:</i>					
Salaries	1,100,106	1,100,106	1,130,909	(30,803)	1,101,163
Contractual Services	715,290	715,290	2,341,883	(1,626,593)	1,003,208
Supplies & Services	332,230	332,230	163,474	168,756	136,295
Capital Outlay	1,353,000	1,353,000	38,115	1,314,885	268,745
Miscellaneous	1,458,677	1,458,677	165,661	1,293,016	71,126
<i>Total General Administration</i>	\$ 4,959,303	\$ 4,959,303	\$ 3,840,042	\$ 1,119,261	\$ 2,580,537

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, 2022
WITH COMPARATIVE ACTUAL TOTALS FOR 2021

	Budget Amounts		2022 Actual	Variance With	2021 Actual
	Original	Final		Final Budget- Positive (Negative)	
EXPENDITURES (CONTINUED)					
<i>Fire Protection:</i>					
Salaries	\$ 2,508,010	\$ 2,508,010	\$ 2,530,242	\$ (22,232)	\$ 2,365,057
Contractual Services	41,300	41,300	40,410	890	31,901
Supplies & Services	117,300	117,300	141,396	(24,096)	114,786
Capital Outlay	85,500	85,500	73,597	11,903	262,413
Miscellaneous	61,400	61,400	53,285	8,115	60,565
<i>Total Fire Protection</i>	<u>2,813,510</u>	<u>2,813,510</u>	<u>2,838,930</u>	<u>(25,420)</u>	<u>2,834,722</u>
<i>Police Protection:</i>					
Salaries	3,501,248	3,501,248	3,429,976	71,272	3,362,869
Contractual Services	158,000	158,000	168,422	(10,422)	162,547
Supplies & Services	259,900	259,900	203,618	56,282	193,007
Capital Outlay	191,550	191,550	107,294	84,256	537,422
Miscellaneous	89,500	89,500	61,577	27,923	46,442
<i>Total Police Protection</i>	<u>4,200,198</u>	<u>4,200,198</u>	<u>3,970,887</u>	<u>229,311</u>	<u>4,302,287</u>
<i>Building Inspections:</i>					
Salaries	377,147	377,147	375,540	1,607	370,816
Contractual Services	40,000	40,000	25,315	14,685	15,400
Supplies & Services	16,900	16,900	12,260	4,640	5,910
Capital Outlay	9,000	9,000	7,117	1,883	5,770
Miscellaneous	7,050	7,050	7,052	(2)	4,821
<i>Total Building Inspections</i>	<u>450,097</u>	<u>450,097</u>	<u>427,284</u>	<u>22,813</u>	<u>402,717</u>
<i>Infrastructure:</i>					
Salaries	285,365	285,365	291,008	(5,643)	284,387
Contractual Services	17,000	17,000	16,707	293	14,324
Supplies & Services	64,500	64,500	70,847	(6,347)	54,797
<i>Total Infrastructure</i>	<u>\$ 366,865</u>	<u>\$ 366,865</u>	<u>\$ 378,562</u>	<u>\$ (11,697)</u>	<u>\$ 353,508</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, 2022
WITH COMPARATIVE ACTUAL TOTALS FOR 2021

	Budget Amounts		2022 Actual	Variance With Final Budget- Positive (Negative)	2021 Actual
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Other:</i>					
Mayor & Council	\$ 70,700	\$ 70,700	\$ 62,279	\$ 8,421	\$ 54,962
Historical Committee	12,000	12,000	9,567	2,433	2,427
<i>Total Other</i>	<u>82,700</u>	<u>82,700</u>	<u>71,846</u>	<u>10,854</u>	<u>57,389</u>
<i>Debt Service:</i>					
Capital Lease Principal	48,720	48,720	48,720	-	32,554
Bond Issue Costs	-	-	-	-	35,000
Interest and Fiscal Charges	10,687	10,687	10,687	-	1,159
<i>Total Debt Service</i>	<u>59,407</u>	<u>59,407</u>	<u>59,407</u>	<u>-</u>	<u>68,713</u>
TOTAL EXPENDITURES	<u>12,932,080</u>	<u>12,932,080</u>	<u>11,586,958</u>	<u>1,345,122</u>	<u>10,599,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(171,224)</u>	<u>(171,224)</u>	<u>1,436,005</u>	<u>1,607,229</u>	<u>1,761,358</u>
OTHER SOURCES (USES) OF FUNDS:					
Proceeds From Debt	-	-	-	-	1,481,462
Transfer In (Out)	160,536	160,536	715,000	554,464	428,987
TOTAL OTHER SOURCES (USES) OF FUNDS	<u>160,536</u>	<u>160,536</u>	<u>715,000</u>	<u>554,464</u>	<u>1,910,449</u>
Net Change in Fund Balance	(10,688)	(10,688)	2,151,005	2,161,693	3,671,807
FUND BALANCE- NOVEMBER 1	<u>12,303,852</u>	<u>12,303,852</u>	<u>12,303,852</u>	<u>-</u>	<u>8,632,045</u>
FUND BALANCE- OCTOBER 31	<u>\$ 12,293,164</u>	<u>\$ 12,293,164</u>	<u>\$14,454,857</u>	<u>\$ 2,161,693</u>	<u>\$ 12,303,852</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, 2022
 WITH COMPARATIVE ACTUAL TOTALS FOR 2021

	<u>Budget Amounts</u>		2022 Actual	Variance With	2021 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Sales Tax	\$ 2,500,000	\$ 2,500,000	\$ 2,225,656	\$ (274,344)	\$ 2,124,363
TOTAL REVENUES	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,225,656</u>	<u>(274,344)</u>	<u>2,124,363</u>
EXPENDITURES					
Municipal Development:					
Contractual Services	35,000	35,000	39,751	(4,751)	39,157
Capital Outlay	2,465,000	2,465,000	1,434,391	1,030,609	1,486,271
TOTAL EXPENDITURES	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,474,142</u>	<u>1,025,858</u>	<u>1,525,428</u>
Net Change in Fund Balance	-	-	751,514	751,514	598,935
FUND BALANCE - NOVEMBER 1	<u>4,123,773</u>	<u>4,123,773</u>	<u>4,123,773</u>	-	<u>3,524,838</u>
FUND BALANCE - OCTOBER 31	<u>\$ 4,123,773</u>	<u>\$ 4,123,773</u>	<u>\$ 4,875,287</u>	<u>\$ 751,514</u>	<u>\$ 4,123,773</u>



