

CITY OF SELMA, ALABAMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CITY OF SELMA, ALABAMA
SEPTEMBER 30, 2015

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Independent Auditors' Report

Honorable Mayor and Members of
The City Council
City of Selma, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Selma, Alabama (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard has been applied retroactively, resulting in the restatement of beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Warren Averett, LLC
Montgomery, Alabama
May 10, 2016

CITY OF SELMA

222 Broad Street
Selma, AL 36701

FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS ANNUAL FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

The Management's Discussion and Analysis (MD&A) offers readers of the City of Selma's (the City) financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2015. It is our intent that these comments provide all parties interested in the City's financial condition a better understanding of the City's operations and financial position.

The City reports its annual financial statements in a format required by the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- As of September 30, 2015, the City's net position (assets minus liabilities) totaled \$30,620,802, a decrease of \$389,029 from the September 30, 2014 figure.
- Total net position for governmental activities are comprised of the following:
 - (1) Net investment in capital assets of \$29,473,055, includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$4,179,229 is restricted by constraints imposed from outside the City such as debt covenants, laws and regulations.
 - (3) Unrestricted net position had a deficit balance of \$3,031,482.
- Total net position for governmental activities decreased by \$337,189, thus bringing the total to \$30,108,541 for fiscal year 2015.
- Total net position for business-type activities decreased by \$51,840 thus bringing the total to \$512,261 for fiscal year 2015.
- Fund balances (a measure of current financial resources) in governmental funds decreased by \$1,225,503 to a total of \$11,388,250. Of this amount \$622,244 is nonspendable and is not appropriable for expenditures or is legally segregated for a specific future use. The largest portion of the governmental fund balance is in the amount of \$8,719,056 which is restricted for capital projects, debt service and community development. There is also a committed amount of \$231,682 for economic development and an assigned amount of \$74,399 for miscellaneous projects. The combined totals for nonspendable, restricted and assigned, plus the unassigned amount of \$1,740,869 yields a total combined ending fund balance of \$11,388,250 for fiscal year 2015.

- The general fund unassigned fund balance, as of September 30, 2015, was \$2,066,762 or 12% of total general fund expenditures.
- The City's total bond and capital lease debt increased by \$724,619 (2.4%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide our readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities. Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues, and 2) business-type activities that are supported by user fees and charges. Governmental activities include administrative functions, streets, garbage, public safety, public works, recreation, community development, and the cemetery funds. The sole business-type activity of the City is the Inert Landfill.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Again, this year we have added prior year information to analyze how the City's financial position has changed.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting, requiring that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for the same functions as those reported under the government-wide statement of net position and statement of activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the year and is a narrower focus than the government-wide financial statements.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level. A budgetary comparison statement is provided for the general fund to demonstrate compliance with the budget. Budgetary variances for the general fund are discussed in some detail later in this section.

Proprietary Funds – The City maintains only one proprietary fund type, an Enterprise Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Enterprise Fund for the City is the Inert Landfill. Enterprise funds are used to report business-type activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City collects various taxes that are remitted to the Selma Board of Education which include ad valorem, sales and use taxes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Selma’s progress in funding its obligation to provide pension and postemployment benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

Combining and individual fund statements and schedules can be found beginning on page 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net position provides an overview of the City's assets, liabilities and net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The City's net position totaled \$30,620,802 as of September 30, 2015. The following table reflects the condensed government-wide statement of net position:

Statement of Net Assets						
As of September 30						
(In Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and other assets (net of internal balances)	\$ 13,753	\$ 22,582	\$ 21	\$ 18	\$ 13,774	\$ 22,600
Internal balances	289	279	(289)	(279)	-	-
Capital assets	39,371	38,219	955	829	40,326	39,048
Total Assets	53,413	61,080	687	568	54,100	61,648
Deferred outflow of pension obligation bonds	8,525	-	-	-	8,525	-
Deferred employer retirement contributions	328	-	-	-	328	-
Total Deferred Outflows of Resources	8,853	-	-	-	8,853	-
Current and other liabilities	3,115	2,965	20	4	3,135	2,969
Long-term liabilities	27,955	27,669	155	-	28,110	27,669
Total Liabilities	31,070	30,634	175	4	31,245	30,638
Deferred inflows related to pension	1,088	-	-	-	1,088	-
Net Position:						
Net investment in capital assets	28,517	27,906	955	829	29,472	28,735
Restricted	4,179	4,345	-	-	4,179	4,345
Unrestricted	(2,588)	(1,805)	(443)	(265)	(3,031)	(2,070)
Total Net Position	\$ 30,108	\$ 30,446	\$ 512	\$ 564	\$ 30,620	\$ 31,010

The City's total assets were \$54,100,217 as of September 30, 2015. Of this amount, \$40,326,453 is accounted for by capital assets, which includes infrastructure.

Of the remaining City assets, \$2,744,088 is accounted for in cash and cash equivalents, \$1,508,758 in receivables, \$595,000 in a note receivable, \$2,952,197 in restricted cash and cash equivalents, \$4,389,590 in restricted cash held by fiscal agent, and the remainder spread among miscellaneous assets.

At September 30, 2015, the City had outstanding liabilities of \$31,070,145, of which \$27,955,315 was long-term debt. Long-term debt includes bonds and warrants payable and capital lease obligations. Of the total amount outstanding approximately \$1,615,737 was due within one year, with the remainder due at various dates before 2039.

Included in other liabilities in the above table are \$1,247,126 in accounts payable and other current liabilities and \$254,864 in accrued interest payable.

The largest portion of the City's net position reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending. Although the

City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represents \$4,179,229 or 13.9% of total net position. The net result is a deficit in unrestricted net position totaling \$3,031,482.

As of September 30, 2015, the City reported positive net position in both governmental and business-type activities. The City's net position decreased \$389,029 or 3% during the fiscal year. This decrease was primarily due to the following reasons:

- 1) The City recognized a net increase in other postemployment benefit (OPEB) liability of \$351,859 for the year ended September 30, 2015.
- 2) Depreciation expense of \$1,866,582 on governmental activities and \$42,519 on business-type activities.

The second statement in the government-wide statements is the statement of activities. The following table outlines the major components of this statement:

	Changes in Net Position					
	For the year ended September 30					
	(In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 3,770	\$ 3,800	\$ 70	\$ 48	\$ 3,840	\$ 3,848
Operating grants and contributions	654	596	-	-	654	596
Capital grants and contributions	251	25	-	-	251	25
General revenues						
Property taxes	2,450	2,356	-	-	2,450	2,356
Sales and use taxes	11,084	11,138	-	-	11,084	11,138
Lodging taxes	373	344	-	-	373	344
Other taxes	1,147	1,161	-	-	1,147	1,161
Investment earnings	6	8	-	-	6	8
Other	999	816	-	-	999	816
Total revenues	<u>20,734</u>	<u>19,996</u>	<u>70</u>	<u>74</u>	<u>20,804</u>	<u>20,292</u>
Expenses						
General government	7,695	7,452	-	-	7,695	7,452
Public safety	8,028	8,231	-	-	8,028	8,231
Public service	2,221	2,459	-	-	2,221	2,459
Other	2,092	2,031	-	-	2,092	2,031
Interest on long-term debt	1,215	1,210	-	-	1,215	1,210
Inert landfill	-	-	232	227	232	227
Total expenses	<u>21,251</u>	<u>21,383</u>	<u>232</u>	<u>227</u>	<u>21,483</u>	<u>21,610</u>
Decrease in net position before transfers	(517)	(1,139)	(162)	(179)	(679)	(1,318)
Transfers in (out)	(110)	(129)	110	129	-	-
Decrease in net position	<u>(627)</u>	<u>(1,268)</u>	<u>(52)</u>	<u>(50)</u>	<u>(679)</u>	<u>(1,318)</u>
Net position - beginning, as originally stated	30,446	31,714	564	614	31,010	32,328
Cumulative effect of change in accounting principle (Note 15)	289	-	-	-	289	-
Net position - beginning, as restated	<u>30,735</u>	<u>31,714</u>	<u>564</u>	<u>614</u>	<u>31,299</u>	<u>32,328</u>
Net position - ending	<u>\$ 30,108</u>	<u>\$ 30,446</u>	<u>\$ 512</u>	<u>\$ 564</u>	<u>\$ 30,620</u>	<u>\$ 31,010</u>

Total revenues for the City were \$20,805,570 for the year ended September 30, 2015. Governmental activities provided \$20,735,801 or 99.6%, while \$69,769 of business-type activities revenue was provided by charges for services and interest income. The governmental activities received \$11,084,225, or 53.4% of total revenue, from sales taxes and \$3,041,303, or 14.6% of total revenue, from business licenses and permits.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Selma uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of expendable resources. Governmental fund types include General, Debt Service, Capital Projects, and Special Revenue Funds.

