



CITY OF  
**FOLSOM**  
DISTINCTIVE BY NATURE

December 17, 2009

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, 2009 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 71,018. 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 10 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 redevelopment 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, which are separable legal entities that are included in this report because of the significance of their operational or financial relationships with the City. The following component units are reported on a blended basis as part of the primary government because their boards are composed of City Council members or they are, in substance, part of the City's operations:

Folsom Redevelopment Agency (FRDA)  
Folsom Public Financing Authority (FPFA)

The services provided by FRDA include low income and elderly housing and assistance, social services and redevelopment projects within the City. The FPFA is an entity created to issue bonds to finance City and FRDA projects.

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 and department 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, [http://www.folsom.ca.us/depts/finance/city\\_budget/default.asp](http://www.folsom.ca.us/depts/finance/city_budget/default.asp).

**THE LOCAL ECONOMY** - The City of Folsom is a largely "built-out" community in respect to residential construction. This combined with the national economic slowdown, including declining sales tax revenues, a sluggish economy and increased employee costs poses a number of potential expense and revenue challenges in the future.

The Sacramento region's rate of job loss continued its decline in FY 2009, resulting in an unemployment rate of over 11% at the end of the fiscal year. The current weak performance is being driven by (1) weak consumer spending, (2) limited access to credit and (3) reduced government spending with potential for additional layoffs. However, due to the diversity of the local economy in Folsom and the stability of the largest employers, Folsom has maintained an unemployment rate that is less than half that of Sacramento County (5.4% to 11.9% in June, 2009) and lower than any comparable municipality in the region.

With respect to the local housing market, the Sacramento region experienced a continued drop in prices, bringing the median home sale price to just over \$200,000. Folsom, however, maintained a fairly stable housing market with the median home sale price at \$355,000 which, while representing a decline, was much less of a drop than experienced in the surrounding region. Furthermore, the foreclosure rate for 2009, adjusted to an annual basis, is about 1%, well below the rate for the region. On a positive note, the region's housing affordability rating is at 75%, meaning 75% of the region's homes are within the budget of a family earning the region's median income.

Unlike other areas, Folsom continues to move forward on a number of developments within the city. The Palladio Mall is moving forward and the 16-screen theater should open in December, 2009, the Folsom Lake College Performing Arts Center is under construction, CAL-ISO is moving ahead with the construction of their new headquarters, Numonyx is continuing to build their new company headquarters, a new motel is almost complete and is looking to open around the first of the year (2010), and, of course, the city is moving ahead with its \$20 million historic district revitalization and the development of the Folsom Historic Station. So, while the economy sputters along, the attractiveness and desirability of Folsom continues to spur new development and provides positive signals looking forward.

**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 State is facing a budget crisis that has yet to be resolved. The current projected \$20 billion state deficit represents approximately 28% of the state's general-fund budget, and reductions

are expected through a combination of furloughs, layoffs and other spending cuts, which will, in turn, adversely affect the local economy. We will continue to monitor the State's actions and analyze the potential impact on the city directly and on the local economy.

**INDEPENDENT AUDIT** - The City of Folsom's financial statements have been audited by Gilbert and Associates, Inc., 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. Gilbert & Associates, Inc., concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion for the fiscal year ended June 30, 2009, 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 Finance Department at 50 Natoma Street, Folsom, CA 95630.

### **SUMMARY**

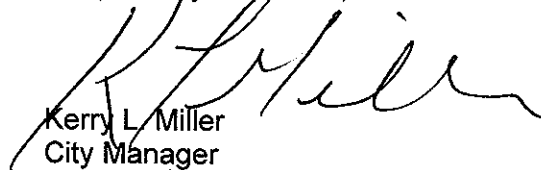
**Awards:** The City received the award for the prior fiscal year CAFR from the Government Finance Officers Association (GFOA) for "excellence in financial reporting" This is the twenty-first consecutive year the City has received the GFOA award and the current certificate appears immediately after the transmittal letter.