CITY OF SELMA, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
OCTOBER 31, 2022

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, 2022 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 EIGHT PLAN YEARS

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

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

2018	2019	2020	2021
\$ 1,017,874	\$ 1,049,876	\$ 1,024,310	\$ 1,082,879
1,295,547	1,404,837	1,519,409	1,624,471
-	-	-	-
(93,167)	(75,115)	(223,112)	417,374
-	169,783	-	-
(431,567)	(802,692)	(875,788)	(711,064)
1,788,687	1,746,689	1,444,819	2,413,660
18,900,128	20,688,815	22,435,504	23,880,323
<u>\$ 20,688,815</u>	<u>\$ 22,435,504</u>	<u>\$ 23,880,323</u>	<u>\$ 26,293,983</u>

2018	2019	2020	2021
\$ 830,206	\$ 847,064	\$ 814,992	\$ 885,724
392,136	404,465	389,683	409,517
(486,595)	2,558,364	1,483,628	2,783,340
(431,567)	(802,692)	(875,788)	(711,064)
(9,388)	(14,423)	(9,580)	(12,852)
(491)	(433)	(374)	87
294,301	2,992,345	1,802,561	3,354,752
16,216,933	16,511,234	19,503,579	21,306,140
<u>\$ 16,511,234</u>	<u>\$ 19,503,579</u>	<u>\$ 21,306,140</u>	<u>\$ 24,660,892</u>

\$ 4,177,581	\$ 2,931,925	\$ 2,574,183	\$ 1,633,091
79.81%	86.93%	89.22%	93.79%
\$ 5,601,947	\$ 5,778,075	\$ 5,566,904	\$ 5,850,238
74.57%	50.74%	46.24%	27.91%

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

	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 726,484	\$ 764,458	\$ 804,816	\$ 844,822	\$ 863,098	\$ 810,471	\$ 935,460
Contributions in Relation to the Actuarially Determined Contribution	726,484	764,458	804,816	844,822	863,098	810,471	935,460
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,024,897	\$ 5,096,817	\$ 5,463,249	\$ 5,712,253	\$ 5,876,811	\$ 5,826,302	\$ 6,114,357
Contributions as a Percentage of Covered Payroll	14.46%	15.00%	14.73%	14.79%	14.69%	13.91%	15.30%

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	25 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
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 FIVE CALANDAR YEARS

Total SDB OPEB Liability	2017	2018	2019	2020	2021
Service Cost	\$ 8,280	\$ 9,523	\$ 8,667	\$ 11,134	\$ 15,211
Interest on Total SDB OPEB Liability	3,718	4,033	4,407	4,516	4,284
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	(5,422)	2,172	830	(4,417)
Change in Assumptions or Other Inputs	11,414	(10,203)	29,533	32,615	8,415
Benefit Payments	(552)	(560)	(578)	(557)	(1,755)
Net Change in Total OPEB Liability	22,860	(2,629)	44,201	48,538	21,738
Total SDB OPEB Liability - Beginning	94,501	117,361	114,732	158,933	207,471
Total SDB OPEB Liability - Ending	<u>\$ 117,361</u>	<u>\$ 114,732</u>	<u>\$ 158,933</u>	<u>\$ 207,471</u>	<u>\$ 229,209</u>
Covered Payroll	\$5,519,788	\$ 5,601,947	\$ 5,778,075	\$ 5,566,904	\$ 5,850,238
Total SDB OPEB Liability as a Percentage of Covered Payroll	2.13%	2.05%	2.75%	3.73%	3.92%

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 11.50% Including Inflation
Discount Rate	1.84%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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.
Note:	The Actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 14, 2014 to December 31, 2018.

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

Total RHI OPEB Liability	2017	2018	2019	2020	2021
Service Cost	\$ 45,143	\$ 52,397	\$ 45,286	\$ 58,778	\$ 75,162
Interest on Total RHI OPEB Liability	24,608	25,483	28,701	31,672	27,558
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	(681)	155,244	6,811	(98,356)
Change in Assumptions or Other Inputs	59,670	(51,821)	175,277	160,733	(266,652)
Benefit Payments	(7,885)	(10,181)	(26,023)	(40,271)	(39,699)
Net Change in Total RHI OPEB Liability	121,536	15,197	378,485	217,723	(301,987)
Total RHI OPEB Liability - Beginning	627,241	748,777	763,974	1,142,459	1,360,182
Total RHI OPEB Liability - Ending	<u>\$ 748,777</u>	<u>\$ 763,974</u>	<u>\$ 1,142,459</u>	<u>\$ 1,360,182</u>	<u>\$ 1,058,195</u>
Covered Payroll	\$5,519,788	\$5,712,253	\$ 5,876,811	\$ 5,566,904	\$ 5,826,302
Total RHI OPEB Liability as a Percentage of Covered Payroll	13.57%	13.37%	19.44%	24.43%	18.16%

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

Valuation Date: December 31, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality Rates	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
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 3.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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

Note: Comparative Statements for 2022 Bond & Capital Projects fund is not included as this is the first year, and thus no information exists to compare.

CITY OF SELMA, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
OCTOBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Investments	\$ 15,308,189	\$ 12,545,781
Delinquent Taxes Receivable (Net of Allowance for Uncollectibles)	19,600	18,568
Lot Maintenance Receivable (Net of Allowance for Uncollectibles)	368	405
Sales and Franchise Taxes Receivable	2,031,375	1,802,756
Prepaid Items	859,619	853,295
Due From Other Funds	5,436	-
TOTAL ASSETS	\$ 18,224,587	\$ 15,220,805
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>LIABILITIES</i>		
Accounts Payable	\$ 996,005	\$ 1,060,617
Accrued Expenditures	713,871	583,632
Due to Other Funds	-	149,448
Unearned ARPA Revenue	2,036,896	1,101,905
<i>TOTAL LIABILITIES</i>	3,746,772	2,895,602
 <i>DEFERRED INFLOWS OF RESOURCES</i>		
Unavailable Revenue	19,600	18,567
Future Property Tax Levy	3,358	2,784
<i>TOTAL DEFERRED INFLOWS OF RESOURCES</i>	22,958	21,351
 <i>FUND BALANCES</i>		
Nonspendable:		
Prepaid Items	859,619	853,295
Restricted for:		
Police Department	49,154	84,816
Hotel/Motel	618,151	357,535
Building Security and Technology	412,605	390,316
Street Repairs	3,669,901	3,731,487
PEG Fees	228,742	213,565
Assigned for:		
Fire Department	31,478	31,478
Parks	13,262	13,262
Police Department	110,878	110,878
Unassigned	8,461,067	6,517,220
<i>TOTAL FUND BALANCES</i>	14,454,857	12,303,852
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,224,587	\$ 15,220,805

