

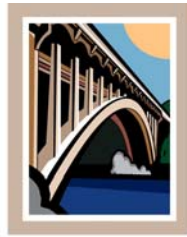


The City of Folsom California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016



CITY OF
FOLSOM
DISTINCTIVE BY NATURE



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

CITY OF FOLSOM, CALIFORNIA

**Prepared by the Office of Management & Budget
Financial Services Division**

**James W. Francis
Chief Financial Officer/Finance Director**

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INTRODUCTORY SECTION



CITY OF
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CITY OF FOLSOM, CALIFORNIA

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

December 28, 2016

Honorable Mayor, Members of the City Council, and Citizens of the City of Folsom, California:

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016 is submitted for Council review in accordance with Section 3.02.160 of the Folsom Municipal Code and published as a matter of public record for interested citizens. This transmittal letter provides information regarding the economy and the governing structure in Folsom. An overview of the City's financial activities for the fiscal year is discussed in detail in the Management's Discussion and Analysis section of the CAFR. While the independent auditor has expressed an opinion on the financial statements contained in this report, management takes sole responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the CAFR information is accurate in all material respects.

THE FOLSOM GOVERNMENT – The City of Folsom was founded in 1856, incorporated in 1946, and chartered in 1990. Folsom is a “full service” charter City, serving a population of over 74,014. The City is approximately 110 miles northeast of San Francisco and 20 miles east of Sacramento. The City is located along the eastern end of the Highway 50 corridor in an area of the Sacramento Valley that has experienced considerable growth over the past 15 years.

The City's primary governing body is the City Council, composed of five members who are elected at large and serve four-year terms. The City operates under a Council-Manager form of government, and council members annually choose a mayor and vice mayor from among their members. The City Manager is appointed by the City Council and administers the daily affairs of the City and carries out City Council policies.

The City provides a full range of services including police, fire, emergency medical response, public works, transit, community development planning, and building inspections. In addition, the City operates a library, parks and recreation facilities, including a zoo sanctuary and aquatic center, and provides water, wastewater, and solid waste utility services.

The CAFR presents the financial status of the City and its component units, the Folsom Public Financing Authority (FPFA) and the Folsom Ranch Financing Authority (FRFA), which are separable legal entities included in this report because of the significance of their operational or financial relationship with the City. The FPFA and FRFA are reported on a blended basis as part of the primary government because the boards are composed of City Council members or they are, in substance, part of the City's operations. The FPFA and FRFA are entities created to issue bonds to finance City projects. Also included in the CAFR, as a separate Statement of Fiduciary Position, is the activity of the RDA Obligation Retirement Trust Fund.

The Folsom Municipal Code requires that the council adopt an annual budget by resolution by fund and program by affirmative vote of at least three members, on or

before the last working day of the last month of the current fiscal year. Once approved by City Council, this annual budget serves as the foundation for the City's financial planning and control. Budgets are adopted on a basis consistent with GAAP. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control at which expenditures cannot legally exceed the appropriated amount is at the fund level. This means that expenditures cannot legally exceed the amount appropriated by the City Council. Additional budgetary information can be found in Note 1 to the financial statements or at the City of Folsom's website.

THE LOCAL ECONOMY - The City of Folsom continues to see growth in revenues and unassigned fund balance with general fund revenues having an increase of \$5.0 million and a surplus of \$3,347,551 added to the General Fund's fund balance. Of this increase, \$2.46 million is related to a one-time true-up of the Triple Flip. This activity increased our fund balance to 14.7% of expenditures and was the fifth year in a row that we have added to our General Fund balance, closely approaching Council Policy of a 15% unassigned fund balance. In FY16, our property taxes were up 7.7%, reflecting higher sales prices and the continued adjustment of Prop 8 properties. Our sales taxes were up 14.3%, mostly due to the one-time revenue from the Triple Flip true-up. Adjusting for this one time revenue, the sales tax increase would only be .77%.

As of June 30, 2016, California's unemployment forecast has been revised downward slightly by UCLA Anderson Forecast, based primarily on slower than expected growth in 2016. The California Economic Development Department listed the June 2016 unemployment rate for the State and County at 5.7% and 5.8% respectively. Folsom's unemployment rate was 3.8%. A comparison to one year ago had the State and County at 6.2% and 5.8% respectively and Folsom at 3.8%. The number of people employed in Folsom changed from 34,100 in June 2015 to 34,700 in June 2016.

With respect to the local housing market, sales activity in Folsom in fiscal year 2016 increased by 10.21% from fiscal year 2015, while the median sales price increased by 5.98%. It is projected that the number of sales and price increases will continue into the next fiscal year, along with the revaluing of Prop 8 properties to market, all combining to increase property values and subsequent property tax collection.

Building permits issued in 2016 were up 16.08% when compared with the number issued in 2015. However there was a decrease in the average value per permit from \$40,146 in FY 2015 to \$26,260 in FY 2016. The change is mainly a reflection of the number of single family home permits, as this decreased from 325 in FY15 to 86 in FY16. This decrease may be due to the City becoming closer to build out and could remain at this lower level until building begins in the Folsom Plan Area.

IMPACTS OF STATE ECONOMY - In addition to regional and local impacts, the City continues to monitor the impact of the State of California's fiscal issues. The economy is maintaining solid growth after a slight slowdown at the beginning of 2016 according to the California economic forecast from the University of the Pacific. California job growth has strengthened as expected and is projected to maintain a pace of about 25,000 net new jobs each month for the remainder of the year. Consumer spending and residential investments are growing slowly and remain well positioned to continued growth in California in 2017. With the results of the presidential election, there is a possibility of a near-term stimulation of the economy, with uncertain long term results.

INDEPENDENT AUDIT - The City of Folsom's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, a firm of licensed certified public accountants. The goal of the audit is to obtain reasonable assurance that the financial statements are free

of material misstatements. Vavrinek, Trine, Day & Co., LLP, concluded based on the audit, that there was a reasonable basis for rendering an unmodified opinion for the fiscal year ended June 30, 2016, and that the financial statements are presented in conformity with generally accepted accounting principles (GAAP). The independent auditors report is presented as the first component of the financial section of this report.

Federal and state financial assistance received by the City is audited under the provisions of the Single Audit Act of 1996, as amended. The Single Audit was designed to meet the special needs of federal grantor agencies. This report is available in the City's separately issued "Single Audit Report". Copies of this report may be obtained from the City of Folsom's Office of Management and Budget at 50 Natoma Street, Folsom, CA 95630 or on the City's website at www.folsom.ca.us.

SUMMARY

Awards: The City received the award for the prior fiscal year CAFR from the Government Finance Officers Association (GFOA) for "excellence in financial reporting". The current certificate appears immediately after the transmittal letter.

The FY 2015-16 CAFR has been submitted to the GFOA award program and management believes that, once again, it will meet the criteria for this distinguished reporting award.

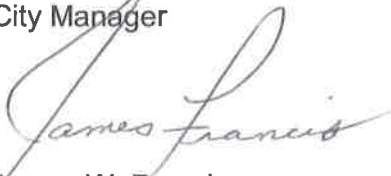
Acknowledgement: The CAFR reflects the hard work, talent and commitment of the entire staff of the Office of Management and Budget, particularly Terri Hemley, Stacey Tamagni, Scott Denny, and John Donoghue. We also want to thank the other members of the Office of Management and Budget as well as those in other City Departments who assisted and contributed to the preparation of this report.

Last, we deeply appreciate the dedication and leadership of the Mayor and Council members who have consistently set prudent financial goals, supported excellence in all aspects of financial management, and challenged us to succeed. Without this support and challenge we could not have achieved the successes we have had.

Respectfully submitted,



Evert Palmer
City Manager



James W. Francis
Chief Financial Officer/Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

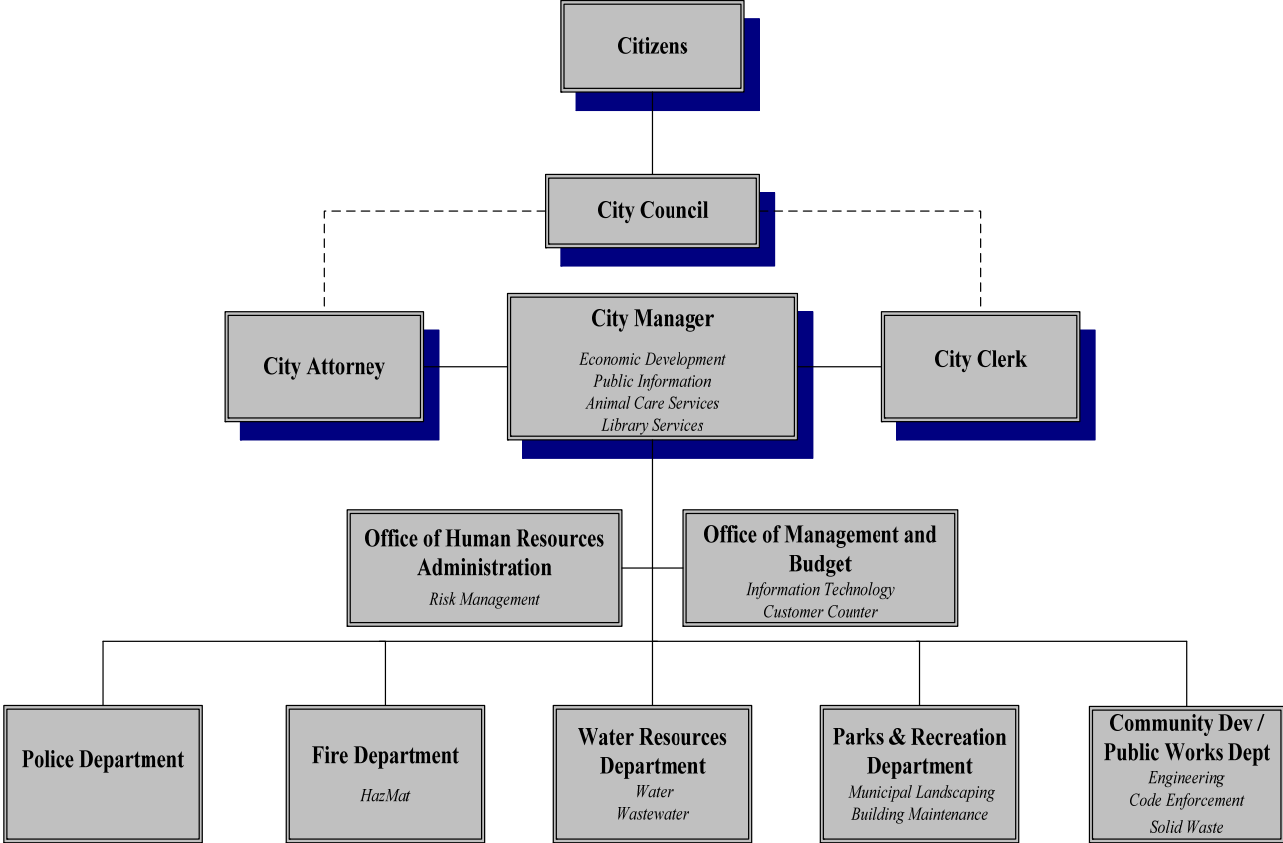
**City of Folsom
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City Organizational Chart



**CITY OF FOLSOM
CITY COUNCIL and CITY OFFICIALS**



Steve Miklos, Mayor



Jeff Starsky, Vice Mayor



Andy Morin



Ernie Sheldon



Kerri Howell

CITY OFFICIALS
Evert Palmer, City Manager
James Francis, Chief Financial Officer/Finance Director

FINANCIAL SECTION



CITY OF
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Folsom, California

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 Folsom, California, (City), as of and for the year ended June 30, 2016, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. 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, the schedule of funding progress, the budgetary comparison information, the schedule of changes in the City's net pension liability and related ratios, and the schedule of pension contributions, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, 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 schedules 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 and the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter on page v and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) 2015-16 by \$466,460,019 (*net position*). Of this amount, \$(33,439,901) is unrestricted, \$37,633,016 is restricted for specific purposes, and \$462,266,904 is the net investment in capital assets.
- The City's total net position increased \$9,990,403 during 2016. Comparing 2015 and 2016 ending balances, the increase was \$22,928,426 or 5.17% due to restatement. The increase in 2016 was mostly due to increases in investments held in trust and in deferred outflows related to pension.
- The City's total long-term debt decreased by \$5.96 million compared to the prior year, or 3.7%. The decrease was made up of \$12.7 million in scheduled principal payments, capital lease payments, and adjustments to compensated absences, offset by additions of \$6.7 million in new revenue bonds, OPEB liability, compensated absences and deferred amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Folsom's basic financial statements. The City of Folsom's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 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 consist of the following two financial statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using accounting methods similar to those used by private-sector companies, the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities, on the other hand, provides information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused annual and sick leave.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public ways and facilities, community services and culture

MANAGEMENT’S DISCUSSION AND ANALYSIS – (Continued)

and recreation. The business-type activities of the City include water, wastewater, solid waste, transit and facilities augmentation.

Two component units, the Folsom Public Financing Authority and the Folsom Ranch Financing Authority, are included in our basic financial statements and are legally separate entities for which the City is financially accountable and they have the same board as the City Council. Complete financial statements of the Folsom Public Financing Authority and the Folsom Ranch Financing Authority may be obtained from the Office of Management and Budget of the City at 50 Natoma Street, Folsom, CA 95630.

Fund - a separate accounting entity with a self-balancing set of accounts.

Focus is on major funds.

Provides information regarding the three major categories of all City Funds:

Governmental, Proprietary, and Fiduciary.

Fund Financial Statements

The fund financial statements report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. A fund is a separate accounting entity with a self-balancing set of accounts. Like other state and local governments, the City uses fund accounting to ensure and demonstrate finance related legal compliance. The focus of governmental and proprietary fund financial statements is on major funds. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds include most of the City’s basic services and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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. Reconciliations are prepared for the governmental funds’ Balance Sheet and the governmental funds’ Statement of Revenues, Expenditures and Changes in Fund Balances to facilitate comparisons between governmental funds and governmental activities. The primary differences between the government-wide and fund financial statements relate to noncurrent assets such as land and buildings and improvements, and non-current liabilities, such as bonded debt and amounts owed for compensated absences and capital lease obligations, which are reported in the government-wide statements but not in the fund financial statements.

In FY 2015-16, an increase of \$9,990,403 in net position in the government-wide financial statements was reported, and an increase of \$8,041,242 in fund balance was reported in the fund financial statements. Refer to the “Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities” for details on the factors contributing to this difference.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Folsom Housing Special Revenue Fund, Folsom Public Financing Authority Debt

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Service Fund, and the Transportation Improvement Capital Projects Fund which are considered major funds.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Data from the remaining governmental funds are combined into a single aggregated presentation and referred to as "Other Non-Major Governmental Funds". Individual fund data for each of these non-major other governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units of departments of the City. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. These funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City uses proprietary funds to account for the Water, Wastewater, Solid Waste, Transit and Facilities Augmentation activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's agency funds and private-purpose trust funds are reported as fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The private-purpose trust fund is used to account for activity related to the dissolution of the former Redevelopment Agency. The accounting used for fiduciary funds is the same as proprietary funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find a specific note, refer to the Table of Contents.

Required Supplementary Information is presented concerning the City's budgetary comparisons for the General Fund, Folsom Housing Special Revenue Fund and the City's post-employment health care benefit schedules to show progress in funding its obligation to provide these benefits, and pension schedules to show the net pension liability for the City's pension plans, and contributions made to the plans.

Other Supplementary Information is presented concerning the City's budgetary comparisons for the Folsom Public Financing Debt Service Fund.

The **combining and individual fund statements and schedules** referred to earlier provide information for non-major governmental funds and fiduciary funds. They are presented immediately following the other supplemental information.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. At June 30, 2016, the City's combined net position (governmental and business-type activities) totaled \$466,460,019, an increase of 5.17% from June 30, 2015 amounts. The City's net position is broken out into three categories: net investment in capital assets totaling \$462,266,904 (e.g., land, buildings and improvements, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, restricted for specific purposes totaling \$37,633,016 and unrestricted totaling \$(33,439,901). The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 typically be used to liquidate these liabilities.

Net Position - Primary Government June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other	\$ 212,020,704	\$187,274,916	\$ 34,819,272	\$35,443,115	\$ 246,839,976	\$222,718,031
Capital assets, net	356,424,839	366,410,378	139,341,033	137,002,241	495,765,872	503,412,619
Total assets	568,445,543	\$553,685,294	174,160,305	\$172,445,356	742,605,848	\$726,130,650
Deferred Outflows of Resources						
Deferred outflows related to pensions	8,332,484	7,735,121	1,914,199	1,595,804	10,246,683	9,330,925
Deferred amounts on refunding	-	-	616,413	667,388	616,413	667,388
	8,332,484	7,735,121	2,530,612	2,263,192	10,863,096	9,998,313
Liabilities						
Long-term liabilities	128,729,701	133,481,072	25,006,269	26,218,554	153,735,970	159,699,626
Other liabilities	98,404,377	90,072,244	27,644,314	26,428,199	126,048,691	116,500,443
Total liabilities	227,134,078	223,553,316	52,650,583	52,646,753	279,784,661	276,200,069
Deferred Inflows of Resources						
Deferred inflows related to pensions	5,209,561	12,410,568	1,007,267	2,853,680	6,216,828	15,264,248
Special assessments not collected	41,329	-	-	-	41,329	-
Deferred amounts on refunding	966,107	1,091,724	-	-	966,107	1,091,724
	6,216,997	13,502,292	1,007,267	2,853,680	7,224,264	16,355,972
Net position						
Net investment in capital assets	345,540,942	352,122,867	116,725,962	113,263,233	462,266,904	465,386,100
Restricted	37,105,814	43,903,207	527,202	520,858	37,633,016	44,424,065
Unrestricted	(39,219,804)	(71,702,596)	5,779,903	5,424,024	(33,439,901)	(66,278,572)
Total net position	\$ 343,426,952	\$ 324,323,478	\$ 123,033,067	\$ 119,208,115	\$ 466,460,019	\$ 443,531,593

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Analysis of Activities: The following table indicates the changes in net position for governmental and business-type activities:

Changes in Net Position - Primary Government For the Year Ended June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 30,572,880	\$33,843,529	\$ 29,728,693	\$30,310,031	\$ 60,301,573	\$ 64,153,560
Operating grants and contributions	2,354,928	2,631,565	6,997,288	5,947,821	9,352,216	8,579,386
Capital grants and contributions	11,437,916	14,275,960	786,090	554,070	12,224,006	14,830,030
General revenues						
Property taxes	21,732,471	20,169,495	-	-	21,732,471	20,169,495
Sales and use tax	22,168,300	19,386,661	-	-	22,168,300	19,386,661
Other taxes	3,202,564	2,860,264	-	-	3,202,564	2,860,264
Investment earnings	7,220,125	423,710	501,674	220,380	7,721,799	644,090
Miscellaneous	2,764,118	1,921,290	-	-	2,764,118	1,921,290
Gain on disposal of capital assets	168,454	96,858	-	-	168,454	96,858
Total Revenues	101,621,756	\$95,609,332	38,013,745	\$37,032,302	139,635,501	132,641,634
Expenses						
General government	16,842,039	16,789,611	-	-	16,842,039	16,789,611
Public safety	33,732,869	31,457,224	-	-	33,732,869	31,457,224
Public ways and facilities	23,760,187	24,655,423	-	-	23,760,187	24,655,423
Community services	3,795,881	3,358,210	-	-	3,795,881	3,358,210
Culture and recreation	15,226,602	13,917,727	-	-	15,226,602	13,917,727
Interest and fiscal charges	5,080,330	5,669,088	-	-	5,080,330	5,669,088
Water	-	-	12,704,599	12,666,550	12,704,599	12,666,550
Wastewater	-	-	5,419,982	5,175,177	5,419,982	5,175,177
Solid waste	-	-	9,347,062	8,702,357	9,347,062	8,702,357
Transit	-	-	3,709,459	3,344,616	3,709,459	3,344,616
Facilities augmentation	-	-	407,237	-	407,237	-
Total expenses	98,437,909	95,847,283	31,588,339	29,888,700	130,026,248	125,735,983
Increase/decrease in net position before transfers and extraordinary item	3,183,847	(237,951)	6,425,406	7,143,602	9,609,253	6,905,651
Transfers	2,600,454	2,599,139	(2,600,454)	(2,599,139)	-	-
Extraordinary items	381,150	-	-	-	381,150	-
Change in net position	6,165,451	2,361,188	3,824,952	4,544,463	9,990,403	6,905,651
Net position, beginning of year, restated*	337,261,501	\$321,962,290	119,208,115	\$114,663,652	456,469,616	436,625,942
Net position, end of year	\$ 343,426,952	324,323,478	\$ 123,033,067	119,208,115	\$ 466,460,019	\$ 443,531,593

*Beginning net position restated due to implementation of GASB 72.

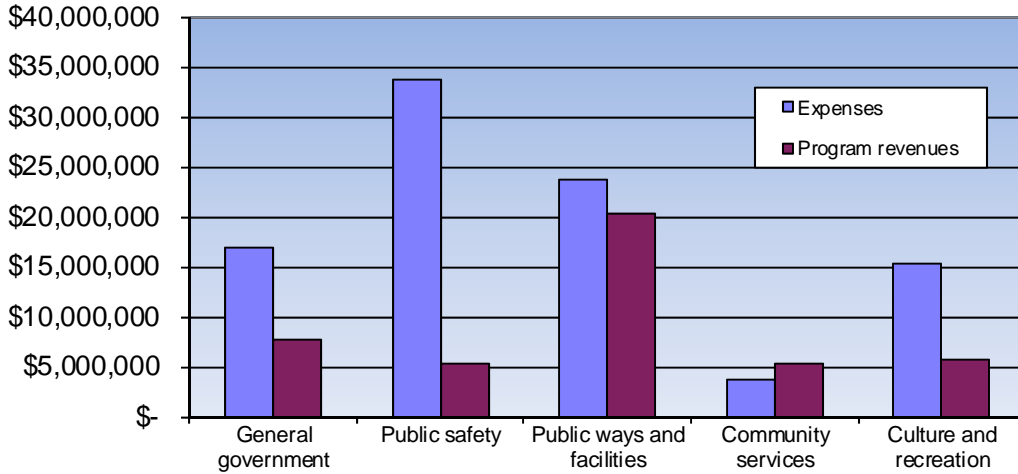
Governmental activities: The City's governmental activities rely on several sources of revenue to finance ongoing operations. Charges for Services and Property and Sales Taxes comprised the largest revenue source for the City followed by Capital grants and contributions. Charges for Services are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Examples of the types of services that fall under this category include building licenses and permits, business licenses, impact fees and park and recreation fees. Capital Grants and Contributions are monies received from parties outside the City and are generally restricted for use in capital activity.

At the end of FY 2015-16, total revenues for the governmental activities, excluding transfers from the business-type activities of \$2.6 million, was \$101,621,756, an increase of approximately \$6 million from the previous year mostly due to increases in Property and Sales Tax revenues, and investment earnings related to the implementation of GASB 72 (See Notes Section). Expenses totaled \$98,437,909, an increase of \$2.6 million or 2.7% from the prior year. After transfers and extraordinary items, revenues exceeded expenses and thus governmental activities increased the City's net position by \$6,165,451.

MANAGEMENT’S DISCUSSION AND ANALYSIS – (Continued)

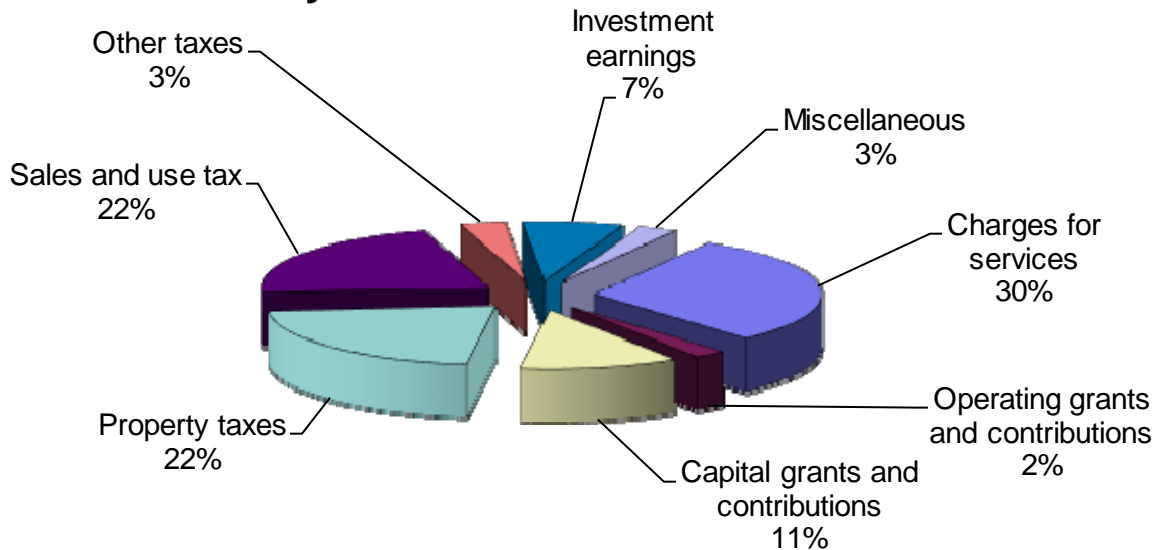
Overall program revenues decreased by approximately \$6.4 million. General revenues saw an overall increase of approximately \$12.4 million primarily due to an increase in Property taxes, Sales and use tax and investment earnings. The following chart presents a comparison of expenses by function and the associated program revenues for governmental activities.

Expenses and Program Revenues – Governmental Activities



The chart below presents the percentage of total revenues by source for governmental activities.

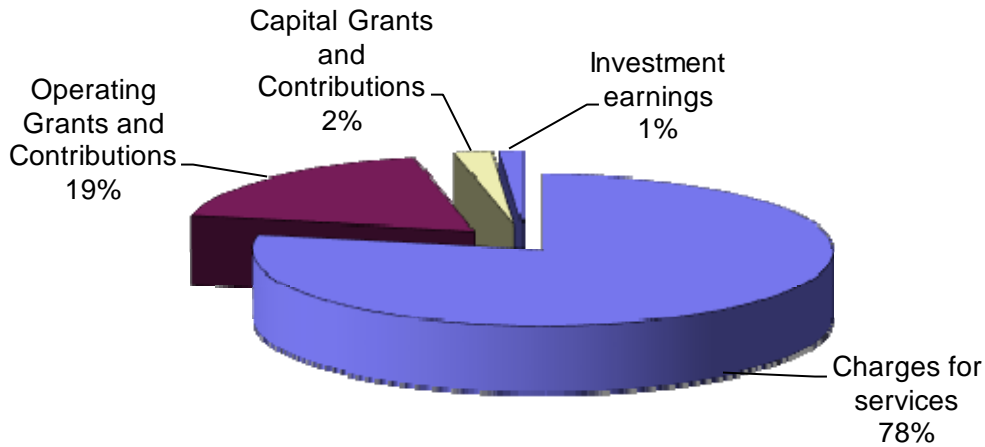
Revenues by Source - Governmental Activities



Business-type activities: The City has five business-type activities: Water, Wastewater, Solid Waste, Transit, and Facilities Augmentation. In keeping with the intent of recovering all or a significant portion of their cost through user fees and charges, business-type activities reported Charges for Services as their largest source of revenues. Capital Grants and Contributions, as well as Operating Grants and Contributions, were the other revenue sources. Capital Grants and Contributions include revenues received from developers for capital infrastructure.

MANAGEMENT’S DISCUSSION AND ANALYSIS – (Continued)

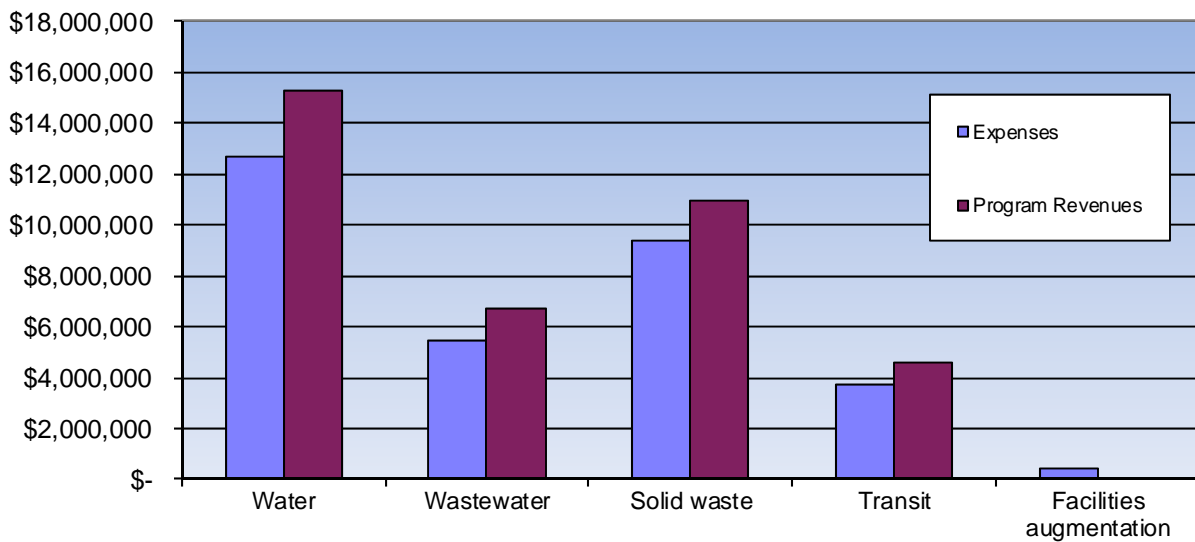
Revenues by Source - Business-Type Activities



Business-type activities increased the City’s net position by \$3,824,952. At the end of FY 2015-16, business-type activities reported total revenues, excluding transfers in from governmental activities, of \$38,013,745, a decrease of \$981k from the prior year. Decrease is mostly due to a decrease in charges for services related to water charges. Expenses totaled \$31,588,339, an increase of \$1.7 million from the previous year. The program revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) financed the majority of expenses recorded for the business-type activities. Other factors concerning the finances of the City’s five enterprise funds are discussed in the Proprietary Funds section of the “Financial Analysis of the City’s Funds.”

The following chart shows expenses by function and the associated program revenues for the business-type activities.

Expenses and Program Revenues – Business-Type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier the City uses **fund accounting** to ensure and demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Permanent Funds.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$188,961,466, an increase of \$8,041,242 during FY 2016. Comparing 2015 and 2016 ending balances, the increase was \$20,979,265, due to restatement. The increase is mostly due to activity in the Public Financing Authority Debt Service Fund and the Folsom Ranch Financing Authority related to the implementation of GASB 72, and also an increase in the General Fund. Of the total fund balance, \$9,981,481 (5.3%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the balance is *nonspendable, restricted, committed or assigned* to indicate that it is *not* available for new spending. Refer to Note 10 in the basic financial statements for a detailed breakout of fund balance within the five categories.

Revenues and other financing sources for governmental funds totaled approximately \$113 million for the fiscal year ended June 30, 2016, which represents an increase of 12% from the fiscal year ended June 30, 2015. Expenditures and other financing uses for governmental functions totaled \$105 million, a decrease of .29% from the prior year.

Comparative Analysis of Changes in Fund Balances

The following schedule presents a summary of revenues and other financing sources, expenditures and other financing uses, and the net changes in fund balances for the governmental funds for the current and previous fiscal years.

GOVERNMENTAL FUNDS

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2016

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2016	2015	2016	2015	2016	2015
General Fund	\$ 77,679,218	\$ 72,639,226	\$ 74,331,667	\$ 70,672,725	\$ 3,347,551	\$ 1,966,501
Folsom Housing - Special Revenue Fund	246,099	248,655	22,685	101,220	223,414	147,435
Folsom Public Financing Authority	11,405,465	7,472,733	14,578,880	15,318,522	(3,173,415)	(7,845,789)
Transportation Improvement Fund	4,765,501	5,654,538	5,149,895	4,591,417	(384,394)	1,063,121
Other Governmental Funds	19,346,758	15,315,050	11,318,672	15,020,780	8,028,086	294,270
Total	<u>\$ 113,443,041</u>	<u>\$ 101,330,202</u>	<u>\$ 105,401,799</u>	<u>\$ 105,704,664</u>	<u>\$ 8,041,242</u>	<u>\$ (4,374,462)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

In the governmental funds, expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and when the revenue is measurable and available. As expenditures increase, revenues increase proportionately, subject to availability. In addition to the effects of expenditure-driven grants, the following information provides significant reasons for the change in fund balance.

Analysis of Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City. At the end of FY 2015-16 there was an increase in fund balance of \$3,347,551 which resulted in a nonspendable fund balance of \$400k, an assigned fund balance of \$1.2 million and unassigned fund balance of \$11 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.7% of total General Fund expenditures and transfers out of \$74,331,667, while total fund balance represents 16.9% of that same amount. The unassigned fund balance is being carefully monitored, as maintaining a sufficient balance is essential to the fiscal health of the City.

General Fund revenues of \$71.3 million were up \$5 million or 7.6% higher than FY 2014-15 revenues of \$66.2 million. The table below provides a revenue comparison between Fiscal Years 2015-16 versus 2014-15.

	2016	2015	\$ Change	% Change
Property taxes	\$ 21,732,471	\$ 20,169,495	\$ 1,562,976	7.7%
Sales & use taxes	22,168,300	19,386,661	2,781,639	14.3%
Transient occupancy	1,847,238	1,601,768	245,470	15.3%
Real Property transfer	437,116	461,770	(24,654)	-5.3%
Other	918,210	796,726	121,484	15.2%
Licenses and permits	2,092,393	2,123,853	(31,460)	-1.5%
Vehicle license fees	5,895,909	5,596,355	299,554	5.4%
Intergovernmental	563,214	970,943	(407,729)	-42.0%
Charges for current services	12,697,713	13,051,654	(353,941)	-2.7%
Fines and forfeitures	264,069	250,761	13,308	5.3%
Interest	179,151	90,832	88,319	97.2%
Miscellaneous	2,468,650	1,725,447	743,203	43.1%
	<u>\$ 71,264,434</u>	<u>\$ 66,226,265</u>	<u>\$ 5,038,169</u>	<u>7.6%</u>

Property tax revenues increased 7.7% over the prior fiscal year, due to increasing home values and increased sales activity. Sales tax revenues, a major portion of the General Fund budget, increased 14.3% over the same twelve month period in the prior year. The increase is mostly due to a one-time revenue from the Triple Flip true-up. Adjusting for this one time revenue, the sales tax increase would only be .77% and that stability is in line with regional and national trends. Transient occupancy taxes (TOT) increased by \$245k, or 15.3% over last year. Licenses and permits decreased \$31k or 1.5%. Charges for current services decreased \$354k or 2.7% but this is offset by a \$743k increase in Miscellaneous Revenues due to a reclassification of revenue for reporting purposes.

General fund expenditures of \$74,331,667, excluding transfers out, increased by \$3.7 million or 5.2% over prior year expenditures of \$70,672,702. This increase is due to slightly increased spending across all functions.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Expenditures	2016	2015	\$ variance	% variance
General government	\$ 16,017,404	\$16,065,731	\$ (48,327)	-0.3%
Public safety	34,347,338	32,467,359	1,879,979	5.8%
Public ways and facilities	5,857,867	5,786,041	71,826	1.2%
Community services	3,975,512	3,582,489	393,023	11.0%
Culture and recreation	12,729,901	11,706,148	1,023,753	8.7%
Capital Outlay	1,190,229	641,186	549,043	85.6%
Debt service principal payments	213,416	423,748	(210,332)	-49.6%
	\$ 74,331,667	\$70,672,702	\$ 3,658,965	5.2%

The following shows the net change in fund balance for governmental funds for the current and previous year.

Comparative Fund Balance - Governmental Funds

	2016	2015	Net Change
General Fund	\$ 12,584,665	\$ 9,237,114	\$ 3,347,551
Folsom Housing - Special Revenue Fund	11,594,303	11,370,889	223,414
Folsom Public Financing Authority*	117,469,528	120,642,943	(3,173,415)
Transportation Improvement Fund	11,197,200	11,581,594	(384,394)
Other Governmental Funds	36,115,770	28,087,684	8,028,086
*2015 restated	\$ 188,961,466	\$ 180,920,224	\$ 8,041,242

Folsom Housing Special Revenue Fund

The Folsom Housing Special Revenue Fund was created in FY 2011-12 after the City elected to retain the Housing function of the former RDA. This fund accounts for the Housing activities of the City that were previously accounted for in the Redevelopment Special Revenue Fund. For FY 2015-2016, the fund reported revenues of \$246k and expenditures and transfers of \$23k, increasing fund balance by \$223k.

Folsom Public Financing Authority Debt Service Fund

The Folsom Public Financing Authority's (FPFA) governmental debt service fund provides information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. The Authority's governmental debt service fund fund balance decreased \$3 million during 2016. Comparing 2015 and 2016 ending balances, the increase was \$9,764,608, before restatement.

Revenues and other financing sources for FPFA's governmental functions overall totaled \$11.4 million in FY 2015-16, and represent an increase of \$3.9 million in comparison with the prior fiscal year. This is mostly due to investment earnings related to the implementation of GASB 72. Expenditures and other financing uses for governmental functions, totaling \$14.6 million, decreased by \$739k from the prior fiscal year. The decrease is mostly due to a reduction in total debt service payments due. For additional information please refer to Note 7 of this report and the separately issued financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Transportation Improvement Capital Projects Fund

The Transportation Improvement Capital Projects Fund is used to account for long-term major road projects financed through developer mitigation charges and Measure A funding. Expenditures and transfers in the Transportation Improvement Capital Projects Fund were \$5.1 million in FY 2015-16, up \$558k from the prior fiscal year. The increase is mostly related to increased project costs for projects such as Street Overlay.

Proprietary Funds

Water Fund

Net position of the Water Fund increased by \$2.1 million in FY 2015-16. Operating revenue for FY 2015-16 was \$12.2 million, a decrease of \$900k due to water conservation throughout the fiscal year. Operating expenses increased \$93k to \$11.8 million primarily due to increased maintenance and operations expenses. Net transfers were \$669k, a decrease of \$80k from prior year levels. As of June 30, 2016, the fund's net position was \$77.8 million, of which \$71.0 million was the net investment in capital assets, while the remaining \$6.8 million was unrestricted.

Wastewater Fund

Operating revenues were at \$6.3 million, an increase of \$115k from the prior year. Expenses were at \$5.4 million, up \$245k from the prior year. The net result was operating income of \$859k. Other items which affected net position were capital contributions of \$335k and other non-operating revenues of \$258k. The total increase to net position in FY 2015-16 was \$896k, leaving a balance of \$43.9 million. As of June 30, 2016, of the Fund's net position, \$39.8 million was the net investment in capital assets, and the remaining \$4.1 million was unrestricted.

Solid Waste Fund

Operating revenues were at \$10.6 million, an increase of \$257k from the prior year. Operating expenses were at \$9.3 million, an increase of \$645k. The net result was operating income of \$1.3 million. The total increase to net position in FY 2015-16 was \$552k, leaving a balance of \$(819) k. As of June 30, 2016, of the Fund's net position, \$3.5 million was the net investment in capital assets, and the remaining \$(4.3) million was unrestricted.

The following schedule presents a summary of operating and nonoperating revenues, capital contributions and transfers, operating and nonoperating expenses and transfers, and the net change in net position for the proprietary funds for the current and previous fiscal years.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

	Operating Revenues, Nonoperating Revenues, Capital Contributions & Transfers		Operating Expenses, Nonoperating Expenses & Transfers		Net Change in Net Position	
	2016	2015	2016	2015	2016	2015
Water	\$ 15,553,182	\$ 14,811,175	\$ 13,457,509	\$ 13,415,459	\$ 2,095,673	\$ 1,395,716
Wastewater	6,870,951	6,674,104	5,974,807	5,698,437	896,144	975,667
Solid Waste	11,067,259	10,797,944	10,515,582	9,847,191	551,677	950,753
Other Enterprise Funds	4,621,667	4,780,011	4,340,209	3,557,684	281,458	1,222,327
Total	\$ 38,113,059	\$ 37,063,234	\$ 34,288,107	\$ 32,518,771	\$ 3,824,952	\$ 4,544,463

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget to recognize changes made to adjust current year revenues and appropriations for updated projections and to adjust appropriations for use of prior year department carryover.

The major changes from the approved budget were increases in expenditure budgets to augment capital projects and for programming one-time projects from fund balance designations for General government, Public safety and Community services.

After taking into account these adjustments, actual expenditures were \$10k lower than final budget amounts. All expenditure categories were less than current year budget appropriations due to savings in contracts, services and supplies and salary and benefit savings, except Public Safety and Culture & Recreation.

Revenues were \$71.3 million or 107% of budgeted amounts. A shortfall from budgeted amounts did occur in Intergovernmental revenues, which ended the fiscal year at 54% of budget, or \$563k. This is offset by Property Taxes which were \$902k above budget, Sales and use taxes which were \$1.5 million above budget, and Charges for current services which were \$1.2 million above budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$496 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment and construction in progress. The total decrease in the City's capital assets for the current fiscal year was less than 2%, as shown in the table on the following page.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Capital assets for the governmental and business-type activities are presented below to illustrate the changes from the prior year:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
	Capital assets (Net of Depreciation) June 30, 2016					
Land	\$ 16,516,487	\$16,135,337	\$ 1,033,791	\$1,033,791	\$ 17,550,278	\$ 17,169,128
Construction in progress	4,482,811	777,332	4,224,963	7,518,912	8,707,774	8,296,244
Buildings	38,589,606	40,880,081	42,331	44,876	38,631,937	40,924,957
Improvements	292,739,795	304,842,898	126,216,336	120,814,866	418,956,131	425,657,764
Equipment	4,096,140	3,774,730	7,823,612	7,589,796	11,919,752	11,364,526
Total capital assets	\$ 356,424,839	\$366,410,378	\$ 139,341,033	\$137,002,241	\$ 495,765,872	\$ 503,412,619

This year's major capital asset additions included the following:

- Equipment purchases of \$3.6 million for various vehicles and machinery
- Construction expenditures of \$2.2 million for the FPA Willowhill Pipeline Rehab project
- Construction expenditures of \$1.9 million for the East Bidwell Infill project

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term debt

As of June 30, 2016, the City had \$128,729,701 of outstanding long-term debt related to governmental activities and \$25,006,269 of long-term debt related to business-type activities, for a total of \$153,735,970. During the year, \$17 million of long-term debt was retired, offset by an addition of \$6.68 million in revenue bonds, resulting in a net decrease of 3.73%. The City's debt obligations are in the form of general obligation bonds, certificates of participation, revenue bonds, long-term lease obligations, capital lease obligations, compensated absences, post-employment benefit obligation, landfill closure costs and deferred amounts for issuance discounts, premiums and refundings.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$128,704,926. Of this amount, \$2,315,000 is backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by the specified revenue sources.