The FY 2008-09 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 Finance Department, particularly Terri Hemley, Stacey Tamagni, Scott Denny, Marvin Davis and John Donoghue. We also want to thank the other members of the Department of Finance 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,



Kerry L. Miller  
City Manager



James W. Francis  
Chief Financial Officer/Finance Director

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



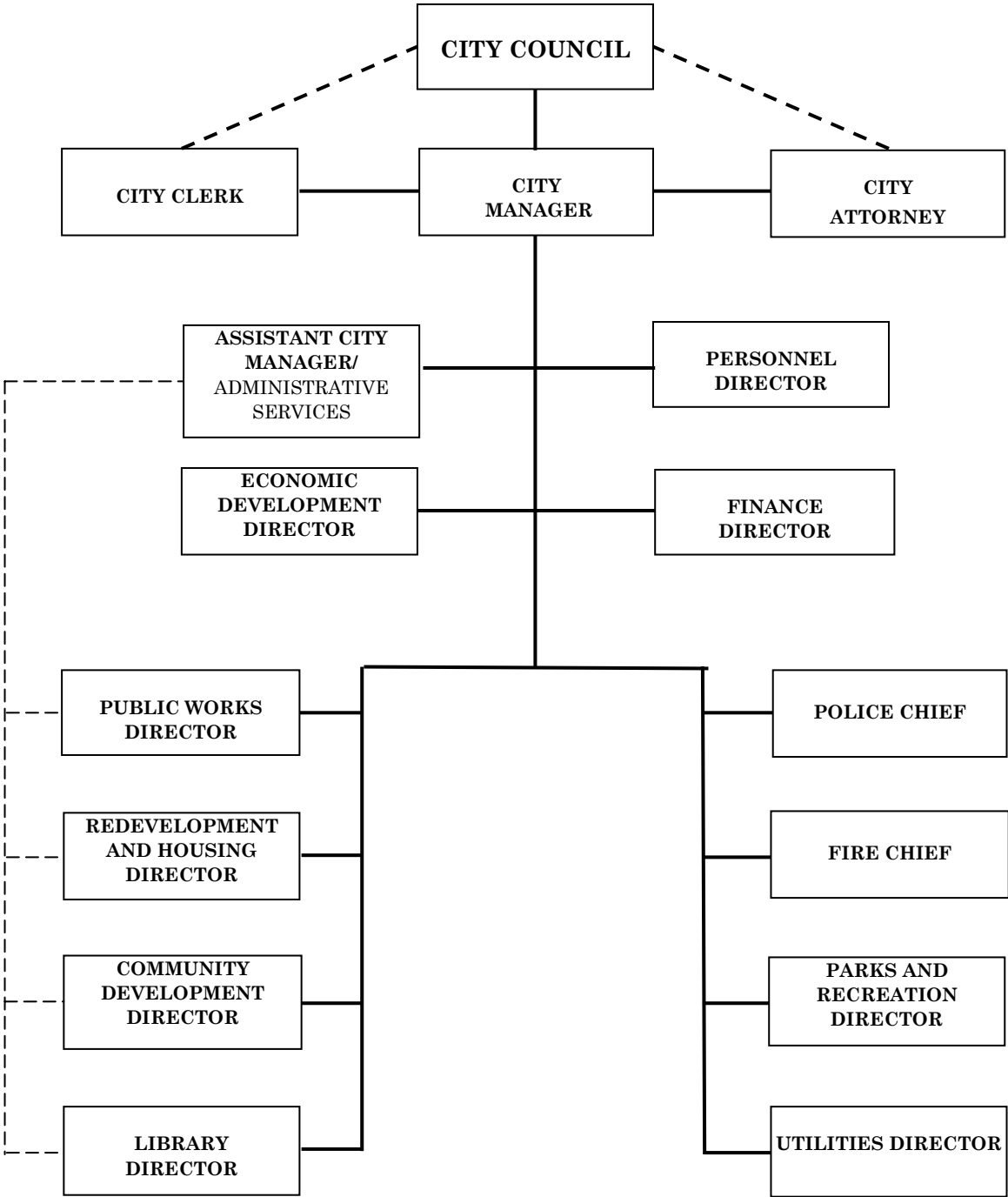
A handwritten signature in black ink, appearing to read "K. L. R. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery", positioned above the title "Executive Director".