Governmental funds reported total fund balances of \$11,388,250 a decrease of \$1,225,503 from the September 30, 2014 figure.

General Fund – At September 30, 2015, total fund balance was \$2,689,006 a decrease of \$585,948 from the previous year. Total revenue for the General Fund increased by \$437,558 or 2.5% in 2015 compared to the previous year. This was due to an increase in sales tax. Total expenditures for the General Fund increased by \$408,470 or 2.6% in 2015 compared to the previous year. This was due to an increase in public safety salary expenditures.

Bond Fund – At September 30, 2015, total fund balance was \$2,940,420, an increase of \$53,722 from the previous year.

2014 GO Warrant Fund – At September 30, 2015, total fund balance was \$4,106,664. This fund accounts for resources accumulated and payments made for principal and interest on the Series 2015-CWSRF-DL General Obligation Warrant.

Proprietary Fund

The fund statements for the proprietary fund look much like the business-type activities in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statements to the government-wide statements.

Inert Landfill – At September 30, 2015, total net position was \$512,258, a decrease of \$51,839 from the previous year. This decrease is due partly to the continued decrease in landfill dumping.

General Fund Budgetary Highlights

Total general fund revenues were \$17,673,294 which was an increase of \$712,468 over final budgeted revenues. The primary cause of this is as follows:

- The receipts for sales and use taxes were \$249,187 over the anticipated revenue.

Capital Asset and Debt Administration

The City's investment in capital assets for governmental and business-type activities as of September 30, 2015, was \$40,326,453 (net of accumulated depreciation). Capital asset investments include land, construction in progress, buildings, building improvements, infrastructure, and machinery and equipment, net of depreciation. New additions to capital assets included the following:

- Two excavators (Public Works and Inert Landfill)
- Sanitary sewer improvements and replacements
- Two Fire Trucks
- Truck for Code Enforcement
- Super Rake for Recreation
- Two Litter Vacuums for Public Works
- Building improvements to St. James Hotel

At the end of the fiscal year the City had secured and bonded debt outstanding of \$25,910,000. This entire amount comprises debt backed by the full faith and credit of the City. The City's total bond and capital lease debt decreased by \$1,125,000 (4.1%) during the current fiscal year.

THE OUTLOOK FOR NEXT YEAR

The historic City of Selma is continuing to see improvements within the downtown area and citywide. With ongoing implementation of the City's comprehensive plan, there have been four transportation related grants awarded that will allow the City to improve several major streets. The City has also been diligently working to increase tourism, and other economic engines throughout the City with new policies and procedures designed for such a purpose.

Several investments have been made in the City with the anticipation of increasing tourism and economic development, which will generate growth in the City's revenue.

The primary focus of the City is highlighted in the City's Comprehensive Plan, which includes some of the projects listed below:

- Review and discussion of plans to revitalize the Good Samaritan Hospital on Broad Street to create a city health clinic.
- Infrastructure overhaul within the 20 mile radius of the City to repair or replace sewer lines as a result of the \$4 million bond warrant issuance.
- Negotiations for the sale of the St. James Hotel in progress.
- HUD application for neighborhood stabilization/renovation of existing houses.
- Selma Interpretative Center renovation project received \$1.3 Million from Alabama Department of Transportation, \$150,000 from Delta Regional Authority; and \$394,000 from National Parks Service.
- Riverwalk construction in progress pending approval of the Riverwalk TAP Grant, a \$600,000 grant from Alabama Department of Transportation.

- Plans are underway to complete the landscaping and renovation and to create conference rooms and reception hall for the Amphitheater.
- ATRIP Phase 3 – Summerfield Avenue and Lapsley Street for street resurfacing and sidewalk repair in progress.
- Plans to establish the Small Business Incubator at the Welcome Center for small business entrepreneurs.
- Fiber Optic Cable – installed within the 20 mile radius of our City – 72 strands of fiber optics.
- Partnership with EPA to address financing for clean water care.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for anyone with interest in the economic well-being of the City. Questions concerning any of the information provided in this report or request for additional information should be addressed to The Finance Department, 222 Broad Street, Selma, Alabama, 36701.

FINANCIAL STATEMENTS

CITY OF SELMA, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,734,659	\$ 9,429	\$ 2,744,088
Receivables, net	1,497,668	11,090	1,508,758
Internal balances	288,993	(288,993)	-
Prepaid expenses	174,372	-	174,372
Note receivable	595,000	-	595,000
Net pension asset	1,409,759	-	1,409,759
Restricted assets:			
Cash and cash equivalents	2,952,197	-	2,952,197
Cash held by fiscal agent	4,389,590	-	4,389,590
Capital assets not being depreciated:			
Land	3,210,305	104,913	3,315,218
Construction in progress	175,054	-	175,054
Capital assets net of accumulated depreciation:			
Buildings	5,439,661	-	5,439,661
Improvements	11,768,284	342,897	12,111,181
Infrastructure	14,115,360	-	14,115,360
Machinery and equipment	4,662,352	507,627	5,169,979
TOTAL ASSETS	53,413,254	686,963	54,100,217
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of pension obligation bonds	8,525,023	-	8,525,023
Deferred employer retirement contributions	328,512	-	328,512
DEFERRED OUTFLOWS OF RESOURCES	8,853,535	-	8,853,535
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable and accrued expenses	741,558	2,897	744,455
Accrued interest payable	254,864	-	254,864
Deferred revenue	166,887	-	166,887
Other liabilities	335,784	-	335,784
Noncurrent liabilities:			
Due within one year	1,615,737	16,669	1,632,406
Due in more than one year	27,955,315	155,136	28,110,451
TOTAL LIABILITIES	31,070,145	174,702	31,244,847
TOTAL DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	1,088,103	-	1,088,103
NET POSITION			
Net investment in capital assets	28,517,618	955,437	29,473,055
Restricted for:			
Capital projects	474,979	-	474,979
Community development	225,425	-	225,425
Debt service	2,942,797	-	2,942,797
Municipal Court	69,404	-	69,404
Public safety	96,238	-	96,238
Public works	370,386	-	370,386
Unrestricted	(2,588,306)	(443,176)	(3,031,482)
TOTAL NET POSITION	\$ 30,108,541	\$ 512,261	\$ 30,620,802