The following table summarizes the City's outstanding debt at June 30, 2016:

	Governmental Activities		Business-type Activities		Total		Increase (Decrease) % Change
	2016	2015	2016	2015	2016	2015	
General obligation bonds	\$ 2,315,000	\$ 3,760,000	\$ -	\$ -	\$ 2,315,000	\$ 3,760,000	-38%
Revenue bonds	103,207,933	104,491,230	23,181,993	24,352,781	126,389,926	128,844,011	-2%
City Hall & Fire Station Lease Obligation	4,640,514	6,113,936	-	-	4,640,514	6,113,936	-11%
Capital lease obligations	1,687,885	1,901,301	-	-	1,687,885	1,901,301	-9%
Compensated absences	3,274,999	3,621,624	586,794	636,640	3,861,793	4,258,264	1%
Post employment benefit obligation	12,241,979	12,085,431	1,187,991	1,175,517	13,429,970	13,260,948	0%
Landfill closure liability	87,000	87,000	-	-	87,000	87,000	-10%
Less: Discounts/premiums	1,274,391	1,420,550	49,491	53,616	1,323,882	1,474,166	-
Total	\$ 128,729,701	\$ 133,481,072	\$ 25,006,269	\$ 26,218,554	\$ 153,735,970	\$ 159,699,626	-

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

The following summarizes the City's long-term debt activity during FY 2015-16:

In September 2015, the Folsom Ranch Financing Authority issued the Folsom Ranch Financing Authority Special Tax Revenue Bonds, Series 2015A in the amount of \$6,675,000 with interest rates of 2.00% to 4.625%. The bonds were issued to finance and purchase special tax bonds of Community Facilities District No. 17, deposit to a reserve fund, and pay certain costs of issuance.

Please refer to Note 7 in the Notes to the Basic Financial Statements for more detailed information on long-term debt activity of the City.

Credit Rating

As of June 30th, 2016 the City's General Obligation Bonds are rated at AA-/Stable by Standard & Poor's, and are rated Aa3/No Outlook by Moody's Investor Services. The Water Bonds are rated A1 by Moody's and are rated AA/Stable by Standard & Poor's.

The City has typically opted to purchase bond insurance to enhance its credit rating to AAA. A bond insurance policy guarantees payment of principal and interest on bonds due for payment should the City fail to make a bond payment. Beginning late 2007 through now all monoline insurers who insure municipal debt have either been downgraded or placed under review by the various ratings agencies; therefore, an AAA rating is no longer assured on these insured bonds.

A major portion of the City's financings have been through the issuance of special assessment district debt. These 1915 Act and Mello-Roos district bonds are land secured financings where developments are not yet completed at the time of issuance, and are therefore not rated at the time of the original issuance. However, most of these financings within the City have subsequently been refunded and have received ratings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

Current economic projections continue to project solid economic growth, but the City's focus remains on building a healthy fund balance, while facing continued budget constraints. These include:

- Property taxes are showing growth and sales taxes are remaining stable.
- While the City's revenue growth is slow, the City must at the same time support rising costs in employee wage and benefits.
- Unassigned General Fund balance was \$10.95 million, or 14.7% of FY 2016 expenditures. This is nearly at the Council policy of 15%.

MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

Next Year's Budget

The City closed the fiscal year in a positive financial position, with a General Fund balance of \$12,584,665, an increase of \$3.3 million from the prior year. While the General Fund is continuing to have upward movement in its fund balance, the growth is modest and City management will continue to monitor the General Fund's position and report to Council on a quarterly basis.

The General Fund budget for 2017 appropriates approximately \$77 million, an increase of 3.6% over the prior year final expenditures. General Fund revenue for 2017 is projected to be \$77 million, approximately a \$2.7 million increase from 2016. Management's efforts will focus on utilizing existing resources as efficiently and effectively as possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances. We hope that the preceding information has provided you with a general overview of the City's overall financial status. For questions or comments concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 50 Natoma Street, Folsom, CA 95630, (916) 355-7200 or visit the City's website at www.folsom.ca.us.

BASIC FINANCIAL STATEMENTS



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

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CITY OF FOLSOM, CALIFORNIA

STATEMENT OF NET POSITION JUNE 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and investments	\$ 57,740,788	\$ 26,341,463	\$ 84,082,251
Receivables, net of allowances for uncollectibles	13,797,556	4,277,874	18,075,430
Due from other governments	10,815,150	439,899	11,255,049
Inventory	360,929	-	360,929
Prepays	39,390	-	39,390
Deposits	3,809,785	-	3,809,785
Restricted assets - cash and investments	2,717,770	3,760,036	6,477,806
Investments held in trust	122,739,336	-	122,739,336
Capital assets, net of accumulated depreciation:			
Nondepreciable	20,999,298	5,258,754	26,258,052
Depreciable	335,425,541	134,082,279	469,507,820
Total assets	<u>568,445,543</u>	<u>174,160,305</u>	<u>742,605,848</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflow related to pensions	8,332,484	1,914,199	10,246,683
Deferred amounts on refunding	-	616,413	616,413
Total deferred outflows of resources	<u>8,332,484</u>	<u>2,530,612</u>	<u>10,863,096</u>
LIABILITIES:			
Accounts payable	6,193,645	4,971,144	11,164,789
Wages payable	2,448,886	379,064	2,827,950
Interest payable	1,676,395	67,915	1,744,310
Due to other governments	311,690	2,161,490	2,473,180
Unearned revenue	1,105,242	724,912	1,830,154
Long-term liabilities:			
Net pension liability	86,668,519	19,339,789	106,008,308
Other long-term liabilities due within one year	12,608,585	1,322,063	13,930,648
Other long-term liabilities due in more than one year	116,121,116	23,684,206	139,805,322
Total liabilities	<u>227,134,078</u>	<u>52,650,583</u>	<u>279,784,661</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflow related to pensions	5,209,561	1,007,267	6,216,828
Special assessments not collected	41,329	-	41,329
Deferred amounts on refunding	966,107	-	966,107
Total deferred inflows of resources	<u>6,216,997</u>	<u>1,007,267</u>	<u>7,224,264</u>
NET POSITION:			
Net investment in capital assets	345,540,942	116,725,962	462,266,904
Restricted for:			
Nonexpendable: Wetlands/Open space	398,396	-	398,396
Debt service	5,878,500	-	5,878,500
Low and moderate income housing	11,594,303	-	11,594,303
Transportation/streets	14,906,734	-	14,906,734
Lighting and landscape assessment districts	4,327,881	-	4,327,881
Critical facilities	-	527,202	527,202
Unrestricted	<u>(39,219,804)</u>	<u>5,779,903</u>	<u>(33,439,901)</u>
Total net position	<u>\$ 343,426,952</u>	<u>\$ 123,033,067</u>	<u>\$ 466,460,019</u>

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 16,842,039	\$ 7,496,678	\$ 273,372	\$ 29,581
Public safety	33,732,869	5,125,847	113,668	55,651
Public ways and facilities	23,760,187	7,997,349	1,635,433	10,607,696
Community services	3,795,881	4,986,243	305,405	-
Culture and recreation	15,226,602	4,966,763	27,050	744,988
Interest and fiscal charges	5,080,330	-	-	-
Total governmental activities	98,437,909	30,572,880	2,354,928	11,437,916
Business-type activities:				
Water	12,704,599	12,205,895	2,617,099	451,430
Wastewater	5,419,982	6,278,631	71,475	334,660
Solid Waste	9,347,062	10,620,422	355,299	-
Transit	3,709,459	623,745	3,953,415	-
Facilities Augmentation	407,237	-	-	-
Total business-type activities	31,588,339	29,728,693	6,997,288	786,090
TOTAL	\$ 130,026,248	\$ 60,301,573	\$ 9,352,216	\$ 12,224,006

GENERAL REVENUES:

- Taxes:
 - Property
 - Sales and use
 - Other
- Investment earnings
- Miscellaneous
- Gain from sale of assets

Transfers

Extraordinary Item

Transfer of Asset to Successor Agency

Total general revenues, extraordinary items and transfers

Change in net position

Net position, beginning of year, restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	
			PRIMARY GOVERNMENT:
			Governmental activities:
\$ (9,042,408)	\$ -	\$ (9,042,408)	General government
(28,437,703)	-	(28,437,703)	Public safety
(3,519,709)	-	(3,519,709)	Public ways and facilities
1,495,767	-	1,495,767	Community services
(9,487,801)	-	(9,487,801)	Culture and recreation
(5,080,330)	-	(5,080,330)	Interest and fiscal charges
			Total governmental activities
<u>(54,072,185)</u>	<u>-</u>	<u>(54,072,185)</u>	
			Business-type activities:
-	2,569,825	2,569,825	Water
-	1,264,784	1,264,784	Wastewater
-	1,628,659	1,628,659	Solid Waste
-	867,701	867,701	Transit
-	(407,237)	(407,237)	Facilities Augmentation
			Total business-type activities
<u>-</u>	<u>5,923,732</u>	<u>5,923,732</u>	
<u>(54,072,185)</u>	<u>5,923,732</u>	<u>(48,148,453)</u>	TOTAL
			GENERAL REVENUES:
			Taxes:
21,732,471	-	21,732,471	Property
22,168,300	-	22,168,300	Sales and use
3,202,564	-	3,202,564	Other
7,220,125	501,674	7,721,799	Investment earnings
2,764,118	-	2,764,118	Miscellaneous
168,454	-	168,454	Gain from sale of assets
<u>2,600,454</u>	<u>(2,600,454)</u>	<u>-</u>	Transfers
			Extraordinary Item
<u>381,150</u>	<u>-</u>	<u>381,150</u>	Transfer of Asset to Successor Agency
<u>60,237,636</u>	<u>(2,098,780)</u>	<u>58,138,856</u>	Total general revenues, extraordinary items and transfers
6,165,451	3,824,952	9,990,403	Change in net position
337,261,501	119,208,115	456,469,616	Net position, beginning of year, restated
<u>\$ 343,426,952</u>	<u>\$ 123,033,067</u>	<u>\$ 466,460,019</u>	Net position, end of year

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

CITY OF FOLSOM, CALIFORNIA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>Folsom Housing Special Revenue Fund</u>	<u>Folsom Public Financing Authority Debt Service Fund</u>
ASSETS			
Cash and cash equivalents	\$ 8,762,728	\$ 1,183,797	\$ 52,521
Cash with fiscal agent	-	-	436,040
Receivables	1,881,312	7,729,812	157
Insurance deposits	39,390	-	-
Due from other funds	741,964	-	-
Due from other governments	7,541,586	2,708,094	-
Inventory	360,929	-	-
Investments held in trust	-	-	114,633,343
Restricted assets:			
Cash and cash equivalents	-	-	-
Cash with fiscal agent	-	-	2,347,467
Total assets	<u><u>\$ 19,327,909</u></u>	<u><u>\$ 11,621,703</u></u>	<u><u>\$ 117,469,528</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 3,430,313	\$ 27,400	\$ -
Wages payable	2,419,728	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	893,203	-	-
Total liabilities	<u><u>6,743,244</u></u>	<u><u>27,400</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES			
Special Assessments not collected	-	-	-
FUND BALANCES:			
Nonspendable	400,319	-	-
Restricted	-	11,594,303	117,416,850
Committed	-	-	-
Assigned	1,234,023	-	52,678
Unassigned	10,950,323	-	-
TOTAL FUND BALANCES	<u><u>12,584,665</u></u>	<u><u>11,594,303</u></u>	<u><u>117,469,528</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$ 19,327,909</u></u>	<u><u>\$ 11,621,703</u></u>	<u><u>\$ 117,469,528</u></u>

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

Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds	
ASSETS			
\$ 12,251,153	\$ 23,030,779	\$ 45,280,978	Cash and cash equivalents
-	2,898,297	3,334,337	Cash with fiscal agent
39,260	4,085,546	13,736,087	Receivables
-	-	39,390	Insurance deposits
-	-	741,964	Due from other funds
477,617	87,853	10,815,150	Due from other governments
-	-	360,929	Inventory
-	8,105,993	122,739,336	Investments held in trust
-	370,303	370,303	Restricted assets:
-	-	2,347,467	Cash and cash equivalents
-	-	-	Cash with fiscal agent
<u>\$ 12,768,030</u>	<u>\$ 38,578,771</u>	<u>\$ 199,765,941</u>	Total assets
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
\$ 1,259,140	\$ 1,461,103	\$ 6,177,956	Accounts payable
-	6,716	2,426,444	Wages payable
-	741,964	741,964	Due to other funds
311,690	-	311,690	Due to other governments
-	211,889	1,105,092	Unearned revenue
<u>1,570,830</u>	<u>2,421,672</u>	<u>10,763,146</u>	Total liabilities
-	41,329	41,329	DEFERRED INFLOWS OF RESOURCES
-	-	-	Special Assessments not collected
FUND BALANCES:			
-	398,396	798,715	Nonspendable
11,197,200	29,996,766	170,205,119	Restricted
-	3,581,269	3,581,269	Committed
-	3,108,181	4,394,882	Assigned
-	(968,842)	9,981,481	Unassigned
<u>11,197,200</u>	<u>36,115,770</u>	<u>188,961,466</u>	TOTAL FUND BALANCES
<u>\$ 12,768,030</u>	<u>\$ 38,578,771</u>	<u>\$ 199,765,941</u>	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

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

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CITY OF FOLSOM, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2016

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

Total fund balances - total governmental funds (Page 25)	\$ 188,961,466
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds' balance sheet	
Nondepreciable capital assets	20,999,298
Depreciable capital assets, net	335,295,684
Deferred outflows - amount related to pensions	8,332,484
Deferred amounts on refunding not in governmental funds	(966,107)
Net unmatured long-term debt	(113,125,723)
Accrued interest	(1,676,395)
Certain accrued liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:	
Landfill closure liability	(87,000)
Compensated absences	(3,274,999)
Post-employment benefit obligation	(12,241,979)
Net pension liability	(86,668,519)
Deferred inflows - amount related to pensions	(5,209,561)
Internal service funds are used by management to charge the costs of fleet management, management information services, facilities costs, and insurance, to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-Wide Statement of Net Position.	
	<u>13,088,303</u>
Net position of governmental activities (Page 21)	<u><u>\$ 343,426,952</u></u>

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund
REVENUES			
Taxes:			
Property	\$ 21,732,471	\$ -	\$ -
Sales and use	22,168,300	-	-
Transient occupancy	1,847,238	-	-
Real property transfer	437,116	-	-
Other	918,210	-	-
Licenses and permits	2,092,393	-	-
Vehicle license fees	5,895,909	-	-
Intergovernmental	563,214	-	6,686,240
Charges for current services	12,697,713	57,520	-
Fines and forfeitures	264,069	48,026	-
Assessment collections	-	-	-
Investment income	179,151	140,553	4,719,225
Miscellaneous	2,468,650	-	-
Total revenues	<u>71,264,434</u>	<u>246,099</u>	<u>11,405,465</u>
EXPENDITURES			
Current:			
General government	16,017,404	20,545	284,707
Public safety	34,347,338	-	-
Public ways and facilities	5,857,867	-	-
Community services	3,975,512	-	-
Culture and recreation	12,729,901	-	-
Capital outlay	1,190,229	-	-
Debt service:			
Principal payments	213,416	-	9,431,719
Interest and fiscal charges	-	-	4,862,454
Total expenditures	<u>74,331,667</u>	<u>20,545</u>	<u>14,578,880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,067,233)</u>	<u>225,554</u>	<u>(3,173,415)</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance	-	-	-
Transfers in	6,414,784	-	-
Transfers out	-	(2,140)	-
Total other financing sources (uses)	<u>6,414,784</u>	<u>(2,140)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>3,347,551</u>	<u>223,414</u>	<u>(3,173,415)</u>
FUND BALANCES, BEGINNING OF YEAR, RESTATED	9,237,114	11,370,889	120,642,943
FUND BALANCES, END OF YEAR	<u>\$ 12,584,665</u>	<u>\$ 11,594,303</u>	<u>\$ 117,469,528</u>

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

Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 21,732,471
-	-	22,168,300
-	-	1,847,238
-	-	437,116
-	-	918,210
-	6,414	2,098,807
-	-	5,895,909
2,369,122	3,200,969	12,819,545
2,148,904	5,484,121	20,388,258
-	417,578	729,673
-	1,460,233	1,460,233
247,475	1,782,023	7,068,427
-	295,468	2,764,118
<u>4,765,501</u>	<u>12,646,806</u>	<u>100,328,305</u>
-	1,069,907	17,392,563
-	4,396	34,351,734
1,156,731	3,748,621	10,763,219
-	-	3,975,512
-	120,926	12,850,827
3,836,123	1,806,837	6,833,189
-	1,445,000	11,090,135
-	256,847	5,119,301
<u>4,992,854</u>	<u>8,452,534</u>	<u>102,376,480</u>
<u>(227,353)</u>	<u>4,194,272</u>	<u>(2,048,175)</u>
-	6,675,000	6,675,000
-	24,952	6,439,736
<u>(157,041)</u>	<u>(2,866,138)</u>	<u>(3,025,319)</u>
<u>(157,041)</u>	<u>3,833,814</u>	<u>10,089,417</u>
<u>(384,394)</u>	<u>8,028,086</u>	<u>8,041,242</u>
11,581,594	28,087,684	180,920,224
<u>\$ 11,197,200</u>	<u>\$ 36,115,770</u>	<u>\$ 188,961,466</u>

REVENUES

Taxes:

Property
Sales and use
Transient occupancy
Real property transfer
Other

Licenses and permits
Vehicle license fees
Intergovernmental
Charges for current services
Fines and forfeitures
Assessment collections
Investment income
Miscellaneous

Total revenues

EXPENDITURES

Current:

General government
Public safety
Public ways and facilities
Community services
Culture and recreation

Capital outlay

Debt service:

Principal payments
Interest and fiscal charges

Total expenditures

EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES)

Bond issuance

Transfers in

Transfers out

Total other financing sources (uses)

NET CHANGE IN FUND BALANCES

FUND BALANCES, BEGINNING OF YEAR, RESTATED
FUND BALANCES, END OF YEAR

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

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CITY OF FOLSOM, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

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

Net change in fund balances - total governmental funds (Page 29)		\$ 8,041,242
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays and depreciation expense are as follows:</p>		
Capitalized capital outlays		6,833,189
Depreciation expense		(18,116,767)
<p>Governmental funds do not report contributed capital, whereas this revenue is reported in the Government-Wide Statement of Activities</p>		
		973,299
<p>Assets transferred between the Folsom Successor Agency and the City are reported as an extraordinary item</p>		
		381,150
<p>Premiums, discounts, and other charges related to long-term debt are expended in the year of issuance by governmental funds. However, these costs are deferred and amortized in the statement of activities. This amount reflects the amortization of premiums, discounts, and other deferred charges.</p>		
		271,776
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.</p>		
		508,390
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repayments on long term debt	11,090,135	
Change in compensated absences	346,625	
Issuance of long-term debt	(6,675,000)	
Change in accrued interest	38,971	
Change in post-employment benefit obligation	(156,548)	
	4,644,183	
<p>Internal service funds are used by management to charge the costs of fleet management, management information services, facilities costs, and insurance, to individual funds. The net revenue (expense) of certain activities of the Internal Service Funds is reported with Governmental Activities.</p>		
		2,628,989
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (Page 23)		\$ 6,165,451

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

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Solid Waste	Other Non-major Enterprise Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 9,687,233	\$ 9,913,114	\$ 3,658,377	\$ 3,082,739	\$ 26,341,463	\$ 9,125,473
Receivables, net of allowances	2,840,465	1,122,505	257,024	57,880	4,277,874	61,469
Due from other governments	-	624	42,834	396,441	439,899	-
Insurance deposits	-	-	-	-	-	3,809,785
Total current assets	12,527,698	11,036,243	3,958,235	3,537,060	31,059,236	12,996,727
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	3,760,000	-	-	-	3,760,000	-
Cash with fiscal agent	36	-	-	-	36	-
Capital assets	147,379,664	60,415,556	9,700,146	4,921,082	222,416,448	4,823,388
Accumulated depreciation	(53,757,965)	(20,653,344)	(6,229,835)	(2,434,271)	(83,075,415)	(4,693,531)
Total noncurrent assets	97,381,735	39,762,212	3,470,311	2,486,811	143,101,069	129,857
Total assets	109,909,433	50,798,455	7,428,546	6,023,871	174,160,305	13,126,584
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	609,744	404,589	743,605	156,261	1,914,199	-
Deferred amounts on refunding	616,413	-	-	-	616,413	-
Total deferred outflows of resources	1,226,157	404,589	743,605	156,261	2,530,612	-
LIABILITIES						
Current liabilities:						
Accounts payable	2,639,678	685,214	285,909	1,360,343	4,971,144	15,689
Wages payable	123,691	81,833	143,121	30,419	379,064	22,442
Interest payable	67,915	-	-	-	67,915	-
Due to other governments	176	2,161,314	-	-	2,161,490	-
Deposits	229,409	-	-	495,503	724,912	150
Accrued compensated absences, payable within one year	39,006	20,286	41,192	9,279	109,763	-
Long term debt, due within one year	1,212,300	-	-	-	1,212,300	-
Total current liabilities	4,312,175	2,948,647	470,222	1,895,544	9,626,588	38,281
Noncurrent liabilities:						
Net pension liability	6,160,179	4,080,372	7,509,054	1,590,184	19,339,789	-
Accrued compensated absences, payable after one year	168,509	85,228	178,608	44,686	477,031	-
Post-employment benefit obligation	377,311	12,266	448,470	349,944	1,187,991	-
Long term debt, due after one year net of unamortized premiums/discounts	22,019,184	-	-	-	22,019,184	-
Total noncurrent liabilities	28,725,183	4,177,866	8,136,132	1,984,814	43,023,995	-
Total liabilities	33,037,358	7,126,513	8,606,354	3,880,358	52,650,583	38,281
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows related to pensions	320,421	201,185	385,165	100,496	1,007,267	-
NET POSITION						
Net investment in capital assets	71,006,628	39,762,212	3,470,311	2,486,811	116,725,962	129,857
Restricted for critical facilities use	-	-	-	527,202	527,202	-
Unrestricted	6,771,183	4,113,134	(4,289,679)	(814,735)	5,779,903	12,958,446
Total net position (deficit)	\$ 77,777,811	\$ 43,875,346	\$ (819,368)	\$ 2,199,278	\$ 123,033,067	\$ 13,088,303

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Solid Waste	Other Non-major Enterprise Funds		
OPERATING REVENUES:						
Charges for services	\$ 12,205,895	\$ 6,278,631	\$ 10,620,422	\$ 623,745	\$ 29,728,693	\$ 17,974,581
OPERATING EXPENSES:						
Employee services	3,796,834	2,406,963	4,641,112	1,066,396	11,911,305	14,795,372
Utilities	632,788	53,500	16,468	8,377	711,133	-
Supplies	711,751	414,045	698,703	137,969	1,962,468	-
Maintenance and operations	649,558	126,355	560,695	84,092	1,420,700	-
Contractual services	1,518,399	194,069	1,775,281	1,734,783	5,222,532	-
Depreciation	3,542,927	1,554,302	1,135,486	467,309	6,700,024	56,409
Other	968,319	670,748	519,317	617,770	2,776,154	-
Total operating expenses	11,820,576	5,419,982	9,347,062	4,116,696	30,704,316	14,851,781
OPERATING INCOME (LOSS)	385,319	858,649	1,273,360	(3,492,951)	(975,623)	3,122,800
NONOPERATING REVENUE (EXPENSES):						
Investment income	194,758	186,185	76,224	44,507	501,674	151,698
Interest expense	(884,023)	-	-	-	(884,023)	-
Gain on sale of capital assets	-	-	-	-	-	168,454
Other	2,617,099	71,475	211,867	-	2,900,441	-
Intergovernmental revenues	186,460	-	143,432	3,953,415	4,283,307	-
Total nonoperating revenue (expense)	2,114,294	257,660	431,523	3,997,922	6,801,399	320,152
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,499,613	1,116,309	1,704,883	504,971	5,825,776	3,442,952
CAPITAL CONTRIBUTIONS AND TRANSFERS:						
Capital contributions	264,970	334,660	-	-	599,630	-
Transfers in	84,000	-	15,314	-	99,314	-
Transfers out	(752,910)	(554,825)	(1,168,520)	(223,513)	(2,699,768)	(813,963)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(403,940)	(220,165)	(1,153,206)	(223,513)	(2,000,824)	(813,963)
CHANGE IN NET POSITION	2,095,673	896,144	551,677	281,458	3,824,952	2,628,989
NET POSITION (DEFICIT), BEGINNING OF YEAR	75,682,138	42,979,202	(1,371,045)	1,917,820	119,208,115	10,459,314
NET POSITION (DEFICIT), END OF YEAR	<u>\$ 77,777,811</u>	<u>\$ 43,875,346</u>	<u>\$ (819,368)</u>	<u>\$ 2,199,278</u>	<u>\$ 123,033,067</u>	<u>\$ 13,088,303</u>

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

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Water	Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 11,636,457	\$ 5,973,821	\$ 10,557,218
Payments to suppliers	(4,595,725)	(702,439)	(3,127,771)
Payments to employees	(3,780,481)	(2,425,511)	(4,676,430)
Payments to other governments	21,517	1,031	(42,834)
Cash received from (paid to) other sources	1,648,780	(644,189)	(388,676)
Net cash provided by (used for) operating activities	4,930,548	2,202,713	2,321,507
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(752,910)	(554,825)	(1,168,520)
Transfers from other funds	84,000	-	15,314
Intergovernmental revenues	186,460	-	143,432
Net cash provided by (used for) noncapital financing activities	(482,450)	(554,825)	(1,009,774)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(5,062,890)	(1,395,655)	(602,530)
Principal paid on capital debt and leases	(1,170,788)	-	-
Interest paid on capital debt	(903,383)	-	-
Net cash provided by (used for) capital and related financing activities	(7,137,061)	(1,395,655)	(602,530)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	223,456	209,624	82,803
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,465,507)	461,857	792,006
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,912,776	9,451,257	2,866,371
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,447,269	\$ 9,913,114	\$ 3,658,377
Summary:			
Cash and cash equivalents	\$ 9,687,233	\$ 9,913,114	\$ 3,658,377
Restricted assets	3,760,036	-	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 13,447,269	\$ 9,913,114	\$ 3,658,377

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

Other Non-major Enterprise Funds	Total	Governmental Activities Internal Service Funds	
			CASH FLOWS FROM OPERATING ACTIVITIES:
\$ 644,546	\$ 28,812,042	\$ 17,965,751	Receipts from customers and users
(1,751,506)	(10,177,441)	(6,430)	Payments to suppliers
(1,061,741)	(11,944,163)	(15,086,450)	Payments to employees
198,870	178,584	-	Payments to other governments
241,389	857,304	168,455	Cash received from (paid to) other sources
			Net cash provided by (used for) operating activities
(1,728,442)	7,726,326	3,041,326	
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
(223,513)	(2,699,768)	(1,898,863)	Transfers to other funds
-	99,314	-	Transfers from other funds
3,953,415	4,283,307	-	Intergovernmental revenues
			Net cash provided by (used for) noncapital financing activities
3,729,902	1,682,853	(1,898,863)	
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
(1,848,405)	(8,909,480)	-	Acquisition and construction of capital assets
-	(1,170,788)	-	Principal paid on capital debt and leases
-	(903,383)	-	Interest paid on capital debt
			Net cash provided by (used for) capital and related financing activities
(1,848,405)	(10,983,651)	-	
			CASH FLOWS FROM INVESTING ACTIVITIES:
44,782	560,665	141,827	Interest and dividends on investments
			NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
197,837	(1,013,807)	1,284,290	
2,884,902	31,115,306	7,841,183	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
<u>\$ 3,082,739</u>	<u>\$ 30,101,499</u>	<u>\$ 9,125,473</u>	CASH AND CASH EQUIVALENTS, END OF YEAR
			Summary:
\$ 3,082,739	\$ 26,341,463	\$ 9,125,473	Cash and cash equivalents
-	3,760,036	-	Restricted assets
<u>\$ 3,082,739</u>	<u>\$ 30,101,499</u>	<u>\$ 9,125,473</u>	TOTAL CASH AND CASH EQUIVALENTS

Continued on Next Page

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

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 385,319	\$ 858,649	\$ 1,273,360
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	3,542,927	1,554,302	1,135,486
Amortization of deferred charges	-	-	-
Other non-operating income (expense)	2,617,099	26,559	130,641
Gain (loss) on sale of capital assets	-	-	-
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(468,490)	(116,559)	(63,204)
Decrease (increase) in due from other governments	21,431	1,031	(42,834)
Increase (decrease) in accounts payable	(1,083,229)	85,530	(76,624)
Increase (decrease) in wages payable	3,892	(4,359)	1,369
Increase (decrease) in due to other governments	86	(188,251)	-
Increase (decrease) in deferred revenue	(100,948)	-	-
Increase (decrease) in accrued compensated absences	8,231	(14,394)	(41,073)
Increase (decrease) in OPEB	4,230	205	4,386
	<u>4,230</u>	<u>205</u>	<u>4,386</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 4,930,548</u>	<u>\$ 2,202,713</u>	<u>\$ 2,321,507</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Receipt of contributed assets	\$ 264,970	\$ 334,660	\$ -

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

Other Non-major Enterprise Funds	Total	Governmental Internal Service Funds	
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES
\$ (3,492,951)	\$ (975,623)	\$ 3,122,800	Operating income (loss)
			Adjustments to reconcile operating income to net cash provided (used) by operating activities:
467,309	6,700,024	56,409	Depreciation
-	-	-	Amortization of deferred charges
451,922	3,226,221	-	Other non-operating income (expense)
-	-	168,455	Gain (loss) on sale of capital assets
			Changes in assets and liabilities:
20,801	(627,452)	(8,830)	Decrease (increase) in accounts receivable
198,870	178,498	-	Decrease (increase) in due from other governments
620,952	(453,371)	(6,430)	Increase (decrease) in accounts payable
3,613	4,515	(291,078)	Increase (decrease) in wages payable
-	(188,165)	-	Increase (decrease) in due to other governments
-	(100,948)	-	Increase (decrease) in deferred revenue
(2,611)	(49,847)	-	Increase (decrease) in accrued compensated absences
3,653	12,474	-	Increase (decrease) in OPEB
<u>\$ (1,728,442)</u>	<u>\$ 7,726,326</u>	<u>\$ 3,041,326</u>	NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES
\$ -	\$ 599,630	\$ -	NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: Receipt of contributed assets

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 12,972,195
Cash with fiscal agent	5,626,385
Receivables, net:	
Accrued interest	59,101
Due from other governments	174,050
Restricted assets:	
Cash and cash equivalents	1,620,750
Cash with fiscal agent	<u>12,438,675</u>
Total assets	<u>\$ 32,891,156</u>
LIABILITIES:	
Accounts payable	\$ 35,157
Rebatable arbitrage	497
Due to assessment holders	<u>32,855,502</u>
Total liabilities	<u>\$ 32,891,156</u>

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

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND JUNE 30, 2016

	<u>RDA Obligation Retirement Trust Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 4,332,629
Cash with fiscal agent	335,620
Receivables:	
General accounts	250
Accrued interest	14,391
Loans	1,291,696
Restricted assets - Cash and Investments	23,434,077
Capital assets	
Non-depreciable	982,306
Depreciable	306,307
Less: accumulated depreciation	<u>(233,829)</u>
Total assets	<u>30,463,447</u>
LIABILITIES:	
Accounts payable	76,825
Advances from other governments	2,708,094
Interest payable	1,416,097
Long-term liabilities:	
Due within one year	1,596,411
Due in more than one year	<u>57,876,952</u>
Total liabilities	<u>63,674,379</u>
NET POSITION:	
Total net position (deficit) held in trust	<u>\$ (33,210,932)</u>

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND FOR THE YEAR ENDED JUNE 30, 2016

	<u>RDA Obligation Retirement Trust Fund</u>
ADDITIONS:	
Tax increment revenues	\$ 6,083,935
Charges for services	9,468
Investment earnings	<u>122,974</u>
Total additions	<u>6,216,377</u>
DEDUCTIONS:	
Expenses	386,068
Interest and fiscal charges	<u>2,843,817</u>
Total deductions	<u>3,229,885</u>
EXTRAORDINARY ITEM:	
Transfer of asset to City of Folsom	<u>(381,150)</u>
CHANGE IN NET POSITION	2,605,342
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>(35,816,274)</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$ (33,210,932)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Folsom, California (City) was incorporated in 1946 under the general laws of the State of California. The City’s charter was adopted on March 6, 1990. The City operates under a Council-Manager form of government consisting of five elected council members including the mayor and a council appointed City Manager. The City provides the following services as authorized by its charter: public safety (Police and Fire), highways and streets, water, wastewater, solid waste, storm water utility, public improvements, parks and recreation, planning and zoning and general administration.

As required by accounting principles generally accepted in the United States of America these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so financial data from these entities are combined with financial data of the primary government. The blended component unit has a year-end of June 30.

Blended Component Units

In order to facilitate the financing of public improvements, as well as other facilities and improvements which will be funded through the issuance of tax exempt bonds, the City Council established two joint powers authorities. One with the Folsom Redevelopment Agency (RDA), known as the **Folsom Public Financing Authority (FPFA)** on September 19, 1988, and one with the Folsom South of 50 Parking Authority, known as the **Folsom Ranch Financing Authority (FRFA)** on March 10, 2015. They were established pursuant to the provisions of the joint powers laws of the state of California, as set forth in Article 1, Chapter 5, Division 7 of Title 1 of the California Government Code (commencing with Government Code Section 6500). Recent legislative changes required the dissolution of the RDA but it has been determined by legal counsel that the changes do not affect the FPFA and its continued existence and no change in the structure is required.

The FPFA and the FRFA are authorized, but not limited, to issue bonds pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as set forth in Article 4, Chapter 5, Division 7, Title 1, of the California Government Code (commencing with Government Code Section 6584) for the purpose of financing facilities and improvements. The FPFA and the FRFA are reported in the City’s fund financial statements as debt service funds. Capital leases between the primary government and blended component units are eliminated. Amounts held for repayment of the local obligation bonds are reported as investments held in trust of the FPFA and FRFA.

The City accounts for the various debt service and capital projects funds resulting from the bonds issued. The long-term borrowing is used to provide the interim financing for accomplishing the purposes described above. The Authority’s primary source of revenue for repayment of the debt, other than loans and advances from the City, are from the assessment of a “special tax” against the property owners within the district and project areas. Collections of the special tax are deposited with the fiscal agent for the debt service of the bonds.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Separate audited component unit financial statements for the FPFA and FRFA may be obtained from the administration office as follows: Folsom Public Financing Authority or Folsom Ranch Financing Authority of the City of Folsom, 50 Natoma Street, Folsom, CA 95630.

Joint Powers Agencies - The City also has ownership interests in the Northern California Cities Self Insurance Fund (NCCSIF). This entity has not met the component unit criteria stated above, and its financial information is not combined with that of the City, although the City's deposit in this entity has been included in the financial statements as insurance deposits.

Government-wide and Fund Financial Statements - The government-wide financial statements (i.e. the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds 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 are met.

Fiduciary funds, however, are unlike other funds as they are used to account for assets that the City holds on behalf of others as their agent. The City reports both Agency funds, which have no measurement focus, and a Trust fund, which does have a measurement focus. They both use the accrual method of accounting to report assets and liabilities

Revenues are recognized for utility funds based on billings rendered to customers. The City accrues revenues for services provided but not yet billed at the end of a monthly fiscal period.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Taxes (other than property taxes), interest,

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

certain state and federal grants, and charges for services are accrued when the receipt occurs within three hundred sixty five days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures and other revenues are considered to be measurable and available only when cash is received by the City. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The City reports the following major governmental funds:

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

The **Folsom Housing Special Revenue Fund** is used to account for the restricted or committed revenues and expenditures of a portion of the City's Low-Income Housing activities. Revenues are received from loan repayments, interest earnings and Inclusionary Housing Fees.

The **Folsom Public Financing Authority Debt Service Fund** is used to account for the proceeds of specific revenues that are legally restricted for expenditures for specified purposes, including housing and community development.

The **Transportation Improvement Capital Projects Fund** is used to account for long-term major road projects financed from developer mitigation charges and Measure A funding.

The City reports the following major enterprise funds:

Water Enterprise Fund is used to account for water utility operations of the City.

Wastewater Enterprise Fund is used to account for wastewater utility operations of the City.

Solid Waste Enterprise Fund is used to account for solid waste utility operations of the City. Additionally, the City reports the following fund types:

Internal Service Funds, made up of the Equipment Replacement, Risk Management Compensated Leaves funds, are used to account for replacement of general governmental equipment and administration of employee benefits.

Fiduciary Funds: Agency funds account for assets held in agency funds by the City as an agent for various bonded assessment districts and the Private Purpose Trust fund is for reporting activity of the Redevelopment Obligation Retirement Trust Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are exchange or exchange-like transactions between functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

reported as general revenues rather than as program revenue. Likewise, general revenues include all taxes.

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

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

Budgetary Data

The City's annual budget is adopted by the City Council on or before the last working day of the last month of the fiscal year on a basis consistent with U.S. generally accepted accounting principles. If the City Council fails to adopt the budget by this date the budget proposed by the City Manager shall be deemed adopted. The City Manager may transfer monies between departments and divisions, and programs and accounts within departments and divisions, but only the Council by resolution may transfer monies between funds and from un-appropriated balances or fund balances to any fund or appropriation account. The level of control (i.e., the level at which expenditures may not legally exceed appropriation) is the fund. All appropriations remaining at year-end lapse, except purchases in progress, open project appropriations and unexpended grant appropriations.

Budget information is adopted on an annual basis for the General Fund, special revenue funds and debt service funds. The budget is adopted on a project length basis for capital projects funds. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A. Department Heads prepare a budget request based upon the previous year's expenditures.
- B. Meetings are held between the Department Heads, Chief Financial Officer, and the City Manager for the purpose of reviewing and prioritizing budget requests.
- C. The City Manager submits the proposed city budget to the City Council, who makes decisions regarding department budgets.
- D. Transfers between funds and changes in the total budget must be approved by the City Council.

Financial Statement Elements

Cash, Cash Equivalents and Investments – City investments are recorded at fair value, in accordance with generally accepted accounting principles. The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

The City participates in an external investment pool managed by the State of California titled California Local Agency Investment Fund (LAIF), established under California State Statute, which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF is not registered with the Securities and Exchange Commission. LAIF falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of 90 days or less to be cash and cash equivalents. Cash and cash equivalents include: LAIF, demand deposits, short-term highly liquid investments including Treasury bills, commercial paper, certificates of deposit, money market funds, and cash management pools. Cash held with fiscal agents with a maturity of three months or greater are not included as cash and cash equivalents.

In accordance with generally accepted accounting principles, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
- Custodial Credit Risk
- Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

As of July 1, 2015, the City retrospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Property Taxes - Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors. Property taxes are receivable and recorded in the fiscal year for which the tax is levied. Revenue is recognized when measurable and available. Property taxes collected in advance are recorded as deferred revenue and recognized in the year they become available. The County of Sacramento levies, bills and collects property taxes for the City. Property taxes paid to the City by the County within 60 days after the end of the fiscal year are "available" and are, therefore, recognized as revenue.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Secured and unsecured property taxes are levied based on the assessed value as of March 1, the lien date, of the preceding fiscal year. Secured property tax is levied on September 30 and due in two installments, on November 1 and February 1. Collection dates are December 10 and April 10, which are also the delinquent dates.

Receivables and Payables – Taxes (other than property taxes) related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within three hundred sixty five days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. Loans receivable represent lending to support low and moderate income housing units. The amount recognized as revenue under the modified accrual basis is limited to the amount that is deemed measurable and collectible.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 non-current 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.”

Advances between funds, as reported in the fund financial statements, are offset by a reservation of fund balance for noncurrent assets in governmental funds to indicate they do not constitute resources available for appropriation.

Inventories– General fund inventories are recorded as expenditures when consumed rather than when purchased. These inventories are valued at average cost using the first-in first-out method. Inventories, as reported in the fund financial statements, are offset by a nonspendable fund balance to indicate they do not constitute resources available for appropriation.

Insurance deposits – Amounts advanced by the City to the insurance joint powers authority to provide for payment of claims within the City’s self-insured retention layer (“banking layer”) are accounted for using the deposit method and are reported as insurance deposits in the City’s risk management fund to the extent that cumulative payments to the pool are more than cumulative paid and unpaid claims. To the extent that cumulative payments to the pool are less than required to pay cumulative paid and unpaid claims, the City would report an outstanding claim liability. These advances are refundable to the extent that outstanding claims and expenses under the terms of its contract have been satisfied.

Land held for resale – Represents land acquired by the Folsom Housing Special Revenue Fund for low and moderate income housing. The asset is valued at the lower of historical cost or fair market value.