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 MUNICIPAL DEVELOPMENT DISTRICT FUND
 OCTOBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Investments	\$ 4,517,285	\$ 3,805,810
Sales Taxes Receivable	383,879	367,385
Due from Other Funds	-	4,850
TOTAL ASSETS	\$ 4,901,164	\$ 4,178,045
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 25,877	\$ 54,272
<i>Total Liabilities</i>	25,877	54,272
 <i>Fund Balance:</i>		
Restricted for Municipal Development	4,875,287	4,123,773
 TOTAL LIABILITIES AND FUND BALANCE	\$ 4,901,164	\$ 4,178,045

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 OCTOBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Investments	\$ 914,454	\$ 1,074,839
Delinquent Taxes Receivable (Net of allowance for uncollectibles)	29,087	26,488
Due from Other Funds	54,895	(2,439)
TOTAL ASSETS	\$ 998,436	\$ 1,098,888
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Revenue	29,088	26,488
Future Property Tax Levy	4,287	4,358
<i>Total Deferred Inflows of Resources</i>	33,375	30,846
 <i>Fund Balance:</i>		
Restricted for Debt Service	965,061	1,068,042
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 998,436	\$ 1,098,888

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 DEBT SERVICE FUND
 FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022	2021
REVENUES		
Ad Valorem Taxes	\$ 1,812,202	\$ 1,699,374
Interest Income	-	12
TOTAL REVENUES	1,812,202	1,699,386
EXPENDITURES		
Other	2,943	-
Bond Principal	1,445,000	1,155,775
Bond Issue Costs	2,000	51,600
Bond Interest and Agent Fees	465,240	541,289
TOTAL EXPENDITURES	1,915,183	1,748,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,981)	(49,278)
OTHER SOURCES (USES) OF FUNDS:		
Issuance of Bonds	-	1,665,000
Payment to Escrow Agent	-	(1,639,225)
TOTAL OTHER SOURCES (USES) OF FUNDS	-	25,775
Net Change in Fund Balance	(102,981)	(23,503)
FUND BALANCE - NOVEMBER 1	1,068,042	1,091,545
FUND BALANCE - OCTOBER 31	\$ 965,061	\$ 1,068,042

CITY OF SELMA, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 OCTOBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Investments	\$ 8,847,789	\$ 3,044,480
Due from Other Funds	29,730	34,868
TOTAL ASSETS	\$ 8,877,519	\$ 3,079,348
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 277,616	\$ 278,131
Due to Other Funds	6,633,168	-
<i>Total Liabilities</i>	6,910,784	278,131
<i>Fund Balance:</i>		
Restricted for Construction Projects	1,966,735	2,801,217
<i>Total Fund Balance</i>	1,966,735	2,801,217
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,877,519	\$ 3,079,348

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND
 FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022	2021
REVENUES		
Miscellaneous Income	\$ 10,192	\$ 9,742
TOTAL REVENUES	10,192	9,742
EXPENDITURES		
Capital Outlay	843,466	1,880,661
Interest and Fiscal Charges	1,208	-
TOTAL EXPENDITURES	844,674	1,880,661
Excess (Deficiency) of Revenues over (Under) Expenditures	(834,482)	(1,870,919)
Net Change in Fund Balance	(834,482)	(1,870,919)
FUND BALANCE - NOVEMBER 1	2,801,217	4,672,136
FUND BALANCE - OCTOBER 31	\$ 1,966,735	\$ 2,801,217

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY WATER SEWER FUND
 OCTOBER 31, 2022 AND 2021

	2022	2021
ASSETS		
<i>Current Assets:</i>		
Cash and Investments	\$ 5,056,858	\$ 4,724,095
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	809,009	701,324
Prepaid Expenses	1,488	1,488
<i>Total Current Assets</i>	5,867,355	5,426,907
 <i>Capital Assets:</i>		
Land	173,139	173,139
Water Rights	2,558,666	2,558,666
Building and Improvements	292,953	404,337
Water Sewer Plant	11,169,639	11,169,639
Equipment	1,029,742	1,106,839
Construction in Progress	618,600	161,077
Accumulated Depreciation	(5,092,462)	(4,680,949)
<i>Total Capital Assets, Net</i>	10,750,277	10,892,748
 TOTAL ASSETS	 16,617,632	 16,319,655
 DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Other Post Employment Benefit Outflows	24,912	29,732
Deferred Pension Related Outflows	49,907	74,015
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 74,819	\$ 103,747

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY WATER SEWER FUND (CONT.)
 OCTOBER 31, 2022 AND 2021

LIABILITIES	2022	2021
<i>Current Liabilities:</i>		
Accounts Payable	\$ 286,881	\$ 383,252
Accrued Expenses	11,478	11,473
Vacation Payable	21,680	21,680
Accrued Interest	14,728	19,618
Unearned Revenue	4,512,501	4,557,161
Customer Deposits	7,050	7,550
Current Portion of Bonds Payable	417,068	405,409
Due from Other Funds	59,552	112,169
<i>Total Current Liabilities</i>	5,330,938	5,518,312
 <i>Noncurrent Liabilities:</i>		
Bonds Payable	1,710,000	2,127,068
Total Other Post Employment Benefits Liability	99,520	81,267
Net Pension Liability	79,928	118,041
<i>Total Noncurrent Liabilities:</i>	1,889,448	2,326,376
TOTAL LIABILITIES	7,220,386	7,844,688
 DEFERRED INFLOWS OF RESOURCES		
Total Deferred Other Post Employment Benefit Inflows	18,035	2,414
Deferred Pension Related Inflows	70,366	77,196
TOTAL DEFERRED INFLOWS OF RESOURCES	88,401	79,610
 NET POSITION		
Net Investment in Capital Assets	8,623,210	8,360,272
Unrestricted (Deficit)	760,454	138,832
TOTAL NET POSITION	\$ 9,383,664	\$ 8,499,104