Executive Director

# City Organizational Chart



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



**Steve Miklos, Mayor**



**Jeff Starsky, Vice Mayor**



**Andy Morin**



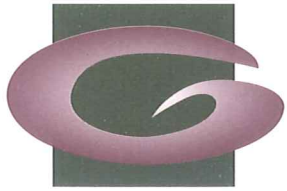
**Kerri Howell**



**Ernie Sheldon**

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**CITY OFFICIALS**  
**Kerry L. Miller, City Manager**  
**James Francis, Chief Financial Officer/Finance Director**



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Manager  
And Members of the City Council  
City of Folsom, California

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, (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Honorable Mayor, City Manager  
And Members of the City Council  
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The Management's Discussion and Analysis, the schedules of funding progress and the budgetary comparison information listed as required supplementary information in the table of contents are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information – introductory section, other supplementary information, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The other supplementary information, combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.  
Sacramento, California**

**December 17, 2009**



## 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, 2009. We encourage readers to consider the information presented here in conjunction with the transmittal letter on page vii and the City's basic financial statements.

### FINANCIAL HIGHLIGHTS

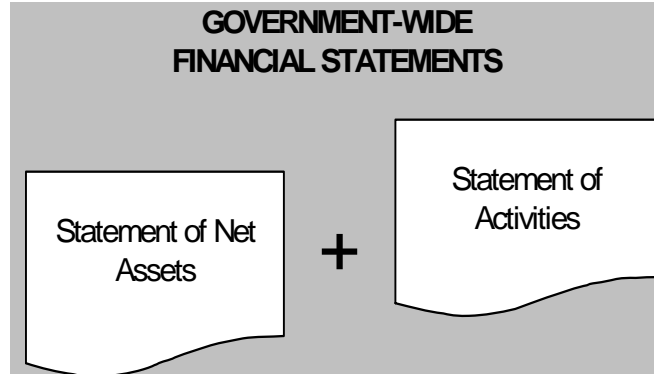
- The assets of the City exceeded its liabilities at the close of the Fiscal Year (FY) 2008-09 by \$437,992,726 (*net assets*). Of this amount, \$55,958,851 are unrestricted net assets, \$16,612,650 is restricted for specific purposes, and \$365,421,225 is invested in capital assets, net of related debt.
- The City's total net assets increased \$4,062,694 or 0.94% as compared to the prior year's amount.
- The City's total long-term debt decreased by \$14 million compared to the prior year, or 5.9%, during the current fiscal year. The decrease consisted of \$16.4 million of debt refunded, offset by \$12 million of new debt issuance by the Folsom Public Financing Authority and \$9.6 million of scheduled principal payments and capital lease payments.

### 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 Assets 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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)

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

Component units are included in our basic financial statements and consist of legally separate entities for which the City is financially accountable and that have the same board as the City Council. Blended component units include the Redevelopment Agency of the City of Folsom and the Folsom Public Financing Authority. Complete financial statements of the Redevelopment Agency of the City of Folsom and the Folsom Public Financing Authority may be obtained from the Finance Department 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 as determined by the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” (“GASB 34”). 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 both 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 2008-09, an increase of \$13,882,462 in net assets in the government-wide financial statements was reported, while a decrease of \$6,037,584 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 Redevelopment Agency Special Revenue Fund, Folsom Redevelopment

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

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Agency Debt Service Fund, Folsom Public Financing Authority, Folsom Redevelopment Agency Capital Projects Fund and the Transportation Improvement Capital Projects Fund which are considered major funds. In the current fiscal year, the Development Special Revenue Fund did not qualify as a major fund and is therefore presented in the other Governmental Funds column. This fund, along with various other special revenue funds, was combined with the General Fund during the fiscal year. The only activity in these funds at June 30, 2009 is the transfers needed to move all assets and liabilities to the General Fund. The Development Fund also has a remaining "due to other funds" balance of \$1.8 million, representing a deficit fund balance that will be absorbed by the General Fund in future budget years.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major 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 provide the same type of information as shown in the government-wide financial statements, only in more detail. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses proprietary funds to account for the Water, Wastewater, Solid Waste, Transit, Facilities Augmentation and Recreation activities. During the fiscal year, the Recreation fund was combined with the General fund. The only activity in this fund at June 30, 2009 is the transfers needed to move all assets and liabilities to the General Fund.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the City. The City's agency 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 accounting used for fiduciary funds is much like that used for 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 Redevelopment Agency Special Revenue Fund, and the City's pension and post-employment health care benefit schedules to show progress in funding its obligation to provide these benefits.