Restricted Assets - Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future facilities augmentation costs.

Investments Held in Trust - Represent the investments held for repayment of special assessment district’s debt.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Capital Assets – Capital assets, which include land, buildings, improvements, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) and intangible assets (e.g. easements), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets, as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost. Donated or contributed assets are recorded at their acquisition value.

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

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

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

	<u>Years</u>
Specialty equipment and vehicles	3-20
Computer and office equipment	3-7
Construction equipment	10-20
Buildings, facilities and improvements	10-40
Roads (surface only)	10-20
Utility underground systems	33-40
Bridges	30-50
Software	3-7
Easements (includes land underneath roadways)	Indefinite
Land	Indefinite

Compensated Absences – Compensated absences are recorded in accordance with GAAP. Only vested or accumulated compensated absences that are expected to be due or mature are reported as an expenditure and fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated compensated absences that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities of the Government-Wide Financial Statement. Vested or accumulated compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

All employees currently earn a combined annual leave in lieu of vacation and sick leave, in an amount determined by their representing labor group or contract. Management employees receive ten days of management leave annually, which does not carry over. Overtime may be accrued by non-management employees as compensatory time. Some employees retain sick leave banks earned prior to the annual leave implementation. It is City policy that an employee may carry over accrued vacation and sick leave into the following calendar year. Upon termination, employees are entitled to a lump-sum payment for accrued annual leave hours and compensatory time.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Sick leave is deemed to be vested upon minimum PERS retirement age. Accumulated vested sick leave is paid according to the Memorandum of Understanding covering each employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of bond premium or discount. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred outflow related to pensions reported in the Statement of Net Position - Governmental Activities and Business-type activities, described in detail in Note 11. Second is the deferred amount on refunding reported in the Statement of Net Position - Proprietary Funds. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that qualify for reporting in this category. The first one is deferred inflow related to pensions reported in the Statement of Net Position - Governmental Activities and Business-type activities, described in detail in Note 11. The second is special assessments not collected, and the other is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Encumbrances – Encumbrance accounting, under which purchase orders, and other commitments for the expenditure of funds are recorded in order to reserve that portion of fund balance, is employed in the governmental fund types. Encumbrances are reported as assigned fund balance since they do not constitute expenditures or liabilities.

Fund Equity – The City has established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

upon the use of the resources reported in governmental funds. The City established the following classifications and definitions of fund balance:

Nonspendable – Resources that cannot be spent because they are not in an expendable form (e.g. prepaid asset, inventory) or must be maintained intact (e.g. endowment principal).

Restricted – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation.

Committed – Resources with self-imposed limitations, evidenced by the City's formal action (ordinance), and require both the approval of the highest level of decision making authority (City council) and the same formal action to remove or modify the limitations. Includes legally enforceable multi-year contracts not yet spent and specific agreements approved but not yet executed.

Assigned – Resources with self-imposed limitations but do not require approval by the highest level of decision making authority or the same level of formal action to remove or modify limitations. This responsibility has been delegated to the Finance Director/CFO by the City Council.

Unassigned – Resources that cannot be reported in any other classification. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City's spending priority is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance.

Refer to Note 10 for additional details regarding the City's classification of fund balance.

Use of Estimates - 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements -

Effective in Current Fiscal Year

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The provisions of the statement effective during the June 30, 2016 fiscal year did not affect the financial statements.

In June 2015, GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement did not have a material effect on the financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate. This Statement is not effective until the fiscal year ending June 30, 2016. This statement did not have a material effect on the financial statements.

Future Accounting Standards Board (GASB) Pronouncements –

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City has not determined its effect on the financial statements.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is not effective until the fiscal year ending June 30, 2017. The City has not determined the effect of this statement.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provide to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pension through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is not effective until the fiscal year ending June 30, 2017. The City has not determined the effect of this statement.

GASB Statement No. 80 – In January 2015, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is not effective until the fiscal year ending June 30, 2017. The City has not determined the effect of this statement.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not determined the effect of this statement.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice or financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City has not determined the effect of this statement.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City has not determined its effect on the financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments totaled \$274,059,724 as of June 30, 2016, for the primary government and fiduciary funds. Each fund's portion of this total is reflected in the balance sheet accounts entitled Cash and cash equivalents, cash with fiscal agent, investments held in trust, restricted cash and cash equivalents and restricted cash with fiscal agent. The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet (governmental funds) and the statement of net position (proprietary funds and fiduciary funds) as “cash and investments or cash equivalents”

Total City deposits and investments at fair value as of June 30, 2016 are reported below and on the following page:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statements of Net Position	Total
Cash, cash equivalents and investments	\$ 57,740,788	\$ 26,341,463	\$ 84,082,251	\$ 23,266,829	\$ 107,349,080
Investments held in trust	122,739,336	-	122,739,336	-	122,739,336
Restricted cash and investments	2,717,770	3,760,036	6,477,806	37,493,502	43,971,308
	<u>\$ 183,197,894</u>	<u>\$ 30,101,499</u>	<u>\$ 213,299,393</u>	<u>\$ 60,760,331</u>	<u>\$ 274,059,724</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

	Fair Value
City treasury deposits:	
Deposits	\$ 2,727,687
Petty cash	8,236
Total city treasury deposits:	2,735,923
City treasury investments	
Certificate of Deposit	11,902,000
Commercial Paper	3,982,811
Corporate Notes (American Express Credit)	1,011,350
Corporate Notes (Bank of America)	1,501,575
Corporate Notes (Bank of New York)	997,500
Corporate Notes (Gen Elec)	1,148,350
Corporate Notes (Gen Elec)	582,455
Corporate Notes (Gen Elec)	1,463,871
Corporate Notes (Goldman Sachs Bank)	1,000,000
Corporate Notes (JP Morgan Chase & Co)	1,060,350
Corporate Notes (JP Morgan Chase & Co)	2,000,000
Corporate Notes (UBS AG Stamford CT)	2,072,297
Corporate Notes (Union Bank)	3,303,153
Corporate Notes (US Bank Corp)	1,003,900
Corporate Notes (Wells Fargo & Co.)	1,643,490
Corporate Notes (Wells Fargo Bank NA)	1,999,980
Local Agency Investment Fund (LAIF)	30,461,567
Money market mutual funds (WF)	2,018,639
Municipal obligations (City)	35,614,132
Municipal obligations (FRFA)	8,105,993
Municipal obligations (FPFA)	114,633,343
Total city treasury investments	227,506,756
Total funds in City Treasury	230,242,679
Cash and investments with fiscal agents	
Certificate of Deposit	605,000
Federal Farm Credit Bank	1,649,615
Federal Home Loan Bank (FHLB)	9,290,409
Federal Home Loan Mortgage Corp (FHLMC)	5,801,667
Federal National Mortgage Association (FNMA)	5,022,324
JPA (CAMP)	2,024,504
Money Market Mutual Fund	16,726,017
U. S. Treasury Notes	2,697,509
Total cash and investments with fiscal agents	43,817,045
Total cash and investments	\$ 274,059,724

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Cash Deposits – At June 30, 2016, the recorded amount of the City’s deposits was \$2,727,687 and the bank balance was \$1,165,227. As of June 30, 2016, the City’s deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

The California Government Code requires California banks and savings and loan associations to secure the City’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City’s name. The market value of pledged governmental securities must equal at least 110% of the City’s cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City has waived collateral requirements for cash deposits that are fully insured up to \$250,000 by the FDIC.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a monthly basis to the various funds based on month-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investments

The table below identifies the investment types that are authorized for the City by California Government Code Section 53601 (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of portfolio *	Maximum Investment in One issuer
Local Agency Investment Fund (LAIF)	N/A	100%	\$65m per account
Bonds Issued by the City	5 years	100%	None
U.S. Treasury Bills, Notes and Bonds	5 years	100%	None
Registered State Warrants, Treasury Notes or Bonds of the State	5 years	100%	None
Bonds, Notes or Warrants of any Local Agency within the State	5 years	100%	None
Federal Agency Securities or U.S. Government Sponsored Enterprise Obligations	5 years	100%	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 year	100%	None
Reverse Repurchase agreements	92 days	20%	None
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgaged Backed or Consumer Pass-through Securities	5 years	20%	None
Shares of Beneficiary Interest issued by a JPA	N/A	100%	None
Collateralized Bank Deposits	5 years	100%	None
Bank/Time Deposits	5 years	100%	None
Pooled Investment Funds	N/A	100%	None

* Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Investments Authorized by Debt Agreements - Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of portfolio	Maximum Investment in One issuer	Revenue Bonds																
				Genl Oblig		COP's									BTA					
				2003 Refunding	2009 Refunding	1997 Parks & Traffic Signals	1999 Rec. Facility	1998 LARB (Hannaford)	1999 FPFA (Legends, et al.)	2007 FPFA Series A&B	2008 FPFA Series A&B	2010 Revenue Bds A&B	2011 FPFA Ser A&B	2012 FPFA REF RRB	2012 FPFA ST REF BONDS	2015 FRFA	2009 Water	2013 Water		
U.S. Treasury Obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	x	x	x	x	x	x	
U.S. Treasury Obligations	5 years	None	None	n/a	n/a	x	n/a	x	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
U.S. Agency Securities	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	x	x	x	x	x	x	x
Banker's Acceptances	360 days	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x
Commercial paper	270 days	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x
Commercial paper	180 days	30%	10%	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Corporate bonds, notes, debentures	N/A	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Money market mutual funds	N/A	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	x	x	x	x	x	x	x
Municipal obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x
State obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	n/a	x	x	x	x	x	x
Investment agreements - *	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	x	x	x	x	x	x
California Asset Management Program (CAMP)	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local Agency Investment Fund (LAIF)	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	x	x	x	x	x	x	x	x	x
Other *, *1	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
City's investment policy *2	N/A	N/A	N/A	x	x	n/a	x	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest bearing accounts	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Shares in California Common law trust	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a
Cash (insured at all times by FDIC)	None	None	None	n/a	n/a	x	n/a	x	x	x	n/a	x	x	x	x	x	x	x	x	n/a
Deposit Accounts (FDIC Insured) *3	None	None	None	n/a	n/a	x	n/a	x	x	n/a	n/a	x	x	x	x	x	x	x	x	n/a
CD's, time deposits and bankers acceptances	30 days	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Certificates of deposit	None	None	None	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	x	n/a	n/a	n/a	n/a	n/a	n/a

* With notice to Standard & Poor's and/or approved in writing by the Bond Insurer and supported by opinions of counsel.

*1 including repurchase agreements

*2 No securities may be purchased on margin, adequate monies to meet cash flow requirements, and no more than 50% of City's total cash be invested for longer than one year.

*3 In Banks which have capital and surplus of at least \$5,000,000.

*4 Subject to approval of the Certificate Insurer

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires that at least 50 percent of the City’s investment portfolio mature in less than one year. An additional limitation is that investments with a maturity of more than five years must be specifically authorized by the City Council as required by government code. One of the ways that the City of Folsom manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturing evenly over time as necessary to provide cash flow and liquidity needed for operations. At June 30, 2016, the City Treasury had the following investment maturities:

City Treasury

Investment Type	Fair Value	Investment Maturities (In Years)							
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 10	10 to 15	15 to 20
Certificate of Deposit	\$ 11,902,000	\$ 7,493,000	\$ 1,440,000	\$ 1,242,000	\$ 988,000	\$ 739,000	\$ -	\$ -	\$ -
Commercial Paper	3,982,811	3,982,811	-	-	-	-	-	-	-
Corporate Notes	20,788,271	4,965,446	5,773,637	4,307,053	1,730,805	4,011,330	-	-	-
LAIF	30,461,567	30,461,567	-	-	-	-	-	-	-
Money Market Mutual Funds	2,018,639	2,018,639	-	-	-	-	-	-	-
Municipal Obligations (City)	35,614,132	8,160,519	9,342,580	10,211,176	6,533,177	1,366,680	-	-	-
Municipal Obligations (FRFA)	8,105,993	-	-	-	-	-	8,105,993	-	-
Municipal Obligations (FPFA)	114,633,343	6,470,604	8,323,970	8,274,175	8,330,513	6,719,091	46,573,536	26,623,143	3,318,311
Total	\$ 227,506,756	\$ 63,552,586	\$ 24,880,187	\$ 24,034,404	\$ 17,582,495	\$ 12,836,101	\$ 54,679,529	\$ 26,623,143	\$ 3,318,311

Fiscal Agent

Investment Type									
Certificate of Deposit	\$ 605,000	\$ 605,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Farm Credit Bank	1,649,615	-	-	-	1,649,615	-	-	-	-
Federal Home Loan Bank	9,290,409	6,043,564	3,246,845	-	-	-	-	-	-
Federal Home Loan Mortgage Co	5,801,667	3,234,652	695,381	-	1,871,634	-	-	-	-
Federal National Mortgage Association	5,022,324	-	3,042,117	-	1,980,207	-	-	-	-
JPA (CAMP)	2,024,504	2,024,504	-	-	-	-	-	-	-
Money Market Mutual Fund	16,726,017	16,726,017	-	-	-	-	-	-	-
U.S. Treasury Notes	2,697,509	2,697,509	-	-	-	-	-	-	-
Total	\$ 43,817,045	\$ 31,331,246	\$ 6,984,343	\$ -	\$ 5,501,456	\$ -	\$ -	\$ -	\$ -

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSRO's). It is in the City’s policy to limit its investments in these investment types to an “A” rating or higher issued by NRSRO’s, including raters Standard & Poor’s, and Moody’s Investors Services. At June 30, 2016, the City’s credit risks, expressed on a percentage basis, are as follows:

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Credit Quality Distribution for Securities with Credit Exposure as Percentage of Total Investments

Investment Type	Moody's Credit Rating	S & P's Rating	% of Investments
Certificate of Deposit	Not rated	Not rated	4.96%
Commercial Paper	P-1	A-1	1.58%
Corporate Notes (American Express Credit)	A2	A-	0.40%
Corporate Notes (Bank of America)	A1	A	0.60%
Corporate Notes (Bank of New York)	A1	A	0.40%
Corporate Notes (Gen Elec)	A1	AA-	0.46%
Corporate Notes (Gen Elec)	A1	AA-	0.23%
Corporate Notes (Gen Elec)	A1	AA-	0.58%
Corporate Notes (Goldman Sachs Bank)	A3	BBB+	0.40%
Corporate Notes (JP Morgan Chase & Co)	Aa3	A-	0.42%
Corporate Notes (JP Morgan Chase & Co)	Aa3	A-	0.79%
Corporate Notes (UBS AG Stamford CT)	A1	A-	0.82%
Corporate Notes (Union Bank)	A2	A+	1.31%
Corporate Notes (US Bank Corp)	A1	A+	0.40%
Corporate Notes (Wells Fargo & Co.)	A2	A	0.65%
Corporate Notes (Wells Fargo Bank NA)	Aa3	A	0.79%
Local Agency Investment Fund (LAIF)	Not rated	Not rated	12.08%
Federal Farm Credit Bank	Aaa	AA+	0.65%
Federal Home Loan Bank (FHLB)	Aaa	AA+	3.68%
Federal Home Loan Mortgage Corp (FHLMC)	Aaa	AA+	2.30%
Federal National Mortgage Association (FNMA)	Aaa	AA+	1.99%
Money Market Funds	Aaa	AAA	7.43%
Municipal Obligations (City)	Aa1 to Aa3	AAA to BBB-	14.12%
Municipal Obligations (FRFA)	Not rated	Not rated	2.65%
Municipal Obligations (FPFA)	Not rated	Not rated	38.45%
Treasury Notes	Aaa	AA+	1.07%
JPA	Not rated	AAAm	0.80%
			100.0%

Concentration of Credit Risk – The California Government Code and the investment policy of the City contains limitations on the amount that can be invested in any one issuer. To mitigate credit risk in the investment portfolio, the City diversifies investments by security type and issuer. With the exception of U.S. Treasury securities, the Local Agency Investment Fund and bonds issued by the City, no more than 50% of the City's total investment portfolio can be invested in a single security type or with a single issuer.

As of June 30, 2016, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of **total entity investments** are as follows:

Issuer	Investment Type	Amount
Empire Ranch - CFD 10	Municipal Obligations	\$ 34,295,000
Parkway II - CFD 14	Municipal Obligations	15,460,000
Empire Ranch - CFD 10	Municipal Obligations	15,340,000

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Additional investments in any one issuer that represent 5% or more of the total investments by **reporting unit** (Governmental activities, major fund, nonmajor funds in the aggregate, etc.) are as follows:

Folsom Public Financing Authority Debt Service Fund:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Willow Springs - CFD 11	Municipal Obligations	\$ 5,080,000
Prairie Oaks - Reassessment District No. 2008-01	Municipal Obligations	5,873,940
Broadstone II - CFD 7	Municipal Obligations	6,773,791
Broadstone II - CFD 7	Municipal Obligations	8,310,000

Folsom Ranch Financing Authority Debt Service Fund:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Willow Hill - CFD 17	Municipal Obligations	\$ 6,675,000

Investments in Local Agency Investment Funds - The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in the pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized costs of that portfolio, as calculated monthly). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The City's investment in LAIF included a portion of the pool funds invested in collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. These investments included the following:

Structured Notes are debt securities (other than asset backed securities) whose cash flow characteristics (coupon rate, redemption amount or state maturity) depend on one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Investments in CAMP - The City is a voluntary participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Information regarding the amount of dollars invested in derivatives by CAMP was not available.

Fair Value Measurements – Statement No. 72 of the Government Accounting Standards Board (“GASB”) *Fair Value Measurements and Application*, sets the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the City’s proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The City's Level 1 investments primarily consist of investments in U.S. Treasury Notes. When quoted prices in active markets are not available, fair values are based on evaluated prices received from the City's Custodian of Assets, Trustee or Fiscal Agent.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use a multidimensional relational model. Inputs to their pricing models are based on observable inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads, and benchmark securities, among others.

The City's Level 3 investments primarily consist of debt investments, valued using the income approach to measuring fair value. This approach converts future amounts to a single current amount using a discounted cash flow.

As of June 30, 2016, the City has the following recurring fair value measurements:

Investments by Fair Value Level	Balance at June 30, 2016	Fair Value Measurements on a Recurring Basis Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of Deposit	\$ 11,902,000	\$ -	\$ 11,902,000	\$ -
Commercial Paper	3,982,811	-	3,982,811	-
Corporate Notes	20,788,271	-	20,788,271	-
Municipal Obligations (City)	35,614,132	-	35,614,132	-
Municipal Obligations (FRFA)	8,105,993	-	-	8,105,993
Municipal Obligations (FPFA)	114,633,343	-	-	114,633,343
Certificate of Deposit	605,000	-	605,000	-
Federal Farm Credit Bank	1,649,615	-	1,649,615	-
Federal Home Loan Bank	9,290,409	-	9,290,409	-
Federal Home Loan Mortgage Co	5,801,667	-	5,801,667	-
Federal National Mortgage Association	5,022,324	-	5,022,324	-
JPA (CAMP)	2,024,504	-	2,024,504	-
U.S. Treasury Notes	2,697,509	2,697,509	-	-
	<u>222,117,578</u>	<u>2,697,509</u>	<u>96,680,733</u>	<u>122,739,336</u>
Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy				
Local Agency Investment Funds	30,461,567			
Money Market Mutual Funds	2,018,639			
Total Investments Not Measured at Fair Value	<u>32,480,206</u>			
Total City's Pooled Investments	<u>254,597,784</u>			
Investments Held with Fiscal Agent Not Measured at Fair Value				
Money Market Mutual Funds	16,726,017			
Total Investments	<u>\$ 271,323,801</u>			

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

3. RECEIVABLES

Receivables as of June 30, 2016, consist of the following:

	General	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund	Transportation Improvement Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Governmental Activities							
Receivables, net							
General accounts	\$ 1,860,924	\$ -	\$ -	\$ -	\$ 133,440	\$ 31,818	\$ 2,026,182
Interest	20,388	28,576	157	39,260	73,040	29,651	191,072
Long-term loans	-	7,701,236	-	-	3,879,066	-	11,580,302
Due from other governments	7,541,586	2,708,094	-	477,617	87,853	-	10,815,150
Total	\$ 9,422,898	\$ 10,437,906	\$ 157	\$ 516,877	\$ 4,173,399	\$ 61,469	\$ 24,612,706

	Water	Wastewater	Solid Waste	Other Enterprise	Total
Business-Type Activities					
Receivables, net					
General accounts	\$ 373,306	\$ -	\$ 113,593	\$ 48,470	\$ 535,369
Utilities	2,514,542	1,219,408	204,092	-	3,938,042
Allowance for uncollectibles	(85,544)	(126,562)	(71,162)	-	(283,268)
Interest	38,161	29,659	10,501	9,410	87,731
Due from other governments	-	624	42,834	396,441	439,899
Total	\$ 2,840,465	\$ 1,123,129	\$ 299,858	\$ 454,321	\$ 4,717,773

Long Term Loans receivable are not expected to be collected within one year.

4. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables are as follows at June 30, 2016:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Mello-Roos Assessment Districts*	\$ 6,684
	Transportation System Management*	541
	Humbug Willow Creek Special Revenue*	734,739
		\$ 741,964

* Non-major governmental fund

All balances reported as "due to/due from" are short-term loans to cover temporary cash shortages as of June 30, 2016, and will be repaid in early fiscal year 2017.

5. TRANSFERS

Transfers report the nonreciprocal contribution from one fund to another. The following is a summary of transfers for the year ended June 30, 2016:

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Transfers out	Transfers in				Total
	General	Other Governmental	Water Enterprise Fund	Solid Waste Enterprise Fund	
Folsom Housing	\$ 2,140	\$ -	\$ -	\$ -	\$ 2,140
Transportation Improvement Fund	157,041	-	-	-	157,041
Other governmental funds	2,841,186	24,952	-	-	2,866,138
Water Enterprise	752,910	-	-	-	752,910
Wastewater Enterprise	539,511	-	-	15,314	554,825
Solid Waste Enterprise	1,168,520	-	-	-	1,168,520
Other enterprise funds	223,513	-	-	-	223,513
Internal Service Fund	729,963	-	84,000	-	813,963
Total	\$ 6,414,784	\$ 24,952	\$ 84,000	\$ 15,314	\$ 6,539,050

During the year various interfund transfers listed above were made to finance expenditures and service debt. Transfers into the City's General fund mostly consisted of: (1) Cost allocation plan \$3.9 million, (2) Reimbursement for salaries and benefits \$91k, and (3) Project reimbursements from Other Governmental funds \$2.4 million. Transfers to the governmental funds mostly consisted of \$25k from other governmental funds to other governmental funds for project reimbursement.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental activities:	July 1, 2015	Transfers	Additions	Deletions	June 30, 2016
Capital assets, not being depreciated					
Land	\$ 16,135,337	\$ -	\$ 381,150	\$ -	\$ 16,516,487
Construction in progress	777,332	(1,693,077)	5,398,556	-	4,482,811
Total capital assets, not being depreciated	16,912,669	(1,693,077)	5,779,706	-	20,999,298
Capital assets, being depreciated:					
Buildings	79,489,229	-	-	-	79,489,229
Improvements	487,122,155	1,693,077	973,299	-	489,788,531
Equipment	21,106,052	-	1,434,633	(560,935)	21,979,750
Total capital assets, being depreciated	587,717,436	1,693,077	2,407,932	(560,935)	591,257,510
Less accumulated depreciation for:					
Buildings	(38,609,148)	-	(2,290,475)	-	(40,899,623)
Improvements	(182,279,257)	-	(14,769,479)	-	(197,048,736)
Equipment	(17,331,322)	-	(1,113,223)	560,935	(17,883,610)
Total accumulated depreciation	(238,219,727)	-	(18,173,177)	560,935	(255,831,969)
Governmental activities capital assets, net	\$ 366,410,378	\$ -	\$ (9,985,539)	\$ -	\$ 356,424,839

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Business-type activities:	July 1, 2015	Transfers	Additions	Deletions	June 30, 2016
Capital assets, not being depreciated					
Land	\$ 1,033,791	\$ -	\$ -	\$ -	1,033,791
Construction in progress	7,518,912	(9,617,501)	6,323,552	-	4,224,963
Total capital asset, not being depreciated	8,552,703	(9,617,501)	6,323,552	-	5,258,754
Capital assets, being depreciated:					
Buildings	76,348	-	-	-	76,348
Improvements	186,371,530	9,617,501	599,630	-	196,588,661
Equipment	18,815,032	-	2,115,634	(437,981)	20,492,685
Total capital assets, being depreciated	205,262,910	9,617,501	2,715,264	(437,981)	217,157,694
Less accumulated depreciation for:					
Buildings	(31,472)	-	(2,545)	-	(34,017)
Improvements	(65,556,664)	-	(4,815,661)	-	(70,372,325)
Equipment	(11,225,236)	-	(1,881,818)	437,981	(12,669,073)
Total accumulated depreciation	(76,813,372)	-	(6,700,024)	437,981	(83,075,415)
Business-type activities capital assets, net	\$ 137,002,241	\$ -	\$ 2,338,792	\$ -	\$ 139,341,033

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

Governmental activities:	
General government	\$ 515,978
Public safety	1,161,060
Public works	13,483,298
Culture and recreation	2,956,432
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	56,409
Total depreciation expense - governmental activities	<u>\$ 18,173,177</u>
Business-type activities:	
Water	\$ 3,542,927
Wastewater	1,554,302
Solid waste	1,135,486
Other enterprise funds	467,309
Total depreciation expense - business-type activities	<u>\$ 6,700,024</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2016:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Amount due within one year</u>
Governmental activities:					
General obligation bonds	\$ 3,760,000	\$ -	\$ (1,445,000)	\$ 2,315,000	\$ 1,490,000
Revenue bonds	104,491,230	6,675,000	(7,958,297)	103,207,933	8,415,988
City Hall & Fire Station Lease Obligation	6,113,936	-	(1,473,422)	4,640,514	1,523,144
Capital lease obligations	1,901,301	-	(213,416)	1,687,885	220,494
Compensated absences	3,621,624	3,441,202	(3,787,827)	3,274,999	762,803
Other Post employment benefit obligation (Note 12)	12,085,431	156,548	-	12,241,979	-
Landfill closure liability (Note 16)	87,000	-	-	87,000	50,000
Add: Discounts/premiums, net	1,420,550	-	(146,159)	1,274,391	146,156
	<u>\$ 133,481,072</u>	<u>\$ 10,272,750</u>	<u>\$ (15,024,121)</u>	<u>\$ 128,729,701</u>	<u>\$ 12,608,585</u>
Governmental activities long-term liabilities					
					<u>Amount due within one year</u>
Business-type activities	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Amount due within one year</u>
Revenue bonds	\$ 24,352,781	\$ -	\$ (1,170,788)	\$ 23,181,993	\$ 1,208,175
Compensated absences	636,640	738,497	(788,343)	586,794	109,763
Other Post employment benefit obligation (Note 12)	1,175,517	12,474	-	1,187,991	-
Add: Issuance discounts/premiums, net	53,616	-	(4,125)	49,491	4,125
	<u>\$ 26,218,554</u>	<u>\$ 750,971</u>	<u>\$ (1,963,256)</u>	<u>\$ 25,006,269</u>	<u>\$ 1,322,063</u>
Business-type activities long-term liabilities					

General Obligation Bonds

2009 Refunding General Obligation Bonds. Issued in September, 2009, the City issued the \$10,195,000 City of Folsom Refunding General Obligation Bonds Series 2009 for the purpose of refunding and defeasing Series C and D of the 1993 General Obligation Bonds. The Series 2009 are payable semi-annually on February 1 and August 1 of each year commencing February, 2010 through August, 2017, with annual principal installments ranging from \$825,000 to \$1,490,000. Interest rates on the bonds range from 3.00% to 4.00%.

Total Governmental Activities General Obligation Bonds

\$ 2,315,000

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,490,000	\$ 62,800
2018	825,000	16,500
Total	<u>\$ 2,315,000</u>	<u>\$ 79,300</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Revenue Bonds

Governmental Activities:

In March 1998, the Folsom Public Financing Authority issued \$2,860,000 for the purpose of purchasing the Local Obligation Hannaford Crossing Refunding Bonds. Serial bonds were issued with maturity commencing September 2, 1998 through 2021 with interest rates from 3.75% to 5.5%, with remaining installments ranging from \$90,000 to \$215,000. \$ 785,000

In April 1999, the Folsom Public Financing Authority issued Special Revenue Bonds for \$6,125,000 with interest rates of 3.5% to 5.3%. The bonds mature beginning September 2, 1999 through 2021. The bonds were issued to finance the purchase of four separate issues of limited obligation refunding improvement bonds, each issued by the City of Folsom on behalf of an existing assessment district, to fund a reserve, and to pay associated issue costs. The four districts are Legends, Cobble Hills, Ridgeview, and Cresleigh. 1,735,000

In July 2007, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Series 2007A \$45,540,000 with interest rates of 4.00% to 5.00% and Subordinated Series 2007B \$24,885,000 with interest rates of 3.85% to 5.20%. The Serial bonds mature beginning September 1, 2008 through September 1, 2024, with principal payments ranging from \$410,000 to \$2,355,000. Term bond sinking fund requirements begin September 1, 2023 through September 1, 2032, with payments ranging from \$55,000 to \$5,075,000. The bonds were issued to finance and purchase five separate issues of special tax refunding bonds of four existing community facilities districts and pay certain costs associated with issuance. Series 2007A Bonds may be called on any September 1, or March 1 beginning September 1, 2017 at 100%. Series 2007B Bonds may be called on any September 1, or March 1 beginning September 1, 2007 at 103% until March 1, 2015 then incrementally declining to 100% on September 1, 2017. 55,225,000

In July 2008, the Folsom Public Financing Authority issued \$11,955,000 Reassessment Revenue Bonds, Series 2008, with interest rates of 3.00% to 5.00%. The Serial Bonds mature beginning September 2, 2009 through September 2, 2017, with principal payments ranging from \$720,000 to \$1,325,000. Term bond sinking fund requirements commence September 2, 2018 through September 2, 2019, with payments consisting of \$1,430,000 and \$1,515,000. The bonds were issued to provide funds to finance the purchase of the City of Folsom Limited Obligation Refunding Bonds, Prairie Oaks Reassessment District No. 2008-01 (the "Local Obligations"), to fund a reserve fund, and to pay certain costs of issuance. The Local Obligations were issued to refund and defease the Folsom Public Financing Authority 1997 Special Assessment Revenue Bonds, Series A and Subordinated Series B. The bonds are subject to optional redemption, without premium, in whole or in part, by the Authority on or after September 2, 2018. 5,490,000

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

In July 2010, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Series 2010A in the amount of \$17,530,000 with interest rates of 2.00% to 5.25% and Subordinated Series 2010B in the amount of \$5,650,000 with interest rates of 2.00% to 5.75%. The Series 2010A Serial Bonds mature beginning September 1, 2010 through September 1, 2024 with principal payments ranging from \$900,000 to \$1,545,000. The Subordinated Series 2010B Serial Bonds mature beginning September 1, 2010 through September 1, 2020, with principal payments ranging from \$285,000 to \$415,000. Term Bond sinking fund requirements for Subordinated Series 2010B begin September 1, 2021 through September 1, 2024 with principal payments ranging from \$440,000 to \$525,000. The bonds were issued to finance and purchase special tax refunding bonds of an existing community facilities district, deposit to a reserve fund, and pay certain costs of issuance. Series 2010A Bonds may be called at the option of the City on any interest payment date beginning September 1, 2010 at 100%. Subordinated Series 2010B Bonds may be called on any interest payment date beginning March 1, 2011 at 103% and declining to 100% if called on or after September 1, 2020.

15,340,000

In August 2011, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Series 2011A in the amount of \$9,660,000 with interest rates of 3.00% to 5.00% and Subordinated Series 2011B in the amount of \$1,195,000 with interest rates of 3.00% to 5.125%. The Series 2011A Serial Bonds mature beginning September 1, 2012 through September 1, 2024 with principal payments ranging from \$550,000 to \$1,055,000. The Subordinated Series 2011B Serial Bonds mature beginning September 1, 2012 through September 1, 2021 with principal payments ranging from \$100,000 to \$145,000. The bonds were issued to finance and purchase special tax refunding bonds of an existing community facilities district, deposit to a reserve fund, and pay certain costs of issuance. Series 2011A Bonds may be called at the option of the City on any interest payment date beginning September 1, 2021 at 100%. The Series 2011B Bonds are not eligible for optional redemption.

8,035,000

In April 2012, the Folsom Public Financing Authority privately placed with Umpqua Bank the 2012 Refunding Reassessment Revenue Bonds in the amount of \$4,164,002 with an interest rate of 3.4%. The Refunding Reassessment Revenue Bonds mature beginning October 1, 2012 with principal payments ranging from \$510,850 to \$723,866. The bonds were issued to finance and purchase prior Reassessment Revenue Bonds of the 1989-01 Assessment District, deposit to a reserve fund, and pay certain costs of issuance. The 2012 Refunding Reassessment Revenue Bonds are eligible for optional redemption on any date after October 1, 2012 at 105% and declining to 100% if called on or after April 1, 2018.

1,362,370

In July 2012, the Folsom Public Financing Authority privately placed with Bank of Nevada the Special Tax Revenue Bonds, Series 2012 in the amount of \$15,034,361 with an interest rate of 2.65%. The Special Tax Revenue Bonds mature beginning September 1, 2012 with principal payments ranging from \$1,379,605 to \$1,641,376. The bonds were issued to finance and purchase special tax refunding bonds of two existing community facilities districts, deposit to a reserve fund, and pay certain costs of issuance. The 2012 Special Tax Refunding Bonds are eligible for optional redemption on any date after issuance without premium.

8,560,563

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

In September 2015, the Folsom Ranch Financing Authority issued the Folsom Ranch Financing Authority Special Tax Revenue Bonds, Series 2015A in the amount of \$6,675,000 with interest rates of 2.00% to 4.625%. The Special Tax Revenue Serial Bonds mature beginning September 1, 2016 through September 1, 2025 with principal payments ranging from \$125,000 to \$165,000. Term Bond sinking fund requirements begin September 1, 2026 through September 1, 2030 with principal payments ranging from \$170,000 to \$200,000; September 1, 2031 through September 1, 2035 with principal payments ranging from \$210,000 to \$245,000; and September 1, 2036 through September 1, 2045 with principal payments ranging from \$260,000 to \$390,000. The bonds were issued to finance and purchase special tax bonds of Community Facilities District No. 17, deposit to a reserve fund, and pay certain costs of issuance. The 2015A Special Tax Bonds are eligible for optional redemption on interest payment dates on or after March 1, 2016 at 103% and declining to 100% if called on September 1, 2025 or any interest payment date thereafter.

6,675,000

Total Governmental Revenue Bonds

\$ 103,207,933

Business-type activities:

In December 2009, the Folsom Public Financing Authority issued the 2009 Water Revenue Refunding Bonds for \$15,825,000 with interest rates of 2.00% to 4.30%. The bonds mature beginning December 1, 2010 through 2028. The bonds were issued to provide funds to refund the 1998 Water Bonds on a current basis, to purchase a surety bond in the amount necessary to satisfy the Reserve Requirement, and to pay certain costs of issuance.

\$ 11,765,000

In July 2013, the Folsom Public Financing Authority privately placed with Pinnacle Public Finance the Water Revenue Refunding Bonds, Series 2013 for \$12,779,582 with an interest rate of 3.15%. The bonds mature beginning December 1, 2013 through 2033. The bonds were issued to provide funds to refund the 2005A Water Bonds on an advanced basis and to pay certain costs of issuance.

11,416,993

Total Business-type activities Revenue Bonds

\$ 23,181,993

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2017	\$ 8,415,988	\$ 4,649,259	\$ 1,208,175	\$ 796,495
2018	8,855,828	4,293,263	1,248,395	758,911
2019	9,134,681	3,912,200	1,286,666	718,190
2020	9,088,770	3,511,791	1,329,474	674,229
2021	7,902,312	3,130,555	1,367,224	627,881
2022-2026	31,510,354	10,791,078	7,626,587	2,339,957
2027-2031	21,425,000	3,607,113	6,748,594	867,012
2032-2036	3,680,000	995,773	2,366,878	113,398
2037-2041	1,415,000	581,016	-	-
2042-2046	1,780,000	213,213	-	-
Total	<u>\$ 103,207,933</u>	<u>\$ 35,685,260</u>	<u>\$ 23,181,993</u>	<u>\$ 6,896,072</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

City Hall & Fire Station Lease Obligation

In March 2012, the City of Folsom entered into a Site Lease Agreement with the Folsom Public Financing Authority leasing the properties on which sit Folsom City Hall and the Folsom Central Business District Fire Station to the Authority in exchange for a one time rental payment of \$10,538,467. That amount, along with reserve funds on hand, was used to prepay \$2,596,022 of the 2001 City of Folsom Certificates of Participation and redeem the \$7,797,444 of the FPFA Refunding Lease Revenue Bonds, with the additional amount paying costs of issuance. Concurrently, the Folsom Public Financing Authority entered into a Facilities Lease Agreement with the City of Folsom leasing Folsom City Hall and the Central Business District Fire Station to the City in exchange for scheduled yearly Base Rental Payments to the Authority. The Facility Lease was subsequently assigned by FPFA to the Bank of Nevada. Subsequently, the Folsom Public Financing Authority entered into an Assignment Agreement with the Bank of Nevada assigning the Authority's right to receive the Base Rental Payments to the Bank of Nevada in exchange for \$10,538,467. The Base Rental Payments are split into two payments. The \$7,910,564 lease relating to Folsom City Hall has a tax-exempt interest rate of 2.65% and has a final payment on October 1, 2017. The \$2,671,587 lease relating to the Folsom Central Business District Fire Station has a tax-exempt interest rate of 3.45% and has a final payment on October 1, 2026.

Total City Hall & Fire Station Lease Obligation

\$ 4,640,514

Year Ending June 30	Lease Obligation	
	Governmental Activities	
	Principal	Interest
2017	\$ 1,523,144	\$ 119,570
2018	1,425,163	79,275
2019	165,390	56,967
2020	172,185	51,203
2021	173,786	45,249
2022-2026	967,249	131,100
2027	213,597	3,685
Total	<u>\$ 4,640,514</u>	<u>\$ 487,048</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Obligations under Capital Lease

Governmental activities:

\$1,137,894 Lease secured by one 2015 Pierce Velocity 100' Tiller payable in annual installments of \$130,346 beginning August, 2014 through August, 2023 with an interest rate of 2.82%.	\$ 921,976
\$1,022,841 Lease secured by a lease/leaseback agreement of the Folsom Sports Complex building with Capital One Public Finance to finance synthetic turf field replacements payable in annual installments of \$145,000 beginning September, 2014 through September, 2021 with an interest rate of 3.15%	<u>765,909</u>
	<u><u>\$ 1,687,885</u></u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 2,255,565
Less: accumulated depreciation	<u>(183,644)</u>
Total	<u><u>\$ 2,071,921</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

	<u>Governmental Activities</u>
<u>Fiscal year ending</u>	
2017	\$ 275,346
2018	275,346
2019	275,346
2020	275,346
2021	275,346
2022-2025	<u>536,038</u>
Total minimum lease payments	<u>1,912,768</u>
Less: amount representing interest	<u>(224,883)</u>
Present value of minimum lease payments	<u><u>\$ 1,687,885</u></u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Compensated Absences

The City's policy relating to compensated absences is described in Note 1. There is no fixed payment schedule for compensated absences. In prior years, compensated absences have been liquidated primarily by the General Fund and proprietary funds.

8. PLEDGE OF FUTURE REVENUES

The Folsom Public Financing Authority Water Revenue Bonds, Series 2009 and Series 2013 are limited parity obligations payable solely from revenues consisting of installment payments to be made by the City under an installment purchase contract. The obligation of the City to make installment payments constitutes a special obligation of the City payable solely from the net revenues of the water system and certain other funds as provided in the installment purchase contract. Net revenues for any fiscal year are the gross income and revenue received, including all charges, fees, and rates and all connection fees, less the maintenance and operations costs. \$15,825,000 in Series 2009 Bonds were issued primarily to refund the 1998 Water Revenue Bonds, which were used to previously upgrade the treatment facilities. \$12,779,582 in Series 2013 Bonds were issued primarily to refund the 2005A Water Revenue Bonds, which were issued to finance a portion of the costs of the 2005 Water Project, which consisted of improvements designed to increase the capacity of the existing water treatment from a peak capacity of 40 mgd to a peak capacity of 50 mgd as well as to upgrade disinfection facilities. The total principal and interest remaining to be paid on the bonds is \$30,078,065 through fiscal year 2034. Principal and interest paid for the current year and total customer net revenues were \$2,003,679 and \$3,201,780 respectively.

9. DEBT WITH NO CITY COMMITMENT

Special assessment Districts in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2016 is as follows:

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Description	Issue Date	Maturity Date	June 30, 2016
Assessment District Blue Ravine Oaks East	8/3/89	9/2/15	\$ -
Assessment District 89-1 Folsom Auto Plaza	12/18/03	9/2/18	1,615,000
Assessment District 90-1 Hannaford Crossing	4/1/98	9/2/20	725,000
Assessment District 92-1 Natoma Station	12/8/92	9/2/19	105,000
Assessment District 93-2 Legends	6/8/93	9/2/18	105,000
Assessment District 94-3 Cobble Hills Ridge	9/29/94	9/2/19	405,000
Assessment District 95-1 Ridgeview	7/24/95	9/2/20	450,000
Assessment District 95-2 Cresleigh Natoma	7/24/95	9/2/20	385,000
Reassessment District 2008-01 Prairie Oaks Ranch	7/30/08	9/2/19	5,873,940
Community Facilities District No. 2 Natoma Station II	5/4/10	12/1/19	4,745,000
Community Facilities District No. 3 Folsom Heights	3/18/98	12/1/15	-
Community Facilities District No. 4 Broadstone	5/13/98	8/1/18	810,000
Community Facilities District No. 7 Broadstone II, Series 2011	8/2/11	9/1/24	8,310,000
Community Facilities District No. 7 Broadstone II, Series 2012	7/12/12	9/1/21	6,773,791
Community Facilities District No. 8 The Parkway, Series 2012	7/12/12	9/1/21	1,786,772
Community Facilities District No. 9 Willow Creek South	7/19/07	9/1/17	390,000
Community Facilities District No. 10, Empire Ranch, Series 2007	7/19/07	9/1/28	34,295,000
Community Facilities District No. 10, Empire Ranch, Series 2010	7/7/10	9/1/24	15,340,000
Community Facilities District No. 11 Willow Springs	7/19/07	9/1/23	5,080,000
Community Facilities District No. 14 Parkway II, Series 2007	7/19/07	9/1/32	15,460,000
Community Facilities District No. 17 Willow Hill Pipeline Proj.	9/3/15	9/1/45	6,675,000
			\$109,329,503

The following schedule reflects the outstanding balance of Tax Allocation Bonds formally held by the City. These were transferred to the Successor Agency as of January 31, 2012 and are reported in the Private Purpose Trust Fund statement.