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Function/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government							
Governmental activities:							
General government	\$ 7,694,900	\$ 3,569,039	\$ 641,184	\$ -	\$ (3,484,677)	\$ -	\$ (3,484,677)
Public safety	8,028,299	49,227	13,359	-	(7,965,713)	-	(7,965,713)
Public service	2,221,347	53,387	-	251,355	(1,916,605)	-	(1,916,605)
Other	2,091,780	99,114	-	-	(1,992,666)	-	(1,992,666)
Interest and fiscal charges on long-term debt	1,215,069	-	-	-	(1,215,069)	-	(1,215,069)
Total governmental activities	<u>21,251,395</u>	<u>3,770,767</u>	<u>654,543</u>	<u>251,355</u>	<u>(16,574,730)</u>	<u>-</u>	<u>(16,574,730)</u>
Business-type activities:							
Inert landfill	231,915	69,768	-	-	-	(162,147)	(162,147)
Total primary government	<u>\$ 21,483,310</u>	<u>\$ 3,840,535</u>	<u>\$ 654,543</u>	<u>\$ 251,355</u>	<u>(16,574,730)</u>	<u>(162,147)</u>	<u>(16,736,877)</u>
General Revenues							
Property taxes					2,449,580	-	2,449,580
Sales taxes					11,084,226	-	11,084,226
Lodging taxes					372,640	-	372,640
Motor fuel taxes					783,958	-	783,958
Alcoholic beverage taxes					113,113	-	113,113
Tobacco taxes					250,058	-	250,058
Investment earnings					6,294	1	6,295
Miscellaneous revenue					999,268	-	999,268
Transfers					(110,306)	110,306	-
Total general revenues and transfers					<u>15,948,831</u>	<u>110,307</u>	<u>16,059,138</u>
Change in net position					<u>(625,899)</u>	<u>(51,840)</u>	<u>(677,739)</u>
Net position - beginning, as previously reported					<u>30,445,730</u>	<u>564,101</u>	<u>31,009,831</u>
Effect of adoption of GASB 68 (Note 15)					<u>288,710</u>	<u>-</u>	<u>288,710</u>
Net position - beginning, as restated					<u>30,734,440</u>	<u>564,101</u>	<u>31,298,541</u>
Net position - ending					<u>\$ 30,108,541</u>	<u>\$ 512,261</u>	<u>\$ 30,620,802</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Bond Fund</u>	<u>2014 GO Warrant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,170,616	\$ -	\$ 3,124	\$ 1,560,919	\$ 2,734,659
Receivables	1,385,939	470	-	111,259	1,497,668
Prepaid expenses	27,244	-	147,131	-	174,375
Due from other funds	711,760	69,964	-	288,997	1,070,721
Note receivable	595,000	-	-	-	595,000
Restricted assets:					
Cash and cash equivalents	-	2,869,982	-	82,215	2,952,197
Cash held by fiscal agent	-	4	3,956,419	433,167	4,389,590
TOTAL ASSETS	<u>\$ 3,890,559</u>	<u>\$ 2,940,420</u>	<u>\$ 4,106,674</u>	<u>\$ 2,476,557</u>	<u>\$ 13,414,210</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 596,977	\$ -	\$ -	\$ 144,581	\$ 741,558
Due to other funds	136,614	-	10	645,106	781,730
Deferred revenue	166,887	-	-	-	166,887
Other liabilities	301,075	-	-	34,710	335,785
TOTAL LIABILITIES	<u>1,201,553</u>	<u>-</u>	<u>10</u>	<u>824,397</u>	<u>2,025,960</u>
FUND BALANCES					
Nonspendable	622,244	-	-	-	622,244
Restricted	-	2,940,420	4,106,664	1,671,972	8,719,056
Committed	-	-	-	231,682	231,682
Assigned	-	-	-	74,399	74,399
Unassigned	2,066,762	-	-	(325,893)	1,740,869
TOTAL FUND BALANCES	<u>2,689,006</u>	<u>2,940,420</u>	<u>4,106,664</u>	<u>1,652,160</u>	<u>11,388,250</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,890,559</u>	<u>\$ 2,940,420</u>	<u>\$ 4,106,674</u>	<u>\$ 2,476,557</u>	<u>\$ 13,414,210</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Differences in amounts reported for governmental activities in the Statement of Net Position.

Total fund balances - governmental funds		\$ 11,388,250
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		39,371,016
The proceeds of the pension obligation warrants were used to pre-pay the City's unfunded Employee's Retirement System of Alabama (ERS) accrued actuarial liability and is reported as a net pension asset in the Statement of Net Position.		9,934,782
Deferred employer retirement contributions		328,512
Long-term liabilities, including bonds payable, and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Balances at September 30, 2015 were:		
Bonds, leases, and notes payable	\$ (27,243,076)	
Unamortized net premiums	(31,035)	
Unamortized net discounts	120,883	
Accrued interest	(254,864)	
Deferred inflows related to pension	(1,088,103)	
Compensated absences	(213,863)	
Postemployment benefits other than pensions	<u>(2,203,961)</u>	
Total long-term liabilities		<u>(30,914,019)</u>
Net position of governmental activities		<u>\$ 30,108,541</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Bond Fund	2014 GO Warrant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 13,487,358	\$ 1,013,720	\$ -	\$ 552,497	\$ 15,053,575
Licenses and permits	3,021,455	-	-	19,848	3,041,303
Intergovernmental	494,470	116,167	-	772,772	1,383,409
Charges for services	50,987	-	-	-	50,987
Fine and forfeitures	-	-	-	285,235	285,235
Other revenues	618,100	-	-	296,948	915,048
Interest on investments	924	5,104	-	216	6,244
Total revenues	<u>17,673,294</u>	<u>1,134,991</u>	<u>-</u>	<u>1,927,516</u>	<u>20,735,801</u>
EXPENDITURES					
Current operations:					
General government	6,264,965	-	23	2,031,513	8,296,501
Public safety	8,538,266	-	-	59,509	8,597,775
Public service	1,650,299	-	158,313	127,519	1,936,131
Other	1,875,334	-	-	144,351	2,019,685
Debt service:					
Principal retirement	255,528	720,000	-	320,000	1,295,528
Interest charges	71,103	361,269	-	776,611	1,208,983
Total expenditures	<u>18,655,495</u>	<u>1,081,269</u>	<u>158,336</u>	<u>3,459,503</u>	<u>23,354,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(982,201)</u>	<u>53,722</u>	<u>(158,336)</u>	<u>(1,531,987)</u>	<u>(2,618,802)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	62,675	-	-	939,547	1,002,222
Transfers out	(1,110,527)	-	-	(2,000)	(1,112,527)
Capital leases	1,503,604	-	-	-	1,503,604
Total other financing sources (uses)	<u>455,752</u>	<u>-</u>	<u>-</u>	<u>937,547</u>	<u>1,393,299</u>
Net change in fund balances	<u>(526,449)</u>	<u>53,722</u>	<u>(158,336)</u>	<u>(594,440)</u>	<u>(1,225,503)</u>
FUND BALANCES - BEGINNING	<u>3,215,455</u>	<u>2,886,698</u>	<u>4,265,000</u>	<u>2,246,600</u>	<u>12,613,753</u>
FUND BALANCES - ENDING	<u>\$ 2,689,006</u>	<u>\$ 2,940,420</u>	<u>\$ 4,106,664</u>	<u>\$ 1,652,160</u>	<u>\$ 11,388,250</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2015

Differences in amounts reported for Governmental Activities in the Statement of Activities.		
Net change in fund balances - total governmental funds		\$ (1,225,503)
Capital outlays, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		3,018,837
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities.		(1,866,582)
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Position.		
General obligation bonds and warrants	\$ 1,125,000	
Capital leases	170,528	
Total repayments	<u>1,295,528</u>	1,295,528
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		10,396
Increases in long-term debt and related items that are not financial resources decrease net position in the Statement of Net Position.		
Accrued interest	(6,086)	
Post employment benefits other than pensions	<u>(351,858)</u>	
Total increases		(357,944)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position		
Capital lease financing		(1,503,604)
Amortization of net pension asset		(355,209)
Adjustments to pension expense as a result of the implementation of GASB 68		361,458
Governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization		<u>(3,276)</u>
Change in net position of governmental activities		<u><u>\$ (625,899)</u></u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	<u>Inert Landfill</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 9,429
Receivables, net	<u>11,090</u>
Total current assets	<u>20,519</u>
CAPITAL ASSETS	
Land	104,913
Machinery and equipment	1,829,622
Improvements other than buildings	426,115
Less accumulated depreciation	<u>(1,405,213)</u>
Total capital assets, net of accumulated depreciation	<u>955,437</u>
TOTAL ASSETS	<u>975,956</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	2,899
Current portion of capital lease payable	40,908
Due to other funds	<u>288,993</u>
Total current liabilities	<u>332,800</u>
NONCURRENT LIABILITIES	
Noncurrent portion of capital lease payable	<u>130,898</u>
TOTAL LIABILITIES	<u>463,698</u>
NET POSITION	
Net investment in capital assets	829,110
Unrestricted	<u>(316,852)</u>
TOTAL NET POSITION	<u>\$ 512,258</u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Inert Landfill
OPERATING REVENUES	
Service fees	\$ 50,140
Other operating revenues	19,629
Total operating revenues	<u>69,769</u>
OPERATING EXPENSES	
Personnel	82,049
Repairs and maintenance	58,398
Other operating expenses	42,119
Depreciation	48,773
Total operating expenses	<u>231,339</u>
OPERATING LOSS	<u>(161,570)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1
Interest expense	(576)
Operating transfers in	110,306
Total nonoperating revenues (expenses)	<u>109,731</u>
Change in net position	(51,839)
TOTAL NET POSITION - BEGINNING	<u>564,097</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 512,258</u></u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Inert Landfill</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 46,946
Payments to suppliers for goods and services	(82,895)
Payments to employees for services	(81,210)
	<u>(117,159)</u>
Net cash used in operating activities	<u>(117,159)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	110,306
Net cash payments from other funds	10,270
	<u>120,576</u>
Net cash provided by noncapital financing activities	<u>120,576</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(175,100)
Proceeds from capital lease obligation	171,806
Interest paid on lease obligation	(576)
	<u>(3,870)</u>
Net cash used in capital and related financing activities	<u>(3,870)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,882
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 9,429</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (161,570)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Interest income	1
Depreciation expense	48,773
Increase in accounts receivable	(3,196)
Decrease in accounts payable and accrued expenses	(1,167)
	<u>(1,167)</u>
Net cash used in operating activities	<u><u>\$ (117,159)</u></u>

See accompanying notes to financial statements.