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, 2022 AND 2021

	2022	2021
OPERATING REVENUE		
Water Service	\$ 2,352,468	\$ 1,825,962
Sewer Service	1,706,517	1,650,574
Stormwater Fees	494,978	398,653
Garbage Billing	1,524,413	1,502,838
Connection and Extension Fees	52,393	61,488
Other Fees	77,835	72,060
TOTAL OPERATING REVENUE	6,208,604	5,511,575
OPERATING EXPENSES		
Administration Costs:		
Personnel	433,386	415,651
Contractual Services	3,897,893	3,574,502
Water and Sewer Operations:		
Supplies and Materials	287,746	243,311
Repairs and Maintenance	142,305	237,709
Other	-	39,237
Depreciation	467,205	457,192
TOTAL OPERATING EXPENSES	5,228,535	4,967,602
OPERATING INCOME (LOSS)	980,069	543,973
NONOPERATING INCOME (EXPENSE)		
Impact Fees	120,860	208,458
Grant Contribution - American Rescue Plan Act	382,989	178,872
Miscellaneous	13,913	6,267
Interest Income	2,353	62
Disposal of Fixed Assets	(55,692)	-
Interest Expense	(69,270)	(82,868)
TOTAL NONOPERATING INCOME (EXPENSE)	395,153	310,791
NET INCOME (LOSS) BEFORE TRANSFERS	1,375,222	854,764
Transfers In (Out)	(715,000)	(428,987)
NET INCOME (LOSS)	660,222	425,777
NET POSITION, BEGINNING OF YEAR	8,723,442	8,297,665
NET POSITION, END OF YEAR	\$ 9,383,664	\$ 8,723,442

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY WATER SEWER FUND
 FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 6,056,259	\$ 5,355,496
Cash Paid to Suppliers	(4,424,315)	(3,952,091)
Cash Paid to Employees	(415,522)	(419,738)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	1,216,422	983,667
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous Income	13,913	6,267
Grant Contributions Received	382,989	178,872
Impact Fees	120,860	208,458
Deposits Collected (Refunded)	(500)	(2,000)
Due to (from) Other Funds	171,724	(82,636)
Transfers From (to) Primary Government	(715,000)	(428,987)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(26,014)	(120,026)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(477,555)	(340,911)
Gain on Disposal of Capital Assets	97,129	-
Principal Payments on Long-term Debt	(405,409)	(388,804)
Interest Paid for Financing Activities	(74,163)	(84,338)
NET CASH USED FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(859,998)	(814,053)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income Received	2,353	62
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,353	62
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	332,763	49,650
CASH AND INVESTMENTS, BEGINNING OF YEAR	4,724,095	4,674,445
CASH AND INVESTMENTS, END OF YEAR	\$ 5,056,858	\$ 4,724,095

CITY OF SELMA, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY WATER SEWER FUND (CONTINUED)
 FOR THE YEARS ENDED OCTOBER 31, 2022 AND 2021

	2022	2021
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 980,069	\$ 543,973
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	467,205	457,192
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (net)	(107,685)	(88,012)
(Increase) Decrease in Total Deferred Other Post Employment Benefit Outflows	4,820	(7,798)
Increase (Decrease) in Deferred Pension Outflows	24,108	19,312
Increase (Decrease) in Accounts Payable	(96,371)	142,668
Increase (Decrease) in Accrued Expenses	5	(604)
Increase (Decrease) in Unearned Revenue	(44,660)	(68,067)
Increase (Decrease) in Total Other Post Employment Benefits Liability	18,253	14,043
Increase (Decrease) in Net Pension Liability	(38,113)	(18,868)
Increase (Decrease) in Total Deferred Other Post Employment Benefit Inflows	15,621	(329)
Increase (Decrease) in Deferred Pension Related Inflows	(6,830)	(9,843)
Total Adjustments	236,353	439,694
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,216,422	\$ 983,667



STATISTICAL SECTION

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

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

Contents

Financial Trends – Tables 1 through 5

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

Revenue Capacity – Tables 6 through 9

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

Debt Capacity – Tables 10 through 12

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

Demographic and Economic Information – Tables 13 and 14

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

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

	Fiscal Year			
	2013	2014	2015	2016
<i>Governmental Activities</i>				
Net Investment in				
Capital Assets	\$ 11,759,003	\$ 13,861,571	\$ 16,145,975	\$ 18,620,017
Restricted	8,848,506	8,632,372	9,107,089	8,193,278
Unrestricted	3,588,047	4,141,554	2,933,646	3,056,532
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 24,195,556</u>	<u>\$ 26,635,497</u>	<u>\$ 28,186,710</u>	<u>\$ 29,869,827</u>
 <i>Business-Type Activities</i>				
Net Investment in				
Capital Assets	\$ 6,911,218	\$ 6,884,019	\$ 7,081,303	\$ 7,578,267
Unrestricted	304,487	(11,632)	(130,298)	(546,050)
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 7,215,705</u>	<u>\$ 6,872,387</u>	<u>\$ 6,951,005</u>	<u>\$ 7,032,217</u>
 <i>Primary Government</i>				
Net Investment in				
Capital Assets	\$ 18,670,221	\$ 20,745,590	\$ 23,227,278	\$ 26,198,284
Restricted	8,848,506	8,632,372	9,107,089	8,193,278
Unrestricted	3,892,534	4,129,922	2,803,348	2,510,482
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 31,411,261</u>	<u>\$ 33,507,884</u>	<u>\$ 35,137,715</u>	<u>\$ 36,902,044</u>

Note: Years 2013-2014 have not been restated for adoption of GASB No. 68. Years 2013-2018 have not been restated for adoption of GASB No. 75.