Description	Issue Date	Maturity Date	June 30, 2016
Folsom RDA, Central Folsom Redevelopment Project TABS, Series 2005	8/25/05	8/1/33	\$ 9,505,000
Folsom RDA, Central Folsom Redevelopment Project TABS, Series 2006	12/14/06	8/1/36	15,830,000
Folsom RDA, Central Folsom Redevelopment Project TABS, Series 2009	10/22/09	8/1/36	14,440,000
Folsom RDA, Central Folsom Redevelopment Project Subordinate TABS, Taxable Series 2011A	3/4/11	9/1/35	9,015,000
Folsom RDA, Central Folsom Redevelopment Project Housing Set Aside TABS, Taxable Series 2011B	3/4/11	8/1/35	10,265,000
Owner Participation Agreement			866,545
Less: Issuance discounts/premiums, net			(448,182)
			\$ 59,473,363

10. CLASSIFICATION OF NET POSITION/FUND BALANCE

In the Government-wide Financial Statements, net position is classified in the following categories.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Investments held in trust represent assets held for future special assessment debt service. This category also includes amounts

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

restricted for Debt service, Low and moderate income housing, Transportation/streets, Lighting and landscape assessment districts and Critical facilities.

Unrestricted Net Position – This category represents the net assets of the City, which are not restricted for any project or other purpose.

In the Fund Financial Statements, Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2016 follows:

	General Fund	Folsom Housing Special Revenue Fund	Folsom Public Financing Authority Debt Service Fund	Transportation Improvement Capital Projects Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 360,929	\$ -	\$ -	\$ -	\$ -	\$ 360,929
Prepays	39,390	-	-	-	-	39,390
Land held for resale	-	-	-	-	-	-
Endowment principal	-	-	-	-	398,396	398,396
Total nonspendable fund balance	400,319	-	-	-	398,396	798,715
Restricted for:						
Debt Service	-	-	117,416,850	-	10,739,416	128,156,266
Police training and equipment	-	-	-	-	622,022	622,022
Police capital projects	-	-	-	-	451,113	451,113
Fire capital projects	-	-	-	-	2,979,173	2,979,173
General capital improvements	-	-	-	-	881,192	881,192
Light rail transportation improvements	-	-	-	-	324,930	324,930
Drainage capital projects	-	-	-	-	160,402	160,402
CFD 10 improvements	-	-	-	-	2,882,964	2,882,964
Park capital improvements	-	-	-	-	2,519,380	2,519,380
Zoo improvements	-	-	-	-	149,096	149,096
Lighting and Landscape districts	-	-	-	-	4,327,881	4,327,881
Transportation projects	-	-	-	11,197,200	3,590,990	14,788,190
Community Development Block Grant	-	-	-	-	267,357	267,357
Folsom Specific Plan Area infrastructure	-	-	-	-	100,850	100,850
Loans receivable	-	10,437,906	-	-	-	10,437,906
Low and Moderate Income Housing	-	1,156,397	-	-	-	1,156,397
Total restricted fund balance	-	11,594,303	117,416,850	11,197,200	29,996,766	170,205,119
Committed for:						
Transportation projects	-	-	-	-	118,544	118,544
Tree mitigation	-	-	-	-	704,936	704,936
General plan amendment	-	-	-	-	173,642	173,642
Low income housing	-	-	-	-	1,622,490	1,622,490
Wetland/open space maintenance	-	-	-	-	30,386	30,386
Park improvements	-	-	-	-	931,271	931,271
Total committed fund balance	-	-	-	-	3,581,269	3,581,269
Assigned to:						
Encumbrances-to liquidate purchase orders	1,234,023	-	-	-	-	1,234,023
Purpose of fund	-	-	52,678	-	3,108,181	3,160,859
Total assigned fund balance	1,234,023	-	52,678	-	3,108,181	4,394,882
Unassigned fund balance:	10,950,323	-	-	-	(968,842)	9,981,481
Total fund balances	\$ 12,584,665	\$ 11,594,303	\$ 117,469,528	\$ 11,197,200	\$ 36,115,770	\$ 188,961,466

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

11. PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website: www.calpers.ca.gov

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment with the retirement formula for Miscellaneous of 2.7% @ 55 for existing “classic” members, 2% @ 55 for “new” members with a start date on or after July 1, 2010 and 2% @ 62 for “new” members with a start date on or after January 1, 2013. The retirement formula for Safety is 3% @ 50 for “classic” members, 2% @ 50 for “new” members with a start date on or after July 1, 2010 and 2.7% @ 57 for “new” members with a start date on or after January 1, 2013. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Classic - Prior to June 30, 2010	New - On or after July 1, 2010	New - On or after January 1, 2013
Hire Date			
Formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	25.817%	25.817%	25.817%

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

	Safety		
	Classic - Prior to June 30, 2010	New - On or after July 1, 2010	New - On or after January 1, 2013
Hire Date			
Formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of annual salary	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.0%	9.0%	11.25%
Required employer contribution rates	38.631%	38.631%	38.631%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	302	105
Inactive employees entitled to but not yet receiving benefits	274	49
Active employees	266	121
Total	<u>842</u>	<u>275</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In 2016, the employer contribution to CalPERS was \$10.1 million.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.65% (1)	7.65% (1)
Mortality Rate Table	Based on CalPERS Experience Study	Based on CalPERS Experience Study

(1) Net of pension plan investment and administrative expenses; includes inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Change of Assumption - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11+</u>
Global Equity	51.1%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability, measured as of June 30, 2015, for each Plan follows:

	<u>Miscellaneous</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	<u>\$ 171,360,194</u>	<u>\$ 121,289,796</u>	<u>\$ 50,070,398</u>
Changes in the year:			
Service Cost	\$ 3,463,856	\$ -	\$ 3,463,856
Interest on the total pension liability	12,827,742	-	12,827,742
Changes in benefit terms	819,877	-	819,877
Changes in assumptions	(3,280,830)	-	(3,280,830)
Differences between actual and expected experience	294,972	-	294,972
Contribution - employer	-	4,523,081	(4,523,081)
Contribution - employee	-	1,593,443	(1,593,443)
Net investment income	-	2,668,545	(2,668,545)
Benefit payments, including refunds of employee contributions	(6,486,519)	(6,486,519)	-
Administrative expense	-	(138,974)	138,974
Net changes	<u>7,639,098</u>	<u>2,159,576</u>	<u>5,479,522</u>
Balance at June 30, 2016	<u>\$ 178,999,292</u>	<u>\$ 123,449,372</u>	<u>\$ 55,549,920</u>

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 150,667,533	\$ 103,976,672	\$ 46,690,861
Changes in the year:			
Service Cost	\$ 3,525,048	\$ -	\$ 3,525,048
Interest on the total pension liability	11,200,515	-	11,200,515
Changes in benefit terms	253,356	-	253,356
Changes in assumptions	(2,937,784)	-	(2,937,784)
Differences between actual and expected experience	(106,665)	-	(106,665)
Plan to plan resource movement		(49,988)	49,988
Contribution - employer	-	4,705,025	(4,705,025)
Contribution - employee	-	1,313,706	(1,313,706)
Net investment income	-	2,317,142	(2,317,142)
Benefit payments, including refunds of employee contributions	(6,454,000)	(6,454,000)	-
Administrative expense	-	(118,942)	118,942
Net changes	5,480,470	1,712,943	3,767,527
Balance at June 30, 2016	\$ 156,148,003	\$ 105,689,615	\$ 50,458,388
Balance at June 30, 2016 - Both Plans	\$ 335,147,295	\$ 229,138,987	\$ 106,008,308

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 80,743,961	\$ 73,060,798	\$ 153,804,759
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 55,549,920	\$ 50,458,388	\$ 106,008,308
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 34,772,512	\$ 31,975,042	\$ 66,747,554

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$4,643,275 for the Miscellaneous plan and \$4,679,730 for the Safety plan. At June 30, 2016, the City reported

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ -	\$ 4,447,341
Differences between actual and expected experience	104,728	-
Net differences between projected and actual earnings on plan investments	-	1,769,487
Pension contributions subsequent to measurement date	10,141,955	
Total	\$ 10,246,683	\$ 6,216,828

\$10,141,955 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	Amortization Total
2017	\$ (3,084,082)
2018	(2,870,806)
2019	(2,017,701)
2020	1,860,489
Total	\$ (6,112,100)

12. POST-EMPLOYMENT HEALTH CARE BENEFITS

Basis of Accounting - Employees are not required to contribute to the plan. Employer contributions are recognized when due and when a formal commitment is made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Description – The City of Folsom Retiree Health Program (City) is a single-employer defined benefit healthcare plan administered by Benefit Trust Company. The City provides medical, dental and vision insurance benefits to eligible retirees. Benefit provisions are established and may be amended by City labor agreements, which are approved by the City Council. On November 27, 2007, the Council adopted a resolution authorizing the City Manager to establish a Futuris Public Entity Investment Trust and a Retirement Board of Authority (BOA). The BOA is made up of the Mayor, one at large Council member, City Manager, Finance Director, and the Human Resources Director. The BOA has delegated authority of the OPEB trust to Benefit Trust Company (BTC) per the Futuris Trust Administrative Services Agreement. Upon signing the agreement, BTC has been deemed to have executed the Trust and during the term of this Agreement, BTC further agreed to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the Trust.

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Council. For fiscal year 2015-2016, the City contributed \$3,111,572 to the plan, for current premiums. Plan members receiving benefits contributed \$442,440 or approximately 14% of the total premiums, through their required contributions ranging from \$20 - \$639 per month, depending on coverage.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page 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.

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 6,724,297	\$ 535,795	\$ 7,260,092
Interest on net OPEB obligation	601,832	47,954	649,786
Adjustment to annual required contribution	<u>(4,287,643)</u>	<u>(341,641)</u>	<u>(4,629,284)</u>
Annual OPEB cost (expense)	3,038,486	242,108	3,280,594
Contributions made	<u>(2,881,938)</u>	<u>(229,634)</u>	<u>(3,111,572)</u>
Increase in net OPEB obligation	156,548	12,474	169,022
Net OPEB obligation - beginning of year	<u>12,085,431</u>	<u>1,175,517</u>	<u>13,260,948</u>
Net OPEB obligation - end of year	<u>\$ 12,241,979</u>	<u>\$ 1,187,991</u>	<u>\$ 13,429,970</u>

The ARC was determined as part of the February 1, 2016 actuarial valuation. The ARC rate was 7% of annual covered payroll. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 3,997,182	71%	\$ 12,613,620
6/30/2015	3,828,757	83%	13,260,948
6/30/2016	3,280,594	95%	13,429,970

Net OPEB Obligation is allocated across the governmental and business-type activities based on their proportionate current retiree healthcare expenses.

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2016, based on the February 1, 2016 actuary report, was as follows:

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

Actuarial accrued liability (AAL)	\$ 93,554,168
Actuarial value of plan assets	<u>3,488,917</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 90,065,251</u>
Funded ratio (actuarial value of plan assets/AAL)	3.7%
Covered payroll (active plan members)	\$ 40,120,870
UAAL as a percentage of covered payroll	224.5%

Actuarial valuations of an ongoing plan involve 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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial 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 actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2016, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.9% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4% and an inflation assumption of 2.75%. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was \$3,488,917. The plan's unfunded actuarial accrued liability is being amortized using the flat dollar amount method over 30 years. The remaining amortization period as of June 30, 2016 was 28 years.

13. 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; injuries to employees; and natural disasters.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

The City has joined together with other Cities in the State of California to participate in Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$100,000 retention for liability and

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

workers' compensation. In addition, NCCSIF provides claims servicing to the City for the banking layer, which represents the City's self-insurance. The NCCSIF is composed of 18 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The workers' compensation and general liability programs are administered by third-party administrators.

NCCSIF is a governmental joint powers authority formed in July 1978, pursuant to the Government Code of the State of California, commencing with Section 6500. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides pooled claims processing administrative services, risk management services, and actuarial studies. The City of Folsom Council members do not have significant oversight responsibility, since they evenly share all factors of risk and responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its shared equity balance.

Upon termination of the JPA agreement, all property of the authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual equity balances of each entity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

The City's deposit for its banking layer administered by NCCSIF of \$3,807,164 and \$2,722,264 as of June 30, 2016 and 2015 is recorded in the risk management fund as insurance deposits, respectively. The insurance deposit is net of any outstanding claims liability. Activity for the fiscal years ended June 30, 2016 and 2015 is as follows:

	Balance 6/30/2014	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2015
General Liability	\$ 761,115	\$ 527,524	\$ 41,489	\$ (417,428)	\$ (259,275)	\$ 653,425
Workers' Compensation	1,352,304	1,262,818	86,191	(506,234)	(126,240)	2,068,839
Total	\$ 2,113,419	\$ 1,790,342	\$ 127,680	\$ (923,662)	\$ (385,515)	\$ 2,722,264

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

	Balance 6/30/2015	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2016
General Liability	\$ 653,425	\$ 550,158	\$ 64,738	\$ (446,793)	\$ 193,652	\$ 1,015,180
Workers' Compensation	2,068,839	1,146,699	181,010	(851,756)	247,192	2,791,984
Total	<u>\$ 2,722,264</u>	<u>\$ 1,696,857</u>	<u>\$ 245,748</u>	<u>\$ (1,298,549)</u>	<u>\$ 440,844</u>	<u>\$ 3,807,164</u>

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2016.

	Liability	Workers' Compensation	Total
Assets	\$ 12,377,002	\$41,702,626	\$54,079,628
Liabilities	10,143,304	29,936,767	40,080,071
Net assets	<u>\$ 2,233,698</u>	<u>\$11,765,859</u>	<u>\$13,999,557</u>
Revenues	\$ 5,896,045	\$ 9,945,275	\$15,841,320
Expenses	5,567,418	7,220,619	12,788,037
Operating income	328,627	2,724,656	3,053,283
Investment income	389,480	1,176,672	1,566,152
Net income	718,107	3,901,328	4,619,435
Net assets, beginning of year	1,515,591	7,864,531	9,380,122
Net assets, end of year	<u>\$ 2,233,698</u>	<u>\$11,765,859</u>	<u>\$13,999,557</u>

The NCCSIF audited financial statements for the period ended June 30, 2016 are available on the City's website.

Coverage Limits:

Amount	Coverage provider	Payment Source
LIABILITY CLAIMS:		
\$ - \$ 100,000	Self-Insured	Banking layer
100,001 1,000,000	Northern California Cities Self Insurance Fund	Shared risk pool
1,000,001 39,000,000	California Joint Powers Risk Management Authority	Shared risk pool
WORKERS' COMPENSATION:		
\$ - \$ 100,000	Self-Insured	Banking layer
100,001 500,000	Northern California Cities Self Insurance Fund	Shared risk pool
500,001 50,000,000	California Joint Powers Risk Management Authority	Shared risk pool

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

14. COMMITMENTS

Reimbursement Agreements – On April 15, 1997, a Development Agreement for credits totaling \$1,195,982 was signed between the City of Folsom and Creekside Court LLC. The agreement pertains to the purchase of certain parcels within the former Folsom Auto Plaza site and stipulates that Creekside Court LLC may assign these credits to projects within the former Folsom Auto Plaza project area and/or to other projects within the City of Folsom. As of June 30, 2016 four projects have been completed and credits applied totaling \$1,170,921 with a remaining balance of \$25,061. This balance is recorded in the City's General Fund.

Facilities Augmentation Fund - Folsom South Area Facilities Plan -

For the purpose of implementing the Folsom South Area Facilities Plan of the Public Facilities Element of the General Plan of the City of Folsom, a Facilities Augmentation Fee (FAF) and Critical and General Facilities Augmentation Funds have been established for the purpose of funding the construction of both General and Critical Facilities. Such fees are intended to augment existing City fees and thereby provide the necessary means for financing the construction of the facilities identified in the Folsom South Area Facilities Plan and shall be imposed upon each parcel of real property within a specified area. "General Facilities" are those water delivery, sewer, roadway and drainage improvements identified in the Folsom South Area Facilities Plan as prerequisites for development in the Folsom South Area. "Critical Facilities" are the following facilities which are identified in the Folsom South Area Facilities Plan: improvements to the treatment and water storage facilities, upgrading of the sewer pump station facilities and provision for an additional sewage outflow main.

The amount of the FAF will be revised annually, to be effective on January 1 of each year commencing January 1, 1984. Critical facilities fees are due and payable at time of recording of any final subdivision or parcel map covering property within the specified area.

A property owner/developer shall be entitled to credits against the FAF. A property owner/developer who has installed and paid for, or subjected its property to assessment liens to cover the cost of installing general and/or critical facilities shall receive a credit against that portion of the FAF attributable to general and/or critical fees. If the credit exceeds the portion of the FAF attributable to general facilities, the difference shall be reimbursed to the property owner/developer. If the credit exceeds the portion of the FAF attributable to critical facilities, the excess may, in the discretion of the City Council, be credited against the portion of the FAF attributable to general facilities. Otherwise, the amount shall be reimbursed to the property owner/developer. No interest shall be paid upon the amount, which the property owner/developer is due from general facilities account. Reimbursement to developers shall have priority over the use of general facilities fees for the construction of general facilities.

During the year ended June 30, 2015 the City received \$0 of critical facilities fees. The City, at June 30, 2016 had \$119,965 available for reimbursement of general facilities credits.

Annexation Agreement -

The City of Folsom annexed the Alder Creek Development as of January 1, 1993. This annexation consists of 310 acres. The annexation facilitated the development of an Auto-Mall on approximately 56 acres. The site is immediately adjacent to the Folsom Boulevard and Highway 50 freeway exit. The retail sales tax produced by the taxable sales of all of the

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

businesses within this area is shared, 50% to the City and 50% to Sacramento County through a property tax exchange agreement.

15. CONTINGENT LIABILITIES

General Liability – There are various claims and legal actions pending against the City for which no provision has been made to the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a Public Entity Risk Pool. Details of this are covered in Note 13.

Arbitrage Rebate - Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. The City estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

16. LANDFILL CLOSURE/POSTCLOSURE

The City landfill opened in 1974 and ceased operation in the spring of 1986. The landfill closure was completed on January 8, 1997 as per California Code of Regulations (CCR), Title 14, Chapter 3, Articles 7 and 8, and CCR, Title 23, Chapter 15. Landfill closure included installing a clay and soil cap, with vegetative cover. A small paved parking area was built on a portion of the closed landfill. The cost of closure was \$425,201. Financial assurance for the landfill closure and post closure care is described in the City's Water Quality Monitoring and Response Plan dated November 1992. Since the landfill did not accept waste after 1986, the funding for closure costs is not allocated on the basis of landfill capacity as required under the Code of Federal Regulations (CFR), Title 40, Parts 257 and 258, Subtitle D, Section 66796.22.

Three groundwater monitoring wells were installed in 1984. Three additional groundwater monitoring wells and six gas monitoring wells were installed in 1995 and in May 2001, a seventh groundwater monitoring well was installed. Annual maintenance costs following closure were estimated to be \$5,000.

Postclosure care includes cleanup of any substance or material releases, semiannual monitoring, and routine maintenance. Actual costs since closure in 1997 have been significantly higher and are anticipated to remain at a higher level than originally estimated. In the prior year, it was estimated that the postclosure care period would continue for nineteen years.

During FY 2009, the City initiated a "clean closure" of the inactive landfill in accordance with Title 27 of the California Code of Regulations. Clean closure is a process where the waste in the inactive landfill is removed, sorted and characterized for recycling or offsite disposal, resulting in a clean property. The City initiated the clean closure to address the impacts to groundwater and

City of Folsom

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2016

to reduce postclosure monitoring costs. The clean closure was completed in November 2009 and received certification of clean closure in accordance with Title 27 requirements from the respective oversight agencies in January 2010. The City remains responsible for continued postclosure groundwater monitoring and must demonstrate compliance with the prescribed monitoring requirements for 3 consecutive years. During FY 2013, a review conducted by one of the respective oversight agencies noted that while the corrective action performed is working, the City will need to continue to perform postclosure groundwater monitoring in order to achieve full compliance. As of June 30, 2016, the estimate for post closure costs was \$87,000.

The City has identified multiple funding sources for postclosure costs including the Wastewater Fund and Solid Waste Funds. The total current costs of postclosure care are estimates and subject to changes resulting from inflation/deflation, technology, change in scope of work, or changes in applicable laws or regulations.

17. DEFICIT FUND BALANCES

- The Humbug Willow Creek Special Revenue Fund had a deficit fund balance of \$968,842 at June 30, 2016 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.
- The Solid Waste Enterprise Fund had a deficit fund balance of \$819,368 at June 30, 2016 primarily as a result of the implementation of GASB 68 and the corresponding net pension liability that was added to the financial statements.

18. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

- Expenditures exceeded appropriations in the Community Development Block Grant Special Revenue Fund by \$38,747 due to planned expenditure of fund balance.
- Expenditures exceeded appropriations in the Folsom Public Financing Authority Debt Service Fund by \$310,433 due to early repayments of debt due to calls.
- Expenditures exceeded appropriations in the City Parks and Traffic Signals Debt Service Fund by \$1,781 due to interest payment.

19. CHANGE IN ACCOUNTING PRINCIPLES

Implementation of new accounting standard GASB Statement No. 72 – As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, as of July 1, 2015. The impact of the implementation to increase the fair value of investments held in trust is as follows:

<u>Governmental Activities/ Folsom Public Financing Authority Debt Service Fund</u>	<u>June 30, 2015 Previously Presented</u>	<u>Restatement</u>	<u>July 1, 2015 Restated</u>
Fund balance, beginning of year	\$ 107,704,920	\$ 12,938,023	\$120,642,943
Investments held in trust	104,964,832	12,938,023	117,902,855
Net position, beginning of year	324,323,478	12,938,023	337,261,501

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - LAST 10 YEARS*

	<u>Miscellaneous</u> <u>2015</u>	<u>Miscellaneous</u> <u>2016</u>
Total Pension Liability		
Service Cost	\$ 3,733,451	\$ 3,463,856
Interest on the total pension liability	12,026,923	12,827,742
Changes in benefit terms	-	819,877
Changes in assumptions	-	(3,280,830)
Differences between actual and expected experience	-	294,972
Benefit payments, including refunds of employee contributions	(5,784,838)	(6,486,519)
Net change in total pension liability	<u>9,975,536</u>	<u>7,639,098</u>
Total pension liability - beginning	<u>161,384,658</u>	<u>171,360,194</u>
Total pension liability - ending (a)	<u>\$ 171,360,194</u>	<u>\$ 178,999,292</u>
Plan fiduciary net position		
Contributions - employer	\$ 4,376,606	\$ 4,523,081
Contributions - employee	2,232,850	1,593,443
Net investment income	17,933,745	2,668,545
Benefit payments	(5,784,838)	(6,486,519)
Administrative expense	-	(138,974)
Net change in plan fiduciary net position	<u>18,758,363</u>	<u>2,159,576</u>
Plan fiduciary net position - beginning	<u>102,531,433</u>	<u>121,289,796</u>
Plan fiduciary net position - ending (b)	<u>\$ 121,289,796</u>	<u>\$ 123,449,372</u>
Net pension liability - ending (a)-(b)	<u>\$ 50,070,398</u>	<u>\$ 55,549,920</u>
Plan fiduciary net position as a percentage of the total pension liability	70.78%	68.97%
Covered - employee payroll	22,140,150	21,527,190
Net pension liability as percentage of covered employee payroll	226.15%	258.05%
Measurement Date	June 30, 2014	June 30, 2015
	<u>Safety</u> <u>2015</u>	<u>Safety</u> <u>2016</u>
Total Pension Liability		
Service Cost	\$ 3,769,467	\$ 3,525,048
Interest on the total pension liability	10,582,614	11,200,515
Changes in benefit terms	-	253,356
Changes in assumptions	-	(2,937,784)
Differences between actual and expected experience	-	(106,665)
Benefit payments, including refunds of employee contributions	(5,802,650)	(6,454,000)
Net change in total pension liability	<u>8,549,431</u>	<u>5,480,470</u>
Total pension liability - beginning	<u>142,118,102</u>	<u>150,667,533</u>
Total pension liability - ending (a)	<u>\$ 150,667,533</u>	<u>\$ 156,148,003</u>
Plan fiduciary net position		
Contributions - employer	\$ 4,616,712	\$ 4,705,025
Contributions - employee	1,285,454	1,313,706
Net investment income	15,398,818	2,317,142
Benefit payments	(5,802,650)	(6,454,000)
Plan to Plan Resource Movement	-	(49,988)
Administrative Expense	-	(118,942)
Net change in plan fiduciary net position	<u>15,498,334</u>	<u>1,712,943</u>
Plan fiduciary net position - beginning	<u>88,478,338</u>	<u>103,976,672</u>
Plan fiduciary net position - ending (b)	<u>\$ 103,976,672</u>	<u>\$ 105,689,615</u>
Net pension liability - ending (a)-(b)	<u>\$ 46,690,861</u>	<u>\$ 50,458,388</u>
Plan fiduciary net position as a percentage of the total pension liability	69.01%	67.69%
Covered - employee payroll	18,541,342	18,593,681
Net pension liability as percentage of covered employee payroll	251.82%	271.37%
Measurement Date	June 30, 2014	June 30, 2015

Notes to Schedule:

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

City of Folsom - REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – LAST 10 YEARS*

	<u>Miscellaneous Plan</u>		<u>Miscellaneous Plan</u>	
	<u>2015</u>		<u>2016</u>	
Actuarially determined contribution	\$	5,207,270	\$	5,491,722
Contributions in relation to the actuarially determined contributions		(5,207,270)		(5,491,722)
Contribution deficiency (excess)	\$	-	\$	-
Covered-employee payroll		21,527,190		22,074,672
Contributions as a percentage of covered-employee payroll		24.19%		24.88%

	<u>Safety Plan</u>		<u>Safety Plan</u>	
	<u>2015</u>		<u>2016</u>	
Actuarially determined contribution	\$	5,394,746	\$	5,564,255
Contributions in relation to the actuarially determined contributions		(5,394,746)		(5,564,255)
Contribution deficiency (excess)	\$	-	\$	-
Covered-employee payroll		18,593,681		18,863,681
Contributions as a percentage of covered-employee payroll		29.01%		29.50%

Notes to Schedule

Valuation date:	June 30, 2012	June 30, 2013
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll	Level percent of payroll
Asset valuation method	Market value	Market value
Inflation	2.75%	2.75%
Salary increases	3.3% to 14.20% depending on Age, Service, and type of employment	3.3% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%	7.50%
Retirement age	55	55
Mortality	Based on CalPERS Experience Study	Based on CalPERS Experience Study

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

POST-EMPLOYMENT HEALTH CARE BENEFITS – SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of assets (b)	Unfunded		Annual covered payroll (c)	UAAL as a % of payroll [(a)-(b)]/(c)
			Actuarial liability (UAAL) (a) - (b)	Funded Ratio (b) / (a)		
2/1/2012	\$ 53,270,861	\$ 2,337,208	\$ 50,933,653	4.4%	\$ 37,208,549	136.9%
2/1/2014	62,120,717	3,029,563	59,091,154	4.9%	41,480,006	142.5%
2/1/2016	93,554,168	3,488,917	90,065,251	3.7%	40,120,870	224.5%

CITY OF FOLSOM, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property	\$ 20,830,411	\$ 20,830,411	\$ 21,732,471	\$ 902,060
Sales and use	20,685,904	20,685,904	22,168,300	1,482,396
Transient occupancy	1,650,000	1,650,000	1,847,238	197,238
Real property transfer	385,000	385,000	437,116	52,116
Other	700,000	700,000	918,210	218,210
Licenses and permits	1,926,080	1,926,080	2,092,393	166,313
Vehicle license fees	5,859,324	5,859,324	5,895,909	36,585
Intergovernmental revenues	330,000	1,035,022	563,214	(471,808)
Charges for current services	11,374,841	11,543,718	12,697,713	1,153,995
Fines and forfeitures	256,070	256,070	264,069	7,999
Interest revenue	150,000	150,000	179,151	29,151
Miscellaneous	1,220,314	1,606,169	2,468,650	862,481
Total revenues	<u>65,367,944</u>	<u>66,627,698</u>	<u>71,264,434</u>	<u>4,636,736</u>
EXPENDITURES:				
Current operating:				
General government	16,967,901	16,884,008	16,017,404	866,604
Public safety	33,774,074	33,775,612	34,347,338	(571,726)
Public ways and facilities	6,263,236	6,295,643	5,857,867	437,776
Community services	3,930,781	4,260,781	3,975,512	285,269
Culture and recreation	10,899,434	11,721,697	12,729,901	(1,008,204)
Capital outlay	1,190,229	1,190,229	1,190,229	-
Debt service:				
Principal payments	213,416	213,416	213,416	-
Total expenditures	<u>73,239,071</u>	<u>74,341,386</u>	<u>74,331,667</u>	<u>9,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,871,127)</u>	<u>(7,713,688)</u>	<u>(3,067,233)</u>	<u>4,646,455</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>7,871,127</u>	<u>7,762,688</u>	<u>6,414,784</u>	<u>(1,347,904)</u>
Total other financing sources (uses)	<u>7,871,127</u>	<u>7,762,688</u>	<u>6,414,784</u>	<u>(1,347,904)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>49,000</u>	<u>3,347,551</u>	<u>\$ 3,298,551</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,237,114</u>	<u>9,237,114</u>	<u>9,237,114</u>	
FUND BALANCE - ENDING	<u>\$ 9,237,114</u>	<u>\$ 9,286,114</u>	<u>\$ 12,584,665</u>	

CITY OF FOLSOM, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOLSOM HOUSING SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Fines and Forfeitures	\$ 175,000	\$ 175,000	\$ 48,026	\$ (126,974)
Charges for current services	-	-	57,520	57,520
Interest	33,804	33,804	140,553	106,749
Miscellaneous	(116,664)	(116,664)	-	116,664
Total revenues	<u>92,140</u>	<u>92,140</u>	<u>246,099</u>	<u>153,959</u>
EXPENDITURES:				
Current operating:				
General government	<u>90,000</u>	<u>90,000</u>	<u>20,545</u>	<u>69,455</u>
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>20,545</u>	<u>69,455</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,140</u>	<u>2,140</u>	<u>225,554</u>	<u>223,414</u>
OTHER FINANCING USES:				
Transfers out	<u>(2,140)</u>	<u>(2,140)</u>	<u>(2,140)</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>(2,140)</u>	<u>(2,140)</u>	<u>(2,140)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	223,414	<u>\$ 223,414</u>
FUND BALANCE - BEGINNING OF YEAR	<u>11,370,889</u>	<u>11,370,889</u>	<u>11,370,889</u>	
FUND BALANCE - END OF YEAR	<u>\$ 11,370,889</u>	<u>\$ 11,370,889</u>	<u>\$ 11,594,303</u>	

City of Folsom

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principals for all governmental funds except the capital projects funds, which adopt multi-year length budgets, and fiduciary funds, which are not budgeted. The level of control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund. All appropriations remaining at year-end lapse, except for purchases in progress which are carried forward to the following year and assigned by encumbrances. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A. Department Heads prepare a budget request based upon the previous year's expenditures.
- B. Meetings are held between the Department Heads, Chief Financial Officer, and the City Manager for the purpose of reviewing and prioritizing budget requests.
- C. The City Manager submits the proposed city budget to the City Council, who makes decisions regarding department budgets.
- D. Transfers between funds and changes in the total budget must be approved by the City Council.

Budget information is presented for the General Fund and the Folsom Housing Special Revenue Fund as required supplementary information. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

OTHER SUPPLEMENTARY INFORMATION



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

**CITY OF FOLSOM, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOLSOM PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ 9,408,751	\$ 9,408,751	\$ 6,686,240	\$ (2,722,511)
Interest	5,206,007	5,206,007	4,719,225	(486,782)
Total revenues	<u>14,614,758</u>	<u>14,614,758</u>	<u>11,405,465</u>	<u>(3,209,293)</u>
EXPENDITURES				
General Government	-	-	284,707	(284,707)
Debt service:				
Principal	9,396,719	9,396,719	9,431,719	(35,000)
Interest and fiscal charges	4,860,218	4,860,218	4,862,454	(2,236)
Cost of issuance	11,500	11,500	-	11,500
Total expenditures	<u>14,268,437</u>	<u>14,268,437</u>	<u>14,578,880</u>	<u>(310,443)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>346,321</u>	<u>346,321</u>	<u>(3,173,415)</u>	<u>(3,519,736)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(346,321)</u>	<u>(346,321)</u>	<u>-</u>	<u>346,321</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(346,321)</u>	<u>(346,321)</u>	<u>-</u>	<u>346,321</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(3,173,415)</u>	<u>\$ (3,173,415)</u>
FUND BALANCE - BEGINNING OF YEAR (AS RESTATED)	<u>120,642,943</u>	<u>120,642,943</u>	<u>120,642,943</u>	
FUND BALANCE - END OF YEAR	<u>\$ 120,642,943</u>	<u>\$ 120,642,943</u>	<u>\$ 117,469,528</u>	

City of Folsom

NOTE TO OTHER SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principals for all governmental funds except the capital projects funds, which adopt multi-year length budgets, and fiduciary funds, which are not budgeted. The level of control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund. All appropriations remaining at year-end lapse, except for purchases in progress which are carried forward to the following year and assigned by encumbrances. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A. Department Heads prepare a budget request based upon the previous year's expenditures.
- B. Meetings are held between the Department Heads, Chief Financial Officer, and the City Manager for the purpose of reviewing and prioritizing budget requests.
- C. The City Manager submits the proposed city budget to the City Council, who makes decisions regarding department budgets.
- D. Transfers between funds and changes in the total budget must be approved by the City Council.

Budget information is presented for the Folsom Public Financing Authority Debt Service Fund as other supplementary information. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2016:

Fund	Expenditures in excess of appropriations
Folsom Public Financing Authority Debt Service Fund	\$ 310,443

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for proposes that support the reporting government's programs.

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,835,091	\$ 2,906,435	\$ 7,854,973	\$ 434,280	\$ 23,030,779
Cash with fiscal agent	-	-	2,898,297	-	2,898,297
Investments held in trust	-	8,105,993	-	-	8,105,993
Receivables					
General accounts	58,548	33,563	-	-	92,111
Accrued interest	38,509	8,957	24,240	1,334	73,040
Loans	3,879,066	-	-	-	3,879,066
Special assessments - delinquent	-	41,329	-	-	41,329
Due from other governments	63,962	23,891	-	-	87,853
Restricted assets:					
Cash and cash equivalents	370,303	-	-	-	370,303
Total assets	<u>\$ 16,245,479</u>	<u>\$ 11,120,168</u>	<u>\$ 10,777,510</u>	<u>\$ 435,614</u>	<u>\$ 38,578,771</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 1,207,802	\$ -	\$ 246,469	\$ 6,832	\$ 1,461,103
Wages payable	-	-	6,716	-	6,716
Due to other funds	735,280	-	6,684	-	741,964
Unearned revenue	211,889	-	-	-	211,889
Total liabilities	<u>2,154,971</u>	<u>-</u>	<u>259,869</u>	<u>6,832</u>	<u>2,421,672</u>
DEFERRED INFLOWS OF RESOURCES					
Special assessments not collected	-	41,329	-	-	41,329
FUND BALANCES:					
Nonspendable	-	-	-	398,396	398,396
Restricted	8,876,148	10,739,416	10,381,202	-	29,996,766
Committed	3,550,883	-	-	30,386	3,581,269
Assigned	2,632,319	339,423	136,439	-	3,108,181
Unassigned	(968,842)	-	-	-	(968,842)
Total fund balances	<u>14,090,508</u>	<u>11,078,839</u>	<u>10,517,641</u>	<u>428,782</u>	<u>36,115,770</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,245,479</u>	<u>\$ 11,120,168</u>	<u>\$ 10,777,510</u>	<u>\$ 435,614</u>	<u>\$ 38,578,771</u>

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES:					
Licenses and permits	\$ 6,414	\$ -	\$ -	\$ -	\$ 6,414
Intergovernmental revenues	2,799,385	138,342	263,242	-	3,200,969
Charges for current services	3,768,924	-	1,715,197	-	5,484,121
Fines and forfeitures	417,578	-	-	-	417,578
Assessment collections	-	1,460,233	-	-	1,460,233
Interest revenue	166,656	1,453,745	155,862	5,760	1,782,023
Miscellaneous	56,443	-	109,025	130,000	295,468
Total revenues	<u>7,215,400</u>	<u>3,052,320</u>	<u>2,243,326</u>	<u>135,760</u>	<u>12,646,806</u>
EXPENDITURES:					
Current:					
General government	1,069,907	-	-	-	1,069,907
Public safety	4,396	-	-	-	4,396
Public ways and facilities	2,327,631	-	1,420,990	-	3,748,621
Culture and recreation	113,118	-	-	7,808	120,926
Capital outlay	1,238,865	-	567,972	-	1,806,837
Debt service:					
Principal payments	-	1,445,000	-	-	1,445,000
Interest and fiscal charges	-	256,847	-	-	256,847
Total expenditures	<u>4,753,917</u>	<u>1,701,847</u>	<u>1,988,962</u>	<u>7,808</u>	<u>8,452,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,461,483</u>	<u>1,350,473</u>	<u>254,364</u>	<u>127,952</u>	<u>4,194,272</u>
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	6,675,000	-	-	6,675,000
Transfers in	24,952	-	-	-	24,952
Transfers out	(2,042,579)	(23,503)	(799,222)	(834)	(2,866,138)
Total other financing sources (uses)	<u>(2,017,627)</u>	<u>6,651,497</u>	<u>(799,222)</u>	<u>(834)</u>	<u>3,833,814</u>
NET CHANGE IN FUND BALANCES	443,856	8,001,970	(544,858)	127,118	8,028,086
FUND BALANCES, BEGINNING OF YEAR	<u>13,646,652</u>	<u>3,076,869</u>	<u>11,062,499</u>	<u>301,664</u>	<u>28,087,684</u>
FUND BALANCES, END OF YEAR	<u>\$ 14,090,508</u>	<u>\$ 11,078,839</u>	<u>\$ 10,517,641</u>	<u>\$ 428,782</u>	<u>\$ 36,115,770</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Planning Services:

To account for revenues and disbursements of special planning services for developers.

Transportation Tax:

To account for receipts of SB-325 transportation tax monies.

Park Dedication (Quimby):

To account for Quimby Act Fees for park development purposes.

Gas Tax:

Gas Tax 2105 - To account for money apportioned under Streets and Highways Code Sec. 2105.

Gas Tax 2106 - To account for money apportioned under Streets and Highways Code Sec. 2106.

Gas Tax 2107 - To account for money apportioned under Streets and Highways Codes Sec. 2107 and SB-300 Special Motor Vehicle Fuel Tax Apportionment.

Gas Tax 2107.5 - To account for money apportioned under Street and Highways Code Sec. 2107.5.

Light and Landscape Districts:

To account for assessments for maintenance pursuant to the 1972 Lighting and Landscaping Act in the following subsidiary funds:

Los Cerros	Briggs Ranch	Natoma Station
Folsom Heights	Broadstone Unit 3	Broadstone
Hannaford Cross	Lake Natoma Shores	Cobble Hills/Reflections
Sierra Estates	Lakeridge Estates	La Collina Del Lago
Cobble Ridge	Prairie Oaks Ranch	Silverbrook
Willow Creek East	Blue Ravine Oaks	Steeplechase
Willow Creek So.	American River Canyon No.	Willow Springs
Willow Springs Maint. Dist.	CFD# 12 Maint. Dist.	CFD# 13 ARC Maint. Dist.
American River Canyon #2	The Residences at ARC No.	Fieldstone Meadows
ARC L&L Dist #3	Blue Ravine Oaks No. 2	Folsom Heights L&L 2
Broadstone L&L 4	CFD #16 Islands Maint. Dist.	

Transportation System Management:

To account for revenue and disbursements for study of future traffic needs.

Community Development Block Grant:

To account for Community Development Grant monies.

Humbug Willow Creek:

To account for revenues and expenditures related to the planning for the Humbug Willow Creek trail area.

General Plan Amendment:

To account for fees collected for the update of the general plan.

Tree Planting:

To account for revenues and expenditures related to the mitigation of tree loss in construction.

Zoo Special Revenue:

To account for revenues and expenditures for designated zoo activities.