**Other Supplementary Information** is presented concerning the City's budgetary comparisons for the Redevelopment Debt Service Fund and 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.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. At June 30, 2009, the City's combined net assets (governmental and business-type activities)

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

totalled \$437,992,726, an increase of 0.94% from FY 2007-08 amounts. The two largest portions of the City's net assets are its investment in capital assets \$365,421,225 (83.43%) (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, restricted for specific purposes \$16,612,650 (3.79%) and unrestricted \$55,958,851 (12.78%). 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 be used to liquidate these liabilities.

### Net Assets - Primary Government June 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and other	\$ 205,971,587	\$ 209,634,743	\$ 17,335,699	\$ 20,913,475	\$ 223,307,286	\$ 230,548,218
Capital assets, net	316,190,053	305,497,207	145,014,896	153,069,318	461,204,949	458,566,525
Total assets	522,161,640	515,131,950	162,350,595	173,982,793	684,512,235	689,114,743
<b>Liabilities</b>						
Long-term	195,779,271	199,383,670	31,302,577	34,774,264	227,081,848	234,157,934
Other	13,148,774	16,397,147	6,288,887	4,629,630	19,437,661	21,026,777
Total liabilities	208,928,045	215,780,817	37,591,464	39,403,894	246,519,509	255,184,711
<b>Net assets</b>						
Invested in capital assets, net of related debt	249,294,117	237,784,529	116,127,108	120,755,756	365,421,225	358,540,285
Restricted	16,612,650	8,097,551	-	-	16,612,650	8,097,551
Unrestricted	47,326,828	53,469,053	8,632,023	13,823,143	55,958,851	67,292,196
Total net assets	\$ 313,233,595	\$ 299,351,133	\$ 124,759,131	\$ 134,578,899	\$ 437,992,726	\$ 433,930,032

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

### Changes in Net Assets - Primary Government For the Year Ended June 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 30,174,142	\$ 23,354,622	\$ 28,247,787	\$ 30,679,581	\$ 58,421,929	\$ 54,034,203
Operating grants and contributions	9,874,356	8,772,854	2,311,042	3,225,525	12,185,398	11,998,379
Capital grants and contributions	19,193,100	26,150,603	928,746	6,951,581	20,121,846	33,102,184
<b>General revenues</b>						
Property taxes	27,743,274	26,315,286	-	-	27,743,274	26,315,286
Sales and use tax	16,079,061	18,350,321	-	-	16,079,061	18,350,321
Other taxes	1,706,058	1,916,361	-	-	1,706,058	1,916,361
Vehicle license fees	5,630,342	5,502,754	-	-	5,630,342	5,502,754
Investment earnings	1,450,083	4,031,828	282,336	698,879	1,732,419	4,730,707
Miscellaneous	1,953,699	2,417,215	-	-	1,953,699	2,417,215
Gain on disposal of capital assets	7,573	17,727	4,815	-	12,388	17,727
<b>Total Revenues</b>	<b>\$ 113,811,688</b>	<b>\$ 116,829,571</b>	<b>\$ 31,774,726</b>	<b>\$ 41,555,566</b>	<b>\$ 145,586,414</b>	<b>\$ 158,385,137</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