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$20,644,571	\$22,338,451	\$25,954,954	\$28,939,950	\$28,429,237	\$28,132,814
8,775,056	9,690,237	8,495,292	8,173,508	9,867,839	10,649,356
2,605,083	1,860,105	896,967	309,275	3,295,085	7,991,759
<u>\$32,024,710</u>	<u>\$33,888,793</u>	<u>\$35,347,213</u>	<u>\$37,422,733</u>	<u>\$41,592,161</u>	<u>\$46,773,929</u>
\$ 7,627,584	\$ 7,964,626	\$ 8,086,579	\$ 8,087,749	\$ 8,360,272	\$ 8,623,210
(624,258)	(742,638)	(552,897)	209,916	363,170	760,454
<u>\$ 7,003,326</u>	<u>\$ 7,221,988</u>	<u>\$ 7,533,682</u>	<u>\$ 8,297,665</u>	<u>\$ 8,723,442</u>	<u>\$ 9,383,664</u>
\$28,272,155	\$30,303,077	\$34,041,533	\$37,027,699	\$36,789,509	\$36,756,024
8,775,056	9,690,237	8,495,292	8,173,508	9,867,839	10,649,356
1,980,825	1,117,467	344,070	519,191	3,658,255	8,752,213
<u>\$39,028,036</u>	<u>\$41,110,781</u>	<u>\$42,880,895</u>	<u>\$45,720,398</u>	<u>\$50,315,603</u>	<u>\$56,157,593</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
<i>Governmental Activities:</i>				
General Administration	\$ 2,088,390	\$ 1,931,429	\$ 2,142,251	\$ 2,174,422
Police Protection	3,064,241	3,175,085	3,434,449	3,500,486
Fire Protection	1,652,306	1,940,768	1,960,907	2,344,013
Building Inspections	407,359	441,712	517,314	546,353
Infrastructure	966,528	978,074	1,063,967	1,221,549
Other	85,391	227,074	69,096	176,435
Interest on Long-Term Debt	502,356	235,239	517,112	458,142
<i>Total Governmental Activities Expenses</i>	<u>8,766,571</u>	<u>8,929,381</u>	<u>9,705,096</u>	<u>10,421,400</u>
<i>Business-Type Activities:</i>				
Water & Sewer Utility	3,207,201	3,594,984	3,777,806	4,083,061
<i>Total Business-Type Activities</i>	<u>3,207,201</u>	<u>3,594,984</u>	<u>3,777,806</u>	<u>4,083,061</u>
Total Primary Government Expenses	<u><u>\$ 11,973,772</u></u>	<u><u>\$ 12,524,365</u></u>	<u><u>\$ 13,482,902</u></u>	<u><u>\$ 14,504,461</u></u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Service:				
General Administration	\$ 215,248	\$ 230,100	\$ 247,964	\$ 291,988
Police Protection	1,065,608	906,740	973,872	603,886
Building Inspections	579,423	406,529	791,455	515,581
Operating Grants and Contributions	21,890	40,442	1,426	7,636
Capital Grants and Contributions	-	-	-	-
<i>Total Governmental Activities Program Revenues</i>	<u>1,882,169</u>	<u>1,583,811</u>	<u>2,014,717</u>	<u>1,419,091</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Water and Sewer	3,204,456	3,639,193	3,935,510	4,215,745
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>3,204,456</u>	<u>3,639,193</u>	<u>3,935,510</u>	<u>4,215,745</u>
Total Primary Government Program Revenues	<u><u>\$ 5,086,625</u></u>	<u><u>\$ 5,223,004</u></u>	<u><u>\$ 5,950,227</u></u>	<u><u>\$ 5,634,836</u></u>

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,469,812	\$ 2,244,299	\$ 2,511,006	\$ 2,523,446	\$ 2,555,413	\$ 2,395,562
3,851,578	3,931,676	4,108,789	4,064,036	4,264,954	4,098,008
2,470,192	2,447,627	2,755,160	2,649,605	2,821,565	2,888,867
578,308	613,526	568,428	411,331	411,110	419,071
1,308,483	1,610,406	1,376,881	1,679,680	1,734,961	1,946,050
193,259	161,586	137,859	425,528	188,557	208,974
421,974	398,957	496,451	534,294	482,758	675,446
<u>11,293,606</u>	<u>11,408,077</u>	<u>11,954,574</u>	<u>12,287,920</u>	<u>12,459,318</u>	<u>12,631,978</u>
<u>4,065,046</u>	<u>4,563,610</u>	<u>4,869,910</u>	<u>4,782,831</u>	<u>5,050,470</u>	<u>5,353,497</u>
<u>4,065,046</u>	<u>4,563,610</u>	<u>4,869,910</u>	<u>4,782,831</u>	<u>5,050,470</u>	<u>5,353,497</u>
<u>\$ 15,358,652</u>	<u>\$ 15,971,687</u>	<u>\$ 16,824,484</u>	<u>\$ 17,070,751</u>	<u>\$ 17,509,788</u>	<u>\$ 17,985,475</u>
\$ 269,274	\$ 268,335	\$ 290,425	\$ 272,603	\$ 286,741	\$ 290,219
754,417	596,056	612,677	370,597	403,498	494,720
862,612	398,801	391,555	531,263	465,724	607,697
2,906	2,494	-	465,805	7,280	22,885
-	-	-	-	98,400	95,000
<u>1,889,209</u>	<u>1,265,686</u>	<u>1,294,657</u>	<u>1,640,268</u>	<u>1,261,643</u>	<u>1,510,521</u>
4,357,154	4,778,807	5,386,497	5,140,835	5,511,575	6,208,604
-	-	-	-	178,872	382,989
<u>4,357,154</u>	<u>4,778,807</u>	<u>5,386,497</u>	<u>5,140,835</u>	<u>5,690,447</u>	<u>6,591,593</u>
<u>\$ 6,246,363</u>	<u>\$ 6,044,493</u>	<u>\$ 6,681,154</u>	<u>\$ 6,781,103</u>	<u>\$ 6,952,090</u>	<u>\$ 8,102,114</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Net (Expenses) Revenue				
Governmental Activities	\$ (6,884,402)	\$ (7,345,570)	\$ (7,690,379)	\$ (9,002,309)
Business-Type Activities	(2,745)	44,209	157,704	132,684
Total Primary Government				
Net Expenses	<u>\$ (6,887,147)</u>	<u>\$ (7,301,361)</u>	<u>\$ (7,532,675)</u>	<u>\$ (8,869,625)</u>
Governmental Revenues and Other Changes in Net Position				
<i>Governmental Activities:</i>				
Taxes:				
Property Taxes	\$ 1,684,088	\$ 1,598,452	\$ 1,724,654	\$ 1,848,494
Franchise Taxes	454,559	639,748	716,759	722,441
Sales Taxes	6,035,698	6,742,098	7,443,287	7,460,307
Occupancy Taxes	271,094	221,909	220,827	231,950
Interest and Investment Earnings	9,167	1,760	24,789	18,818
Miscellaneous	441,306	31,544	77,255	69,114
Gain on Capital Asset Disposal	-	-	-	-
Transfers	550,000	550,000	412,500	334,300
<i>Total Governmental Activities</i>	<u>9,445,912</u>	<u>9,785,511</u>	<u>10,620,071</u>	<u>10,685,424</u>
<i>Business-Type Activities:</i>				
Interest and Investment Earnings	670	99	46	552
Impact Fees	276,569	158,942	396,144	242,310
Miscellaneous	6,672	3,432	13,944	39,966
Loss on Capital Asset Disposal	-	-	-	-
Transfers	(550,000)	(550,000)	(412,500)	(334,300)
<i>Total Business-Type Activities</i>	<u>(266,089)</u>	<u>(387,527)</u>	<u>(2,366)</u>	<u>(51,472)</u>
Total Primary Government	<u>\$ 9,179,823</u>	<u>\$ 9,397,984</u>	<u>\$ 10,617,705</u>	<u>\$ 10,633,952</u>
Changes In Net Position				
Government Activities	\$ 2,561,510	\$ 2,439,941	\$ 2,929,692	\$ 1,683,115
Business-Type Activities	(268,834)	(343,318)	155,338	81,212
Total Primary Government	<u>\$ 2,292,676</u>	<u>\$ 2,096,623</u>	<u>\$ 3,085,030</u>	<u>\$ 1,764,327</u>