CITY OF SELMA, ALABAMA
STATEMENT OF NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2015

	Agency Fund
ASSETS	
Receivables - taxes	<u>\$ 137,004</u>
LIABILITIES	
Accounts payable	<u>135,849</u>
NET POSITION	
Unrestricted	<u><u>\$ 1,155</u></u>

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Selma (the City) was incorporated under the laws of the State of Alabama in 1837 and operates under an elected Mayor-Council form of government as required by State of Alabama Legislative Act No. 73-618 approved August 28, 1973. The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, public improvements, planning and zoning, recreation, and general administrative services. The City provides library, public housing, and education services through separate operating boards recognized as legal entities unto themselves and, accordingly, those boards' financial statements and information are not included herein.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

Bond Fund – This fund accounts for the resources accumulated and payments made for principal and interest on the 2009-A and 2009-B General Obligation Bonds.

2014 GO Warrant Fund – This fund accounts for the resources accumulated and payments made for principal and interest on the Series 2014-CWSRF-DL General Obligation Warrant.

The City reports the following major enterprise fund:

Inert Landfill – This fund accounts for the operations, maintenance, and development of the City-owned landfill.

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, as are the proprietary fund and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the 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 to be available when they are collectible within the current period, considered to be sixty days for property taxes and ninety days for all other revenue. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates and Assumptions

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

Assets, Liabilities, and Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All receivables are shown net of any applicable allowance for uncollectibles.

City property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the nonexchange transactions provision of Governmental Accounting Standards Board (GASB) Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first.

Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Capital Assets

Capital assets, purchased or constructed, are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$4,000. The City did not report infrastructure acquired prior to October 1, 2001.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Buildings	70 years
Improvements	15-20 years
Equipment	5-20 years
Vehicles	7-20 years
Infrastructure	10-50 years

Compensated Absences

The City allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods.

Lease Obligations

Capital lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease discounted at the implicit rate of interest in the lease. Also, in the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements in the statement of revenues, expenditures, and changes in fund balances. Capital lease obligations of proprietary funds and governmental activities in the government-wide financial statements and the cost of assets so acquired are reflected in the accounts of those funds and statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This classification includes amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – This classification includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – This classification includes all other spendable amounts.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which the amounts of unrestricted fund balance is available.

New Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, that enhances previous standards and establishes accounting and financial reporting standards that require more extensive note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenditures. Implementation of GASB No. 68 requires the measurement of the net pension liability to be measured as

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

the portion of the present value of the total projected benefit payments to be provided through a pension plan to current active and inactive employees – the total pension liability – less the amount of the pension plan’s fiduciary net position. The provisions of this statement have been applied for the year ended September 30, 2015.

As a result of implementing GASB Statement No. 68, the following balances are reflected in 2015 in the statement of net position for the primary government.

Deferred employer retirement contribution	\$ 328,512
Net pension asset	1,409,759
Deferred inflows related to pension	1,088,103

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted for the City’s general fund. Under state law, the Mayor submits the annual budget to the City Council for consideration and approval no later than October 1. Such budget is based on expected expenditures by program and estimated resources by source. The budget is prepared using the modified accrual basis of accounting. Revisions to the budget must be approved by the City Council. All annual appropriations lapse at fiscal year-end.

Deficit Fund Balance

Funds with deficit fund balance are as follows:

	<u>Deficit Amount</u>
Nonmajor Governmental Funds:	
Drug Enforcement Unit	\$ 1,815
Americorp Digital Divide	161,323
St. James Hotel Project	145,734
2009 Refunding Warrants	17,021

The City’s intent is to appropriate funds from the General Fund in order to reduce the above deficits.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

3. CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

As of September 30, 2015, none of the City’s bank balance of \$10,883,088 was exposed to custodial credit risk. All of the City’s bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

4. RECEIVABLES

Receivables as of September 30, 2015, for the government’s individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Inert Landfill</u>	<u>Total</u>
Taxes	\$ 1,153,826	\$ -	\$ 18,406	\$ -	\$ 1,172,232
Accounts	216,443	-	5,083	11,090	232,616
Intergovernmental	15,670	-	87,770	-	103,440
Interest	<u>-</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>470</u>
Gross receivables	<u>1,385,939</u>	<u>470</u>	<u>111,259</u>	<u>11,090</u>	<u>1,508,758</u>
Net total receivables	<u>\$ 1,385,939</u>	<u>\$ 470</u>	<u>\$ 111,259</u>	<u>\$ 11,090</u>	<u>\$ 1,508,758</u>

5. NOTE RECEIVABLE

During 2005, the City issued warrants in the amount of \$1,260,000 for the benefit of the Selma City Schools. Principal payments are due annually with semiannual interest payments at 3.3% to 4.4%. The School System is indebted to the City as follows for the debt service of these warrants.

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending September 30:		
2016	\$ 90,000	\$ 23,825
2017	95,000	19,938
2018	95,000	15,853
2019 – 2021	<u>315,000</u>	<u>21,205</u>
Total	<u>\$ 595,000</u>	<u>\$ 80,821</u>

CITY OF SELMA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,178,205	\$ 32,100	\$ -	\$ 3,210,305
Construction in progress	<u>2,069,952</u>	<u>260,054</u>	<u>2,154,952</u>	<u>175,054</u>
Total capital assets, not being depreciated	<u>5,248,157</u>	<u>292,154</u>	<u>2,154,952</u>	<u>3,385,359</u>
Capital assets, being depreciated:				
Buildings	9,553,816	-	-	9,553,816
Improvements other than buildings	13,914,891	1,971,777	-	15,886,668
Infrastructure	44,191,004	1,243,294	-	45,434,298
Machinery and equipment	<u>12,415,939</u>	<u>1,666,564</u>	<u>-</u>	<u>14,082,503</u>
Total capital assets, being depreciated	<u>80,075,650</u>	<u>4,881,635</u>	<u>-</u>	<u>84,957,285</u>
Less accumulated depreciation for:				
Buildings	3,974,328	139,827	-	4,114,155
Improvements other than buildings	3,797,950	320,434	-	4,118,384
Infrastructure	30,582,577	736,361	-	31,318,938
Machinery and equipment	<u>8,750,191</u>	<u>669,960</u>	<u>-</u>	<u>9,420,151</u>
Total accumulated depreciation	<u>47,105,046</u>	<u>1,866,582</u>	<u>-</u>	<u>48,971,628</u>
Total capital assets, being depreciated, net	<u>32,970,604</u>	<u>3,015,053</u>	<u>-</u>	<u>35,985,657</u>
Governmental activities capital assets, net	<u>\$ 38,218,761</u>	<u>\$ 3,307,207</u>	<u>\$ 2,154,952</u>	<u>\$ 39,371,016</u>

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

6. CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 104,913	\$ -	\$ -	\$ 104,913
Capital assets, being depreciated:				
Improvements other than buildings	426,115	-	-	426,115
Machinery and equipment	<u>1,654,522</u>	<u>175,100</u>	<u>-</u>	<u>1,829,622</u>
Total capital assets, being depreciated	<u>2,080,637</u>	<u>175,100</u>	<u>-</u>	<u>2,255,737</u>
Less accumulated depreciation for:				
Improvements other than buildings	69,506	13,712	-	83,218
Machinery and equipment	<u>1,286,933</u>	<u>35,062</u>	<u>-</u>	<u>1,321,995</u>
Total accumulated depreciation	<u>1,356,439</u>	<u>48,774</u>	<u>-</u>	<u>1,405,213</u>
Total capital assets, being depreciated, net	<u>724,198</u>	<u>126,326</u>	<u>-</u>	<u>850,524</u>
Business-type activities capital assets, net	<u>\$ 829,111</u>	<u>\$ 126,326</u>	<u>\$ -</u>	<u>\$ 955,437</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 715,368
Public safety	452,041
Public service	683,640
Other	<u>15,533</u>
Total depreciation expense – governmental activities	<u>\$ 1,866,582</u>
Business-type Activities	<u>\$ 42,519</u>