### Changes in Net Assets - Primary Government - (Continued) For the Year Ended June 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Expenses</b>						
General government	20,939,721	19,469,082	-	-	20,939,721	19,469,082
Public safety	35,522,285	37,583,877	-	-	35,522,285	37,583,877
Public ways and facilities	23,627,838	21,790,592	-	-	23,627,838	21,790,592
Community services	4,371,136	6,578,406	-	-	4,371,136	-
Culture and recreation	15,608,095	11,132,695	-	-	15,608,095	11,132,695
Interest and fiscal charges	8,074,433	9,857,715	-	-	8,074,433	9,857,715
Water	-	-	15,785,836	14,224,703	15,785,836	14,224,703
Wastewater	-	-	4,985,197	4,688,247	4,985,197	4,688,247
Solid waste	-	-	10,225,341	8,853,274	10,225,341	8,853,274
Transit	-	-	2,172,862	2,318,433	2,172,862	2,318,433
Facilities augmentation	-	-	210,976	53,995	210,976	53,995
Recreation	-	-	-	5,417,363	-	5,417,363
Total expenses	108,143,508	106,412,367	33,380,212	35,556,015	141,523,720	135,389,976
Excess before transfers	5,668,180	10,417,204	(1,605,486)	5,999,551	4,062,694	22,995,161
Transfers	8,214,282	2,010,049	(8,214,282)	(2,010,049)	-	-
Change in net assets	13,882,462	12,427,253	(9,819,768)	3,989,502	4,062,694	16,416,755
Net assets, beginning of year	299,351,133	286,923,880	134,578,899	130,589,397	433,930,032	417,513,277
Net assets, end of year	\$ 313,233,595	\$ 299,351,133	\$ 124,759,131	\$ 134,578,899	\$ 437,992,726	\$ 433,930,032

**Governmental activities:** The City's governmental activities rely on several sources of revenue to finance ongoing operations. Charges for services and Property 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.

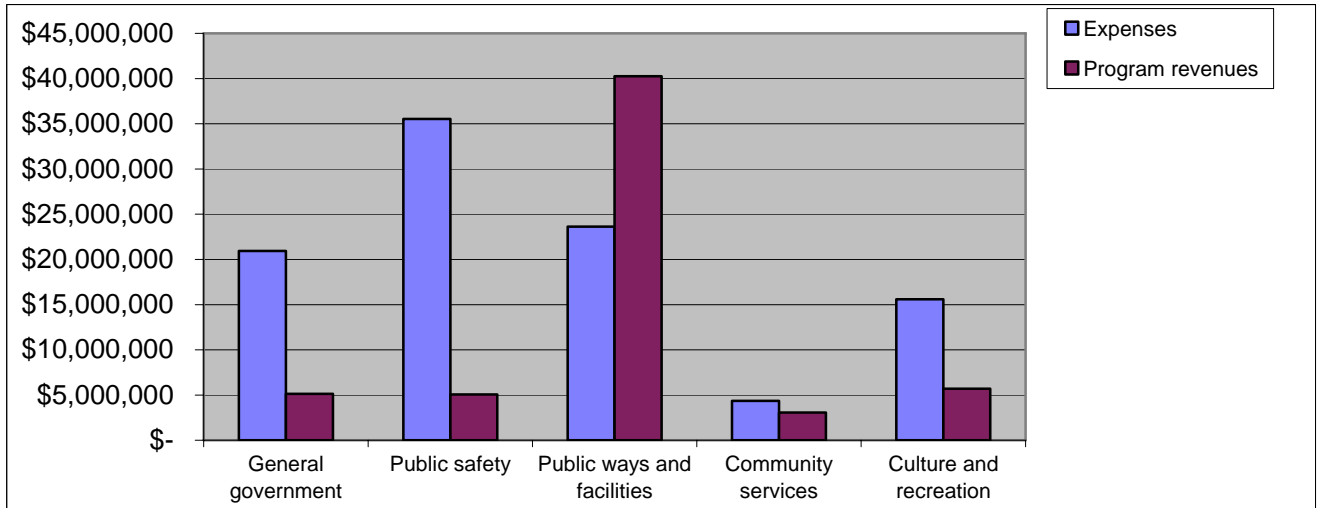
At the end of FY 2008-09, total revenues for the governmental activities, excluding transfers from the business-type activities of \$8.2 million, was \$113,811,688, a decrease of approximately \$3.0 million from the previous year mostly due to decreases in Sales and use tax and investment earnings. Expenses totaled \$108,143,508, an increase of \$1.7 million from the prior year. Revenues exceeded expenditures and thus Governmental activities increased the City's net assets by \$13,882,462.