Note: Years 2013-2014 have not been restated for adoption of GASB No. 68. Years 2013-2018 have not been restated for adoption of GASB No. 75.

TABLE 2 (CONTINUED)

Fiscal Year					
2017	2018	2018	2019	2021	2022
\$ (9,404,397)	\$ (10,142,391)	\$ (10,659,917)	\$ (10,647,652)	\$ (11,197,675)	\$ (11,121,457)
<u>292,108</u>	<u>215,197</u>	<u>516,587</u>	<u>358,004</u>	<u>639,977</u>	<u>1,238,096</u>
<u>\$ (9,112,289)</u>	<u>\$ (9,927,194)</u>	<u>\$ (10,143,330)</u>	<u>\$ (10,289,648)</u>	<u>\$ (10,557,698)</u>	<u>\$ (9,883,361)</u>
\$ 2,017,459	\$ 2,084,289	\$ 2,332,307	\$ 2,498,519	\$ 2,802,366	\$ 2,910,365
756,342	758,026	765,711	710,960	740,832	884,417
7,638,569	8,194,677	8,651,499	8,537,120	10,614,130	11,154,504
214,444	237,095	187,712	170,529	228,214	287,072
97,324	183,532	178,487	86,650	14,761	96,750
235,142	166,561	95,430	39,364	537,813	255,117
-	-	-	-	-	-
<u>600,000</u>	<u>471,227</u>	<u>560,191</u>	<u>680,030</u>	<u>428,987</u>	<u>715,000</u>
<u>11,559,280</u>	<u>12,095,407</u>	<u>12,771,337</u>	<u>12,723,172</u>	<u>15,367,103</u>	<u>16,303,225</u>
1,747	3,665	5,269	1,544	62	2,353
248,330	460,419	372,604	1,072,593	208,458	120,860
28,924	15,732	11,630	11,872	6,267	13,913
-	-	-	-	-	-
<u>(600,000)</u>	<u>(471,227)</u>	<u>(560,191)</u>	<u>(680,030)</u>	<u>(428,987)</u>	<u>(715,000)</u>
<u>(320,999)</u>	<u>8,589</u>	<u>(170,688)</u>	<u>405,979</u>	<u>(214,200)</u>	<u>(577,874)</u>
<u>\$ 11,238,281</u>	<u>\$ 12,103,996</u>	<u>\$ 12,600,649</u>	<u>\$ 13,129,151</u>	<u>\$ 15,152,903</u>	<u>\$ 15,725,351</u>
\$ 2,154,883	\$ 1,953,016	\$ 2,111,420	\$ 2,075,520	\$ 4,169,428	\$ 5,181,768
<u>(28,891)</u>	<u>223,786</u>	<u>345,899</u>	<u>763,983</u>	<u>425,777</u>	<u>660,222</u>
<u>\$ 2,125,992</u>	<u>\$ 2,176,802</u>	<u>\$ 2,457,319</u>	<u>\$ 2,839,503</u>	<u>\$ 4,595,205</u>	<u>\$ 5,841,990</u>

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 41,779	\$ 32,305	\$ 512,745	\$ 74,087
Restricted	1,872,140	2,375,984	2,374,441	3,374,637
Assigned	98,938	113,683	139,368	164,371
Unassigned	<u>3,477,515</u>	<u>3,987,796</u>	<u>3,884,120</u>	<u>4,869,064</u>
Total General Fund	<u>\$ 5,490,372</u>	<u>\$ 6,509,768</u>	<u>\$ 6,910,674</u>	<u>\$ 8,482,159</u>
All Other Governmental Funds				
2022 Bond & Construction	\$ -	\$ -	\$ -	\$ -
Municipal Development Fund	4,152,772	4,957,654	4,725,411	4,199,772
Capital Projects Fund	-	2,463,477	1,559,398	9,946,244
Debt Service Funds	<u>1,314,762</u>	<u>1,561,954</u>	<u>1,581,114</u>	<u>1,609,612</u>
Total All Other Governmental Funds	<u>\$ 5,467,534</u>	<u>\$ 8,983,085</u>	<u>\$ 7,865,923</u>	<u>\$ 15,755,628</u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 77,153	\$ 34,359	\$ 34,359	\$ 17,316	\$ 853,295	\$ 859,619
2,311,457	2,914,511	3,925,704	3,101,428	4,777,719	4,978,553
87,434	74,238	103,065	117,539	155,618	155,618
5,090,726	4,826,889	4,250,304	4,369,468	6,517,220	8,461,067
<u>\$ 7,566,770</u>	<u>\$ 7,849,997</u>	<u>\$ 8,313,432</u>	<u>\$ 7,605,751</u>	<u>\$ 12,303,852</u>	<u>\$ 14,454,857</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,029,436
4,398,663	4,391,613	4,275,616	4,089,161	4,123,773	4,875,287
9,007,530	7,070,371	1,957,260	6,218,866	2,801,217	1,966,735
1,584,637	1,565,869	1,575,979	1,416,655	1,068,042	965,061
<u>\$ 14,990,830</u>	<u>\$ 13,027,853</u>	<u>\$ 7,808,855</u>	<u>\$ 11,724,682</u>	<u>\$ 7,993,032</u>	<u>\$ 16,836,519</u>