Other Special Revenue:

To account for revenues and expenditures in the following special revenue funds:

Folsom Comm & Cultural Services
Folsom Historic District
Oaks at Willow Springs

Housing Trust Special Revenue
Sphere of Influence
Police Officer Training Fund

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CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2016

	Planning Services	Transportation Tax	Park Dedication (Quimby)	Gas Tax
ASSETS				
Cash and cash equivalents	\$ 316,732	\$ 15,671	\$ 934,065	\$ 3,428,845
Receivables				
General accounts	-	-	-	-
Accrued interest	971	1,470	2,862	10,159
Loans	-	-	-	-
Due from other governments	-	-	-	28,623
Restricted assets:				
Cash and cash equivalents	-	156,580	-	-
Total assets	\$ 317,703	\$ 173,721	\$ 936,927	\$ 3,467,627
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 94,601	\$ -	\$ 5,656	\$ 50,358
Due to other funds	-	-	-	-
Unearned revenue	208,030	-	-	-
Total liabilities	302,631	-	5,656	50,358
 FUND BALANCES				
Restricted	-	173,721	-	3,417,269
Committed	-	-	931,271	-
Assigned	15,072	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	15,072	173,721	931,271	3,417,269
Total liabilities and fund balances (deficit)	\$ 317,703	\$ 173,721	\$ 936,927	\$ 3,467,627

Light and Landscape Districts	Transportation System Management	Community Development Block Grant
\$ 4,478,548	\$ -	\$ 88,853
11,048	-	25,261
14,440	425	274
-	-	178,187
35,339	-	-
-	118,660	-
<u>\$ 4,539,375</u>	<u>\$ 119,085</u>	<u>\$ 292,575</u>

ASSETS

Cash and cash equivalents
Receivables
General accounts
Accrued interest
Loans
Due from other governments
Restricted assets:
Cash and cash equivalents
Total assets

LIABILITIES AND FUND BALANCE

LIABILITIES

\$ 211,494	\$ -	\$ 25,218
-	541	-
-	-	-
<u>211,494</u>	<u>541</u>	<u>25,218</u>

Accounts payable
Due to other funds
Unearned revenue
Total liabilities

FUND BALANCES

4,327,881	-	267,357
-	118,544	-
-	-	-
-	-	-
<u>4,327,881</u>	<u>118,544</u>	<u>267,357</u>

Restricted
Committed
Assigned
Unassigned
Total fund balances (deficit)

<u>\$ 4,539,375</u>	<u>\$ 119,085</u>	<u>\$ 292,575</u>
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Total liabilities and fund balances (deficit)
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Continued on next page

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED) JUNE 30, 2016

	Humbug Willow Creek	General Plan Amendment	Tree Planting
ASSETS			
Cash and cash equivalents	\$ -	\$ 205,390	\$ 638,980
Receivables			
General accounts	-	-	-
Accrued interest	-	628	2,215
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	80,063
Total assets	\$ -	\$ 206,018	\$ 721,258
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 234,063	\$ 32,376	\$ 16,322
Due to other funds	734,739	-	-
Unearned revenue	40	-	-
Total liabilities	968,842	32,376	16,322
 FUND BALANCES			
Restricted	-	-	-
Committed	-	173,642	704,936
Assigned	-	-	-
Unassigned	(968,842)	-	-
Total fund balances (deficit)	(968,842)	173,642	704,936
Total liabilities and fund balances (deficit)	\$ -	\$ 206,018	\$ 721,258

Zoo	Other	Total Nonmajor Special Revenue Funds
\$ 66,142	\$ 1,661,865	\$ 11,835,091
1,552	20,687	58,548
204	4,861	38,509
-	3,700,879	3,879,066
-	-	63,962
-	15,000	370,303
<u>\$ 67,898</u>	<u>\$ 5,403,292</u>	<u>\$ 16,245,479</u>

ASSETS

Cash and cash equivalents
Receivables
General accounts
Accrued interest
Loans
Due from other governments
Restricted assets:
Cash and cash equivalents
Total assets

LIABILITIES AND FUND BALANCE

LIABILITIES

\$ -	\$ 537,714	\$ 1,207,802
-	-	735,280
-	3,819	211,889
-	541,533	2,154,971

Accounts payable
Due to other funds
Unearned revenue

Total liabilities

FUND BALANCES

67,898	622,022	8,876,148
-	1,622,490	3,550,883
-	2,617,247	2,632,319
-	-	(968,842)
<u>67,898</u>	<u>4,861,759</u>	<u>14,090,508</u>
<u>\$ 67,898</u>	<u>\$ 5,403,292</u>	<u>\$ 16,245,479</u>

Restricted
Committed
Assigned
Unassigned
Total fund balances (deficit)
Total liabilities and fund balances (deficit)

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Planning Services	Transportation Tax	Park Dedication (Quimby)	Gas Tax
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	434,975	-	1,635,433
Charges for current services	492,522	-	-	-
Fines and forfeitures	-	-	1,825	-
Interest	4,388	3,387	13,679	50,754
Miscellaneous	-	-	-	-
Total revenues	<u>496,910</u>	<u>438,362</u>	<u>15,504</u>	<u>1,686,187</u>
EXPENDITURES:				
Current:				
General government	506,723	-	257,079	-
Public safety	-	-	-	-
Public ways and facilities	-	-	-	138,733
Culture and recreation	-	-	-	-
Capital Outlay	-	-	-	365,006
Total expenditures	<u>506,723</u>	<u>-</u>	<u>257,079</u>	<u>503,739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,813)</u>	<u>438,362</u>	<u>(241,575)</u>	<u>1,182,448</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(377,070)	(4,768)	(1,162,164)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(377,070)</u>	<u>(4,768)</u>	<u>(1,162,164)</u>
NET CHANGE IN FUND BALANCES	(9,813)	61,292	(246,343)	20,284
FUND BALANCES, BEGINNING OF YEAR	<u>24,885</u>	<u>112,429</u>	<u>1,177,614</u>	<u>3,396,985</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,072</u>	<u>\$ 173,721</u>	<u>\$ 931,271</u>	<u>\$ 3,417,269</u>

Light and Landscape Districts	Transportation System Management	Community Development Block Grant
\$ -	\$ -	\$ -
-	-	242,132
3,049,421	29,896	644
-	-	-
58,753	1,846	848
-	-	-
<u>3,108,174</u>	<u>31,742</u>	<u>243,624</u>
-	-	-
-	-	-
1,952,808	-	198,747
-	-	-
-	-	-
<u>1,952,808</u>	<u>-</u>	<u>198,747</u>
<u>1,155,366</u>	<u>31,742</u>	<u>44,877</u>
-	-	-
(403,532)	(12,527)	(4,770)
<u>(403,532)</u>	<u>(12,527)</u>	<u>(4,770)</u>
751,834	19,215	40,107
<u>3,576,047</u>	<u>99,329</u>	<u>227,250</u>
<u>\$ 4,327,881</u>	<u>\$ 118,544</u>	<u>\$ 267,357</u>

REVENUES:

Licenses and permits
Intergovernmental
Charges for current services
Fines and forfeitures
Interest
Miscellaneous

Total revenues

EXPENDITURES:

Current:

General government
Public safety
Public ways and facilities
Culture and recreation
Capital Outlay

Total expenditures

EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES):

Transfers in
Transfers out

TOTAL OTHER FINANCING
SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCES, BEGINNING OF YEAR

FUND BALANCES, END OF YEAR

Continued on next page

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON MAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Humbug Willow Creek	General Plan Amendment	Tree Planting
REVENUES:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	486,845	-	-
Charges for current services	21,220	60,218	85,085
Fines and forfeitures	-	-	-
Interest	-	3,367	9,469
Miscellaneous	-	-	2,015
Total revenues	<u>508,065</u>	<u>63,585</u>	<u>96,569</u>
EXPENDITURES:			
Current:			
General government	-	199,395	-
Public safety	-	-	-
Public ways and facilities	-	-	37,343
Culture and recreation	113,118	-	-
Capital Outlay	873,859	-	-
Total expenditures	<u>986,977</u>	<u>199,395</u>	<u>37,343</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(478,912)</u>	<u>(135,810)</u>	<u>59,226</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	24,952	-	-
Transfers out	-	(840)	(14,999)
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,952</u>	<u>(840)</u>	<u>(14,999)</u>
NET CHANGE IN FUND BALANCES	(453,960)	(136,650)	44,227
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(514,882)</u>	<u>310,292</u>	<u>660,709</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (968,842)</u>	<u>\$ 173,642</u>	<u>\$ 704,936</u>

<u>Zoo</u>	<u>Other</u>	<u>Total Nonmajor Special Revenue Funds</u>	
			REVENUES:
\$ -	\$ 6,414	\$ 6,414	Licenses and permits
-	-	2,799,385	Intergovernmental
19,424	10,494	3,768,924	Charges for current services
-	415,753	417,578	Fines and forfeitures
782	19,383	166,656	Interest
10,798	43,630	56,443	Miscellaneous
<u>31,004</u>	<u>495,674</u>	<u>7,215,400</u>	Total revenues
			EXPENDITURES:
			Current:
-	106,710	1,069,907	General government
-	4,396	4,396	Public safety
-	-	2,327,631	Public ways and facilities
-	-	113,118	Culture and recreation
-	-	1,238,865	Capital Outlay
<u>-</u>	<u>111,106</u>	<u>4,753,917</u>	Total expenditures
<u>31,004</u>	<u>384,568</u>	<u>2,461,483</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
			OTHER FINANCING SOURCES (USES):
-	-	24,952	Transfers in
(308)	(61,601)	(2,042,579)	Transfers out
<u>(308)</u>	<u>(61,601)</u>	<u>(2,017,627)</u>	TOTAL OTHER FINANCING SOURCES (USES)
30,696	322,967	443,856	NET CHANGE IN FUND BALANCES
<u>37,202</u>	<u>4,538,792</u>	<u>13,646,652</u>	FUND BALANCES, BEGINNING OF YEAR
<u>\$ 67,898</u>	<u>\$ 4,861,759</u>	<u>\$ 14,090,508</u>	FUND BALANCES, END OF YEAR

**CITY OF FOLSOM, CALIFORNIA
 PLANNING SERVICES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for current services	\$ 250,000	\$ 862,713	\$ 492,522	\$ (370,191)
Interest	25,000	25,000	4,388	(20,612)
Total revenues	<u>275,000</u>	<u>887,713</u>	<u>496,910</u>	<u>(390,803)</u>
EXPENDITURES				
Current operating:				
General government	<u>275,000</u>	<u>877,828</u>	<u>506,723</u>	<u>371,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>9,885</u>	<u>(9,813)</u>	<u>(19,698)</u>
NET CHANGE IN FUND BALANCE	-	9,885	(9,813)	<u>\$ (19,698)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>24,885</u>	<u>24,885</u>	<u>24,885</u>	
FUND BALANCE - END OF YEAR	<u>\$ 24,885</u>	<u>\$ 34,770</u>	<u>\$ 15,072</u>	

**CITY OF FOLSOM, CALIFORNIA
TRANSPORTATION TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$ 288,000	\$ 288,000	\$ 434,975	\$ 146,975
Other	-	-	-	-
Interest	<u>2,000</u>	<u>2,000</u>	<u>3,387</u>	<u>1,387</u>
Total revenues	<u>290,000</u>	<u>290,000</u>	<u>438,362</u>	<u>148,362</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>6,954</u>	<u>6,954</u>	<u>-</u>	<u>6,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>283,046</u>	<u>283,046</u>	<u>438,362</u>	<u>155,316</u>
OTHER FINANCING USES				
Transfers out	<u>(283,046)</u>	<u>(283,046)</u>	<u>(377,070)</u>	<u>(94,024)</u>
NET CHANGE IN FUND BALANCE	-	-	61,292	<u>\$ 61,292</u>
FUND BALANCE - BEGINNING OF YEAR	<u>112,429</u>	<u>112,429</u>	<u>112,429</u>	
FUND BALANCE - END OF YEAR	<u>\$ 112,429</u>	<u>\$ 112,429</u>	<u>\$ 173,721</u>	

**CITY OF FOLSOM, CALIFORNIA
 PARK DEDICATION (QUIMBY) SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ 50,000	\$ 50,000	\$ 1,825	\$ (48,175)
Interest	12,000	12,000	13,679	1,679
Miscellaneous	<u>272,768</u>	<u>690,139</u>	<u>-</u>	<u>(690,139)</u>
Total revenues	<u>334,768</u>	<u>752,139</u>	<u>15,504</u>	<u>(736,635)</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	<u>330,000</u>	<u>823,783</u>	<u>257,079</u>	<u>566,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,768</u>	<u>(71,644)</u>	<u>(241,575)</u>	<u>(169,931)</u>
OTHER FINANCING USES				
Transfers out	<u>(4,768)</u>	<u>(4,768)</u>	<u>(4,768)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(76,412)	(246,343)	<u>\$ (169,931)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,177,614</u>	<u>1,177,614</u>	<u>1,177,614</u>	
FUND BALANCE - END OF YEAR	<u>\$1,177,614</u>	<u>\$ 1,101,202</u>	<u>\$ 931,271</u>	

**CITY OF FOLSOM, CALIFORNIA
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$1,143,688	\$1,143,688	\$1,635,433	\$ 491,745
Charges for current services	-	-	-	-
Interest	25,500	25,500	50,754	25,254
Miscellaneous	1,004,258	1,297,609	-	(1,297,609)
Total revenues	<u>2,173,446</u>	<u>2,466,797</u>	<u>1,686,187</u>	<u>(780,610)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	324,994	618,345	138,733	479,612
Capital Outlay	365,006	365,006	365,006	-
Total expenditures	690,000	983,351	503,739	479,612
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,483,446</u>	<u>1,483,446</u>	<u>1,182,448</u>	<u>(300,998)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				-
Transfers out	(1,483,446)	(1,483,446)	(1,162,164)	321,282
NET CHANGE IN FUND BALANCE	-	-	20,284	<u>\$ 20,284</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,396,985</u>	<u>3,396,985</u>	<u>3,396,985</u>	
FUND BALANCE - END OF YEAR	<u>\$3,396,985</u>	<u>\$3,396,985</u>	<u>\$3,417,269</u>	

**CITY OF FOLSOM, CALIFORNIA
LIGHT AND LANDSCAPE, AND MAINTENANCE DISTRICTS SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for current services	2,672,485	2,672,485	3,049,421	376,936
Fines, Impact Fees	-	-	-	-
Interest	34,125	34,125	58,753	24,628
Miscellaneous	-	-	-	-
Total revenues	<u>2,706,610</u>	<u>2,706,610</u>	<u>3,108,174</u>	<u>401,564</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>2,305,402</u>	<u>2,305,402</u>	<u>1,952,808</u>	<u>352,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>401,208</u>	<u>401,208</u>	<u>1,155,366</u>	<u>754,158</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>(401,208)</u>	<u>(401,208)</u>	<u>(403,532)</u>	<u>(2,324)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(401,208)</u>	<u>(401,208)</u>	<u>(403,532)</u>	<u>(2,324)</u>
NET CHANGE IN FUND BALANCE	-	-	751,834	<u><u>\$ 751,834</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,576,047</u>	<u>3,576,047</u>	<u>3,576,047</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ 3,576,047</u></u>	<u><u>\$ 3,576,047</u></u>	<u><u>\$ 4,327,881</u></u>	

**CITY OF FOLSOM, CALIFORNIA
TRANSPORTATION SYSTEM MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for current services	\$ 25,000	\$ 25,000	\$ 29,896	\$ 4,896
Intergovernmental	-	-	-	-
Interest	-	-	1,846	1,846
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>31,742</u>	<u>6,742</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	4,949	4,949	-	4,949
Total expenditures	<u>4,949</u>	<u>4,949</u>	<u>-</u>	<u>4,949</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,051</u>	<u>20,051</u>	<u>31,742</u>	<u>11,691</u>
OTHER FINANCING USES:				
Transfers out	<u>(20,051)</u>	<u>(20,051)</u>	<u>(12,527)</u>	<u>7,524</u>
NET CHANGE IN FUND BALANCE	-	-	19,215	<u>\$ 19,215</u>
FUND BALANCE - BEGINNING OF YEAR	<u>99,329</u>	<u>99,329</u>	<u>99,329</u>	
FUND BALANCE - END OF YEAR	<u>\$ 99,329</u>	<u>\$ 99,329</u>	<u>\$ 118,544</u>	

**CITY OF FOLSOM, CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 242,132	\$ 92,132
Charges for current services	-	-	644	644
Interest	-	-	-	-
Miscellaneous	14,770	14,770	848	(13,922)
Total revenues	<u>164,770</u>	<u>164,770</u>	<u>243,624</u>	<u>78,854</u>
EXPENDITURES:				
Current Operating:				
Public ways and facilities	160,000	160,000	198,747	(38,747)
Total expenditures	<u>160,000</u>	<u>160,000</u>	<u>198,747</u>	<u>(38,747)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,770</u>	<u>4,770</u>	<u>44,877</u>	<u>40,107</u>
OTHER FINANCING USES:				
Transfers out	(4,770)	(4,770)	(4,770)	-
NET CHANGE IN FUND BALANCE	-	-	40,107	<u>\$ 40,107</u>
FUND BALANCE - BEGINNING OF YEAR	<u>227,250</u>	<u>227,250</u>	<u>227,250</u>	
FUND BALANCE - END OF YEAR	<u>\$ 227,250</u>	<u>\$ 227,250</u>	<u>\$ 267,357</u>	

**CITY OF FOLSOM, CALIFORNIA
HUMBUG WILLOW CREEK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 992,000	\$ 1,434,300	\$ 486,845	\$ (947,455)
Charges for current services	60,000	60,000	21,220	(38,780)
Interest	-	-	-	-
Miscellaneous	<u>(157,660)</u>	<u>1,993,875</u>	<u>-</u>	<u>(1,993,875)</u>
Total revenues	<u>894,340</u>	<u>3,488,175</u>	<u>508,065</u>	<u>(2,980,110)</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	118,141	2,711,976	113,118	2,598,858
Capital outlay	<u>873,859</u>	<u>873,859</u>	<u>873,859</u>	<u>-</u>
Total expenditures	<u>992,000</u>	<u>3,585,835</u>	<u>986,977</u>	<u>2,598,858</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(97,660)</u>	<u>(97,660)</u>	<u>(478,912)</u>	<u>(381,252)</u>
OTHER FINANCING USES:				
Transfers in	97,660	97,660	24,952	(72,708)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(453,960)	<u>\$ (453,960)</u>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(514,882)</u>	<u>(514,882)</u>	<u>(514,882)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (514,882)</u>	<u>\$ (514,882)</u>	<u>\$ (968,842)</u>	

**CITY OF FOLSOM, CALIFORNIA
GENERAL PLAN AMENDMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for current services	\$ 60,000	\$ 60,000	\$ 60,218	\$ 218
Intergovernmental			-	-
Interest	4,000	4,000	3,367	(633)
Miscellaneous	<u>341,840</u>	<u>341,840</u>	<u>-</u>	<u>(341,840)</u>
Total revenues	<u>405,840</u>	<u>405,840</u>	<u>63,585</u>	<u>(342,255)</u>
EXPENDITURES:				
Current operating:				
General government	<u>405,000</u>	<u>405,000</u>	<u>199,395</u>	<u>205,605</u>
Total expenditures	<u>405,000</u>	<u>405,000</u>	<u>199,395</u>	<u>205,605</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>840</u>	<u>840</u>	<u>(135,810)</u>	<u>(136,650)</u>
OTHER FINANCING USES:				
Transfers out	<u>(840)</u>	<u>(840)</u>	<u>(840)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(136,650)	<u>\$ (136,650)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>310,292</u>	<u>310,292</u>	<u>310,292</u>	
FUND BALANCE - END OF YEAR	<u>\$ 310,292</u>	<u>\$ 310,292</u>	<u>\$ 173,642</u>	

**CITY OF FOLSOM, CALIFORNIA
TREE PLANTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	-
Charges for current services	50,000	50,000	85,085	35,085
Fines and forfeitures	-	-	-	-
Interest	6,000	6,000	9,469	3,469
Miscellaneous	41,523	41,523	2,015	(39,508)
Total revenues	<u>97,523</u>	<u>97,523</u>	<u>96,569</u>	<u>(954)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	75,000	75,000	37,343	37,657
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>37,343</u>	<u>37,657</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>22,523</u>	<u>22,523</u>	<u>59,226</u>	<u>36,703</u>
OTHER FINANCING USES:				
Transfers out	<u>(22,523)</u>	<u>(22,523)</u>	<u>(14,999)</u>	<u>7,524</u>
NET CHANGE IN FUND BALANCE	-	-	44,227	<u>\$ 44,227</u>
FUND BALANCE - BEGINNING OF YEAR	<u>660,709</u>	<u>660,709</u>	<u>660,709</u>	
FUND BALANCE - END OF YEAR	<u>\$ 660,709</u>	<u>\$ 660,709</u>	<u>\$ 704,936</u>	

**CITY OF FOLSOM, CALIFORNIA
ZOO SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for current services	\$ 17,500	\$ 17,500	\$ 19,424	\$ 1,924
Interest	250	250	782	532
Miscellaneous	21,558	21,558	10,798	(10,760)
Total revenues	<u>39,308</u>	<u>39,308</u>	<u>31,004</u>	<u>(8,304)</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>39,308</u>	<u>39,308</u>	<u>31,004</u>	<u>(8,304)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	<u>(39,308)</u>	<u>(39,308)</u>	<u>(308)</u>	<u>39,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(39,308)</u>	<u>(39,308)</u>	<u>(308)</u>	<u>39,000</u>
NET CHANGE IN FUND BALANCE	-	-	30,696	<u>\$ 30,696</u>
FUND BALANCE - BEGINNING OF YEAR	<u>37,202</u>	<u>37,202</u>	<u>37,202</u>	
FUND BALANCE - END OF YEAR	<u>\$ 37,202</u>	<u>\$ 37,202</u>	<u>\$ 67,898</u>	

**CITY OF FOLSOM, CALIFORNIA
OTHER SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 6,414	\$ 6,414
Intergovernmental	-	-	-	-
Charges for current services	56,900	56,900	10,494	(46,406)
Fines and forfeitures	-	-	415,753	415,753
Interest	26,800	26,800	19,383	(7,417)
Miscellaneous	94,401	94,401	43,630	(50,771)
Total revenues	<u>178,101</u>	<u>178,101</u>	<u>495,674</u>	<u>317,573</u>
EXPENDITURES:				
Current operating:				
General government	66,500	66,500	106,710	(40,210)
Public safety	50,000	50,000	4,396	45,604
Total expenditures	<u>116,500</u>	<u>116,500</u>	<u>111,106</u>	<u>5,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>61,601</u>	<u>61,601</u>	<u>384,568</u>	<u>322,967</u>
OTHER FINANCING USES:				
Transfers out	<u>(61,601)</u>	<u>(61,601)</u>	<u>(61,601)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(61,601)</u>	<u>(61,601)</u>	<u>(61,601)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	322,967	<u><u>\$ 322,967</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>4,538,792</u>	<u>4,538,792</u>	<u>4,538,792</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ 4,538,792</u></u>	<u><u>\$ 4,538,792</u></u>	<u><u>\$ 4,861,759</u></u>	

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NONMAJOR DEBT SERVICE FUNDS

1915 Assessment Districts:

To account for the debt service on the following 1915 Assessment Districts:

City of Folsom South Assessment District Refunding Bonds
1982-1 Nimbus Water

Folsom Community Correctional Facility:

To account for the debt service on the City of Folsom Certificates of Participation for the Folsom Community Correctional Facility.

City Parks and Signals:

To account for the debt service on the City of Folsom Refunding Certificates of Participation.

General Obligation Bonds for School Facilities:

To account for the debt service on the General Obligation Bonds issued for school facilities.

Folsom Ranch Financing Authority:

To account for the debt service of the Folsom Ranch Financing Authority.

Recreation Facility:

To account for the debt service on the City of Folsom Certificates of Participation for the Natoma Station Learning Center.

CITY OF FOLSOM, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS JUNE 30, 2016

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals
ASSETS			
Cash and cash equivalents	\$ 1,025,967	\$ 288,276	\$ 50,108
Investments held in trust	-	-	-
Receivables:			
General accounts	-	-	-
Accrued interest	3,150	885	154
Special assessments - delinquent	41,329	-	-
Due from other governments	-	-	-
Total assets	\$ 1,070,446	\$ 289,161	\$ 50,262
 DEFERRED INFLOWS OF RESOURCES:			
Special Assessments not collected	\$ 41,329	\$ -	\$ -
Total liabilities	41,329	-	-
 FUND BALANCES:			
Restricted	1,029,117	-	-
Assigned	-	289,161	50,262
Unassigned	-	-	-
Total fund balances	1,029,117	289,161	50,262
Total liabilities and fund balances	\$ 1,070,446	\$ 289,161	\$ 50,262

<u>General Obligation School Facilities</u>	<u>Recreation Facility</u>	<u>Folsom Ranch Financing Authority</u>	<u>Total Nonmajor Debt Service Funds</u>	
ASSETS				
\$ 1,487,490	\$ 54,594	\$ -	\$ 2,906,435	Cash and cash equivalents
-	-	8,105,993	8,105,993	Investments held in trust
-	33,563	-	33,563	Receivables:
4,603	165	-	8,957	General accounts
-	-	-	41,329	Accrued interest
23,891	-	-	23,891	Special assessments - delinquent
				Due from other governments
<u>\$ 1,515,984</u>	<u>\$ 88,322</u>	<u>\$ 8,105,993</u>	<u>\$ 11,120,168</u>	Total assets
DEFERRED INFLOWS OF RESOURCES:				
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,329</u>	Special Assessments not collected
-	-	-	41,329	Total liabilities
FUND BALANCES:				
1,515,984	88,322	8,105,993	10,739,416	Restricted
-	-	-	339,423	Assigned
-	-	-	-	Unassigned
<u>1,515,984</u>	<u>88,322</u>	<u>8,105,993</u>	<u>11,078,839</u>	Total fund balances
<u>\$ 1,515,984</u>	<u>\$ 88,322</u>	<u>\$ 8,105,993</u>	<u>\$ 11,120,168</u>	Total liabilities and fund balances

CITY OF FOLSOM, CALIFORNIA

NONMAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FOR THE YEAR ENDED JUNE 30, 2016

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Assessment collections	-	-	-
Interest	13,635	3,829	605
	13,635	3,829	605
Total revenues	13,635	3,829	605
EXPENDITURES:			
Current:			
General Government	-	-	-
Debt service:			
Principal payments	-	-	-
Interest and fiscal charges	-	-	1,781
	-	-	1,781
Total expenditures	-	-	1,781
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,635	3,829	(1,176)
OTHER FINANCING SOURCES (USES):			
Proceeds from bonds	-	-	-
Transfers out	(2,277)	-	(1,155)
	(2,277)	-	(1,155)
Total other financing sources (uses)	(2,277)	-	(1,155)
NET CHANGE IN FUND BALANCES	11,358	3,829	(2,331)
FUND BALANCES, BEGINNING OF YEAR	1,017,759	285,332	52,593
FUND BALANCES, END OF YEAR	\$ 1,029,117	\$ 289,161	\$ 50,262

General Obligation School Facilities	Recreation Facility	Folsom Ranch Financing Authority	Total Nonmajor Debt Service Funds	
\$ -	\$ -	\$ 138,342	\$ 138,342	REVENUES:
1,460,233	-	-	1,460,233	Intergovernmental
3,831	852	1,430,993	1,453,745	Assessment collections
<u>1,464,064</u>	<u>852</u>	<u>1,569,335</u>	<u>3,052,320</u>	Interest
				Total revenues
				EXPENDITURES:
-	-	-	-	Current:
				General Government
1,445,000	-	-	1,445,000	Debt service:
116,724	-	138,342	256,847	Principal payments
<u>1,561,724</u>	<u>-</u>	<u>138,342</u>	<u>1,701,847</u>	Interest and fiscal charges
				Total expenditures
<u>(97,660)</u>	<u>852</u>	<u>1,430,993</u>	<u>1,350,473</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES):
-	-	6,675,000	6,675,000	Proceeds from bonds
<u>(16,946)</u>	<u>(3,125)</u>	<u>-</u>	<u>(23,503)</u>	Transfers Out
				Total other financing sources (uses)
<u>(16,946)</u>	<u>(3,125)</u>	<u>6,675,000</u>	<u>6,651,497</u>	
(114,606)	(2,273)	8,105,993	8,001,970	NET CHANGE IN FUND BALANCES
<u>1,630,590</u>	<u>90,595</u>	<u>-</u>	<u>3,076,869</u>	FUND BALANCES, BEGINNING OF YEAR
<u>\$ 1,515,984</u>	<u>\$ 88,322</u>	<u>\$ 8,105,993</u>	<u>\$ 11,078,839</u>	FUND BALANCES, END OF YEAR

**CITY OF FOLSOM, CALIFORNIA
1915 ASSESSMENT DISTRICTS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Special Assessment	\$ -	\$ -	\$ -	\$ -
Interest	<u>2,277</u>	<u>2,277</u>	<u>13,635</u>	<u>11,358</u>
Total revenues	<u>2,277</u>	<u>2,277</u>	<u>13,635</u>	<u>11,358</u>
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,277</u>	<u>2,277</u>	<u>13,635</u>	<u>11,358</u>
OTHER FINANCING USES				
Transfers out	<u>(2,277)</u>	<u>(2,277)</u>	<u>(2,277)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	11,358	<u>\$ 11,358</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,017,759</u>	<u>1,017,759</u>	<u>1,017,759</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,017,759</u>	<u>\$ 1,017,759</u>	<u>\$ 1,029,117</u>	

**CITY OF FOLSOM, CALIFORNIA
COMMUNITY CORRECTIONAL FACILITY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	3,829	3,829
Total revenues	-	-	3,829	3,829
EXPENDITURES				
General Government	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	3,829	3,829
OTHER FINANCING USES				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	3,829	<u>\$ 3,829</u>
FUND BALANCE - BEGINNING OF YEAR	<u>285,332</u>	<u>285,332</u>	<u>285,332</u>	
FUND BALANCE - END OF YEAR	<u>\$ 285,332</u>	<u>\$ 285,332</u>	<u>\$ 289,161</u>	

**CITY OF FOLSOM, CALIFORNIA
CITY PARKS AND TRAFFIC SIGNALS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 1,155	\$ 1,155	\$ 605	\$ (550)
Miscellaneous	-	-	-	-
Total revenues	<u>1,155</u>	<u>1,155</u>	<u>605</u>	<u>(550)</u>
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	1,781	(1,781)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,781</u>	<u>(1,781)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,155</u>	<u>1,155</u>	<u>(1,176)</u>	<u>(2,331)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,155)</u>	<u>(1,155)</u>	<u>(1,155)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(2,331)	<u>\$ (2,331)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>52,593</u>	<u>52,593</u>	<u>52,593</u>	
FUND BALANCE - END OF YEAR	<u>\$ 52,593</u>	<u>\$ 52,593</u>	<u>\$ 50,262</u>	

**CITY OF FOLSOM, CALIFORNIA
GENERAL OBLIGATION SCHOOL FACILITIES DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Assessment collections	\$ 1,546,652	\$ 1,546,652	\$ 1,460,233	\$ (86,419)
Interest	32,569	32,569	3,831	(28,738)
Total revenues	<u>1,579,221</u>	<u>1,579,221</u>	<u>1,464,064</u>	<u>(115,157)</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Debt service:				
Principal	1,445,000	1,445,000	1,445,000	-
Interest and fiscal charges	117,275	117,275	116,724	551
Total expenditures	<u>1,562,275</u>	<u>1,562,275</u>	<u>1,561,724</u>	<u>551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,946</u>	<u>16,946</u>	<u>(97,660)</u>	<u>(114,606)</u>
OTHER FINANCING USES				
Transfers out	<u>(16,946)</u>	<u>(16,946)</u>	<u>(16,946)</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,946)</u>	<u>(16,946)</u>	<u>(16,946)</u>	-
NET CHANGE IN FUND BALANCE	-	-	(114,606)	<u>\$ (114,606)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,630,590</u>	<u>1,630,590</u>	<u>1,630,590</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,630,590</u>	<u>\$ 1,630,590</u>	<u>\$ 1,515,984</u>	

**CITY OF FOLSOM, CALIFORNIA
RECREATION FACILITY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 3,125	\$ 3,125	\$ 852	\$ (2,273)
Miscellaneous	-	-	-	-
Total revenues	<u>3,125</u>	<u>3,125</u>	<u>852</u>	<u>(2,273)</u>
EXPENDITURES				
General Government	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,125</u>	<u>3,125</u>	<u>852</u>	<u>(2,273)</u>
OTHER FINANCING USES				
Transfers out	<u>(3,125)</u>	<u>(3,125)</u>	<u>(3,125)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,125)</u>	<u>(3,125)</u>	<u>(3,125)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(2,273)	<u>\$ (2,273)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>90,595</u>	<u>90,595</u>	<u>90,595</u>	
FUND BALANCE - END OF YEAR	<u>\$ 90,595</u>	<u>\$ 90,595</u>	<u>\$ 88,322</u>	

**CITY OF FOLSOM, CALIFORNIA
FOLSOM RANCH DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ 138,342	\$ 138,342	\$ -
Interest	-	-	1,430,993	1,430,993
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>138,342</u>	<u>1,569,335</u>	<u>1,430,993</u>
EXPENDITURES				
General Government	-	-	-	-
Debt service:				
Interest and fiscal charges	<u>-</u>	<u>138,342</u>	<u>138,342</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>138,342</u>	<u>138,342</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,430,993</u>	<u>1,430,993</u>
OTHER FINANCING USES				
Bond issuance	-	-	6,675,000	6,675,000
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>6,675,000</u>	<u>6,675,000</u>
NET CHANGE IN FUND BALANCE	-	-	8,105,993	<u><u>\$ 8,105,993</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,105,993</u></u>	

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NONMAJOR CAPITAL PROJECTS FUNDS

1915 Assessment Districts:

To account for the construction proceeds of the following 1915 Assessment District:

Prairie Oaks Ranch 92-2

Mello Roos Assessment Districts:

To account for the construction proceeds of the following special tax bonds:

1995 Empire Ranch Community Facilities District No. 10
2001 Parkway Community Facilities District No. 14

Park Capital Improvement:

To account for long-term park projects financed from developer mitigation charges.

Police Capital Improvement:

To account for development mitigation fees to finance outlay and facilities.

Fire Capital Improvement:

To account for development mitigation fees to finance fire capital outlay and facilities.

General Capital Improvement:

To account for development mitigation fees to finance general capital outlay and facilities.

Drainage Capital Improvement:

To account for development mitigation fees to finance drainage capital outlay and facilities.

Zoo Improvement:

To account for construction projects for the Folsom Zoo.

Light Rail Transportation:

To account for the construction of light rail transportation projects.

Major Capital and Renovation:

To account for the construction and renovation of major City facilities.

Library Construction:

To account for the construction of a new library.

FSPA Infrastructure:

To account for the construction of infrastructure for the Folsom Specific Plan Area.

CITY OF FOLSOM, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016**

	<u>1915 Assessment Districts</u>	<u>Mello-Roos Assessment Districts</u>	<u>Park Capital Improvement</u>	<u>Police Capital Improvement</u>	<u>Fire Capital Improvement</u>	<u>General Capital Improvement</u>
ASSETS						
Cash and cash equivalents	\$ 312	\$ -	\$ 2,569,639	\$ 449,733	\$ 2,970,148	\$ 915,605
Cash with fiscal agent	-	2,898,297	-	-	-	-
Receivables:						
Accrued interest	<u>1</u>	<u>42</u>	<u>7,817</u>	<u>1,380</u>	<u>9,025</u>	<u>2,709</u>
Total assets	<u>\$ 313</u>	<u>\$ 2,898,339</u>	<u>\$ 2,577,456</u>	<u>\$ 451,113</u>	<u>\$ 2,979,173</u>	<u>\$ 918,314</u>
 LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ 8,691	\$ 51,360	\$ -	\$ -	\$ 37,122
Wages payable	<u>-</u>	<u>-</u>	<u>6,716</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>15,375</u>	<u>58,076</u>	<u>-</u>	<u>-</u>	<u>37,122</u>
 FUND BALANCE						
Restricted	-	2,882,964	2,519,380	451,113	2,979,173	881,192
Assigned	<u>313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>313</u>	<u>2,882,964</u>	<u>2,519,380</u>	<u>451,113</u>	<u>2,979,173</u>	<u>881,192</u>
Total liabilities and fund balance	<u>\$ 313</u>	<u>\$ 2,898,339</u>	<u>\$ 2,577,456</u>	<u>\$ 451,113</u>	<u>\$ 2,979,173</u>	<u>\$ 918,314</u>

<u>Drainage Capital Improvement</u>	<u>Zoo Improvement</u>	<u>Light Rail Transportation</u>	<u>Major Capital and Renovation</u>	<u>Library Construction</u>	<u>FSPA Infrastructure</u>	<u>Total Nonmajor Capital Projects Funds</u>	
							ASSETS
\$ 190,699	\$ 107,900	\$ 324,000	\$ 70,397	\$ 65,312	\$ 191,228	\$ 7,854,973	Cash and cash equivalents
-	-	-	-	-	-	2,898,297	Cash with fiscal agent
927	335	1,001	216	201	586	24,240	Receivables: Accrued interest
<u>\$ 191,626</u>	<u>\$ 108,235</u>	<u>\$ 325,001</u>	<u>\$ 70,613</u>	<u>\$ 65,513</u>	<u>\$ 191,814</u>	<u>\$ 10,777,510</u>	Total assets
							LIABILITIES AND FUND BALANCES
							LIABILITIES:
\$ 31,224	\$ 27,037	\$ 71	\$ -	\$ -	\$ 90,964	\$ 246,469	Accounts payable
-	-	-	-	-	-	6,716	Wages payable
<u>31,224</u>	<u>27,037</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>90,964</u>	<u>259,869</u>	Total liabilities
							FUND BALANCE
160,402	81,198	324,930	-	-	100,850	10,381,202	Restricted
-	-	-	70,613	65,513	-	136,439	Assigned
<u>160,402</u>	<u>81,198</u>	<u>324,930</u>	<u>70,613</u>	<u>65,513</u>	<u>100,850</u>	<u>10,517,641</u>	Total fund balances
<u>\$ 191,626</u>	<u>\$ 108,235</u>	<u>\$ 325,001</u>	<u>\$ 70,613</u>	<u>\$ 65,513</u>	<u>\$ 191,814</u>	<u>\$ 10,777,510</u>	Total liabilities and fund balances

CITY OF FOLSOM, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON MAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>1915 Assessment Districts</u>	<u>Mello-Roos Assessment Districts</u>	<u>Park Capital Improvement</u>	<u>Police Capital Improvement</u>	<u>Fire Capital Improvement</u>	<u>General Capital Improvement</u>
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for current services	-	-	576,433	171,518	244,896	204,604
Interest	4	14,252	46,245	6,386	60,237	12,706
Miscellaneous	-	25	-	-	-	-
Total revenues	<u>4</u>	<u>14,277</u>	<u>622,678</u>	<u>177,904</u>	<u>305,133</u>	<u>217,310</u>
EXPENDITURES:						
Public ways and facilities	-	9,036	206,041	-	-	47,775
Total expenditures	<u>-</u>	<u>9,036</u>	<u>506,843</u>	<u>-</u>	<u>-</u>	<u>47,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4</u>	<u>5,241</u>	<u>115,835</u>	<u>177,904</u>	<u>305,133</u>	<u>169,535</u>
OTHER FINANCING SOURCES (USES):						
Transfers out	-	(35)	(10,915)	(225,833)	(123,813)	(306,912)
Total other financing sources (uses)	<u>-</u>	<u>(35)</u>	<u>(10,915)</u>	<u>(225,833)</u>	<u>(123,813)</u>	<u>(306,912)</u>
NET CHANGE IN FUND BALANCE	4	5,206	104,920	(47,929)	181,320	(137,377)
FUND BALANCE, BEGINNING OF YEAR	<u>309</u>	<u>2,877,758</u>	<u>2,414,460</u>	<u>499,042</u>	<u>2,797,853</u>	<u>1,018,569</u>
FUND BALANCE, END OF YEAR	<u>\$ 313</u>	<u>\$ 2,882,964</u>	<u>\$ 2,519,380</u>	<u>\$ 451,113</u>	<u>\$ 2,979,173</u>	<u>\$ 881,192</u>

<u>Drainage Capital Improvement</u>	<u>Zoo Improvement</u>	<u>Light Rail Transportation</u>	<u>Major Capital and Renovation</u>	<u>Library Construction</u>	<u>FSPA Infrastructure</u>	<u>Total Nonmajor Capital Projects Funds</u>	
							REVENUES:
\$ 5,717	\$ 257,525	\$ -	\$ -	\$ -	\$ -	\$ 263,242	Intergovernmental
229,485	60	94,350	-	-	193,851	1,715,197	Charges for current services
5,252	448	5,756	936	869	2,771	155,862	Interest
-	109,000	-	-	-	-	109,025	Miscellaneous
<u>240,454</u>	<u>367,033</u>	<u>100,106</u>	<u>936</u>	<u>869</u>	<u>196,622</u>	<u>\$2,243,326</u>	Total revenues
							EXPENDITURES:
<u>477,708</u>	<u>41,611</u>	<u>266,664</u>	<u>-</u>	<u>-</u>	<u>372,155</u>	<u>1,420,990</u>	Public ways and facilities
<u>477,708</u>	<u>295,363</u>	<u>280,082</u>	<u>-</u>	<u>-</u>	<u>372,155</u>	<u>1,988,962</u>	Total expenditures
<u>(237,254)</u>	<u>71,670</u>	<u>(179,976)</u>	<u>936</u>	<u>869</u>	<u>(175,533)</u>	<u>\$254,364</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
							OTHER FINANCING SOURCES (USES):
<u>(55,812)</u>	<u>-</u>	<u>(75,601)</u>	<u>(156)</u>	<u>(145)</u>	<u>-</u>	<u>(799,222)</u>	Transfers out
<u>(55,812)</u>	<u>-</u>	<u>(75,601)</u>	<u>(156)</u>	<u>(145)</u>	<u>-</u>	<u>(799,222)</u>	Total other financing sources (uses)
(293,066)	71,670	(255,577)	780	724	(175,533)	(544,858)	NET CHANGE IN FUND BALANCE
<u>453,468</u>	<u>9,528</u>	<u>580,507</u>	<u>69,833</u>	<u>64,789</u>	<u>276,383</u>	<u>11,062,499</u>	FUND BALANCE, BEGINNING OF YEAR
<u>\$ 160,402</u>	<u>\$ 81,198</u>	<u>\$ 324,930</u>	<u>\$ 70,613</u>	<u>\$ 65,513</u>	<u>\$ 100,850</u>	<u>\$ 10,517,641</u>	FUND BALANCE, END OF YEAR

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PERMANENT FUND

Wetland/Open Space Maintenance:

To account for endowments. Interest is to be used for maintenance of Wetland/Open Space.