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

7. INTERFUND BALANCES AND ACTIVITY

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures and should be repaid during the next fiscal year. The composition of interfund balances as of September 30, 2015, is shown below:

Due to/from Other Funds:

Due From:	Due To:				Total
	General Fund	Bond Fund	Nonmajor Governmental Funds	Inert Landfill	
General Fund	\$ -	\$ 69,964	\$ 263,776	\$ 60	\$ 333,800
Nonmajor Governmental Funds	422,561	-	25,221	-	447,782
Inert Landfill	289,199	-	-	-	289,199
Total	\$ 711,760	\$ 69,964	\$ 288,997	\$ 60	\$ 1,070,781

Interfund Transfers:

Transfer Out:	Transfer In:				Total
	General Fund	Bond Fund	Nonmajor Governmental Funds	Inert Landfill	
General Fund	\$ -	\$ -	\$ 939,547	\$ 110,306	\$ 1,049,853
Nonmajor Governmental Funds	2,000	-	-	-	2,000
Total	\$ 2,000	\$ -	\$ 939,547	\$ 110,306	\$ 1,051,853

CITY OF SELMA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

8. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General City bonds and warrants	\$ 27,035,000	\$ -	\$ 1,125,000	\$ 25,910,000	\$ 1,175,000
Less deferred amounts:					
For issuance discounts	(128,039)	-	(7,156)	(120,883)	-
Add deferred amounts:					
For issuance premiums	<u>34,915</u>	<u>-</u>	<u>3,880</u>	<u>31,035</u>	<u>-</u>
Total General City bonds and warrants	26,941,876	-	1,121,724	25,820,152	1,175,000
Capital leases	-	1,503,604	170,528	1,333,076	226,874
Compensated absences	224,259	-	10,396	213,863	213,863
Postemployment benefits other than pensions	<u>1,852,103</u>	<u>351,858</u>	<u>-</u>	<u>2,203,961</u>	<u>-</u>
	<u>\$ 29,018,238</u>	<u>\$ 1,855,462</u>	<u>\$ 1,302,648</u>	<u>\$ 29,571,052</u>	<u>\$ 1,615,737</u>
Business-type Activities:					
Capital lease	<u>\$ -</u>	<u>\$ 175,100</u>	<u>\$ 3,294</u>	<u>\$ 171,805</u>	<u>\$ 16,669</u>

Long-term debt payable at September 30, 2015, is comprised of the following:

General City Bonds and Warrants

The City issues general obligation bonds and warrants to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The current outstanding balances are as follows:

Series 2005 General Obligation Warrants, interest at 3.3% to 4.4%	\$ 595,000
Series 2009 General Obligation Refunding Warrants, interest at 3.5% to 3.875%	3,010,000
Series 2009-A General Obligation Build America Bonds, interest at 3.0% to 5.5%	6,865,000
Series 2011 Taxable Pension Obligation Warrants, interest at 5.82% to 6.0%	11,165,000
Series 2014-CWSRF-DL General Obligation Warrants, interest at 1.5% to 2.25%	<u>4,275,000</u>
Total bonds and warrants	<u>\$ 25,910,000</u>

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

8. LONG-TERM DEBT (Continued)

General City Bonds and Warrants (Continued)

The annual debt service requirements to maturity, including principal and interest, for General City bonds and warrants as of September 30, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending September 30:		
2016	\$ 1,175,000	\$ 1,114,149
2017	1,385,000	1,124,907
2018	1,430,000	1,104,943
2019	1,490,000	1,045,008
2020 - 2024	7,935,000	4,106,348
2025 - 2029	3,440,000	2,886,272
2030 - 2034	4,340,000	1,982,493
2035 - 2039	<u>4,715,000</u>	<u>801,863</u>
Total	<u>\$ 25,910,000</u>	<u>\$ 14,165,983</u>

Operating Leases

The City is obligated under operating lease agreements for copiers through July 30, 2020. The future minimum lease payments under these lease agreements are:

Year ending September 30:	
2016	\$ 68,640
2017	68,640
2018	68,640
2019	68,640
2020	<u>57,200</u>
Present value of minimum lease payments	<u>\$ 331,760</u>

Total rental expense for the above mentioned lease is \$54,517 for the year ended September 30, 2015.

In addition, the City has agreed to lease space in the county jail on a year-to-year basis at a rate of \$200,000 per year ending September 30, 2019.

Other Long-Term Debt

Compensated absences, benefits, and other governmental activity obligations are generally liquidated by the General Fund.

9. PENSION PLAN

Plan description. The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

9. PENSION PLAN (Continued)

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	21,691
Terminated employees entitled to but not yet receiving benefits	1,252
Terminated employees not entitled to a benefit	5,048
Active members	<u>55,883</u>
 Total	 <u><u>83,874</u></u>

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

9. PENSION PLAN (Continued)

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2015, the City’s active employee contribution rate was 5% of covered payroll for Tier 1 employees and 6% of covered employee payroll for Tier 2 employees, and the City’s active employee contribution rate for certified law enforcement, correctional officers, and firefighters (FLC) was 6% of covered payroll for Tier 1 FLC and 7% of covered payroll for Tier 2 FLC. The City’s average contribution rate to fund the normal and accrued liability costs was 2.91% of covered employee payroll.

The City’s contractually required contribution rate for the year ended September 30, 2015 was 4.06% of pensionable pay for Tier 1 employees, and 2.11% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$328,512 for the year ended September 30, 2015.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2013 rolled forward to September 30, 2014 using standard roll-forward techniques as shown in the following table:

Total pension liability as of September 30, 2013	<u>\$ 34,944,142</u>
Entry age normal cost for October 1, 2013 – September 30, 2014	<u>\$ 698,109</u>
Actual benefit payments and refunds for October 1, 2013 – September 30, 2014	<u>\$ (2,511,601)</u>
Total pension liability as of September 30, 2014	<u>\$ 35,825,717</u>

Actuarial assumptions. The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

9. PENSION PLAN (Continued)

Net Pension Liability (Continued)

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	<u>2.00%</u>	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. 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, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

9. PENSION PLAN (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at September 30, 2013	\$ 34,944,142	\$ 34,876,764	\$ 67,378
Changes for the year:			
Service cost	698,109	-	698,109
Interest	2,695,067	-	2,695,067
Differences between expected and actual experience	-	-	-
Contributions – employer	-	356,088	(356,088)
Contributions – employee	-	450,697	(450,697)
Net investment income	-	4,081,364	(4,081,364)
Benefit payments, including refunds of employee contributions	(2,511,601)	(2,511,601)	-
Administrative expense	-	-	-
Transfers among employers	-	(17,836)	17,836
Net changes	<u>881,575</u>	<u>2,358,712</u>	<u>(1,477,137)</u>
Balance at September 30, 2014	<u>\$ 35,825,717</u>	<u>\$ 37,235,476</u>	<u>\$ (1,409,759)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension asset calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7%) or one percentage point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
City's net pension liability (asset)	<u>\$ 2,346,677</u>	<u>\$ (1,409,759)</u>	<u>\$ (4,601,476)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2014. The auditor's report dated June 3, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

9. PENSION PLAN (Continued)

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

For the year ended September 30, 2015, the City recognized pension expense of \$322,263. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,088,103
Employer contributions subsequent to the measurement date	<u>328,512</u>	<u>-</u>
Total	<u>\$ 328,512</u>	<u>\$ 1,088,103</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 272,026
2017	272,026
2018	272,026
2019	272,025
2020	-
Thereafter	-

CITY OF SELMA, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

10. FUND BALANCES

As of September 30, 2015, fund balances consisted of the following:

	<u>General Fund</u>	<u>Bond Fund</u>	<u>2014 GO Warrant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Prepaid expenses	\$ 27,244	\$ -	\$ -	\$ -	\$ 27,244
Note receivable	595,000	-	-	-	595,000
Restricted:					
Debt service	-	2,940,420	-	2,377	2,942,797
Capital projects	-	-	4,106,664	908,145	5,014,809
Community development	-	-	-	225,422	225,422
Municipal Court	-	-	-	69,404	69,404
Public safety	-	-	-	96,238	96,238
Public works	-	-	-	370,386	370,386
Committed:					
Economic development	-	-	-	231,682	231,682
Assigned:					
Police Department	-	-	-	4,609	4,609
Fire Department	-	-	-	41	41
Economic development	-	-	-	69,749	69,749
Unassigned	<u>2,066,762</u>	<u>-</u>	<u>-</u>	<u>(325,893)</u>	<u>1,740,869</u>
 Total fund balances	 <u>\$ 2,689,006</u>	 <u>\$ 2,940,420</u>	 <u>\$ 4,106,664</u>	 <u>\$ 1,652,160</u>	 <u>\$ 11,388,250</u>

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City’s risk management program provides limited secondary market reinsurance to protect the City from any single loss in excess of a specific amount. Coverage consists of \$2,000,000 and \$500,000 in general and workers compensation insurance, respectively.

12. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits whose outcome is not presently determinable. In the opinion of the City’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City of Selma administers a defined benefit healthcare plan (“the Employees’ Medical Insurance Plan”) for employees of the City. The plan provides lifetime healthcare insurance for eligible retirees through the City’s group health insurance plan, which covers both active and retired members. The Employees’ Medical Insurance Plan does not issue a publicly available financial report. At September 30, 2015, the plan had approximately 229 active participants and 61 retired members and beneficiaries.

Funding Policy

The employer contributes \$301 for active participants and requires monthly contributions of \$75 from active participants who maintain single coverage and \$367 to \$665 from active participants who maintain family coverage. Beginning January 2014, the employer began absorbing monthly Affordable Care Act fees and taxes (\$13 to \$40 depending on coverage) for all members. Retirees are required to contribute certain amounts based on level of coverage and date of retirement as follows:

	<u>Monthly Contribution</u>
Retiree under 65	\$ 193
Retiree over 65	68

Total member contributions were \$307,145 for active participants and \$90,629 for retirees and beneficiaries.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Employees’ Medical Insurance Plan:

Annual required contribution	\$ 506,847
Interest on net OPEB obligation	74,084
Adjustment to ARC	<u>(107,107)</u>
Annual OPEB cost	473,824
Contributions made	<u>(121,966)</u>
Increase in net OPEB obligation	351,858
Net OPEB obligation – beginning of year	<u>1,852,103</u>
Net OPEB obligation – end of year	<u><u>\$ 2,203,961</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the previous two years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 510,884	24.25%	\$ 1,403,563
9/30/2014	526,363	14.79	1,852,103
9/30/2015	473,824	25.74	2,203,961

Funded Status and Funding Progress

As of September 30, 2015, the actuarial accrued liability for benefits was \$4,967,319 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$9,210,577, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 54%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following significant assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at the earlier of 25 years of service at any age or 10 years of consecutive service and the attainment of age 60. In addition, “Tier 2” retirement plan members (those hired on and after January 1, 2013) would not be eligible to retire before age 62.

Marital status – The City of Selma provides medical insurance coverage for retirees but not for dependents.

Mortality – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used.

Turnover – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 15%. It has also been assumed that 3% of retirees decline medical coverage at retirement because of the required retiree-paid premium.

Healthcare cost trend rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

Health insurance premiums – 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Discount rate – 4% per annum, compounded annually, if unfunded.

The Unit Cost Actuarial Cost Method was utilized in computing actuarial liabilities and costs. The unfunded actuarial accrued liability is being amortized over the maximum permissible period under GASB 45 of 30 years.

CITY OF SELMA, ALABAMA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

14. DEFERRED OUTFLOW OF PENSION OBLIGATION BONDS

On July 26, 2011, the City issued the 2011 Taxable Pension Obligation Warrants in the amount of \$11,165,000. The proceeds of the warrants were used to prepay the City's unfunded ERS accrued actuarial liability in the amount of \$10,301,068. This prepayment has been recorded on the statement of net position as a deferred outflow of pension obligation bonds. The effect of this prepayment will be reflected in future actuarial reports as that information becomes available from ERS. The deferred outflow will be amortized as the debt is repaid. For the year ended September 30, 2015, \$355,209 was amortized and recorded as pension expense.

As of September 30, 2015, changes to the deferred outflow were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities	\$ 8,880,232	\$ -	\$ 355,209	\$ 8,525,023

15. CHANGE IN ACCOUNTING PRINCIPLE

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

Net position as previously reported at September 30, 2014	\$ 31,009,831
Prior period adjustment:	
Net pension liability (measurement date as of September 30, 2013)	(67,378)
Deferred outflows:	
City contributions made during fiscal year 2014	<u>356,088</u>
Net position as restated, October 1, 2014	<u>\$ 31,298,541</u>

16. EFFECT OF NEW PRONOUNCEMENTS

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

The GASB issued Statement No. 72, Fair Value Measurement and Application in February 2015. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

16. EFFECT OF NEW PRONOUNCEMENTS (Continued)

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68 in June 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans in June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

The GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments in June 2015. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City is currently evaluating the impact, if any, that this Statement will have on its financial statements.

17. SUBSEQUENT EVENTS

The City has evaluated subsequent events through May 10, 2016, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SELMA, ALABAMA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 13,238,171	\$ 13,238,171	\$ 13,487,358	\$ 249,187
Licenses and permits	2,902,560	2,902,560	3,021,455	118,895
Intergovernmental revenues	170,000	170,000	494,470	324,470
Charges for services	43,900	43,900	50,987	7,087
Other revenues	602,095	602,095	618,100	16,005
Interest on investments	4,100	4,100	924	(3,176)
Total revenues	<u>16,960,826</u>	<u>16,960,826</u>	<u>17,673,294</u>	<u>712,468</u>
EXPENDITURES				
Current operations:				
General government	5,387,543	5,386,542	6,264,965	(878,423)
Public safety	7,167,713	7,167,713	8,538,266	(1,370,553)
Public service	1,763,075	1,763,075	1,650,299	112,776
Other	1,740,876	1,771,876	1,875,334	(103,458)
Debt service:				
Principal retirement	-	-	255,528	(255,528)
Interest charges	662,936	622,936	71,103	551,833
Total expenditures	<u>16,722,143</u>	<u>16,712,142</u>	<u>18,655,495</u>	<u>(1,943,353)</u>
Excess of revenues over expenditures	<u>238,683</u>	<u>248,684</u>	<u>(982,201)</u>	<u>(1,230,885)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	159,000	62,675	(96,325)
Transfers out	(218,000)	(218,000)	(1,110,527)	(892,527)
Capital lease	-	-	1,503,604	1,503,604
Total other financing sources (uses)	<u>(218,000)</u>	<u>(59,000)</u>	<u>455,752</u>	<u>514,752</u>
Net change in fund balances	20,683	189,684	(526,449)	(716,133)
FUND BALANCES - BEGINNING	<u>3,215,455</u>	<u>3,215,455</u>	<u>3,215,455</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,236,138</u>	<u>\$ 3,405,139</u>	<u>\$ 2,689,006</u>	<u>\$ (716,133)</u>

CITY OF SELMA, ALABAMA

**EMPLOYEES' MEDICAL INSURANCE PLAN OF THE CITY OF SELMA, ALABAMA
SCHEDULE OF FUNDING PROGRESS**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/10	\$ -	\$ 5,172,791	\$ 5,172,791	0.0%	\$ 8,508,143	60.8%
09/30/11	-	5,172,791	5,172,791	0.0%	8,653,127	59.8%
09/30/12	-	4,941,355	4,941,355	0.0%	7,417,824	66.6%
09/30/13	-	4,941,355	4,941,355	0.0%	9,157,885	54.0%
09/30/14	-	5,166,012	5,166,012	0.0%	8,949,283	57.73%

CITY OF SELMA, ALABAMA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended *	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Asset	Actual Covered Employee Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Asset
09/30/14	-0.030%	\$ (1,409,759)	\$ 7,994,811	-17.63%	103.94%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is as of the measurement date of the City's net pension liability, which is as of the beginning of the City's fiscal year.