Overall program revenues increased by approximately \$964k. General revenues saw an overall decrease of approximately \$3.9 million primarily due to decreases in Sales and use tax and investment earnings.

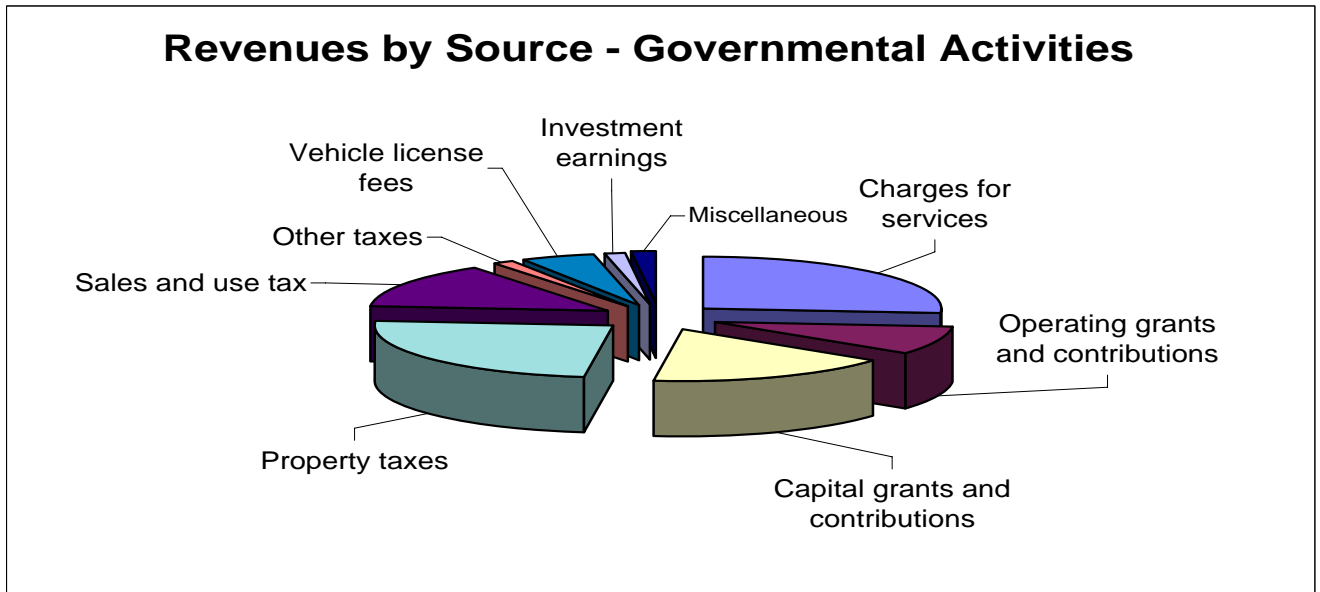
**MANAGEMENT’S DISCUSSION AND ANALYSIS – (Continued)**

The following chart presents a comparison of expenses by function and the associated program revenues for governmental activities.