CITY OF FOLSOM, CALIFORNIA

BALANCE SHEET PERMANENT FUND JUNE 30, 2016

	<u>Wetland/ Open space Maintenance</u>
ASSETS	
Cash and cash equivalents	\$ 434,280
Receivables	
Accrued interest	<u>1,334</u>
Total assets	<u><u>\$ 435,614</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	<u>\$ 6,832</u>
Total liabilities	<u>6,832</u>
 FUND BALANCES	
Nonspendable	398,396
Committed	<u>30,386</u>
Total fund balances	<u>428,782</u>
Total liabilities and fund balances	<u><u>\$ 435,614</u></u>

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - PERMANENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Wetland/ Open space Maintenance</u>
REVENUES:	
Interest	\$ 5,760
Miscellaneous	130,000
	<hr/>
Total revenues	135,760
	<hr/>
EXPENDITURES:	
Current:	
Culture and recreation	7,808
	<hr/>
Total expenditures	7,808
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	127,952
	<hr/>
OTHER FINANCING SOURCES (USES):	
Transfers out	(834)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(834)
	<hr/>
NET CHANGE IN FUND BALANCES	127,118
FUND BALANCES, BEGINNING OF YEAR	301,664
	<hr/>
FUND BALANCES, END OF YEAR	\$ 428,782
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NONMAJOR ENTERPRISE FUNDS

Transit:

To account for the operation and maintenance of the City's bus system.

Facilities Augmentation:

To account for additional services, including capital improvements of the Folsom South Area Facilities Plan.

CITY OF FOLSOM, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016**

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,381,866	\$ 700,873	\$ 3,082,739
Receivables, net of allowances for uncollectibles	55,732	2,148	57,880
Due from other governments	<u>396,441</u>	<u>-</u>	<u>396,441</u>
Total current assets	<u>2,834,039</u>	<u>703,021</u>	<u>3,537,060</u>
Noncurrent assets			
Capital assets	4,921,082	-	4,921,082
Less: accumulated depreciation	<u>(2,434,271)</u>	<u>-</u>	<u>(2,434,271)</u>
Total noncurrent assets	<u>2,486,811</u>	<u>-</u>	<u>2,486,811</u>
Total assets	<u>5,320,850</u>	<u>703,021</u>	<u>6,023,871</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	<u>156,261</u>	<u>-</u>	<u>156,261</u>
LIABILITIES			
Current liabilities			
Accounts payable	777,287	583,056	1,360,343
Wages payable	30,419	-	30,419
Deposits	495,503	-	495,503
Accrued compensated absences payable within one year	<u>9,279</u>	<u>-</u>	<u>9,279</u>
Total current liabilities	<u>1,312,488</u>	<u>583,056</u>	<u>1,895,544</u>
Noncurrent liabilities			
Net pension liability	1,590,184	-	1,590,184
Accrued compensated absences payable after one year	44,686	-	44,686
Post-employment benefit obligation	<u>349,944</u>	<u>-</u>	<u>349,944</u>
Total liabilities	<u>3,297,302</u>	<u>583,056</u>	<u>3,880,358</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	<u>100,496</u>	<u>-</u>	<u>100,496</u>
NET POSITION			
Net investment in capital assets	2,486,811	-	2,486,811
Restricted for critical facilities use	-	527,202	527,202
Unrestricted	<u>(407,498)</u>	<u>(407,237)</u>	<u>(814,735)</u>
Total net position	<u>\$ 2,079,313</u>	<u>\$ 119,965</u>	<u>\$ 2,199,278</u>

CITY OF FOLSOM, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 623,745	\$ -	\$ 623,745
OPERATING EXPENSES:			
Employee services	1,066,396	-	1,066,396
Utilities	8,377	-	8,377
Supplies	137,969	-	137,969
Maintenance and operations	84,092	-	84,092
Contractual services	1,734,783	-	1,734,783
Depreciation	467,309	-	467,309
Other	210,533	407,237	617,770
TOTAL OPERATING EXPENSES	<u>3,709,459</u>	<u>407,237</u>	<u>4,116,696</u>
OPERATING INCOME (LOSS)	<u>(3,085,714)</u>	<u>(407,237)</u>	<u>(3,492,951)</u>
NONOPERATING REVENUE (EXPENSES):			
Investment income	34,784	9,723	44,507
Intergovernmental revenue	3,953,415	-	3,953,415
Total nonoperating revenue (expense)	<u>3,988,199</u>	<u>9,723</u>	<u>3,997,922</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>902,485</u>	<u>(397,514)</u>	<u>504,971</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
Transfers out	<u>(220,134)</u>	<u>(3,379)</u>	<u>(223,513)</u>
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(220,134)</u>	<u>(3,379)</u>	<u>(223,513)</u>
CHANGE IN NET POSITION	682,351	(400,893)	281,458
NET POSITION, BEGINNING OF YEAR	<u>1,396,962</u>	<u>520,858</u>	<u>1,917,820</u>
NET POSITION, END OF YEAR	<u>\$ 2,079,313</u>	<u>\$ 119,965</u>	<u>\$ 2,199,278</u>

CITY OF FOLSOM, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 644,546	\$ -	\$ 644,546
Payments to suppliers	(1,344,269)	(407,237)	(1,751,506)
Payments to employees	(1,061,741)	-	(1,061,741)
Payments to other governments	198,870	-	198,870
Cash paid to other sources	<u>241,389</u>	<u>-</u>	<u>241,389</u>
Net cash provided (used) for operating activities	<u>(1,321,205)</u>	<u>(407,237)</u>	<u>(1,728,442)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(220,134)	(3,379)	(223,513)
Intergovernmental revenues	<u>3,953,415</u>	<u>-</u>	<u>3,953,415</u>
Net cash provided (used) for noncapital financing activities	<u>3,733,281</u>	<u>(3,379)</u>	<u>3,729,902</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	<u>34,784</u>	<u>9,998</u>	<u>44,782</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	598,455	(400,618)	197,837
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,783,411</u>	<u>1,101,491</u>	<u>2,884,902</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,381,866</u>	<u>\$ 700,873</u>	<u>\$ 3,082,739</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 2,381,866</u>	<u>\$ 700,873</u>	<u>\$ 3,082,739</u>

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CITY OF FOLSOM, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Transit	Facilities Augmentation	TOTAL NON-MAJOR ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,085,714)	\$ (407,237)	\$ (3,492,951)
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation	467,309	-	467,309
Other non-operating income (expense)	451,922	-	451,922
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	20,801	-	20,801
Decrease (increase) in due from other governments	198,870	-	198,870
Increase (decrease) in accounts payable	620,952	-	620,952
Increase (decrease) in wages payable	3,613	-	3,613
Increase (decrease) in deferred revenue	-	-	-
compensated absences	(2,611)	-	(2,611)
Increase (decrease) in OPEB	3,653	-	3,653
	<u>\$ (1,321,205)</u>	<u>\$ (407,237)</u>	<u>\$ (1,728,442)</u>
Net cash provided (used) by operating activities	<u>\$ (1,321,205)</u>	<u>\$ (407,237)</u>	<u>\$ (1,728,442)</u>

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INTERNAL SERVICE FUNDS

Equipment Replacement:

To account for general governmental equipment, which will be charged to other funds and accounts, and provide for replacement.

Risk Management:

To account for employee benefits and insurance.

Compensated Leaves:

To account for payment of vacation/leave benefits to City employees.

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS JUNE 30, 2016

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
ASSETS:				
Current assets				
Cash and cash equivalents	\$ 3,111,123	\$ 4,988,533	\$ 1,025,817	\$ 9,125,473
Receivables:				
Accrued interest	9,456	15,290	4,905	29,651
Retiree health benefits	-	31,818	-	31,818
Insurance deposits	-	3,809,785	-	3,809,785
Total current assets	3,120,579	8,845,426	1,030,722	12,996,727
Noncurrent assets				
Capital assets	4,823,388	-	-	4,823,388
Less: accumulated depreciation	(4,693,531)	-	-	(4,693,531)
Total noncurrent assets	129,857	-	-	129,857
Total assets	3,250,436	8,845,426	1,030,722	13,126,584
LIABILITIES:				
Current liabilities				
Accounts payable	-	15,689	-	15,689
Wages payable	-	22,442	-	22,442
Unearned revenue	-	150	-	150
Total liabilities	-	38,281	-	38,281
NET POSITION:				
Net investment in capital assets	129,857	-	-	129,857
Unrestricted	3,120,579	8,807,145	1,030,722	12,958,446
Total net position	\$ 3,250,436	\$ 8,807,145	\$ 1,030,722	\$ 13,088,303

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 125,000	\$ 16,911,737	\$ 937,844	\$ 17,974,581
Total operating revenues	<u>125,000</u>	<u>16,911,737</u>	<u>937,844</u>	<u>17,974,581</u>
OPERATING EXPENSES:				
Employee services	-	14,082,314	713,058	14,795,372
Depreciation	56,409	-	-	56,409
Total operating expenses	<u>56,409</u>	<u>14,082,314</u>	<u>713,058</u>	<u>14,851,781</u>
OPERATING INCOME (LOSS)	<u>68,591</u>	<u>2,829,423</u>	<u>224,786</u>	<u>3,122,800</u>
NONOPERATING REVENUE (EXPENSES):				
Investment income	61,343	85,450	4,905	151,698
Gain on sale of capital assets	168,454	-	-	168,454
Total nonoperating revenue (expenses)	<u>229,797</u>	<u>85,450</u>	<u>4,905</u>	<u>320,152</u>
Income (Loss) before transfers	298,388	2,914,873	229,691	3,442,952
TRANSFERS:				
Transfers out	<u>(813,963)</u>	<u>-</u>	<u>-</u>	<u>(813,963)</u>
CHANGE IN NET POSITION	(515,575)	2,914,873	229,691	2,628,989
NET POSITION, BEGINNING OF YEAR	<u>3,766,011</u>	<u>5,892,272</u>	<u>801,031</u>	<u>10,459,314</u>
NET POSITION, END OF YEAR	<u>\$ 3,250,436</u>	<u>\$ 8,807,145</u>	<u>\$ 1,030,722</u>	<u>\$ 13,088,303</u>

CITY OF FOLSOM, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS NON MAJOR INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Equipment Replacement	Risk Management	Compensated Leaves	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 125,000	\$ 16,902,907	\$ 937,844	\$ 17,965,751
Payments to suppliers	-	(6,430)	-	(6,430)
Payments to employees	-	(14,337,906)	(748,544)	(15,086,450)
Cash received (used) from other sources	168,455	-	-	168,455
Net cash provided (used) by operating activities	<u>293,455</u>	<u>2,558,571</u>	<u>189,300</u>	<u>3,041,326</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(813,963)	(1,084,900)	-	(1,898,863)
Net cash provided (used) by noncapital financing activities	<u>(813,963)</u>	<u>(1,084,900)</u>	<u>-</u>	<u>(1,898,863)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends on investments	56,377	85,450	-	141,827
CHANGE IN CASH AND CASH EQUIVALENTS	(464,131)	1,559,121	189,300	1,284,290
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,575,254</u>	<u>3,429,412</u>	<u>836,517</u>	<u>7,841,183</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,111,123</u>	<u>\$ 4,988,533</u>	<u>\$ 1,025,817</u>	<u>\$ 9,125,473</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 68,591	\$ 2,829,423	\$ 224,786	\$ 3,122,800
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	56,409	-	-	56,409
Other Non-Operating income (expense)	-	-	-	-
Gain (loss) on sale of capital assets	168,455	-	-	168,455
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	-	(8,830)	-	(8,830)
Decrease in accounts payable	-	(6,430)	-	(6,430)
Decrease in wages payable	-	(255,592)	(35,486)	(291,078)
Net cash provided (used) by operating activities	<u>\$ 293,455</u>	<u>\$ 2,558,571</u>	<u>\$ 189,300</u>	<u>\$ 3,041,326</u>

AGENCY FUNDS

1915 Assessment Districts:

To account for the following assessments pursuant to the 1915 Bond Act.

- Blue Ravine Oaks East
- Legends Refunding
- Natoma Station
- Folsom Auto Plaza
- Lake Natoma Shores
- Prairie Oaks
- CobbleHills Ridge
- Ridgeview
- Cresleigh Natoma
- Hannaford Crossing

Mello-Roos Districts:

- Willow Creek Community Facilities District No. 1 Refunding
- Natoma Station Community Facilities District No. 2 Refunding
- Folsom Heights Community Facilities District No. 3 Refunding
- Broadstone Community Facilities District No. 4 Refunding
- Broadstone 2 Community Facilities District No. 7
- Parkway Community Facilities District No. 8
- Willow Creek Estates South Community Facilities District No. 8
- Empire Ranch Community Facilities District No. 10
- Willow Springs Community Facilities District No. 11
- Islands IA2 Community Facilities District No. 16
- Parkway Community Facilities District No. 14
- Islands at Parkshore 1 Community Facilities District No. 16
- Willow Hill Pipeline Community Facilities District No. 17

Business and Improvement District

- Folsom Historic District

CITY OF FOLSOM, CALIFORNIA

**COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2016**

	<u>Blue Ravine Oaks East</u>	<u>Legends Refunding</u>	<u>Natoma Station</u>	<u>Folsom Auto Plaza</u>	<u>Lake Natoma Shores</u>	<u>Prairie Oaks</u>
ASSETS						
Cash and cash equivalents	\$ 7,405	\$ 33,622	\$ 71,818	\$ 348,508	\$ 7,738	\$ 809,686
Cash with fiscal agent	-	-	-	-	-	-
Receivables:						
Accrued interest	23	110	320	3,148	24	5,327
Due from other governments	-	32	276	177	-	(2,289)
Restricted assets:						
Cash and cash equivalents	-	-	30,673	675,066	-	915,011
Cash with fiscal agent	-	-	-	-	-	-
	<u>7,428</u>	<u>33,764</u>	<u>103,087</u>	<u>1,026,899</u>	<u>7,762</u>	<u>1,727,735</u>
Total assets	<u>\$ 7,428</u>	<u>\$ 33,764</u>	<u>\$ 103,087</u>	<u>\$ 1,026,899</u>	<u>\$ 7,762</u>	<u>\$ 1,727,735</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ 438	\$ 1	\$ -	\$ -	\$ 535
Rebatable Arbitrage	-	-	-	-	-	-
Due to assessment holders	<u>7,428</u>	<u>33,326</u>	<u>103,086</u>	<u>1,026,899</u>	<u>7,762</u>	<u>1,727,200</u>
	<u>7,428</u>	<u>33,764</u>	<u>103,087</u>	<u>1,026,899</u>	<u>7,762</u>	<u>1,727,735</u>
Total liabilities	<u>\$ 7,428</u>	<u>\$ 33,764</u>	<u>\$ 103,087</u>	<u>\$ 1,026,899</u>	<u>\$ 7,762</u>	<u>\$ 1,727,735</u>

<u>Cobble Hills Ridge</u>	<u>Ridgeview</u>	<u>Cresleigh Natoma</u>	<u>Hannafor Crossing</u>	<u>CFD 2013-01 Water Fac & Sup</u>	<u>Willow Creek CFD #1</u>	
ASSETS						
\$ 142,120	\$ 182,643	\$ 75,797	\$ 210,346	\$ 620,357	\$ 1,251	Cash and cash equivalents
-	-	-	-	-	-	Cash with fiscal agent
444	564	238	650	4,171	5	Receivables:
3,281	2,464	657	5,829	416	5,539	Accrued interest
-	-	-	-	-	-	Due from other governments
-	-	-	-	-	-	Restricted assets:
-	-	-	-	-	-	Cash and cash equivalents
-	-	-	-	-	-	Cash with fiscal agent
<u>\$ 145,845</u>	<u>\$ 185,671</u>	<u>\$ 76,692</u>	<u>\$ 216,825</u>	<u>\$ 624,944</u>	<u>\$ 6,795</u>	Total assets

LIABILITIES AND FUND BALANCES

LIABILITIES:						
\$ 438	\$ 438	\$ 438	\$ 73	\$ -	\$ -	Accounts payable
-	-	-	-	-	497	Rebatable Arbitrage
145,407	185,233	76,254	216,752	624,944	6,298	Due to assessment holders
<u>\$ 145,845</u>	<u>\$ 185,671</u>	<u>\$ 76,692</u>	<u>\$ 216,825</u>	<u>\$ 624,944</u>	<u>\$ 6,795</u>	Total liabilities

CITY OF FOLSOM, CALIFORNIA
COMBINING BALANCE SHEET (CONTINUED)
AGENCY FUNDS
JUNE 30, 2016

	Natoma Station CFD #2	Folsom Heights CFD #3	Broadstone CFD #4	Broadstone 2 CFD #7	Parkway CFD #8	Willow Creek Estates South CFD #8	Empire Ranch CFD #10
ASSETS							
Cash and cash equivalents	\$ 1,410,162	\$ 3,337	\$ 328,753	\$ 2,627,273	\$ 347,119	\$ 215,572	\$ 3,979,386
Cash with fiscal agent	5	-	2	21,259	3,666	5,961	1,254
Receivables:							
Accrued interest	4,344	-	1,022	8,038	1,077	670	12,191
Due from other governments	20,305	3	3,118	23,532	5,376	9,615	64,474
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Cash with fiscal agent	1,062,493	-	345,981	2,301,719	322,857	171,000	5,958,261
Total assets	<u>\$ 2,497,309</u>	<u>\$ 3,340</u>	<u>\$ 678,876</u>	<u>\$ 4,981,821</u>	<u>\$ 680,095</u>	<u>\$ 402,818</u>	<u>\$ 10,015,566</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 1,750	\$ -	\$ 275	\$ 30,601	\$ 1	\$ -	\$ -
Rebatable Arbitrage	-	-	-	-	-	-	-
Due to assessment holders	2,495,559	3,340	678,601	4,951,220	680,094	402,818	10,015,566
Total liabilities	<u>\$ 2,497,309</u>	<u>\$ 3,340</u>	<u>\$ 678,876</u>	<u>\$ 4,981,821</u>	<u>\$ 680,095</u>	<u>\$ 402,818</u>	<u>\$ 10,015,566</u>

<u>Willow Springs CFD #11</u>	<u>CFD #16 Islands IA2</u>	<u>Parkway CFD #14</u>	<u>Folsom Historic District</u>	<u>CFD #16 Islands at Parkshore 1</u>	<u>CFD #17 Willow Hill Pipeline</u>	<u>Total Agency Funds</u>	
ASSETS							
\$ 210,634	\$ 121	\$ 974,060	\$ 1,483	\$ 1,059	\$ 361,945	\$ 12,972,195	Cash and cash equivalents
1,420,389	-	46,096	-	-	4,127,753	5,626,385	Cash with fiscal agent
924	114	3,017	3	186	12,491	59,101	Receivables:
8,789	21	19,482	631	2,093	229	174,050	Accrued interest
-	-	-	-	-	-	1,620,750	Due from other governments
864,045	-	1,412,319	-	-	-	12,438,675	Restricted assets:
							Cash and cash equivalents
							Cash with fiscal agent
<u>\$ 2,504,781</u>	<u>\$ 256</u>	<u>\$ 2,454,974</u>	<u>\$ 2,117</u>	<u>\$ 3,338</u>	<u>\$ 4,502,418</u>	<u>\$ 32,891,156</u>	Total assets
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169	\$ 35,157	Accounts payable
-	-	-	-	-	-	497	Rebatable Arbitrage
2,504,781	256	2,454,974	2,117	3,338	4,502,249	32,855,502	Due to assessment holders
<u>\$ 2,504,781</u>	<u>\$ 256</u>	<u>\$ 2,454,974</u>	<u>\$ 2,117</u>	<u>\$ 3,338</u>	<u>\$ 4,502,418</u>	<u>\$ 32,891,156</u>	Total liabilities

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Blue Ravine Oaks East				
Assets				
Cash	\$ 24,964	\$ 129	\$ 17,688	\$ 7,405
Cash with fiscal agent	-	72,590	72,590	-
Accrued interest	22	111	110	23
Due from other governments	(29)	29	-	-
Restricted cash	57,500	-	57,500	-
Total assets	<u>\$ 82,457</u>	<u>\$ 72,859</u>	<u>\$ 147,888</u>	<u>\$ 7,428</u>
Liabilities				
Accounts payable	\$ -	\$ 2,569	\$ 2,569	\$ -
Due to assessment holders	82,457	129	75,158	7,428
Total liabilities	<u>\$ 82,457</u>	<u>\$ 2,698</u>	<u>\$ 77,727</u>	<u>\$ 7,428</u>
Legends Refunding				
Assets				
Cash	\$ 12,099	\$ 61,382	\$ 39,859	\$ 33,622
Cash with fiscal agent	-	-	-	-
Accrued interest	3	107	-	110
Due from other governments	405	32	405	32
Restricted cash	-	-	-	-
Total assets	<u>\$ 12,507</u>	<u>\$ 61,521</u>	<u>\$ 40,264</u>	<u>\$ 33,764</u>
Liabilities				
Accounts payable	\$ -	\$ 6,000	\$ 5,562	\$ 438
Due to assessment holders	12,507	61,113	40,294	33,326
Total liabilities	<u>\$ 12,507</u>	<u>\$ 67,113</u>	<u>\$ 45,856</u>	<u>\$ 33,764</u>
Natoma Station				
Assets				
Cash	\$ 70,765	\$ 31,748	\$ 30,695	\$ 71,818
Cash with fiscal agent	-	-	-	-
Accrued interest	179	930	789	320
Due from other governments	320	276	320	276
Restricted cash	30,673	-	-	30,673
Total assets	<u>\$ 101,937</u>	<u>\$ 32,954</u>	<u>\$ 31,804</u>	<u>\$ 103,087</u>
Liabilities				
Accounts payable	\$ -	\$ 6,035	\$ 6,034	\$ 1
Due to assessment holders	101,937	31,844	30,695	103,086
Total liabilities	<u>\$ 101,937</u>	<u>\$ 37,879</u>	<u>\$ 36,729</u>	<u>\$ 103,087</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Folsom Auto Plaza				
Assets				
Cash	\$ 614,052	\$ 344,103	\$ 609,647	\$ 348,508
Cash with fiscal agent	-	-	-	-
Accrued interest	2,001	8,500	7,353	3,148
Due from other governments	(101)	278	-	177
Restricted cash	578,618	96,448	-	675,066
Total assets	<u>\$ 1,194,570</u>	<u>\$ 449,329</u>	<u>\$ 617,000</u>	<u>\$ 1,026,899</u>
Liabilities				
Accounts payable	\$ -	\$ 48,746	\$ 48,746	\$ -
Due to assessment holders	1,194,570	441,875	609,546	1,026,899
Total liabilities	<u>\$ 1,194,570</u>	<u>\$ 490,621</u>	<u>\$ 658,292</u>	<u>\$ 1,026,899</u>
Lake Natoma Shores				
Assets				
Cash	\$ 7,642	\$ 96	\$ -	\$ 7,738
Cash with fiscal agent	-	-	-	-
Accrued interest	17	80	73	24
Due from other governments	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 7,659</u>	<u>\$ 176</u>	<u>\$ 73</u>	<u>\$ 7,762</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to assessment holders	7,659	103	-	7,762
Total liabilities	<u>\$ 7,659</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ 7,762</u>
Prairie Oaks Refunding				
Assets				
Cash	\$ 902,083	\$ 1,552,414	\$ 1,644,811	\$ 809,686
Cash with fiscal agent	-	-	-	-
Accrued interest	1,687	9,588	5,948	5,327
Due from other governments	14,855	15,127	32,271	(2,289)
Restricted cash	728,914	186,097	-	915,011
Total assets	<u>\$ 1,647,539</u>	<u>\$ 1,763,226</u>	<u>\$ 1,683,030</u>	<u>\$ 1,727,735</u>
Liabilities				
Accounts payable	\$ -	\$ 227,592	\$ 227,057	\$ 535
Due to assessment holders	1,647,539	1,724,473	1,644,812	1,727,200
Total liabilities	<u>\$ 1,647,539</u>	<u>\$ 1,952,065</u>	<u>\$ 1,871,869</u>	<u>\$ 1,727,735</u>

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Cobble Hills Ridge Refunding				
Assets				
Cash	\$ 104,348	\$ 160,757	\$ 122,985	\$ 142,120
Cash with fiscal agent	-	-	-	-
Accrued interest	45	549	150	444
Due from other governments	665	3,281	665	3,281
Restricted cash	-	-	-	-
Total assets	<u>\$ 105,058</u>	<u>\$ 164,587</u>	<u>\$ 123,800</u>	<u>\$ 145,845</u>
Liabilities				
Accounts payable	\$ -	\$ 14,413	\$ 13,975	\$ 438
Due to assessment holders	105,058	163,770	123,421	145,407
Total liabilities	<u>\$ 105,058</u>	<u>\$ 178,183</u>	<u>\$ 137,396</u>	<u>\$ 145,845</u>
Ridgeview Refunding				
Assets				
Cash	\$ 139,823	\$ 155,295	\$ 112,475	\$ 182,643
Cash with fiscal agent	-	-	-	-
Accrued interest	134	1,021	591	564
Due from other governments	3,550	2,464	3,550	2,464
Restricted cash	-	-	-	-
Total assets	<u>\$ 143,507</u>	<u>\$ 158,780</u>	<u>\$ 116,616</u>	<u>\$ 185,671</u>
Liabilities				
Accounts payable	\$ -	\$ 15,723	\$ 15,285	\$ 438
Rebateable arbitrage	-	-	-	-
Due to assessment holders	143,507	154,638	112,912	185,233
Total liabilities	<u>\$ 143,507</u>	<u>\$ 170,361</u>	<u>\$ 128,197</u>	<u>\$ 185,671</u>
Cresleigh Natoma Refunding				
Assets				
Cash	\$ 53,569	\$ 110,202	\$ 87,974	\$ 75,797
Cash with fiscal agent	-	-	-	-
Accrued interest	2	236	-	238
Due from other governments	559	657	559	657
Restricted cash	-	-	-	-
Total assets	<u>\$ 54,130</u>	<u>\$ 111,095</u>	<u>\$ 88,533</u>	<u>\$ 76,692</u>
Liabilities				
Accounts payable	\$ -	\$ 11,849	\$ 11,411	\$ 438
Rebateable arbitrage	-	-	-	-
Due to assessment holders	54,130	110,533	88,409	76,254
Total liabilities	<u>\$ 54,130</u>	<u>\$ 122,382</u>	<u>\$ 99,820</u>	<u>\$ 76,692</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Hannaford Crossing Refunding				
Assets				
Cash	\$ 156,177	\$ 232,692	\$ 178,523	\$ 210,346
Cash with fiscal agent	-	-	-	-
Accrued interest	101	959	410	650
Due from other governments	6,761	5,829	6,761	5,829
Restricted cash	-	-	-	-
Total assets	<u>\$ 163,039</u>	<u>\$ 239,480</u>	<u>\$ 185,694</u>	<u>\$ 216,825</u>
Liabilities				
Accounts payable	\$ -	\$ 29,407	\$ 29,334	\$ 73
Due to assessment holders	163,039	234,399	180,686	216,752
Total liabilities	<u>\$ 163,039</u>	<u>\$ 263,806</u>	<u>\$ 210,020</u>	<u>\$ 216,825</u>
CFD 2013-01 Water Fac & Sup				
Assets				
Cash	\$ 574,079	\$ 798,501	\$ 752,223	\$ 620,357
Cash with fiscal agent	-	-	-	-
Accrued interest	92	9,051	4,972	4,171
Due from other governments	168	416	168	416
Restricted cash	-	-	-	-
Total assets	<u>\$ 574,339</u>	<u>\$ 807,968</u>	<u>\$ 757,363</u>	<u>\$ 624,944</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Rebateable arbitrage	-	-	-	-
Due to assessment holders	574,339	802,825	752,220	624,944
Total liabilities	<u>\$ 574,339</u>	<u>\$ 802,825</u>	<u>\$ 752,220</u>	<u>\$ 624,944</u>
Willow Creek CFD #1 Refunding				
Assets				
Cash	\$ 1,236	\$ 15	\$ -	\$ 1,251
Cash with fiscal agent	-	-	-	-
Accrued interest	3	14	12	5
Due from other governments	5,539	-	-	5,539
Restricted cash	-	-	-	-
Total assets	<u>\$ 6,778</u>	<u>\$ 29</u>	<u>\$ 12</u>	<u>\$ 6,795</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Rebateable arbitrage	497	-	-	497
Due to assessment holders	6,281	17	-	6,298
Total liabilities	<u>\$ 6,778</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 6,795</u>

CITY OF FOLSOM, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Natoma Station CFD #2 Refunding				
Assets				
Cash	\$ 1,305,687	\$ 1,457,981	\$ 1,353,506	\$ 1,410,162
Cash with fiscal agent	-	1,313,505	1,313,500	5
Accrued interest	2,154	10,312	8,122	4,344
Due from other governments	77,166	20,305	77,166	20,305
Restricted cash	1,067,388	9,795	14,690	1,062,493
Total assets	<u>\$ 2,452,395</u>	<u>\$ 2,811,898</u>	<u>\$ 2,766,984</u>	<u>\$ 2,497,309</u>
Liabilities				
Accounts payable	\$ -	\$ 127,753	\$ 126,003	\$ 1,750
Due to assessment holders	2,452,395	1,413,117	1,369,953	2,495,559
Total liabilities	<u>\$ 2,452,395</u>	<u>\$ 1,540,870</u>	<u>\$ 1,495,956</u>	<u>\$ 2,497,309</u>
Folsom Heights CFD #3 Refunding				
Assets				
Cash	\$ (165,186)	\$ 204,046	\$ 35,523	\$ 3,337
Cash with fiscal agent	174,509	80	174,589	-
Accrued interest	-	-	-	-
Due from other governments	(44)	48	1	3
Restricted cash	89,781	70	89,851	-
Total assets	<u>\$ 99,060</u>	<u>\$ 204,244</u>	<u>\$ 299,964</u>	<u>\$ 3,340</u>
Liabilities				
Accounts payable	\$ -	\$ 8,479	\$ 8,479	\$ -
Due to assessment holders	99,060	150	95,870	3,340
Total liabilities	<u>\$ 99,060</u>	<u>\$ 8,629</u>	<u>\$ 104,349</u>	<u>\$ 3,340</u>
Broadstone CFD#4 Refunding				
Assets				
Cash	\$ 320,077	\$ 353,224	\$ 344,548	\$ 328,753
Cash with fiscal agent	7,589	325,038	332,625	2
Accrued interest	374	1,111	463	1,022
Due from other governments	1,973	3,118	1,973	3,118
Restricted cash	344,168	3,421	1,608	345,981
Total assets	<u>\$ 674,181</u>	<u>\$ 685,912</u>	<u>\$ 681,217</u>	<u>\$ 678,876</u>
Liabilities				
Accounts payable	\$ -	\$ 32,365	\$ 32,090	\$ 275
Due to assessment holders	674,181	358,439	354,019	678,601
Total liabilities	<u>\$ 674,181</u>	<u>\$ 390,804</u>	<u>\$ 386,109</u>	<u>\$ 678,876</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Broadstone 2 CFD # 7				
Assets				
Cash	\$ 2,467,662	\$ 2,666,220	\$ 2,506,609	\$ 2,627,273
Cash with fiscal agent	98,274	2,272	79,287	21,259
Accrued interest	2,525	12,760	7,247	8,038
Due from other governments	21,864	23,532	21,864	23,532
Restricted cash	2,289,782	11,937	-	2,301,719
Total assets	<u>\$ 4,880,107</u>	<u>\$ 2,716,721</u>	<u>\$ 2,615,007</u>	<u>\$ 4,981,821</u>
Liabilities				
Accounts payable	\$ 30,601	\$ 337,392	\$ 337,392	\$ 30,601
Due to assessment holders	4,849,506	2,608,321	2,506,607	4,951,220
Total liabilities	<u>\$ 4,880,107</u>	<u>\$ 2,945,713</u>	<u>\$ 2,843,999</u>	<u>\$ 4,981,821</u>
Parkway CFD # 8				
Assets				
Cash	\$ 346,973	\$ 348,887	\$ 348,741	\$ 347,119
Cash with fiscal agent	2,280	1,386	-	3,666
Accrued interest	373	1,624	920	1,077
Due from other governments	3,337	5,376	3,337	5,376
Restricted cash	323,347	-	490	322,857
Total assets	<u>\$ 676,310</u>	<u>\$ 357,273</u>	<u>\$ 353,488</u>	<u>\$ 680,095</u>
Liabilities				
Accounts payable	\$ 1	\$ 32,533	\$ 32,533	\$ 1
Due to assessment holders	676,309	352,525	348,740	680,094
Total liabilities	<u>\$ 676,310</u>	<u>\$ 385,058</u>	<u>\$ 381,273</u>	<u>\$ 680,095</u>
Willow Creek Estates South CFD#9				
Assets				
Cash	\$ 180,948	\$ 253,822	\$ 219,198	\$ 215,572
Cash with fiscal agent	5,813	148	-	5,961
Accrued interest	204	926	460	670
Due from other governments	37,042	9,615	37,042	9,615
Restricted cash	171,000	-	-	171,000
Total assets	<u>\$ 395,007</u>	<u>\$ 264,511</u>	<u>\$ 256,700</u>	<u>\$ 402,818</u>
Liabilities				
Accounts payable	\$ -	\$ 16,146	\$ 16,146	\$ -
Due to assessment holders	395,007	227,004	219,193	402,818
Total liabilities	<u>\$ 395,007</u>	<u>\$ 243,150</u>	<u>\$ 235,339</u>	<u>\$ 402,818</u>

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Empire Ranch CFD # 10				
Assets				
Cash	\$ 3,896,005	\$ 5,359,416	\$ 5,276,035	\$ 3,979,386
Cash with fiscal agent	1,036	218	-	1,254
Accrued interest	3,315	14,655	5,779	12,191
Due from other governments	52,465	64,474	52,465	64,474
Restricted cash	5,916,047	42,214	-	5,958,261
Total assets	<u>\$ 9,868,868</u>	<u>\$ 5,480,977</u>	<u>\$ 5,334,279</u>	<u>\$ 10,015,566</u>
Liabilities				
Accounts payable	\$ -	\$ 1,268,175	\$ 1,268,175	\$ -
Due to assessment holders	9,868,868	5,422,551	5,275,853	10,015,566
Total liabilities	<u>\$ 9,868,868</u>	<u>\$ 6,690,726</u>	<u>\$ 6,544,028</u>	<u>\$ 10,015,566</u>
Willow Springs CFD # 11				
Assets				
Cash	\$ 338,318	\$ 829,683	\$ 957,367	\$ 210,634
Cash with fiscal agent	1,411,367	9,022	-	1,420,389
Accrued interest	304	686	66	924
Due from other governments	8,858	8,789	8,858	8,789
Restricted cash	864,322	-	277	864,045
Total assets	<u>\$ 2,623,169</u>	<u>\$ 848,180</u>	<u>\$ 966,568</u>	<u>\$ 2,504,781</u>
Liabilities				
Accounts payable	\$ (1)	\$ 135,669	\$ 135,668	\$ -
Due to assessment holders	2,623,170	751,816	870,205	2,504,781
Total liabilities	<u>\$ 2,623,169</u>	<u>\$ 887,485</u>	<u>\$ 1,005,873</u>	<u>\$ 2,504,781</u>
CFD #16 Islands IA2				
Assets				
Cash	\$ -	\$ 39,827	\$ 39,706	\$ 121
Cash with fiscal agent	-	-	-	-
Accrued interest	-	114	-	114
Due from other governments	-	21	-	21
Restricted cash	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 39,962</u>	<u>\$ 39,706</u>	<u>\$ 256</u>
Liabilities				
Accounts payable	\$ -	\$ 3,123	\$ 3,123	\$ -
Due to assessment holders	-	3,380	3,124	256
Total liabilities	<u>\$ -</u>	<u>\$ 6,503</u>	<u>\$ 6,247</u>	<u>\$ 256</u>

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Parkway CFD # 14				
Assets				
Cash	\$ 924,857	\$ 1,400,382	\$ 1,351,179	\$ 974,060
Cash with fiscal agent	33,904	12,192	-	46,096
Accrued interest	797	3,607	1,387	3,017
Due from other governments	14,157	19,482	14,157	19,482
Restricted cash	1,408,017	4,302	-	1,412,319
Total assets	<u>\$ 2,381,732</u>	<u>\$ 1,439,965</u>	<u>\$ 1,366,723</u>	<u>\$ 2,454,974</u>
Liabilities				
Accounts payable	\$ -	\$ 398,035	\$ 398,035	\$ -
Due to assessment holders	2,381,732	1,424,351	1,351,109	2,454,974
Total liabilities	<u>\$ 2,381,732</u>	<u>\$ 1,822,386</u>	<u>\$ 1,749,144</u>	<u>\$ 2,454,974</u>
Folsom Historic District				
Assets				
Cash	\$ 883	\$ 133,022	\$ 132,422	\$ 1,483
Cash with fiscal agent	-	-	-	-
Accrued interest	38	260	295	3
Due from other governments	2,067	631	2,067	631
Restricted cash	-	-	-	-
Total assets	<u>\$ 2,988</u>	<u>\$ 133,913</u>	<u>\$ 134,784</u>	<u>\$ 2,117</u>
Liabilities				
Accounts payable	\$ -	\$ 132,422	\$ 132,422	\$ -
Due to assessment holders	2,988	131,551	132,422	2,117
Total liabilities	<u>\$ 2,988</u>	<u>\$ 263,973</u>	<u>\$ 264,844</u>	<u>\$ 2,117</u>
CFD #16 Islands at Parkshore 1				
Assets				
Cash	\$ 883	\$ 50,794	\$ 50,618	\$ 1,059
Cash with fiscal agent	-	-	-	-
Accrued interest	38	148	-	186
Due from other governments	2,067	26	-	2,093
Restricted cash	-	-	-	-
Total assets	<u>\$ 2,988</u>	<u>\$ 50,968</u>	<u>\$ 50,618</u>	<u>\$ 3,338</u>
Liabilities				
Accounts payable	\$ -	\$ 3,280	\$ 3,280	\$ -
Due to assessment holders	2,988	3,630	3,280	3,338
Total liabilities	<u>\$ 2,988</u>	<u>\$ 6,910</u>	<u>\$ 6,560</u>	<u>\$ 3,338</u>

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
CFD #17 Willow Hill Pipeline				
Assets				
Cash	\$ -	\$ 506,167	\$ 144,222	\$ 361,945
Cash with fiscal agent	-	12,135,869	8,008,116	4,127,753
Accrued interest	-	50,390	37,899	12,491
Due from other governments	-	229	-	229
Restricted cash	-	-	-	-
 Total assets	 <u>\$ -</u>	 <u>\$ 12,692,655</u>	 <u>\$ 8,190,237</u>	 <u>\$ 4,502,418</u>
Liabilities				
Accounts payable	\$ 169	\$ 144,195	\$ 144,195	\$ 169
Due to assessment holders	(169)	7,194,201	2,691,783	4,502,249
 Total liabilities	 <u>\$ -</u>	 <u>\$ 7,338,396</u>	 <u>\$ 2,835,978</u>	 <u>\$ 4,502,418</u>

Grand Totals:

Assets	\$ 32,891,156
Liabilities	\$ 32,891,156

STATISTICAL SECTION



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Information

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

Revenue Capacity Information

These schedules contain information to help the reader assess the government's most significant local revenue sources.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

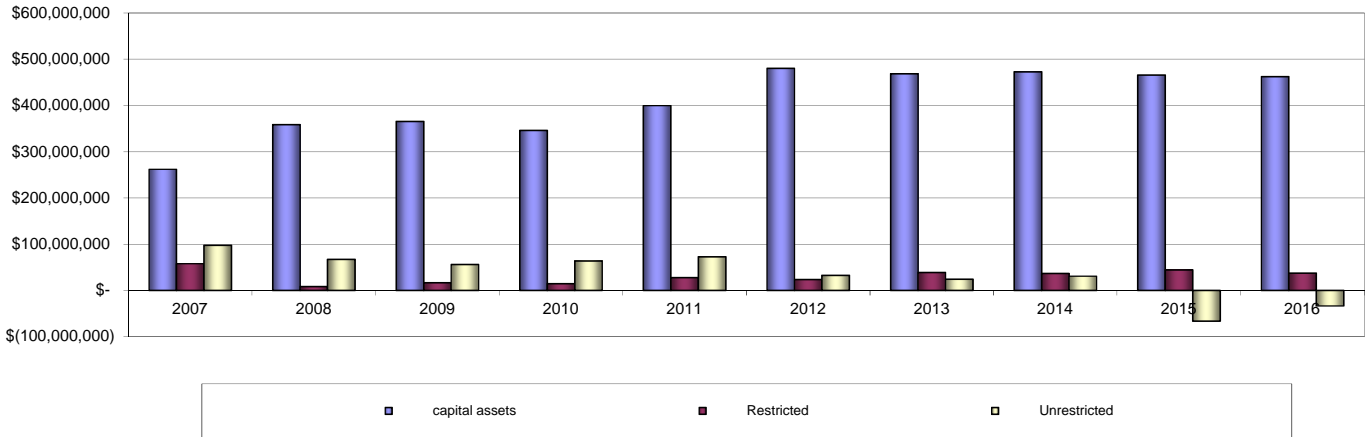
These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Schedule 1
CITY OF FOLSOM, CALIFORNIA
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)**