CITY OF SELMA, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE CITY'S EMPLOYEE PENSION PLAN

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contributions Excess / (Deficiency)</u>	<u>Actual Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
09/30/15	<u>\$ (32,946)</u>	<u>\$ 328,512</u>	<u>\$ 361,458</u>	<u>\$ 7,994,811</u>	<u>4.52%</u>

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

CITY OF SELMA, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue								
	State Lodging Tax	Revolving Loan Fund	Drug Enforcement Unit	Alabama Trust Fund	Awarded Drug Unit Fund	SPD Sundry Account	Municipal Court	Pending General Forfeitures	Fire Department Sundry
ASSETS									
Cash and cash equivalents	\$ 202,443	\$ 26,747	\$ 29,926	\$ 425,528	\$ 4,669	\$ 321	\$ 45,287	\$ 245	\$ 41
Receivables	-	-	-	-	-	500	141	-	-
Due from other funds	37,674	-	-	1,125	-	-	16,382	-	-
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Cash held by fiscal agent	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 240,117	\$ 26,747	\$ 29,926	\$ 426,653	\$ 4,669	\$ 821	\$ 61,810	\$ 245	\$ 41
LIABILITIES									
Accounts payable and accrued expenses	\$ 6,518	\$ -	\$ 6,302	\$ 25,321	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Due to other funds	1,917	-	578	-	160	720	-	200	-
Other liabilities	-	-	24,861	-	-	-	-	-	-
TOTAL LIABILITIES	8,435	-	31,741	25,321	160	720	2,500	200	-
FUND BALANCES									
Restricted	-	26,747	-	401,332	-	-	59,310	45	-
Committed	231,682	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	4,509	101	-	-	41
Unassigned	-	-	(1,815)	-	-	-	-	-	-
TOTAL FUND BALANCES	231,682	26,747	(1,815)	401,332	4,509	101	59,310	45	41
TOTAL LIABILITIES AND FUND BALANCES	\$ 240,117	\$ 26,747	\$ 29,926	\$ 426,653	\$ 4,669	\$ 821	\$ 61,810	\$ 245	\$ 41

See accompanying notes.

CITY OF SELMA, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue								
	Summer Food Program	Americorp Digital Divide	St. James Hotel Project	Planning and Development	Community Reinvestment	Firefighter Grant	Municipal Aid	Traffic Enforcement	Criminal Fines
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 1,630	\$ 26,150	\$ 93,874	\$ 9,984	\$ 330,143	\$ 77,238	\$ 3,783
Receivables	-	63,682	660	4,417	-	-	18,406	-	-
Due from other funds	88,725	73,660	-	7,000	-	-	266	21,378	-
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Cash held by fiscal agent	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 88,725	\$ 137,342	\$ 2,290	\$ 37,567	\$ 93,874	\$ 9,984	\$ 348,815	\$ 98,616	\$ 3,783
LIABILITIES									
Accounts payable and accrued expenses	\$ -	\$ 20	\$ 4,188	\$ -	\$ -	\$ -	\$ 1,718	\$ 15,408	\$ -
Due to other funds	3,270	296,747	143,836	18,221	-	8,090	15,853	18,566	-
Other liabilities	-	1,898	-	-	-	-	-	-	-
TOTAL LIABILITIES	3,270	298,665	148,024	18,221	-	8,090	17,571	33,974	-
FUND BALANCES									
Restricted	85,455	-	-	19,346	93,874	1,894	331,244	64,642	3,783
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	(161,323)	(145,734)	-	-	-	-	-	-
TOTAL FUND BALANCES	85,455	(161,323)	(145,734)	19,346	93,874	1,894	331,244	64,642	3,783
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,725	\$ 137,342	\$ 2,290	\$ 37,567	\$ 93,874	\$ 9,984	\$ 348,815	\$ 98,616	\$ 3,783

See accompanying notes.

CITY OF SELMA, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue									
	Cash Bonds	Restitutions	Restoration Revitalization Fund	ATF Sharing	PEG Fund	Occupancy Fee	Award General Forfeitures	Selma Animal Shelter	Municipal Judicial Adm Fund	Hope VI Main Street Fund
ASSETS										
Cash and cash equivalents	\$ 58,427	\$ 8,090	\$ 50	\$ 2,554	\$ 49,655	\$ 72,764	\$ 767	\$ 23,630	\$ 25,897	\$ -
Receivables	-	-	-	-	3,667	-	-	-	-	-
Due from other funds	-	-	-	-	-	18,566	-	-	-	-
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash held by fiscal agent	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 58,427	\$ 8,090	\$ 50	\$ 2,554	\$ 53,322	\$ 91,330	\$ 767	\$ 23,630	\$ 25,897	\$ -
LIABILITIES										
Accounts payable and accrued expenses	\$ 58,007	\$ 105	\$ -	\$ -	\$ 2,513	\$ 21,582	\$ 91	\$ 267	\$ -	\$ -
Due to other funds	-	-	-	-	11,717	-	-	16,974	-	-
Other liabilities	-	7,951	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	58,007	8,056	-	-	14,230	21,582	91	267	16,974	-
FUND BALANCES										
Restricted	420	34	50	2,554	39,092	-	676	23,363	8,923	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	69,748	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	420	34	50	2,554	39,092	69,748	676	23,363	8,923	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,427	\$ 8,090	\$ 50	\$ 2,554	\$ 53,322	\$ 91,330	\$ 767	\$ 23,630	\$ 25,897	\$ -

See accompanying notes.

CITY OF SELMA, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Capital Projects				Debt Service			Total Nonmajor Governmental Funds
	1999 Capital Project Bond	Other Funds	2009 Capital Project Bond	Major Project	Public Building Authority	2009 Refunding Warrants	2011 Pension Warrants	
ASSETS								
Cash and cash equivalents	\$ -	\$ 4,295	\$ -	\$ 36,781	\$ -	\$ -	\$ -	\$ 1,560,919
Receivables	-	5,115	-	-	-	14,671	-	111,259
Due from other funds	-	24,221	-	-	-	-	-	288,997
Restricted assets:								
Cash and cash equivalents	38,001	-	-	-	30,209	14,005	-	82,215
Cash held by fiscal agent	-	-	433,166	-	-	-	1	433,167
TOTAL ASSETS	\$ 38,001	\$ 33,631	\$ 433,166	\$ 36,781	\$ 30,209	\$ 28,676	\$ 1	\$ 2,476,557
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ -	\$ 144,581
Due to other funds	35,625	7,645	-	19,290	-	45,697	-	645,106
Other liabilities	-	-	-	-	-	-	-	34,710
TOTAL LIABILITIES	35,625	7,645	-	19,331	-	45,697	-	824,397
FUND BALANCES								
Restricted	2,376	25,986	433,166	17,450	30,209	-	1	1,671,972
Committed	-	-	-	-	-	-	-	231,682
Assigned	-	-	-	-	-	-	-	74,399
Unassigned	-	-	-	-	-	(17,021)	-	(325,893)
TOTAL FUND BALANCES	2,376	25,986	433,166	17,450	30,209	(17,021)	1	1,652,160
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,001	\$ 33,631	\$ 433,166	\$ 36,781	\$ 30,209	\$ 28,676	\$ 1	\$ 2,476,557

See accompanying notes.