**Expenses and Program Revenues – Governmental Activities**

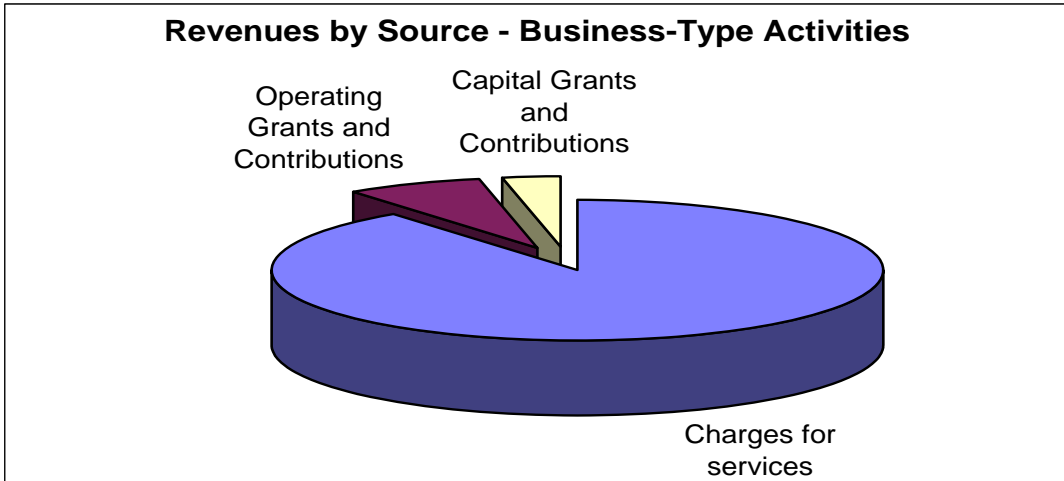


The chart below presents the percentage of total revenues by source for governmental activities.



**Business-type activities:** The City has six business-type activities: Water, Wastewater, Solid Waste, Transit, Facilities Augmentation and Recreation. 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.

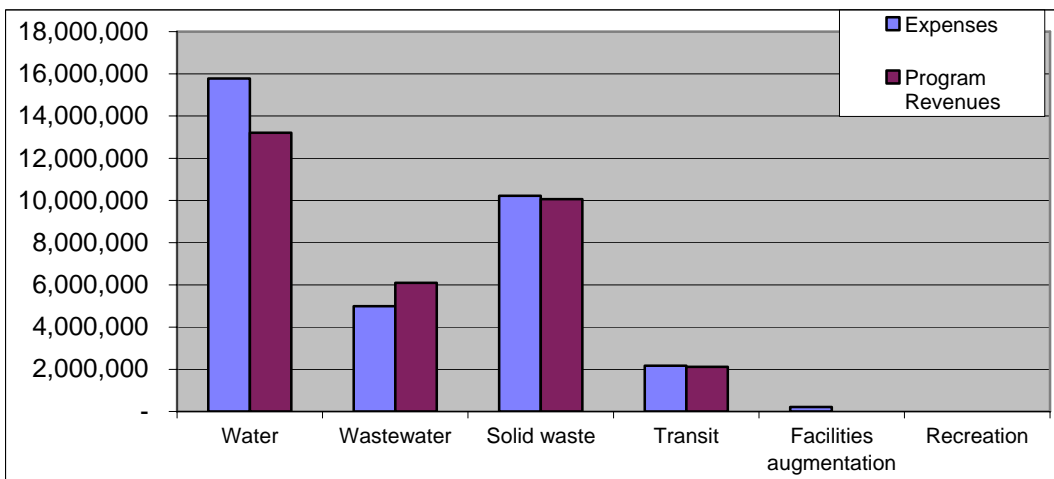
**MANAGEMENT’S DISCUSSION AND ANALYSIS – (Continued)**



Business-type activities decreased the City’s net assets by \$9,819,768. At the end of FY 2008-09, business-type activities reported total revenues, excluding transfers in from governmental activities, of \$31,774,726, a decrease of \$9.8 million from the prior year. The large decrease is due to Culture and recreation revenue now being reported in governmental activities and a \$5.96 million decrease in Capital contributions. Expenses totaled \$33.4 million, a decrease of \$2.2 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, unreserved 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, and Capital Projects Funds.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$190,284,034, a decrease of \$6,037,584 in comparison with the prior year. \$48,186,060 (25.2%) of this total amount constitutes *undesignated fund balance*, which is available for spending at the City's discretion. The remainder of the balance is *reserved and/or designated* to indicate that it is *not* available for new spending because it has been committed: 1) to pay debt service \$122,962,055 (64.6%); 2) Loans receivable \$5,313,825 (2.9%); 3) Encumbrances \$4,527,244 (2.4%); 4) Insurance Deposits \$3,974,548 (2.1%); 5) Budgeted projects \$2,192,390 (1.2%); 6) Low and moderate income housing \$2,002,967 (1.1%); and 7) Inventory and Land held for resale \$1,124,945 (0.6%).