Total Primary Government Net Position

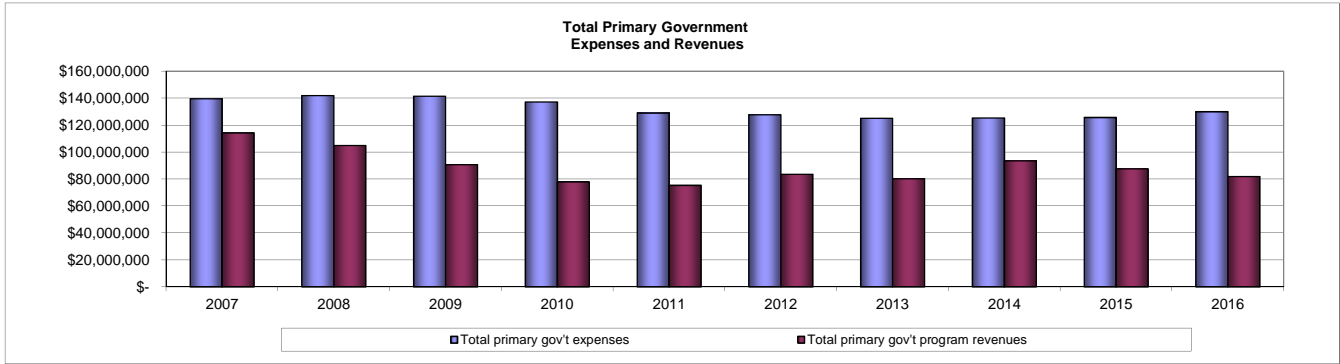


	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 147,327,906	\$ 237,784,529	\$ 249,294,117	\$ 235,070,576	\$ 289,842,203	\$ 373,572,187	\$ 364,036,649	\$ 368,751,791	\$ 352,122,867	\$ 345,540,942
Restricted	57,799,580	8,097,551	16,612,650	14,622,264	27,559,119	23,073,659	38,567,808	36,162,905	43,903,207	36,707,418
Unrestricted (1)	81,796,394	53,469,053	47,326,828	56,563,586	65,071,325	19,524,175	3,184,135	1,634,857	(71,702,596)	(39,219,804)
Total gov't activities net position	\$ 286,923,880	\$ 299,351,133	\$ 313,233,595	\$ 306,256,426	\$ 382,472,647	\$ 416,170,021	\$ 405,788,592	\$ 406,549,553	\$ 324,323,478	\$ 343,028,556
Business-type activities										
Net investment in capital assets	\$ 114,634,955	\$ 120,755,756	\$ 116,127,108	\$ 110,727,586	\$ 109,579,115	\$ 106,342,185	\$ 104,389,312	\$ 103,935,042	\$ 113,263,233	\$ 116,725,962
Restricted					326,097	326,097	326,097	512,201	520,858	527,202
Unrestricted	15,954,442	13,823,143	8,632,023	7,258,017	7,735,887	13,009,488	21,212,232	29,128,818	5,424,024	5,779,903
Total bus-type activities net position	\$ 130,589,397	\$ 134,578,899	\$ 124,759,131	\$ 117,985,603	\$ 117,641,099	\$ 119,677,770	\$ 125,927,641	\$ 133,576,061	\$ 119,208,115	\$ 123,033,067
Primary government										
Net investment in capital assets	\$ 261,962,861	\$ 358,540,285	\$ 365,421,225	\$ 345,798,162	\$ 399,421,318	\$ 479,914,372	\$ 468,425,961	\$ 472,686,833	\$ 465,386,100	\$ 462,266,904
Restricted	57,799,580	8,097,551	16,612,650	14,622,264	27,885,216	23,399,756	38,893,905	36,675,106	44,424,065	37,234,620
Unrestricted	97,750,836	67,292,196	55,958,851	63,821,603	72,807,212	32,533,663	24,396,367	30,763,675	(66,278,572)	(33,439,901)
Total primary gov't net position	\$ 417,513,277	\$ 433,930,032	\$ 437,992,726	\$ 424,242,029	\$ 500,113,746	\$ 535,847,791	\$ 531,716,233	\$ 540,125,614	\$ 443,531,593	\$ 466,061,623

Source: The City's Comprehensive Annual Financial Reports

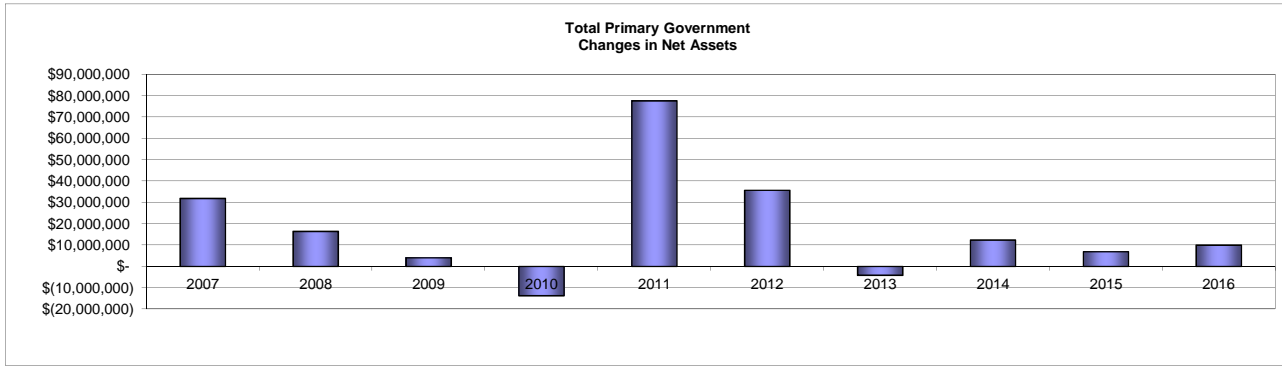
(1) FY12 decrease in Governmental activities, Unrestricted balance due to the State dissolution of RDA during FY12. FY14 decrease due to implementation of GASB 68

**Schedule 2
CITY OF FOLSOM, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**



	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 16,835,443	\$ 19,469,082	\$ 20,939,721	\$ 21,503,751	\$ 21,216,003	\$ 15,526,948	\$ 14,992,033	\$ 16,949,780	\$ 16,789,611	\$ 16,842,039
Public safety	34,460,808	37,583,877	35,522,285	35,359,762	32,731,317	32,952,091	33,603,561	31,853,391	31,457,224	33,732,869
Public ways and facilities	34,977,399	28,368,998	23,627,838	21,212,291	19,795,837	24,285,037	24,461,319	23,900,284	24,655,423	23,760,187
Community services	-	-	4,371,136	3,503,233	3,030,879	3,100,464	3,068,322	3,293,971	3,358,210	3,795,881
Culture and recreation	11,739,625	11,132,695	15,608,095	13,882,885	13,142,439	13,256,421	13,928,174	13,949,169	13,917,727	15,226,602
Interest and fiscal changes	4,999,999	9,857,714	8,074,433	8,734,364	10,120,844	9,892,431	6,623,777	6,280,411	5,669,088	5,080,330
Total gov't activities expenses	103,013,274	106,412,367	108,143,508	104,196,287	100,037,320	99,013,392	96,677,186	96,227,005	95,847,283	98,437,909
Business-type activities:										
Water	16,465,433	14,224,703	15,785,836	18,171,481	13,578,162	13,289,143	11,920,409	12,088,326	12,666,550	12,704,599
Sewer	5,165,414	4,688,247	4,985,197	3,917,967	3,999,387	4,260,464	4,450,646	5,154,810	5,175,177	5,419,982
Solid Waste	8,124,809	8,853,274	10,225,341	9,098,186	8,126,349	7,804,698	8,358,745	8,518,137	8,702,357	9,347,062
Transit	1,869,009	2,318,433	2,172,862	1,869,090	3,347,961	3,394,091	3,704,361	3,316,706	3,344,616	3,709,459
Facilities Augmentation	143,123	53,995	210,976	9,500	-	-	-	23,375	-	407,237
Recreation	4,798,139	5,417,363	-	-	-	-	-	-	-	-
Total bus-type activities expense	36,565,927	35,556,015	33,380,212	33,066,224	29,051,859	28,748,396	28,434,161	29,101,354	29,888,700	31,588,339
Total primary gov't expenses	\$ 139,579,201	\$ 141,968,382	\$ 141,523,720	\$ 137,262,511	\$ 129,089,179	\$ 127,761,788	\$ 125,111,347	\$ 125,328,359	\$ 125,735,983	\$ 130,026,248
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,029,063	\$ 5,507,917	\$ 5,111,144	\$ 11,247,511	\$ 7,975,006	\$ 8,179,094	\$ 6,702,220	\$ 7,709,627	\$ 7,552,485	\$ 7,496,678
Public safety	2,990,892	4,161,966	4,964,922	3,279,718	2,773,512	2,933,392	3,716,287	4,576,667	4,913,124	5,125,847
Public ways and facilities	36,433,784	11,814,823	12,335,305	9,008,716	8,385,271	8,090,723	9,820,449	12,599,223	11,013,797	7,997,349
Community services	-	-	3,012,191	1,710,336	2,076,218	1,745,987	2,368,217	3,498,093	4,119,947	4,986,243
Culture and recreation	2,039,259	1,869,916	4,750,580	4,881,270	4,756,192	4,913,376	5,449,076	6,364,798	6,244,176	4,966,763
Operating grants and contributions	14,130,089	14,546,734	9,874,356	1,953,565	2,430,713	2,667,867	2,090,718	2,883,514	2,631,565	2,354,928
Capital grants and contributions	12,060,808	26,150,603	19,193,100	15,472,115	13,168,019	21,050,894	12,646,821	16,542,881	14,275,960	11,437,916
Total gov't activities program revenue	70,683,895	64,051,959	59,241,598	47,553,231	41,564,931	49,581,333	42,793,788	54,174,803	50,751,054	44,365,724
Business-type activities:										
Charges for services:										
Water	9,349,920	11,081,270	12,424,614	11,806,006	12,271,149	12,684,028	14,730,130	14,201,854	13,105,941	12,205,895
Sewer	4,908,640	5,441,204	5,817,865	5,907,107	5,998,304	5,971,558	5,990,811	6,102,878	6,163,970	6,278,631
Solid Waste	9,645,537	10,598,656	9,814,954	9,938,754	10,399,855	10,071,219	10,140,081	10,240,575	10,362,825	10,620,422
Transit	214,316	169,736	190,354	183,005	780,618	702,917	690,404	1,273,371	677,295	623,745
Facilities augmentation	15,972	-	-	-	-	67,365	-	-	-	-
Recreation	3,127,222	3,388,715	-	-	-	-	-	-	-	-
Operating grants and contributions	3,684,858	3,225,525	2,311,042	732,729	3,220,227	3,484,445	5,203,738	4,883,545	5,947,821	6,997,288
Capital grants and contributions	12,659,029	6,951,581	928,746	1,840,128	1,114,608	1,019,849	746,776	2,616,710	554,070	786,090
Total business-type activities	43,605,494	40,856,687	31,487,575	30,407,729	33,784,761	34,001,381	37,501,940	39,318,933	36,811,922	37,512,071
Total primary gov't program revenues	\$ 114,289,389	\$ 104,908,646	\$ 90,729,173	\$ 77,960,960	\$ 75,349,692	\$ 83,582,714	\$ 80,295,728	\$ 93,493,736	\$ 87,562,976	\$ 81,877,795

Schedule 2
CITY OF FOLSOM, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)



	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (32,329,379)	\$ (42,360,408)	\$ (48,901,910)	\$ (56,643,056)	\$ (58,472,389)	\$ (49,432,059)	\$ (53,883,398)	\$ (42,052,202)	\$ (45,096,229)	\$ (54,072,185)
Business-type activities	7,039,567	5,300,672	(1,892,637)	(2,658,495)	4,732,902	5,252,985	9,067,779	10,217,579	6,923,222	5,923,732
Total primary gov't net (exp)/rev	\$ (25,289,812)	\$ (37,059,736)	\$ (50,794,547)	\$ (59,301,551)	\$ (53,739,487)	\$ (44,179,074)	\$ (44,815,619)	\$ (31,834,623)	\$ (38,173,007)	\$ (48,148,453)

General Revenue and Other changes in Net Position

Government activities:										
Taxes										
Property	\$ 24,576,162	\$ 26,315,286	\$ 27,743,274	\$ 27,269,414	\$ 25,183,107	\$ 21,562,389	\$ 17,138,883	\$ 19,042,480	\$ 20,169,495	\$ 21,732,471
Sales and use	18,746,973	18,350,321	16,079,061	13,716,214	15,141,504	16,104,163	17,230,775	19,442,008	19,386,661	22,168,300
Other	1,986,309	1,645,235	1,706,058	1,612,536	1,789,663	1,807,002	2,577,095	2,593,291	2,860,264	3,202,564
Payments in lieu of services	-	-	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	5,630,342	-	-	-	-	-	-	-
Investments earnings	4,338,027	4,031,828	1,450,083	712,099	558,383	572,542	424,268	695,856	423,710	7,220,125
Miscellaneous	6,658,044	2,417,215	1,953,699	2,125,699	1,604,214	1,903,091	3,161,438	2,423,607	1,921,290	2,764,118
Gain/(loss) on disp of cap assets	40,248	17,727	7,573	-	430,486	-	3,451	3,500	96,858	168,454
Transfers	2,037,439	2,010,049	8,214,282	-	3,383,398	3,339,454	2,966,059	2,510,879	2,599,139	2,600,454
Extraordinary Items:										
Capital Contributions	-	-	-	-	86,597,855	-	-	-	-	-
Gain on dissolution of RDA	-	-	-	-	-	37,840,792	-	-	-	-
Xfer Asset to Successor Agency	-	-	-	-	-	-	(381,150)	-	-	381,150
Total governmental activities	58,383,202	54,787,661	62,784,372	45,435,962	134,688,610	83,129,433	43,501,969	46,330,471	47,457,417	60,237,636
Business-type activities:										
Investment earnings	829,500	698,879	287,151	114,892	96,525	123,140	148,151	384,577	220,380	501,674
Transfers	(2,037,439)	(2,010,049)	(8,214,282)	-	(3,383,398)	(3,339,454)	(2,966,059)	(2,510,879)	(2,599,139)	(2,600,454)
Total business-type activities	(1,207,939)	(1,311,170)	(7,927,131)	114,892	(3,286,873)	(3,216,314)	(2,817,908)	(2,126,302)	(2,378,759)	(2,098,780)
Total primary government	\$ 57,175,263	\$ 53,476,491	\$ 54,857,241	\$ 45,550,854	\$ 131,401,737	\$ 79,913,119	\$ 40,684,061	\$ 44,204,169	\$ 45,078,658	\$ 58,138,856
Change in Net Position										
Governmental activities	\$ 26,053,823	\$ 12,427,253	13,882,462	(6,977,169)	76,216,221	33,697,374	(10,381,429)	4,278,269	2,361,188	6,165,451
Business-type activities	5,831,628	3,989,502	(9,819,768)	(6,773,528)	1,446,029	2,036,671	6,249,871	8,091,277	4,544,463	3,824,952
Total Primary Government	\$ 31,885,451	\$ 16,416,755	\$ 4,062,694	\$ (13,750,697)	\$ 77,662,250	\$ 35,734,045	\$ (4,131,558)	\$ 12,369,546	\$ 6,905,651	\$ 9,990,403
Net Position beginning of Year (as restated for FY 2014 and 2015)	385,627,826	417,513,277	433,930,032	437,992,726	422,451,496	500,113,746	535,847,791	527,756,068	436,625,942	456,469,616
Net Position End of Year	\$ 417,513,277	\$ 433,930,032	\$ 437,992,726	\$ 424,242,029	\$ 500,113,746	\$ 535,847,791	\$ 531,716,233	\$ 540,125,614	\$ 443,531,593	\$ 466,460,019

Source: The City's Comprehensive Annual Financial Reports

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Schedule 3
CITY OF FOLSOM, CALIFORNIA
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund					
Reserved	\$ 6,361,457	\$ 4,745,594	\$ 5,637,081	\$ 1,747,419	
Unreserved	15,213,363	12,277,511	9,584,080	5,520,065	
Nonspendable					375,393
Restricted					
Committed					
Assigned					538,234
Unassigned					3,993,214
Total Fund Balance	<u>\$ 21,574,820</u>	<u>\$ 17,023,105</u>	<u>\$ 15,221,161</u>	<u>\$ 7,267,484</u>	<u>\$ 4,906,841</u>
All Other Governmental Funds					
Reserved	79,413,511	133,853,987	129,955,359	136,844,273	
Unreserved	37,834,347	45,444,526.00	45,107,514	40,315,415	
Nonspendable					7,557,236
Restricted					187,004,914
Committed					6,816,225
Assigned					936,979
Unassigned					(1,295,568)
Total Fund Balance	<u>\$ 117,247,858</u>	<u>\$ 179,298,513</u>	<u>\$ 175,062,873</u>	<u>\$ 177,159,688</u>	<u>\$ 201,019,786</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Reserved					
Unreserved					
Nonspendable	364,358	305,446	265,707	339,494	400,319
Restricted					
Committed					
Assigned	469,059	342,002	373,969	740,393	1,234,023
Unassigned	4,108,447	5,020,894	6,630,937	8,157,227	10,950,323
Total Fund Balance	<u>\$ 4,941,864</u>	<u>\$ 5,668,342</u>	<u>\$ 7,270,613</u>	<u>\$ 9,237,114</u>	<u>\$ 12,584,665</u>
All Other Governmental Funds					
Reserved					
Unreserved					
Nonspendable	9,869,809	9,580,393	268,396	268,396	398,396
Restricted	160,122,141	152,261,985	158,429,877	152,093,714	170,205,119
Committed	6,265,521	2,203,431	3,548,476	3,663,039	3,581,269
Assigned	500,226	467,898	3,684,362	3,236,609	3,160,859
Unassigned	(1,483,486)	2,775,821	(845,061)	(516,671)	(968,842)
Total Fund Balance	<u>\$ 175,274,211</u>	<u>\$ 167,289,528</u>	<u>\$ 165,086,050</u>	<u>\$ 158,745,087</u>	<u>\$ 176,376,801</u>

Source: The City's Comprehensive Annual Financial Reports

Note: Beginning in FY 2011, the fund balance terminology changed to be consistent with GASB 54.

Schedule 4
CITY OF FOLSOM, CALIFORNIA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

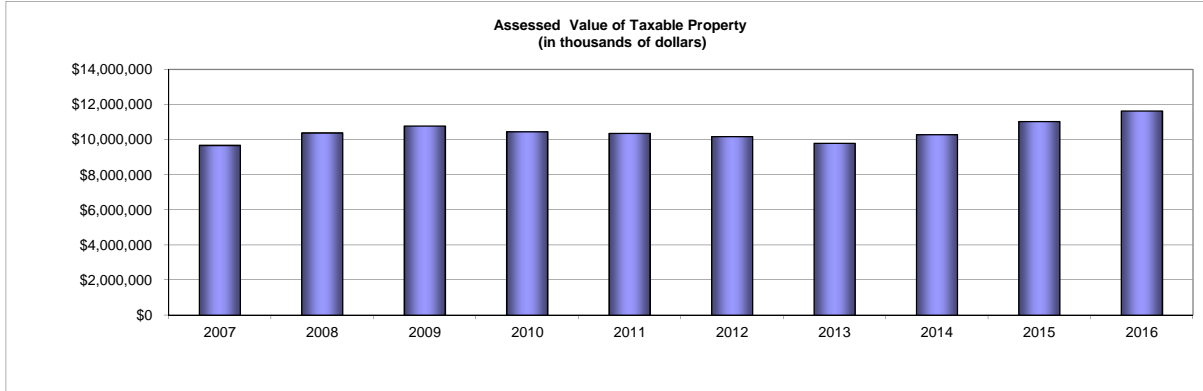
Revenue	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Taxes	\$ 45,309,444	\$ 46,310,842	\$ 45,528,393	\$ 42,598,164	\$ 42,114,274
Licenses, fees and permits	1,947,881	1,834,433	2,187,403	1,359,583	1,398,245
Vehicle License fees	-	-	5,630,342	5,434,694	5,534,031
Intergovernmental revenue	16,472,998	36,274,849	29,067,456	17,425,680	15,598,732
Charges for services	38,897,359	17,710,911	23,548,022	17,444,906	15,586,330
Fines and penalties	324,531	570,566	855,695	537,762	424,814
Assessment collections	3,323,227	3,238,712	3,583,022	3,227,235	3,022,779
Contributions from owners	-	4,031,828	-	-	-
Investment earnings	4,338,027	1,837,215	1,411,512	700,096	533,961
Miscellaneous	6,580,265	-	1,953,699	2,125,699	1,604,214
Total revenue	<u>\$ 117,193,732</u>	<u>\$ 111,809,356</u>	<u>\$ 113,765,544</u>	<u>\$ 90,853,819</u>	<u>\$ 85,817,380</u>
Expenditures					
General government	\$ 15,058,298	\$ 17,511,567	\$ 19,673,933	\$ 21,139,815	\$ 20,106,486
Public safety	33,053,025	35,845,343	34,039,597	33,795,698	30,860,677
Public ways and facilities	18,402,041	18,887,486	13,877,886	11,578,937	9,500,414
Community services	-	-	4,293,286	3,414,705	2,925,077
Culture and recreations	9,898,067	9,694,110	13,561,972	11,431,343	10,374,452
Capital outlay	46,885,486	29,276,885	18,301,637	12,882,877	18,671,363
Debt Service:					
Principal	7,688,661	6,798,808	11,981,979	10,154,002	11,434,546
Interest and fiscal charges	6,227,063	8,066,690	8,117,222	8,925,835	9,179,038
Cost of issuance	-	1,904,821	310,252	344,052	834,778
Total expenditures	<u>\$ 137,212,641</u>	<u>\$ 127,985,710</u>	<u>\$ 124,157,764</u>	<u>\$ 113,667,264</u>	<u>\$ 113,886,831</u>
Excess of revenue over (under) expenditures	\$ (20,018,909)	\$ (16,176,354)	\$ (10,392,220)	\$ (22,813,445)	\$ (28,069,451)
Other Financing Sources (Uses)					
Sale of property	77,779	(193,503)	-	-	430,486
Issuance of debt	16,945,000	580,000	-	-	44,560,000
Capital leases	-	205,131	-	-	-
Bond refunding	-	70,425,000	11,955,000	28,290,000	-
Bond discount	-	-	(115,411)	(56,779)	(824,502)
Gain on Invest in Local Oblig Bonds	-	-	-	-	735,975
Bond premium	-	-	-	771,861	-
Payment to refunded escrow agent	-	2,034,712	(12,822,662)	(13,191,868)	-
Amortized loss on PY bond refinance	-	-	-	-	-
Extraordinary loss on dissolution of RDA	-	-	-	-	-
Transfers in	33,337,710	17,111,898	38,167,757	32,104,952	32,318,319
Transfers out	(31,528,629)	(16,487,944)	(32,830,048)	(30,961,583)	(27,651,372)
Total other financing sources (Uses)	<u>\$ 18,754,081</u>	<u>\$ 73,675,294</u>	<u>\$ 4,354,636</u>	<u>\$ 16,956,583</u>	<u>\$ 49,568,906</u>
Net change in fund balances	<u>\$ (1,264,828)</u>	<u>\$ 57,498,940</u>	<u>\$ (6,037,584)</u>	<u>\$ (5,856,862)</u>	<u>\$ 21,499,455</u>
Debt services as a percentage of non-capital expenditures	15.4%	17.0%	23.2%	23.8%	21.6%

Source: The City's Comprehensive Annual Financial Reports

Schedule 4
CITY OF FOLSOM, CALIFORNIA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	
						Revenue
\$	39,473,554	\$ 36,946,753	\$ 41,077,779	\$ 42,416,420	\$ 47,103,335	Taxes
	1,392,332	1,740,993	2,109,745	2,128,623	2,098,807	Licenses, fees and permits
	5,086,212	4,976,818	5,198,998	5,596,355	5,895,909	Vehicle License fees
	20,272,302	14,307,214	18,611,026	16,049,283	12,819,545	Intergovernmental revenue
	15,693,296	17,404,489	23,992,496	23,823,594	20,388,258	Charges for services
	366,429	490,823	798,051	776,554	729,673	Fines and penalties
	3,324,303	3,482,141	2,685,714	1,518,403	1,460,233	Assessment collections
	-	-	-	-	-	Contributions from owners
	1,214,313	386,391	633,581	395,293	7,068,427	Investment earnings
	1,903,093	3,161,438	2,423,607	1,921,290	2,764,118	Miscellaneous
\$	<u>88,725,834</u>	<u>\$ 82,897,060</u>	<u>\$ 97,530,997</u>	<u>\$ 94,625,815</u>	<u>\$ 100,328,305</u>	Total revenue
						Expenditures
\$	14,606,565	\$ 14,069,483	\$ 16,920,618	\$ 17,920,405	\$ 17,392,563	General government
	31,237,025	31,831,334	31,861,011	32,467,605	34,351,734	Public safety
	11,089,521	11,091,457	10,633,571	11,803,873	10,763,219	Public ways and facilities
	3,018,894	2,986,024	3,394,648	3,582,489	3,975,512	Community services
	10,413,567	11,026,557	11,667,695	11,971,798	12,850,827	Culture and recreations
	9,003,180	2,586,067	5,989,082	5,597,833	6,833,189	Capital outlay
						Debt Service:
	12,233,666	12,511,714	15,465,193	12,879,056	11,090,135	Principal
	9,277,831	6,383,068	6,398,811	5,826,718	5,119,301	Interest and fiscal charges
	934,415	117,505	69,524	-	-	Cost of issuance
\$	<u>101,814,664</u>	<u>\$ 92,603,209</u>	<u>\$ 102,400,153</u>	<u>\$ 102,049,777</u>	<u>\$ 102,376,480</u>	Total expenditures
\$	(13,088,830)	\$ (9,706,149)	\$ (4,869,156)	\$ (7,423,962)	\$ (2,048,175)	Excess of revenue over (under) expenditures
						Other Financing Sources (Uses)
	-	-	-	-	-	Sale of property
	25,557,469	15,034,361	-	-	6,675,000	Issuance of debt
	-	-	-	-	-	Capital leases
	-	-	-	-	-	Bond refunding
	(62,306)	-	-	-	-	Bond discount
	-	-	-	-	-	Gain on Invest in Local Oblig Bonds
	-	-	-	-	-	Bond premium
	(15,041,388)	(15,656,514)	-	-	-	Payment to refunded escrow agent
	-	-	-	-	-	Amortized loss on PY bond refinance
	(26,420,154)	-	-	-	-	Extraordinary loss on dissolution of RDA
	27,491,475	9,111,962	7,523,050	6,704,387	6,439,736	Transfers in
	(24,146,818)	(6,041,865)	(4,863,541)	(3,654,887)	(3,025,319)	Transfers out
\$	<u>(12,621,722)</u>	<u>\$ 2,447,944</u>	<u>\$ 2,659,509</u>	<u>\$ 3,049,500</u>	<u>\$ 10,089,417</u>	Total other financing sources (Uses)
\$	<u>(25,710,552)</u>	<u>\$ (7,258,205)</u>	<u>\$ (2,209,647)</u>	<u>\$ (4,374,462)</u>	<u>\$ 8,041,242</u>	Net change in fund balances
	23.2%	21.0%	22.7%	19.6%	17.0%	Debt services as a percentage of non-capital expenditures

**Schedule 5
CITY OF FOLSOM, CALIFORNIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**



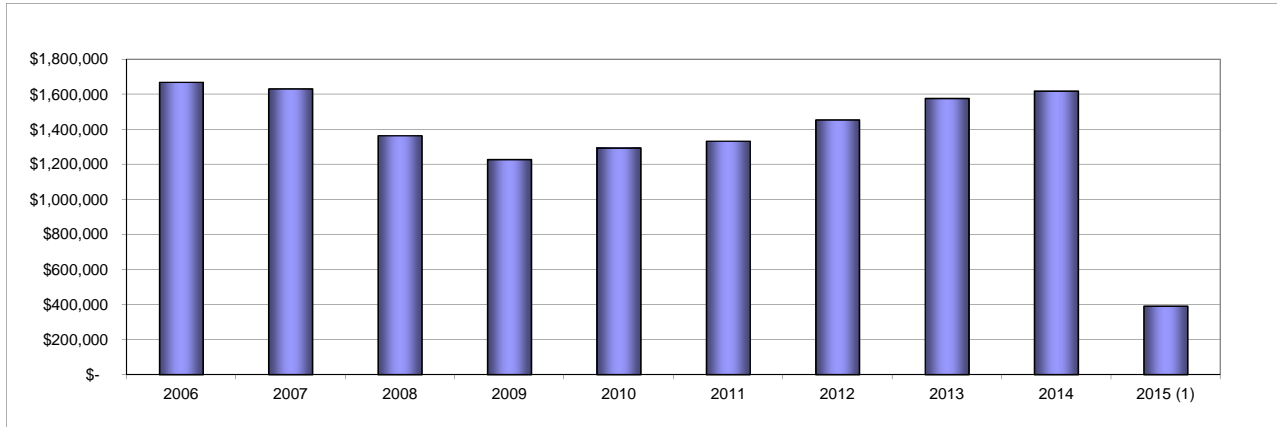
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other (1)	Unsecured Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value	Factor of Taxable Assessed Value
2007	\$ 6,389,298	\$ 2,001,273	\$ 135,087	\$ 1,267,980	Not available	\$ 119,731	\$ 9,673,907	1.1054	\$ 9,793,638	Not available
2008	\$ 7,388,097	\$ 2,309,078	\$ 146,363	\$ 671,446	Not available	\$ 133,791	\$ 10,381,193	1.1721	\$ 10,514,984	Not available
2009	\$ 7,603,600	\$ 2,537,311	\$ 155,166	\$ 637,347	Not available	\$ 154,158	\$ 10,779,267	1.1885	\$ 10,933,425	Not available
2010	\$ 7,322,351	\$ 2,568,605	\$ 160,566	\$ 594,990	Not available	\$ 197,310	\$ 10,449,201	1.2403	\$ 10,646,511	Not available
2011	\$ 7,880,409	\$ 1,974,636	\$ 158,866	\$ 587,410	Not available	\$ 241,689	\$ 10,359,632	1.2473	\$ 10,601,321	Not available
2012	\$ 7,145,644	\$ 2,558,036	\$ 158,600	\$ 586,902	Not available	\$ 276,882	\$ 10,172,299	1.2735	\$ 10,449,181	Not available
2013	\$ 6,791,316	\$ 2,108,662	\$ 159,900	\$ 790,301	\$ 287,803	\$ 346,963	\$ 9,791,019	1.3068	\$ 9,761,577 (3)	0.996993 (3)
2014	\$ 7,237,918	\$ 2,105,306	\$ 162,948	\$ 798,259	\$ 334,685	\$ 351,233	\$ 10,287,883	1.3522	\$ 11,517,264 (3)	1.119498 (3)
2015	\$ 7,863,637	\$ 2,133,511	\$ 161,792	\$ 894,465	\$ 311,204	\$ 333,742	\$ 11,030,867	1.3325	\$ 12,864,274 (3)	1.166207 (3)
2016	\$ 8,227,029	\$ 2,206,981	\$ 162,828	\$ 1,021,962	\$ 367,993	\$ 356,949	\$ 11,629,844	1.4196	\$ 13,598,364 (3)	1.169265 (3)

Source: County Assessor data, MuniServices, LLC , 2011-12 and prior, previously published CAFR Report

- (1) Includes the following categories (Misc., Institutional, Recreational, Irrigated, Vacant, SBE Nonunitary, and Unsecured)
- (2) Total direct tax rate is represented by Tax Rate Areas 04-000 04-004 and 04-027
- (3) As of 2012-13 Estimated Actual Value is being calculated and reported in compliance with GASB No. 44 guidelines.
Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

Note: In 1978, California voters passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an inflation factor (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Schedule 5A
CITY OF FOLSOM CALIFORNIA
Taxable Transactions by Category
Last Ten Calendar Years
(Taxable transactions in thousands of dollars)**



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
Motor Vehicle and Parts Dealers	\$ 547,928	\$ 464,039	\$ 322,101	\$ 260,633	\$ 264,616	\$ 287,365	\$ 342,749	\$ 408,649	\$ 425,196	\$ 110,685
Home furnishings and appliances	33,513	33,563	51,393	57,784	56,485	61,541	65,702	71,634	81,852	18,140
Bld Matri and Garden Equip	110,933	99,283	80,438	69,212	71,521	74,438	84,386	93,213	94,161	25,289
Food and Beverage Stores	59,398	59,550	59,228	60,474	63,585	71,654	74,194	78,944	79,159	17,990
Gasoline Stations	70,347	74,225	75,409	64,133	69,412	80,388	83,171	84,628	83,598	15,752
Clothing & Clothing Accessories	95,799	100,125	94,135	111,099	120,370	124,918	129,738	143,476	148,592	33,296
General merchandise stores	281,609	272,647	266,788	237,615	254,801	270,447	286,652	287,505	285,722	60,997
Food Services and Drinking Places	129,339	134,127	126,876	120,166	124,914	134,184	149,299	156,403	161,652	42,220
Other retail stores	219,205	195,438	157,482	117,744	120,522	124,566	127,862	136,099	133,671	31,213
Subtotal retail	1,548,071	1,432,997	1,233,850	1,098,860	1,146,226	1,229,501	1,343,753	1,460,551	1,493,603	355,582
All other outlets	121,396	198,193	130,324	128,810	147,585	103,528	110,206	115,786	126,130	34,580
Total	\$ 1,669,467	\$ 1,631,190	\$ 1,364,174	\$ 1,227,670	\$ 1,293,811	\$ 1,333,029	\$ 1,453,959	\$ 1,576,337	\$ 1,619,733	\$ 390,162

Source: State Board of Equalization quarterly report.

(1) Information only available for first quarter of 2015.

Schedule 6
CITY OF FOLSOM, CALIFORNIA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	County District Rates			School District, Bonds & Assessments						
	Basic County, City, School Levy	Sacramento Regional County Sanitation	Sacramento County Bonds	Total District Rates	General Obligation - School Districts (1)	Los Rios Community College	Folsom Cordova Bond Area #2	Folsom Cordova Bond Area #3	Folsom Cordova Bond Area #5	San Juan Unified Bond
2007	1.0000	0.0000	0.0000	1.0000	.0000 - .0319	0.0072	0.0290	0.0000	0.0000	0.0692
2008	1.0000	0.0000	0.0000	1.0000	.0000 - .0290	0.0066	0.0288	0.0370	0.0000	0.0707
2009	1.0000	0.0000	0.0000	1.0000	.0000 - .0298	0.0074	0.0283	0.0505	0.0000	0.0725
2010	1.0000	0.0000	0.0000	1.0000	.0000 - .0294	0.0124	0.0312	0.0985	0.0000	0.0688
2011	1.0000	0.0000	0.0000	1.0000	.0000 - .0290	0.009	0.0318	0.0962	0.0000	0.0813
2012	1.0000	0.0000	0.0000	1.0000	.0000 - .0330	0.0192	0.0349	0.0916	0.0000	0.0948
2013	1.0000	0.0000	0.0000	1.0000	.0000 - .0346	0.0193	0.0371	0.1155	0.0000	0.1003
2014	1.0000	0.0000	0.0000	1.0000	.0000 - .0245	0.0181	0.0341	0.1125	0.0000	0.1630
2015	1.0000	0.0000	0.0000	1.0000	.0000 - .0133	0.0111	0.0343	0.1229	0.0000	0.1509
2016	1.0000	0.0000	0.0000	1.0000	.0000 - .0369	0.0273	0.031	0.1129	0.0568	0.1547

Source: Sacramento County, Department of Finance, Auditor-Controller; MuniServices

(1) Compilation of Tax Rates represent the low and high end.

Note: In 1978, California voters passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an inflation factor (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

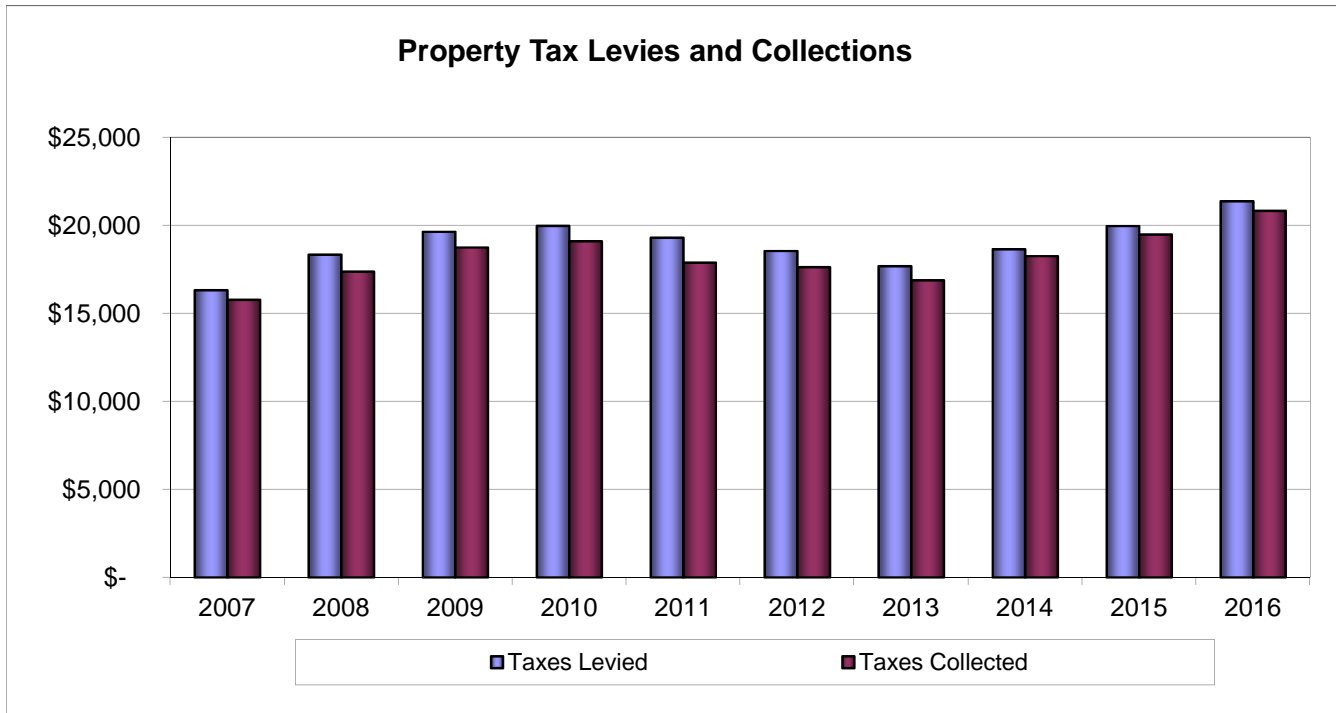
**Schedule 7
CITY OF FOLSOM, CALIFORNIA
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value
Intel Corp	\$ 603,484	1	5.19%	\$ 677,844	1	7.01%
Broadstone Land Llc	163,674	2	1.41%	62,082	2	0.64%
Kaiser	82,027	3	0.71%			
Spectrum Waples Street LP	68,369	4	0.59%	59,976	5	0.62%
Chelsea Financing Partnership	62,791	5	0.54%	61,200	4	0.63%
Kikkoman Foods Inc	59,845	6	0.51%	61,786	3	0.64%
Kirkwood Village Assoc Ltd.	58,200	7	0.50%			
Overlook At Blue Ravine LLC	54,707	8	0.47%			
Sherwood Iron Point LP	53,907	9	0.46%			
CW Parkshore Plaza LLC	49,356	10	0.42%			
Broadstone Market Place LLC				48,467	9	0.50%
Mercy Hospital				57,476	6	0.59%
Parkshore Plaza Development LLC				54,501	7	0.56%
Elliott Homes Inc.				49,480	8	0.51%
Cowifi Iron Point LLC				42,396	10	0.44%
Total	\$ 1,256,362		10.80%	\$ 1,175,208		12%

Sources: MuniServices, Sacramento County Assessor Combined Tax Rolls

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**Schedule 8
CITY OF FOLSOM, CALIFORNIA
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)**



Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percent of Levy (1)
2007	\$ 16,316	\$ 15,767	96.64%
2008	\$ 18,333	\$ 17,375	94.77%
2009	\$ 19,635	\$ 18,743	95.46%
2010	\$ 19,963	\$ 19,100	95.68%
2011	\$ 19,293	\$ 17,887	92.71%
2012	\$ 18,543	\$ 17,630	95.08%
2013	\$ 17,680	\$ 16,884	95.50%
2014	\$ 18,644	\$ 18,251	97.89%
2015	\$ 19,960	\$ 19,481	97.60%
2016	\$ 21,367	\$ 20,819	97.44%

Source: County of Sacramento, Department of Finance, Tax Accounting Bureau

(1) The City of Folsom participates in an alternative method of property tax apportionment permitted by the State Revenue and Taxation Code, Section 4701, more commonly known as the "Teeter Plan". Under this plan, current secured real property tax levies are distributed by Sacramento County to the City as if the taxes had been collected in full. In return, the County retains all rights to collect any delinquencies and subsequent penalties and interest. Thus, under the Teeter Plan, the City receives 100% of all secured real property taxes levied.