CITY OF SELMA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue								
	State Lodging Tax	Revolving Loan Fund	Drug Enforcement Unit	Alabama Trust Fund	Awarded Drug Unit Fund	SPD Sundry Account	Municipal Court	Pending General Forfeitures	Fire Department Sundry
REVENUES									
Taxes	\$ 343,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	177,884	-	-	-	-	-
Fines and forfeitures	-	-	-	-	6,363	-	18,925	-	-
Other revenues	5,183	-	-	-	-	17,202	1,997	270	400
Interest on investments	50	-	6	103	1	-	-	-	-
Total revenues	<u>348,878</u>	<u>-</u>	<u>6</u>	<u>177,987</u>	<u>6,364</u>	<u>17,202</u>	<u>20,922</u>	<u>270</u>	<u>400</u>
EXPENDITURES									
Current operations:									
General government	383,896	-	-	208,669	-	-	1,225	-	36
Public safety	-	-	-	-	4,000	2,936	50,827	-	1,746
Public service	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	15,382	1,603	225	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>383,896</u>	<u>-</u>	<u>-</u>	<u>208,669</u>	<u>4,000</u>	<u>18,318</u>	<u>53,655</u>	<u>225</u>	<u>1,782</u>
Excess of revenues over (under) expenditures	<u>(35,018)</u>	<u>-</u>	<u>6</u>	<u>(30,682)</u>	<u>2,364</u>	<u>(1,116)</u>	<u>(32,733)</u>	<u>45</u>	<u>(1,382)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(35,018)</u>	<u>-</u>	<u>6</u>	<u>(30,682)</u>	<u>2,364</u>	<u>(1,116)</u>	<u>(32,733)</u>	<u>45</u>	<u>(1,382)</u>
FUND BALANCES - BEGINNING	<u>266,700</u>	<u>26,747</u>	<u>(1,821)</u>	<u>432,014</u>	<u>2,145</u>	<u>1,217</u>	<u>92,043</u>	<u>-</u>	<u>1,423</u>
FUND BALANCES - ENDING	<u>\$ 231,682</u>	<u>\$ 26,747</u>	<u>\$ (1,815)</u>	<u>\$ 401,332</u>	<u>\$ 4,509</u>	<u>\$ 101</u>	<u>\$ 59,310</u>	<u>\$ 45</u>	<u>\$ 41</u>

See accompanying notes.

CITY OF SELMA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue								
	Summer Food Program	Americorp Digital Divide	St. James Hotel Project	Planning and Development	Community Reinvestment	Firefighter Grant	Municipal Aid	Traffic Enforcement	Criminal Fines
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,857	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	19,848	-	-
Intergovernmental	161,283	265,691	-	1,000	10,925	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	257,589	2,358
Other revenues	-	-	222,965	-	-	-	-	-	-
Interest on investments	-	-	1	-	-	-	-	-	-
Total revenues	161,283	265,691	222,966	1,000	10,925	-	199,705	257,589	2,358
EXPENDITURES									
Current operations:									
General government	160,389	384,891	371,482	-	15,258	-	153,936	211,800	-
Public safety	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	113,886	-	-
Other	-	-	-	-	-	-	124,784	-	633
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-	-	-
Total expenditures	160,389	384,891	371,482	-	15,258	-	392,606	211,800	633
Excess of revenues over (under) expenditures	894	(119,200)	(148,516)	1,000	(4,333)	-	(192,901)	45,789	1,725
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances	894	(119,200)	(148,516)	1,000	(4,333)	-	(192,901)	45,789	1,725
FUND BALANCES - BEGINNING	84,561	(42,123)	2,782	18,346	98,207	1,894	524,145	18,853	2,058
FUND BALANCES - ENDING	\$ 85,455	\$ (161,323)	\$ (145,734)	\$ 19,346	\$ 93,874	\$ 1,894	\$ 331,244	\$ 64,642	\$ 3,783

See accompanying notes.

CITY OF SELMA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue									
	Cash Bonds	Restitutions	Restoration Revitalization Fund	ATF Sharing	PEG Fund	Occupancy Fee	Award General Forfeitures	Selma Animal Shelter	Municipal Judicial Adm Fund	Hope VI Main Street Fund
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,995	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	15,037	-	515	13,004	8,487	10,375
Interest on investments	-	-	-	-	22	17	1	-	8	-
Total revenues	-	-	-	-	15,059	29,012	516	13,004	8,495	10,375
EXPENDITURES										
Current operations:										
General government	125	-	-	-	9,771	12,273	-	-	165	10,375
Public safety	-	-	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	13,633	-	-
Other	-	-	-	-	-	-	1,724	-	-	-
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	125	-	-	-	9,771	12,273	1,724	13,633	165	10,375
Excess of revenues over (under) expenditures	(125)	-	-	-	5,288	16,739	(1,208)	(629)	8,330	-
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(2,000)	-	-	-	-
Net change in fund balances	(125)	-	-	-	5,288	14,739	(1,208)	(629)	8,330	-
FUND BALANCES - BEGINNING	545	34	50	2,554	33,804	55,009	1,884	23,992	593	-
FUND BALANCES - ENDING	\$ 420	\$ 34	\$ 50	\$ 2,554	\$ 39,092	\$ 69,748	\$ 676	\$ 23,363	\$ 8,923	\$ -

See accompanying notes.

CITY OF SELMA, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Capital Projects			Debt Service			Total Nonmajor Governmental Funds	
	1999 Capital Project Bond	Other Funds	2009 Capital Project Bond	Major Project	Public Building Authority	2009 Refunding Warrants		2011 Pension Warrants
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 552,497
Licenses and permits	-	-	-	-	-	-	-	19,848
Intergovernmental	-	-	-	-	-	155,989	-	772,772
Fines and forfeitures	-	-	-	-	-	-	-	285,235
Other revenues	-	1,465	48	-	-	-	-	296,948
Interest on investments	-	-	-	-	7	-	-	216
Total revenues	-	1,465	48	-	7	155,989	-	1,927,516
EXPENDITURES								
Current operations:								
General government	-	21,408	85,600	154	-	60	-	2,031,513
Public safety	-	-	-	-	-	-	-	59,509
Public service	-	-	-	-	-	-	-	127,519
Other	-	-	-	-	-	-	-	144,351
Debt service:								
Principal retirement	-	-	-	-	-	320,000	-	320,000
Interest charges	-	-	-	-	-	115,675	660,936	776,611
Total expenditures	-	21,408	85,600	154	-	435,735	660,936	3,459,503
Excess of revenues over (under) expenditures	-	(19,943)	(85,552)	(154)	7	(279,746)	(660,936)	(1,531,987)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	278,611	660,936	939,547
Transfers out	-	-	-	-	-	-	-	(2,000)
Total other financing sources (uses)	-	-	-	-	-	278,611	660,936	937,547
Net change in fund balances	-	(19,943)	(85,552)	(154)	7	(1,135)	-	(594,440)
FUND BALANCES - BEGINNING	2,376	45,929	518,718	17,604	30,202	(15,886)	1	2,246,600
FUND BALANCES - ENDING	\$ 2,376	\$ 25,986	\$ 433,166	\$ 17,450	\$ 30,209	\$ (17,021)	\$ 1	\$ 1,652,160

See accompanying notes.

CITY OF SELMA, ALABAMA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2015

	<u>2015</u>	<u>(Revised) * 2014</u>
Assessed value	<u>\$ 128,362,440</u>	<u>\$ 125,879,820</u>
Legal debt margin		
Debt limitation - 20 percent of assessed value	\$ 25,672,488	\$ 25,175,964
Debt applicable to limitation:		
Long-term bonded debt including capital leases	\$ 27,414,882	\$ 27,035,000
Less: Debt attributable for school purposes	(1,672,976)	(1,872,578)
Less: Debt attributable for sewer purposes	(4,275,000)	(4,275,000)
Less: Amount available for payment of general obligation debt	<u>(3,333,365)</u>	<u>(3,364,911)</u>
Total debt applicable to limitation	<u>18,133,541</u>	<u>17,522,511</u>
Legal debt margin	<u>\$ 7,538,947</u>	<u>\$ 7,653,453</u>

Note: Section 225, as amended, Constitution of State of Alabama, limits debt of the City of Selma to 20 percent of the assessed value of taxable property. Excluded from this limitation are bonds issued for schools, sewers and assessed improvements.

Sources: Assessed value data provided by the Dallas County Tax Assessor.

* 2014 was revised to adjust the legal debt margin for funds held in escrow in the amount of \$3,614,290, which was incorrectly included in the computation. Thus legal debt margin for 2014 was reduced by that amount.

See accompanying notes.

CITY OF SELMA, ALABAMA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2015

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government (a)</u>	<u>Amount Applicable to Government</u>
Direct			
City of Selma:			
General obligations including capital leases	\$ 27,414,882 (a)	100.00%	\$ 27,414,882
Overlapping			
Dallas County:			
General obligations including capital leases	<u>7,647,641</u>	34.40%	<u>2,630,789</u>
Total	<u>\$ 35,062,523</u>		<u>\$ 30,045,671</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Dallas County Tax Assessor. Net General Obligation Bonded Debt outstanding data provided by the Dallas County Tax Assessor.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Selma. This process recognizes that, when considering the City’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.

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City’s taxable assessed value that is within the County’s boundaries and dividing it by the County’s total taxable assessed value.

See accompanying notes.