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

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Property Taxes	\$ 1,682,681	\$ 1,603,291	\$ 1,722,318	\$ 1,850,175
Sales & Mixed Beverage Taxes	6,047,922	6,759,061	7,456,791	7,473,130
Franchise Tax	454,559	639,748	716,759	722,441
Occupancy Tax	271,094	221,909	220,827	231,950
Charges for Services	764,697	608,740	1,009,248	777,425
Fines and Forfeits	1,062,673	913,688	973,517	609,681
Miscellaneous	487,051	96,105	120,497	107,096
TOTAL REVENUES	10,770,677	10,842,542	12,219,957	11,771,898
EXPENDITURES				
Current:				
General Administration	2,330,380	2,582,256	2,117,435	3,729,473
Police Protection	2,645,407	2,833,010	3,040,472	3,036,828
Fire Protection	1,518,755	1,793,018	1,906,377	2,197,721
Building Inspections	396,569	422,988	501,487	511,736
Infrastructure	202,582	219,245	244,695	330,763
Other	44,069	48,650	63,564	83,135
Capital Outlay	1,062,955	3,452,210	3,278,790	2,522,296
Debt Service:				
Principal	830,878	733,503	773,901	875,270
Bond Issue Costs	-	-	-	-
Interest and Fiscal Charges	398,680	261,731	475,433	499,163
TOTAL EXPENDITURES	9,430,275	12,346,611	12,402,154	13,786,385
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,340,402	(1,504,069)	(182,197)	(2,014,487)
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issue/Notes Payable	4,645,000	-	8,995,000	-
Premiums from Bond Issuances	257,835	-	235,887	-
Proceeds from Capital Lease Financing	-	237,813	-	-
Payments to Refunding Agents	(2,258,290)	-	-	-
Transfers In (Out)	550,000	550,000	412,500	334,300
TOTAL OTHER FINANCING SOURCES (USES)	3,194,545	787,813	9,643,387	334,300
Net Change in Fund Balance	<u>\$ 4,534,947</u>	<u>\$ (716,256)</u>	<u>\$ 9,461,190</u>	<u>\$ (1,680,187)</u>
Debt Service as a percentage of noncapital expenditures	14.69%	11.19%	13.69%	12.20%

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,019,834	\$ 2,079,068	\$ 2,335,621	\$ 2,491,446	\$ 2,790,790	\$ 2,906,733
7,654,135	8,204,996	8,663,353	8,545,610	10,618,925	11,162,784
756,342	758,026	765,711	710,960	740,832	884,417
214,444	237,095	187,712	170,529	228,214	287,072
1,100,388	642,809	659,772	785,560	738,776	878,729
755,515	596,649	606,278	369,364	408,531	515,358
350,210	376,084	292,006	663,642	668,655	462,961
<u>12,850,868</u>	<u>12,894,727</u>	<u>13,510,453</u>	<u>13,737,111</u>	<u>16,194,723</u>	<u>17,098,054</u>
2,205,802	2,057,770	2,285,866	2,232,564	2,350,949	3,841,678
3,335,020	3,498,550	3,550,732	3,466,279	3,764,865	3,863,593
2,276,546	2,313,020	2,436,685	2,405,013	2,572,309	2,765,333
539,898	564,555	536,638	374,308	396,947	420,167
380,680	585,272	335,799	342,619	353,508	378,562
80,387	74,256	83,837	75,002	57,390	74,789
5,028,154	7,672,118	6,468,167	5,185,415	4,441,282	2,503,980
920,279	1,045,029	1,087,838	1,168,072	1,188,329	1,493,720
-	-	-	-	-	167,905
459,192	438,467	508,452	577,738	629,048	477,135
<u>15,225,958</u>	<u>18,249,037</u>	<u>17,294,014</u>	<u>15,827,010</u>	<u>15,754,627</u>	<u>15,986,862</u>
<u>(2,375,090)</u>	<u>(5,354,310)</u>	<u>(3,783,561)</u>	<u>(2,089,899)</u>	<u>440,096</u>	<u>1,111,192</u>
-	-	5,950,000	-	1,335,000	8,670,000
-	-	351,276	-	-	498,300
95,340	127,520	130,240	-	146,462	-
-	-	-	-	-	-
<u>600,000</u>	<u>471,227</u>	<u>560,191</u>	<u>680,030</u>	<u>428,987</u>	<u>715,000</u>
<u>695,340</u>	<u>598,747</u>	<u>6,991,707</u>	<u>680,030</u>	<u>1,910,449</u>	<u>9,883,300</u>
<u>\$(1,679,750)</u>	<u>\$(4,755,563)</u>	<u>\$ 3,208,146</u>	<u>\$(1,409,869)</u>	<u>\$ 2,350,545</u>	<u>\$ 10,994,492</u>
13.53%	14.03%	14.75%	16.41%	16.06%	14.62%

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

TABLE 5

Fiscal Year	Property	Sales & Beverage	Franchise	Occupancy	Total
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
2020	2,491,446	8,545,610	710,960	170,529	11,918,545
2021	2,790,790	10,618,925	740,832	228,214	14,378,761
2022	2,906,733	11,162,784	884,417	287,072	15,241,006

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
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
2020	601,153,875	959,198,411	332,057,962	1,228,294,324	0.196800
2021	637,895,321	1,054,209,888	230,164,545	1,461,940,664	0.196800
2022	674,331,149	1,105,378,407	275,541,143	1,504,168,413	0.196800

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
2013	0.27930	1.46000	1.43000	1.42500	0.34560	0.32687	0.35042
2014	0.23420	1.49000	1.43000	1.42500	0.34190	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
2020	0.19680	1.42000	1.32000	1.35840	0.33190	0.27743	0.32242
2021	0.19680	1.41064	1.27570	1.27000	0.33540	0.27633	0.31900
2022	0.19680	1.36950	1.29200	1.22000	0.32990	0.27633	0.35352