Schedule 9
CITY OF FOLSOM, CALIFORNIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
Governmental Activities					
General Obligation Bonds	\$ 25,470,000	\$ 23,110,000	\$ 20,665,000	\$ 17,600,000	\$ 14,900,000
Certificates of Participation	8,240,000	7,065,000	5,835,000	4,540,000	4,170,000
FPFA Revenue Bonds	58,990,000	126,205,000 (4)	121,800,000	117,210,000	133,690,000
RDA Tax Allocation Bonds	31,085,000	30,595,000	30,070,000	45,230,000	66,095,000
City Hall & Fire Station Lease Obligation	-	-	-	-	-
Owner Participation Agreements	4,130,187	5,338,117	2,243,348	1,841,640	2,455,122
Special Assessment Debt	-	-	-	-	-
Notes Payable	-	-	2,000,000	1,500,000	1,000,000
Capital Leases	1,069,129 (3)	1,090,739	909,667	1,099,843	875,382
Business-Type Activities					
Revenue Bonds	30,205,000	\$ 29,480,000	\$ 28,730,000	\$ 28,600,000	\$ 27,630,000
Capital Leases	2,289,571	1,462,154	1,102,224	972,023	528,387
Note Payable	3,000,000 (1)	2,500,000	-	-	-
Total Primary Government	\$ 164,478,887	\$ 226,846,010	\$ 213,355,239	\$ 218,593,506	\$ 251,343,891
Percentage of Personal Income	6%	Not available	Not available	Not available	Not available
Per Capita	2,593 (2)	3,480	3,346	3,385	3,845
Population	63,439	65,194	63,772	64,576	65,375

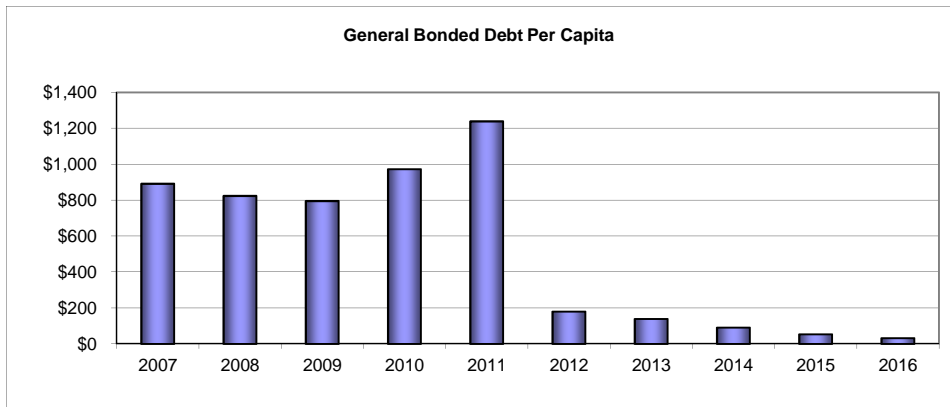
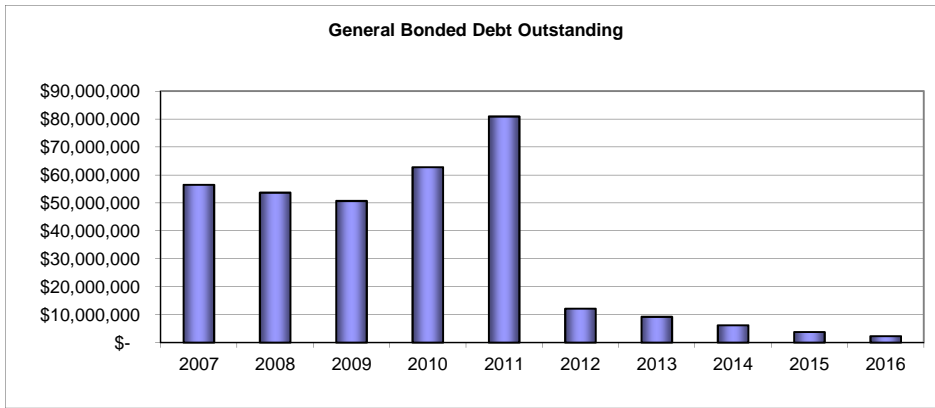
Sources: The City's Comprehensive Annual Financial Reports; State Department of Finance

- (1) The City purchased a Sports Complex during FY 2006 for \$6.5 million. Terms of the purchase called for a \$3 million down payment and a note payable over 7 years for \$3.5 million.
- (2) Population figures used for per capita calculation excludes the inmate population at Folsom Prison.
- (3) Leases associated with synthetic turf at Livermore field.
- (4) The FPFA issued Special Tax Revenue Bonds to advance refund bond issues to reduce debt service payments
- (5) The RDA was dissolved by the State during FY12. RDA Tax Allocation Bonds were transferred to a Private Purpose Trust Fund and are not legal obligations of the City.

Schedule 9
CITY OF FOLSOM, CALIFORNIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

2012	2013	2014	2015	2016	
					Governmental Activities
\$12,120,000	\$9,220,000	\$6,195,000	\$ 3,760,000	\$ 2,315,000	General Obligation Bonds
1,190,000	1,170,000	820,000	-	-	Certificates of Participation
130,084,002	122,625,230	112,260,832	104,491,230	103,207,933	FFFA Revenue Bonds
- (5)	-	-	-	-	RDA Tax Allocation Bonds
10,314,467	8,947,773	7,544,642	6,113,936	4,640,514	City Hall & Fire Station Lease Obligation
-	-	-	-	-	Owner Participation Agreements
-	-	-	-	-	Special Assessment Debt
500,000	-	-	-	-	Notes Payable
575,716	486,978	1,302,208	1,901,301	1,687,885	Capital Leases
					Business-Type Activities
\$ 26,670,000	\$ 25,685,000	\$25,494,830	\$ 24,352,781	\$ 23,181,993	Revenue Bonds
308,274	131,460	-	-	-	Capital Leases
-	-	-	-	-	Note Payable
<u>\$ 181,762,459</u>	<u>\$ 168,266,441</u>	<u>\$ 153,617,512</u>	<u>\$ 140,619,248</u>	<u>\$ 135,033,325</u>	Total Primary Government
Not available	Not available	Not available	Not available	Not available	Percentage of Personal Income
2,696	2,543	2,246	2,016	1,872	Per Capita
67,429	66,174	68,399	69,737	72,131	Population

**Schedule 10
CITY OF FOLSOM, CALIFORNIA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**



Fiscal Year	General Bonded Debt Outstanding			Percent of Assessed Value of Property (1)	Per Capita (2)	Population (3)
	General Obligation Bonds	Redevelopment Bonds	Total			
2007	\$ 25,470,000	\$ 31,085,000 (4)	\$ 56,555,000	0.58%	891.49	63,439
2008	\$ 23,110,000	\$ 30,595,000	\$ 53,705,000	0.51%	823.77	65,194
2009	\$ 20,665,000	\$ 30,070,000	\$ 50,735,000	0.46%	795.57	63,772
2010	\$ 17,600,000	\$ 45,230,000 (5)	\$ 62,830,000	0.59%	972.96	64,576
2011	\$ 14,900,000	\$ 66,095,000 (6)	\$ 80,995,000	0.76%	1,238.93	65,375
2012	\$ 12,120,000	\$ - (7)	\$ 12,120,000	0.12%	179.74	67,429
2013	\$ 9,220,000	\$ -	\$ 9,220,000	0.09%	139.33	66,174
2014	\$ 6,195,000	\$ -	\$ 6,195,000	0.05%	90.57	68,399
2015	\$ 3,760,000	\$ -	\$ 3,760,000	0.03%	53.92	69,737
2016	\$ 2,315,000	\$ -	\$ 2,315,000	0.02%	32.09	72,131

Source: The City's Comprehensive Annual Financial Reports

- (1) See Schedule 5 for property value data.
- (2) Population data can be found in Schedule 14.
- (3) Population figures used for per capita calculation excludes the inmate population at Folsom Prison.
- (4) The RDA issued Tax Allocation Bonds relating to construction on the Historic Railroad Block.
- (5) The RDA issued Tax Allocation Bonds relating to construction on the Sutter Streetscape.
- (6) The RDA issued Tax Allocation Bonds relating to future housing and non-housing redevelopment activities within the Project Area.
- (7) The RDA was dissolved by the State during FY12

Schedule 11
CITY OF FOLSOM, CALIFORNIA
Debt Capacity Information, Direct and Overlapping
Last Ten Fiscal Years

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	2007	2008	2009	2010	2011
Sacramento Regional County Sanitation District	\$ -	\$ -	\$ -	\$ -	\$ -
Los Rios Community College District	10,376,070	9,886,018	9,918,663	13,659,353	22,435,787
Folsom Cordova Unified School District School Facility Improvement District No. 2	45,632,325	43,935,159	42,337,394	40,802,565	38,998,345
Folsom Cordova Unified School District School Facility Improvement District No. 3	-	979,696	955,448	1,633,953	1,656,714
San Juan Unified School District	1,719,936	2,073,667	1,957,071	1,906,917	2,344,499
El Dorado Irrigation District	-	-	-	-	-
City of Folsom, Public Financing Authority	25,470,000	23,110,000	20,665,000	17,600,000	14,900,000
City of Folsom 1915 Act Bonds	26,465,000	25,145,000	23,650,000	22,221,970	20,690,699
Special District 1915 Act Bonds (Estimate)	81,784	77,228	84,179	86,206	1,060,903
Folsom Community Facilities District #1	14,625,000	13,885,000	13,110,000	10,540,000	9,625,000
Folsom Community Facilities District #2	2,095,000	1,905,000	1,705,000	1,495,000	1,275,000
Folsom Community Facilities District #3	3,050,000	2,855,000	2,650,000	2,440,000	2,220,000
Folsom Community Facilities District #4	29,850,000	28,715,000	27,400,000	26,030,000	24,595,000
Folsom Community Facilities District #7	4,370,000	4,175,000	3,965,000	3,740,000	3,495,000
Folsom Community Facilities District #8	1,855,000	1,710,000	1,565,000	1,420,000	1,270,000
Folsom Community Facilities District #9	62,170,000	65,680,000	64,265,000	62,750,000	62,120,000
Folsom Community Facilities District #10	9,735,000	8,900,000	8,530,000	8,130,000	7,690,000
Folsom Community Facilities District #11	-	-	-	-	-
Folsom Community Facilities District #14	17,910,000	17,770,000	18,320,000	18,060,000	17,785,000
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 255,405,115	\$ 250,801,768	\$ 241,077,755	\$ 232,515,964	\$ 232,141,947
DIRECT & OVERLAPPING GENERAL OBLIGATION DEBT:					
Sacramento County General Fund Obligation	\$ 27,274,185	\$ 26,520,856	\$ 28,362,471	\$ 30,692,468	\$ 29,526,970
Sacramento County Pension Obligations	73,612,701	72,963,070	73,769,313	76,621,294	76,197,664
Sacramento County Board of Education Cert. of Participation	955,054	899,520	890,627	869,666	827,542
Los Rios Community College District Cert. of Participation	464,148	442,797	444,749	444,682	438,419
Folsom Cordova Unified School District Cert. of Participation	26,316,760	25,362,635	24,027,205	19,329,869	18,146,947
San Juan Unified School District Cert. of Participation	55,836	39,223	36,178	14,538	12,910
Sacramento Metropolitan Fire District Pension Obligations	124,159	124,901	125,967	129,260	126,202
City of Folsom General Obligation Bonds	17,210,000	16,150,000	15,050,000	13,910,000	12,730,000
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT	146,012,843	144,493,002	142,696,510	142,010,777	138,006,654
Less: Sacramento County self-supporting obligations	606,841	578,397	587,611	597,002	588,012
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT	146,012,843	143,914,605	142,108,899	141,413,775	137,418,642
DIRECT COMBINED TOTAL DEBT	\$ 42,680,000	\$ 39,260,000	\$ 35,715,000	\$ 31,510,000	\$ 27,630,000
GROSS OVERLAPPING COMBINED TOTAL DEBT	\$ 358,737,958	\$ 356,034,770	\$ 348,059,265	\$ 343,016,741	\$ 342,518,601
GROSS COMBINED TOTAL DEBT (2)	\$ 401,417,958	\$ 395,294,770	\$ 383,774,265	\$ 374,526,741	\$ 370,148,601
NET COMBINED TOTAL DEBT	\$ 401,417,958	\$ 394,716,373	\$ 383,186,654	\$ 373,929,739	\$ 369,560,589

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	2012	2013	2014	2015	2016
Sacramento Regional County Sanitation District	0.000%	\$ -	\$ -	\$ -	\$ -	\$ -
Los Rios Community College District	7.154%	21,554,132	26,372,363	26,100,332	25,697,846	25,091,940
Folsom Cordova Unified School District School Facility Improvement District No. 2	99.688%	36,964,845	34,838,817	31,403,928	28,320,810	25,790,703
Folsom Cordova Unified School District School Facility Improvement District No. 3	12.904%	1,591,946	1,313,398	2,681,686	3,881,454	4,952,688
Folsom Cordova Unified School District School Facility Improvement District No. 5	99.993%	-	-	-	-	39,997,200
San Juan Unified School District	0.721%	2,213,590	2,586,340	2,440,033	2,914,760	2,698,717
El Dorado Irrigation District	0.067%	-	-	520	385	935
City of Folsom, Public Financing Authority	100.000%	12,120,000	9,220,000	6,195,000	3,760,000	2,315,000
City of Folsom 1915 Act Bonds	100.000%	19,024,306	17,151,884	13,745,561	11,765,942	9,663,940
Special District 1915 Act Bonds (Estimate)	333 - 100%	1,070,634	1,212,719	1,050,213	1,483,894	1,661,199
Folsom Community Facilities District #1	100.000%	-	-	-	-	-
Folsom Community Facilities District #2	100.000%	8,710,000	7,770,000	6,800,000	5,795,000	4,745,000
Folsom Community Facilities District #3	100.000%	845,000	605,000	350,000	85,000	-
Folsom Community Facilities District #4	100.000%	1,985,000	1,740,000	1,485,000	1,095,000	810,000
Folsom Community Facilities District #7	100.000%	22,710,000	21,090,000	19,010,282	16,850,693	15,083,791
Folsom Community Facilities District #8	100.000%	3,245,000	2,985,000	2,597,190	2,068,197	1,786,772
Folsom Community Facilities District #9	100.000%	1,110,000	945,000	775,000	575,000	390,000
Folsom Community Facilities District #10	100.000%	59,945,000	57,660,000	55,200,000	52,265,000	49,625,000
Folsom Community Facilities District #11	100.000%	7,215,000	6,720,000	6,200,000	5,655,000	5,080,000
Folsom Community Facilities District #14	100.000%	17,435,000	17,050,000	16,620,000	15,980,000	15,615,000
Folsom Community Facilities District #14	83.588%	-	-	-	-	5,579,499
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 217,739,453	\$ 209,260,521	\$ 192,654,745	\$ 178,193,981	\$ 210,887,384
DIRECT & OVERLAPPING GENERAL OBLIGATION DEBT:						
Sacramento County General Fund Obligation	8.711%	\$ 28,275,537	\$ 27,124,496	\$ 25,537,949	\$ 23,919,031	\$ 22,095,102
Sacramento County Pension Obligations	8.711%	82,058,088	82,019,808	84,989,096	84,138,157	83,630,628
Sacramento County Board of Education Cert. of Participation	8.711%	782,367	747,008	687,498	627,191	564,473
Los Rios Community College District Cert. of Participation	7.154%	426,251	411,593	399,678	386,947	379,963
Folsom Cordova Unified School District Cert. of Participation	64.974%	16,684,291	15,101,192	13,723,642	12,170,071	9,785,084
San Juan Unified School District Cert. of Participation	0.721%	11,017	9,060	7,264	5,398	3,589
Sacramento Metropolitan Fire District Cert. of Participation	0.144%	-	-	-	-	13,702
Sacramento Metropolitan Fire District Pension Obligations	0.144%	122,160	106,108	90,995	98,863	79,206
City of Folsom General Obligation Bonds	100.000%	11,495,000	10,117,773	8,694,642	6,991,777	5,406,423
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		139,854,711	135,637,038	134,139,764	128,337,435	121,646,170
Less: Sacramento County self-supporting obligations		577,221	569,871	554,033	538,642	538,642
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT		139,277,490	135,067,167	133,585,731	127,798,793	121,107,528
OVERLAPPING TAX INCREMENT DEBT (Successor Agency): (3)	100.000%		638,000	62,000,000	60,560,000	59,055,000
DIRECT COMBINED TOTAL DEBT		\$ 23,615,000	\$ 19,337,773	\$ 14,889,642	\$ 10,751,777	\$ 7,721,423
GROSS OVERLAPPING COMBINED TOTAL DEBT		\$ 333,979,164	\$ 325,559,786	\$ 373,904,867	\$ 356,339,639	\$ 383,867,131
GROSS COMBINED TOTAL DEBT (2)		\$ 357,594,164	\$ 344,897,559	\$ 388,794,509	\$ 367,091,416	\$ 391,588,554
NET COMBINED TOTAL DEBT		\$ 357,016,943	\$ 344,327,688	\$ 388,240,476	\$ 366,552,774	\$ 391,049,912

- (1) Current year percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
- (3) Effective January 31, 2012, under AB 1X 26, all Redevelopment Agencies in California were dissolved and replaced with Successor Agencies. The Folsom City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. Successor Agencies are responsible for winding down the affairs of the RDAs including disposing of their assets and paying down remaining debt.

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$2,315,000)	0.02%
Total Direct and Overlapping Tax and Assessment Debt	1.80%
Total Direct Debt (\$7,721,423)	0.07%
Gross Combined Total Debt	3.34%
Net Combined Total Debt	3.27%

Ratios to Redevelopment Incremental Valuation (\$753,344,693):

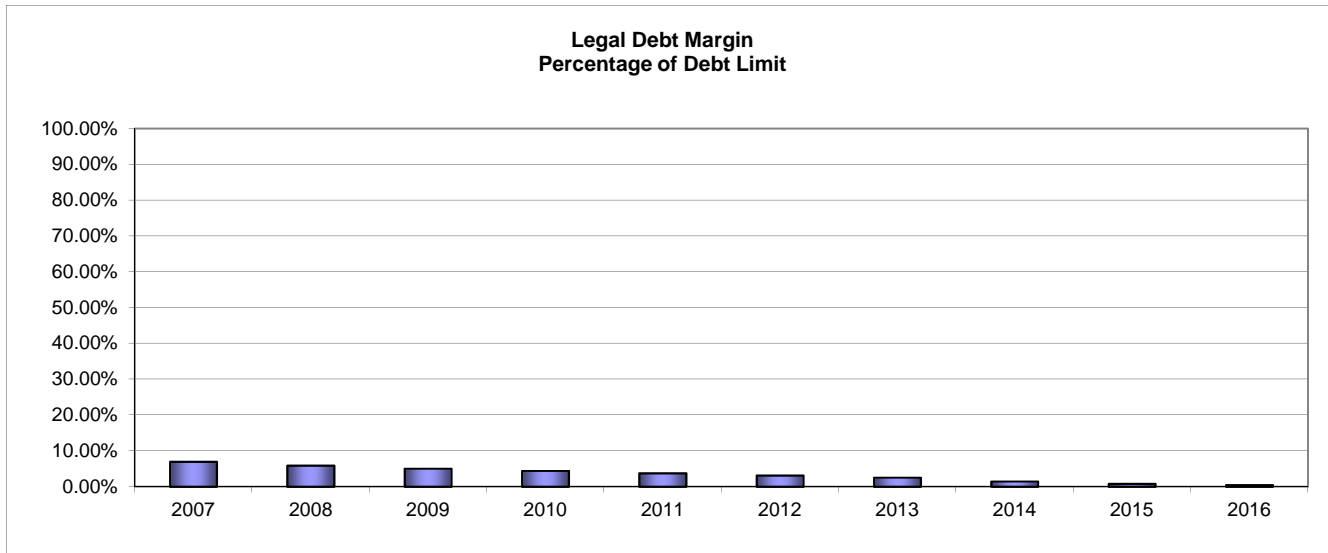
Total Overlapping Tax Increment Debt	7.60%
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Source: MuniServices

City of Folsom records - direct debt.

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Schedule 12
CITY OF FOLSOM, CALIFORNIA
Legal Debt Margin
Fiscal Year 2016, With Ten Year Trend Analysis
(in thousands of dollars)



	Assessed Value	Debt Limit Percentage (1)	Debt Limit	Total net debt applicable to the limit as a percentage of debt limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2007	\$ 9,793,638	3.75%	\$ 367,261	\$ 25,470	\$ 341,791	6.94%
2008	\$ 10,514,984	3.75%	\$ 394,312	\$ 23,110	\$ 371,202	5.86%
2009	\$ 10,933,425	3.75%	\$ 410,003	\$ 20,665	\$ 389,338	5.04%
2010	\$ 10,646,511	3.75%	\$ 399,244	\$ 17,600	\$ 381,644	4.41%
2011	\$ 10,601,321	3.75%	\$ 397,550	\$ 14,900	\$ 382,650	3.75%
2012	\$ 10,449,181	3.75%	\$ 391,844	\$ 12,120	\$ 379,724	3.09%
2013	\$ 9,761,577	3.75%	\$ 366,059	\$ 9,220	\$ 356,839	2.52%
2014	\$ 11,517,264	3.75%	\$ 431,897	\$ 6,195	\$ 425,702	1.43%
2015	\$ 12,864,274	3.75%	\$ 482,410	\$ 3,760	\$ 478,650	0.78%
2016	\$ 13,598,364	3.75%	\$ 509,939	\$ 2,315	\$ 507,624	0.45%

Sources: The City's Comprehensive Annual Financial Reports; MuniServices

- (1) The California Government Code, Section 32605 provides for a legal debt limit of 15 % of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 25% of market value. Effective fiscal year 1981-1982, each parcel is assessed at 100 % market value as of the most recent change of ownership for that parcel. Thus, the factor used to determine calculate the total net debt applicable to limit is 3.75% (25% * 15%)

Schedule 13
CITY OF FOLSOM, CALIFORNIA
Pledge Revenue Bond Coverage
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
Water Revenue Bonds					
Utility Services Charges	\$ 9,952,488	\$ 11,497,007	\$ 12,592,586	\$ 11,866,189	\$ 12,309,896
Less Operating Expense	7,049,751	6,803,694 (2)	9,880,814	7,054,416	7,728,237
Net Available Revenue	2,902,737	4,693,313	2,711,772	4,811,773	4,581,659
Debt Service-Principal	700,000	725,000	750,000	780,000	970,000
Debt Service-Interest	1,422,118	1,419,894	1,370,129	1,272,486	1,113,029
Coverage	1.37	2.19	1.28	2.34	2.20
Special Assessment & Community Facility Bonds					
Special Assessment Collections	16,051,721	16,278,842	16,226,589	16,241,785	16,022,940
Debt Service-Principal	6,440,000	4,875,000	5,690,000	6,578,030	7,951,271
Debt Service-Interest	10,414,015	8,224,457	8,847,185	8,955,158	7,627,998
Coverage	0.95	1.24	1.12	1.05	1.03
RDA/Successor Agency Tax Allocation Senior Lien Bond Coverage					
Gross Tax Revenue	5,435,935 (1)	5,846,549	6,245,658	5,924,306	5,502,072
Debt Service-Principal	455,000	490,000	525,000	580,000	515,000
Debt Service-Interest	745,768	1,354,570	1,330,455	1,516,386	2,017,688
Coverage of Senior Debt	4.53	3.17	3.37	2.83	2.17
RDA/Successor Agency Tax Allocation Subordinated Lien Bond Coverage					
Net Tax Revenue Available for Subordinated Debt ⁽³⁾					2,648,504
Debt Service - Principal					-
Debt Service - Interest					-
Coverage of Subordinated Debt					N/A
RDA/Successor Agency Tax Allocation Housing Set-Aside Bond Coverage					
Gross Tax Revenue					1,375,518
Debt Service-Principal					-
Debt Service-Interest					-
Coverage					N/A

Source: City of Folsom

(1) During 2002-2007 the set aside for low and moderate income housing was increased to 25%.

(2) Includes payments for Golden State Water previously charged to Fund 220.

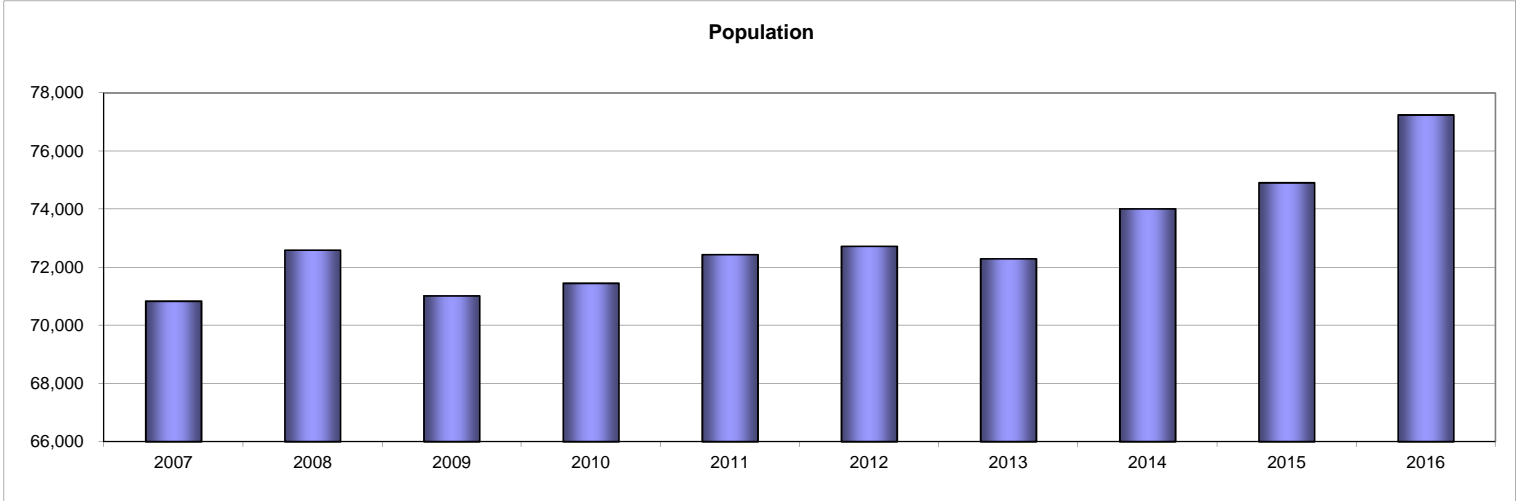
(3) Revenue available after Senior Debt payments and statutory pass-throughs

(4) The Redevelopment Agency (RDA) was dissolved by the State during FY12. RDA Tax Allocation Bonds were transferred to a Private Purpose Trust Fund (i.e. Successor Agency) and are not legal obligations of the RDA or the City.

Schedule 13
CITY OF FOLSOM, CALIFORNIA
Pledge Revenue Bond Coverage
Last Ten Fiscal Years

2012	2013	2014	2015	2016	
\$ 12,708,434	\$ 14,755,852	\$ 14,349,277	\$ 13,218,966	\$ 12,400,653	Water Revenue Bonds
9,769,702	8,238,934	8,452,397	8,945,873	9,198,866	Utility Services Charges
2,938,732	6,516,918	5,896,880	4,273,093	3,201,787	Less Operating Expense
960,000	985,000	1,124,752	1,142,049	1,170,788	Net Available Revenue
1,068,780	1,064,579	828,672	864,822	832,891	Debt Service-Principal
1.45	3.18	3.02	2.13	1.60	Debt Service-Interest Coverage
16,139,062	15,705,171	15,378,021	15,706,798	16,152,972	Special Assessment & Community Facility Bonds
7,366,393	8,794,705	11,895,928	9,463,202	9,480,329	Special Assessment Collections
7,252,534	6,635,434	6,349,684	5,790,222	5,507,126	Debt Service-Principal
1.10	1.02	0.84	1.03	1.08	Debt Service-Interest Coverage
3,385,072 (4)	2,909,463	2,812,863	2,997,413	2,999,563	RDA/Successor Agency Tax Allocation Senior Lien Bond Coverage
880,000	940,000	875,000	1,100,000	1,145,000	Gross Tax Revenue
1,996,763	1,969,463	1,937,863	1,897,413	1,854,563	Debt Service-Principal
1.18	1.00	1.00	1.00	1.00	Debt Service-Interest Coverage of Senior Debt
1,096,510 (4)	1,060,988	1,160,319	974,850	976,688	RDA/Successor Agency Tax Allocation Subordinated Lien Bond Coverage
250,000	215,000	325,000	150,000	160,000	Net Tax Revenue Available for Subordinated Debt ⁽³⁾
846,510	845,988	835,319	824,850	816,688	Debt Service - Principal
1.00	1.00	1.00	1.00	1.00	Debt Service - Interest Coverage of Subordinated Debt
1,124,940 (4)	1,126,088	1,124,425	1,126,313	1,126,050	RDA/Successor Agency Tax Allocation Housing Set-Aside Bond Coverage
255,000	175,000	180,000	190,000	200,000	Gross Tax Revenue
869,940	951,088	944,425	936,313	926,050	Debt Service-Principal
1.00	1.00	1.00	1.00	1.00	Debt Service-Interest Coverage

Schedule 14
CITY OF FOLSOM, CALIFORNIA
Demographic and Economic Information
Last Ten Calendar Years



Year	Population Folsom (1)	Population County (3)	Personal Income County (2)	Estimated Personal Income Folsom	Per Capita Personal Income (3)	Median Projected Age (3)	Education Level in Years Schooling (3)	School Enrollment (4)	Unemployment Rate (5)
2007	70,835	1,406,804	\$ 80,006,404,000	\$ 2,653,195,760	\$ 37,456	36.10	Note 1	18,793	2.30%
2008	72,590	1,424,415	Not available	\$ 2,839,357,850	\$ 39,115	36.20	Note 1	19,029	2.90%
2009	71,018	1,433,187	Not available	\$ 2,846,543,476	\$ 40,082	36.20	Note 1	19,119	5.10%
2010	71,453	1,445,327	Not available	\$ 2,889,344,961	\$ 40,437	36.40	Note 1	19,182	5.80%
2011	72,439	1,428,355	Not available	\$ 2,445,033,567	\$ 33,753	35.90	Note 1	18,893	5.80%
2012	72,725	1,435,153	Not available	\$ 2,521,521,200	\$ 34,672	36.40	Note 1	19,154	5.00%
2013	72,294	1,445,806	Not available	\$ 2,553,336,604	\$ 35,319	37.60	Note 1	19,112	4.80%
2014	74,014	1,454,406	Not available	\$ 2,669,012,933	\$ 36,061	39.00	Note 1	19,356	3.90%
2015	74,909	1,470,912	Not available	\$ 2,902,199,387	\$ 38,743	37.70	Note 1	19,927	3.70%
2016	77,246	1,495,297	Not available	\$ 3,025,812,336	\$ 39,171	38.70	Note 1	19,865	3.90%

Note 1	2009	2010	2011	2012	2013	2014	2015	2016
Less than 9th grade	2.16%	Not available	Not available	Not available	1.80%	1.60%	3.40%	2.00%
Some High School, no diploma	7.67%	Not available	Not available	Not available	7.70%	4.20%	6.80%	6.00%
High School Graduate (or GED)	17.22%	91.10%	89.00%	89.60%	17.60%	20.80%	16.90%	17.20%
Some College, no degree	23.57%	Not available	Not available	Not available	21.80%	20.20%	17.90%	19.90%
Associate Degree	8.44%	Not available	Not available	Not available	9.20%	8.50%	9.00%	9.20%
Bachelor's Degree	27.76%	41.90%	40.40%	40.10%	26.90%	26.90%	26.90%	28.50%
Master's Degree	9.33%	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Professional School Degree	2.78%	Not available	Not available	Not available	15.10%	17.80%	19.20%	17.30%
Doctorate Degree	1.08%	Not available	Not available	Not available	Not available	Not available	Not available	Not available

- Sources:
- (1) California Department of Finance (includes prison population)
 - (2) U.S. Department of Commerce, Bureau of Economic Analysis
 - (3) Information provided by MuniServices, LLC
 - (4) California Department of Education
 - (5) California Employment Development Department

**Schedule 15
CITY OF FOLSOM, CALIFORNIA
Principal Employers
Current Fiscal Year**

<u>Employer</u>	2016		<u>Percentage of Total City Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Intel Corporation	5,927	1	16.65%
California State Prison	1,785	2	5.01%
Folsom Prison	1,075	3	3.02%
Folsom Cordova Unified School District	874	4	2.46%
Mercy Hospital of Folsom	770	5	2.16%
California ISO	577	6	1.62%
City of Folsom	410	7	1.15%
Micron Technology Inc	400	8	1.12%
Walmart	304	9	0.85%
Costco	300	10	0.84%
 Total City Labor Force:			 35,600

Sources: MuniServices
City of Folsom
Employment Development Department

**Schedule 16
CITY OF FOLSOM, CALIFORNIA
Government Employment Information
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	5.75	3.75	3.75	5	6.25	6	5.25	5.5	5.5	5.75
City Attorney	5	5	5	5	4	4	4	3.75	3.75	3.75
Administrative Services (2)	14.13	14.13	11	12	0	0	0	0	0	0
City Clerk	4	4	3.5	3.5	3	3	3	3	3	3
Community Development (1)	46.25	47.5	34	38.5	26.5	26.5	22	20.4	20.4	21.4
Finance	21	22	20	19	24	24	20	19	20	20
Fire	76	83	78	79	69	64	63	65	65	69
Human Resources	6.75	6.75	6.75	6	6	6	5	5	5	5
Intergov't Affairs & Econ, Dev.	1	2	1.5	1.5	0	0	0	0	0	0
Library	16	19	16	15	13.5	12	11	11	10.5	10.5
Neighborhood Services (1)	4	5.5	7.5	0	0	0				
Parks & Recreation	70.15	71.9	65.55	50.8	53.8	52.8	43	43.4	42.4	44.8
Police Department	116.25	123.25	120.25	112.25	103.5	103.5	98.5	97.5	97.5	98.5
Public Works	59.1	61.7	68.2	59	54.75	55.5	51	46.9	45.9	45.9
Utilities	107.5	110.5	99	95	91.5	89	90.25	89.95	91.95	94.2
	<u>557.88</u>	<u>584.98</u>	<u>545.00</u>	<u>506.55</u>	<u>460.80</u>	<u>451.30</u>	<u>421.00</u>	<u>415.40</u>	<u>415.90</u>	<u>426.80</u>

Source: City Budget

- (1) During FY 2004 Community Development and Neighborhood Services were split into two separate and distinct departments.
During FY 2010 Neighborhood Services was merged into Community Development.
- (2) During FY 2012, Administrative Services was merged into City Manager, Finance, and Parks and Recreation

Schedule 17
CITY OF FOLSOM, CALIFORNIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police (1)										
Misdemeanor and felony arrests	1,920	2,031	2,009	1,855	1,463	1,270	1,324	1,410	1,414	1,257
Traffic citations	14,566	16,055	16,328	13,186	8,106	7,262	6,180	6,144	3,882	2,997
Traffic collisions	1,521	1,393	1,390	1,367	1,377	1,464	1,410	1,328	1,166	1,528
Fire										
Ambulance transports	3,394	3,133	3,167	2,608	2,692	3,099	3,099	3,186	3,367	3,819
Medical responses	3,638	3,953	3,989	3,409	3,618	3,526	3,526	3,485	3,671	4,369
Inspections completed	390	280	527	1,457	1,485	1,326	1,850	1,066	1,035	1,460
Other public works										
Lane miles of street overlay	15	7	5,37	9.5	2.3	9	7.2	-	4	8
Curb miles of streets swept	4,546	4,876	6,756	1,530	1,308	445	568	1,807	2,511	4,275
Hot pour crack seal applied (lineal ft.)	-	255,000	16,615	550,000	-	120,000	104,480	103,020	80,200	150,000
Square feet of street patch	56,000	130,400	44,672	243,750	12,000	83,000	84,560	408,000	187,650	200,000
Number of miles of road added	7	2	-	-	-	-	-	-	1	1
Number of traffic signals added	-	2	-	-	4	18	-	-	-	1
Number of streetlights added	134	26	-	-	-	28	4	-	19	15
Miles of storm drains added	7	2	-	0.58	-	0.2	0.1	0.3	0.5	0.6
Area of Slurry Seal applied (sq ft)	N/A	7,110,000	7,333,745	3,690,000	3,559,000	862,000	1,895,800	1,034,100	1,500,000	2,250,000
Parks and Recreation										
Aquatic center paid admissions	51,546	51,254	55,505	56,466	56,245	59,571	63,840	68,257	62,668	58,694
Community facilities reservations	3,921	4,035	3,839	3,046	2,224	2,374	2,801	2,949	3,449	3,269
Community facilities paid rentals	712	791	956	978	667	889	1,007	1,113	1,107	1,111
Total park acreage	466	435	435	435	439	439	439	439	439	439
Open space acreage	359	359	361	409	420	420	420	420	499	631
Trails maintenance	22	22	24	34	36	36	36	36	36	45
Recreation program participation	480,261	551,244	532,474	522,803	498,879	595,934	540,688	559,776	524,545	560,973
Zoo attendance	125,065	117,828	107,827	100,423	104,032	125,564	121,387	123,440	121,360	116,057
Library										
Volumes in collection	73,115	92,100	102,215	111,726	112,170	102,767	103,253	96,833	92,979	91,519
Total volumes borrowed	360,064	542,371	664,251	666,612	543,053	552,161	564,434	608,536	609,441	613,597
Water										
New connections	491	244	218	181	149	103	187	356	348	268
Water main breaks	2	4	3	3	2	1	5	3	8	5
Average consumption (gal/day)	21.4MGD	22.1MGD	24.3 MGD	20.9 MGD	19.8 MGD	19.3 MGD	20.3 MGD	16.6 MGD	14.9 MGD	14.2 MGD
Plant capacity (gal/day)	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)										
Daily average flow in gallons	8.13 MGD	8.0 MGD	7.0 MGD	6.95 MGD	6.77 MGD	7.82 MGD	6.22 MGD	5.75 MGD	5.75 MGD	5.98 MGD
Pump station capacity (gal/day)	12 MGD	12 MGD	12 MGD	12MGD	12 MGD	12 MGD	14.2 MGD	14.2 MGD	14.2 MGD	14.2 MGD
Refuse collection										
Solid Waste (tons per day)	151	147	138	138	134	131	136	136	140	144
Recycling (tons per day)	44	44	41	38	34	35	39	38	41	44
Green Waste (tons per day)	35	39	32	34	33	33	35	33	34	36
Transit										
Total route miles	265,957	271,651	241,675	181,153	187,036	194,900	184,727	175,402	195,390	200,897
Passengers-Folsom Stage Line	89,568	94,113	101,590	64,880	61,650	73,485	79,787	92,489	91,930	83,180
Passengers-Light Rail	797,628	929,201	780,756	764,660	739,024	778,856	745,108	734,500	702,935	689,935

Source: City of Folsom

N/A - Data not available

(1) Prior to FY 2013, Police statistics were for calendar, not fiscal year

Schedule 18
CITY OF FOLSOM, CALIFORNIA
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Works					
Miles of streets	257	259	259	259	259
Number of street lights	6,634	6,660 (2)	6,660	6,667	6,667
Number of traffic signals	90	92	92	96	100
Culture and recreation					
Zoo	1	1	1	1	1
Community centers	2	2	2	4	4
Community clubhouse	3	3	3	3	2
Parks	44	44	45	45	46
Park acreage	466	466	434	435	439
Swimming pools	3	3	3	3	3
Tennis courts	23	23	23	23	23
Fire Stations	4	4	4	4	4
Police					
Stations	1	1	1	1	1
Patrol Units	46	61	61	49	49
Sewage System					
Miles of sanitary sewers	261	267	267	267	267
Number of pump stations	9	9	9	9	9
Number of service connections	20,786	21,057	21,359	21,552	21,684
Water					
Miles of water mains	333	343	343	343	343
Number of service connections	18,707	18,951	19,169	19,350	19,275
Number of fire hydrants (not inc. San Juan)	2,889	2,958	2,860	2,874	2,895
Daily average consumption in gallons	21.4 MGD	22.1 MGD	24.3 MGD	20.9	19.8
Maximum daily capacity of plant in gallons	50 MGD	50 MGD	50 MGD	50 MGD	50 MGD
Drainage System					
Miles of storm drains	197	199	199	200	250

Source: City of Folsom

- (1) Amount includes individual mobile homes
(2) FY08 Number Street Lights: The City performed a GPS Survey and Asset accounting.
All prior years have been adjusted to this figure.

Schedule 18
CITY OF FOLSOM, CALIFORNIA
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

2012	2013	2014	2015	2016	<u>Function/Program</u>
					Public Works
259	259	300	301	302	Miles of streets
6,699	6,703	6,699	6,699	6,714	Number of street lights
118	118	118	118	119	Number of traffic signals
					Culture and recreation
1	1	1	1	1	Zoo
4	4	4	4	4	Community centers
2	2	2	2	2	Community clubhouse
46	46	46	46	46	Parks
439	439	439	439	439	Park acreage
3	3	3	3	3	Swimming pools
23	23	23	23	23	Tennis courts
4	4	4	4	4	Fire Stations
					Police
1	1	1	1	1	Stations
60	52	56	54	53	Patrol Units
					Sewage System
267	267	267	267	267	Miles of sanitary sewers
9	15	15	15	15	Number of pump stations
21,787	21,974	22,295	22,743	22,927	Number of service connections
					Water
343	343	343	343	343	Miles of water mains
19,376	19,563	19,919	20,267	20,535	Number of service connections
					Number of fire hydrants (not inc. San Juan)
2,919	2,921	2,977	2,989	2,996	Daily average consumption in gallons
20	20.3	16.6 MGD	14.9 MGD	14.2 MGD	Maximum daily capacity of plant in gallons
50 MGD	50 MGD	50 MGD	50 MGD	50 MGD	Drainage System
250	250	250	250	250	Miles of storm drains

**Schedule 19
CITY OF FOLSOM, CALIFORNIA
Miscellaneous Statistics
Last Ten Fiscal Years**

	Education				Hospitals	
	Elementary schools	Secondary schools	Number of school instructors - FTE	Community colleges	Number of hospitals	Patient beds
2007	10	5	444	1	1	105
2008	10	5	452	1	1	105
2009	10	5	468	1	1	105
2010	10	5	455	1	1	105
2011	10	5	451	1	1	131
2012	10	5	446	1	1	131
2013	10	5	452	1	1	131
2014	10	5	453	1	1	131
2015	10	5	489	1	1	131
2016	10	5	540	1	1	131

Sources: Folsom Cordova Unified School District, City of Folsom
Mercy Hospital of Folsom