Fiscal Period	Other Overlapping		
	Alamo Community College	San Antonio River Authority	Hospital District
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
2020	0.14915	0.01858	0.27624
2021	0.14915	0.01858	0.27624
2022	0.14915	0.01836	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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ben E Keith Company	\$ 119,367,890	1	7.94%			
SA Development Co., LP	58,356,108	2	3.88%	\$ 25,009,594	1	3.84%
Lookout Hollow Consolidated LLC	48,954,420	3	3.25%			
Kimco Forum at Olympia, LP	29,353,584	4	1.95%	23,178,024	2	3.55%
Costco Wholesale	23,990,590	5	1.59%	13,261,196	6	2.03%
Retreat at Chelsea, LP	23,980,000	6	1.59%			
Sanfilippo John B & Son, Inc.	18,922,780	7	1.26%	12,797,689	7	1.96%
Curtis C Gunn LTD	14,561,361	8	0.97%			
I-35 Selma Land Venture LTD	12,850,000	9	0.85%			
Penske Truck Leasing Co. LP	11,749,990	10	0.78%			
Rose-Forum Associates				18,015,569	4	2.76%
Nine Lookout Hollow Lp				19,500,000	3	2.99%
RCP San Antonio LP				16,960,123	5	2.60%
TNT Crane & Rigging				9,199,075	8	1.41%
Gillman Properties of Texas				6,737,475	9	1.03%
Furniture Row USA LL				6,115,000	10	0.94%
	<u>\$ 362,086,723</u>		<u>24.06%</u>	<u>\$ 150,773,745</u>		<u>23.11%</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 Ocotber 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
2013	1,819,794	1,814,370	99.7%	7,660	1,822,031	100.1%
2014	1,692,511	1,683,183	99.4%	15,908	1,699,091	100.4%
2015	1,796,246	1,787,495	99.5%	18,236	1,805,730	100.5%
2016	1,918,429	1,907,197	99.4%	5,312	1,912,509	99.7%
2017	2,032,315	2,019,834	99.4%	(27,500)	1,992,334	98.0%
2018	2,188,421	2,179,167	99.6%	2,984	2,182,151	99.7%
2019	2,354,079	2,335,008	99.2%	1,148	2,336,156	99.2%
2020	2,529,192	2,523,852	99.8%	2,246	2,526,098	99.9%
2021	2,848,131	2,841,950	99.8%	6,602	2,848,552	100.0%
2022	2,839,271	2,820,837	99.4%	-	2,820,837	99.4%

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	
	General Obligation Bonds	Tax Notes	Certificates of Obligation	Certificates of Obligation	Value of Property			Per Capita*	
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	
2020	15,329,260	-	3,265,000	2,921,281	21,515,541	1,228,294,324	1.75%	1,943	
2021	9,806,271	1,335,000	7,520,000	2,430,000	21,091,271	1,461,940,644	1.44%	1,904	
2022	9,400,213	1,205,000	15,750,000	2,075,000	28,430,213	1,504,168,413	1.89%	2,729	

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>\$ 1,504,168,413</u>
Debt Limit - 10% of Taxable Value [1]	\$ 150,416,841
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 26,355,213
Less Funds Available in Debt Service Fund	<u>965,061</u>
Total Amount of Debt Applicable to Debt Limit	<u>25,390,152</u>
Legal Debt Margin	<u><u>\$ 125,026,689</u></u>

	Fiscal Year		
	2019	2020	2021
Debt Limit	\$ 112,366,509	\$ 146,194,066	\$ 150,416,841
Total Net Debt			
Applicable to Unit	<u>(18,315,613)</u>	<u>(17,593,229)</u>	<u>(25,390,152)</u>
Legal Debt Margin	<u><u>\$ 94,050,896</u></u>	<u><u>\$ 128,600,837</u></u>	<u><u>\$ 125,026,689</u></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><u>\$ 71,945,602</u></u>	<u><u>\$ 84,704,465</u></u>	<u><u>\$ 91,514,937</u></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><u>\$ 54,397,234</u></u>	<u><u>\$ 59,171,468</u></u>	<u><u>\$ 59,545,435</u></u>

CITY OF SELMA, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
OCTOBER 31, 2022

TABLE 12

Governmental Unit	Estimated Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Alamo CCD	\$ 578,325,000	0.48%	\$ 2,775,960
Bexar County	2,061,555,000	0.48%	9,895,464
Bexar County University Health	902,130,000	0.48%	4,330,224
Comal County	129,825,000	0.70%	908,775
Comal ISD	1,090,110,179	0.37%	4,033,408
Guadalupe County	15,625,000	2.95%	460,938
Judson ISD	580,839,085	7.33%	42,575,505
Schertz-Cibolo-Universal City ISD	388,305,330	6.14%	23,841,947
Subtotal, Overlapping Debt			88,822,219
City of Selma - Direct Debt			<u>28,430,213</u>
Total Direct and Overlapping Debt			<u>\$ 117,252,432</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
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%
2020	10,419	30,601	31.70	6.9%
2021	10,952	32,867	31.70	4.3%
2022	12,575	38,963	32.40	3.5%

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	2022			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Joint Base San Antonio	74,300	1	7.36%	80,165	1*	7.38%
HEB Food Stores	20,000	2	2.12%	20,000	3	1.07%
USAA	19,000	3	1.83%	17,000	4	1.10%
Northside ISD	13,046	4	1.35%	12,751	5	0.93%
City of San Antonio	13,000	5	1.34%	11,731	6	0.67%
Methodist Healthcare	12,000	6	0.95%	8,000	9	0.56%
San Antonio ISD	11,000	7	0.87%	7,374	10	0.77%
Northeast ISD	8,152	8	0.74%	10,522	8	0.51%
Baptist Health System	7,500	9	0.54%			
JPMorgan Chase & Co.	6,500	10	0.48%			
Total	184,498		17.58%	167,543		12.99%

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: Greater: SATX Regional Economic Partnership

Note: On the 2013 Financial Statements Joint Base San Antonio was split among its individual parts and not as a whole but, instead was listed as 1, 2, and 7.