Revenues and other financing sources for governmental functions totaled approximately \$164 million for the fiscal year ended June 30, 2009, which represents a decrease of 18.93% from the fiscal year ended June 30, 2008. This is mostly due to \$76.3 million of other financing sources received in FY 2007-08 for bond proceeds associated with the bond refunding in the Folsom Public Financing Authority. Expenditures and other financing uses for governmental functions totaled \$169,925,885, an increase of 17.46% from the prior year. The increase is mostly due to \$12.8 million in Payment to refunded escrow agent in FY 2008-09 associated with the bond refunding in the Folsom Public Financing Authority.

### 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, 2009

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2009	2008	2009	2008	2009	2008
General Fund	\$ 82,981,322	\$ 64,830,943	\$ 84,783,266	\$ 69,382,658	\$ (1,801,944)	\$ (4,551,715)
Folsom Redevelopment Agency - Special Revenue Fund	8,121,630	8,067,054	11,955,621	6,102,924	(3,833,991)	1,964,130
Folsom Redevelopment Agency - Debt Service Fund	1,904,552	1,994,858	1,883,837	1,869,043	20,715	125,815
Folsom Public Financing Authority	20,510,535	77,956,343	22,974,199	10,672,485	(2,463,664)	67,283,858
Folsom Redevelopment Agency - Capital Project Fund	2,428,817	1,013,527	4,093,421	9,726,275	(1,664,604)	(8,712,748)
Transportation Improvement Fund	21,760,162	17,418,315	15,248,797	12,073,697	6,511,365	5,344,618
Other Governmental Funds	26,181,283	30,885,057	28,986,744	34,840,075	(2,805,461)	(3,955,018)
Total	<u>\$ 163,888,301</u>	<u>\$ 202,166,097</u>	<u>\$ 169,925,885</u>	<u>\$ 144,667,157</u>	<u>\$ (6,037,584)</u>	<u>\$ 57,498,940</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. As expenditures increase, revenues increase proportionately. 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 2008-09 there was a decrease in fund balance of \$1,801,944, which resulted in a reserved and unreserved fund balance of \$5,637,081 and \$9,584,080 respectively. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11% of total General Fund expenditures of \$84,783,266, while total fund balance represents 18% of that same amount.

General Fund revenues of \$59.8 million were up \$6.97 million or 13.2% higher than FY 2007-08 revenues of \$52.8 million. The table below provides a revenue comparison between Fiscal Years 2008-09 versus 2007-08.

	2009	2008	\$ Change	% Change
Property taxes	\$ 19,936,202	\$ 17,331,885	\$ 2,604,317	15.0%
Sales & use taxes	16,079,061	17,905,327	(1,826,266)	-10.2%
Transit occupancy	1,156,114	1,358,637	(202,523)	-14.9%
Real Property transfer	277,607	286,598	(8,991)	-3.1%
Other	272,337	271,126	1,211	0.4%
Licenses and permits	2,181,423	563,408	1,618,015	287.2%
Vehicle license fees	5,630,342	5,502,754	127,588	2.3%
Intergovernmental	360,371	549,481	(189,110)	-34.4%
Charges for current services	11,729,344	6,962,238	4,767,106	68.5%
Fines and forfeitures	438,462	358,724	79,738	22.2%
Interest	488,812	737,242	(248,430)	-33.7%
Miscellaneous	1,268,746	1,016,605	252,141	24.8%
	<u>\$ 59,818,821</u>	<u>\$ 52,844,025</u>	<u>\$ 6,974,796</u>	<u>13.2%</u>

Property tax revenues increased 15% over the prior fiscal year, due to the City's sluggish housing market. Sales tax revenues, a major portion of the General Fund budget, declined 10.2% over the same twelve month period in the prior year. The decrease is in line with regional and national trends due to the slowdown in vehicle sales, point-of-sale transactions and a drop in the residential real estate sector. Transient occupancy taxes (TOT) decreased by \$203k, or 14.9% over last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

General fund expenditures of \$73,791,442, excluding transfers out, increased by \$9.6 million or 14.9% over prior year expenditures of \$64.2 million. Public safety and public ways and facilities expenditures decreased 5.5% and 3.4%, respectively, over the prior year primarily due to reductions in services and supply costs, along with reductions in salary related costs. The increase in general government, community services and culture and recreation expenditures is largely due to movement of the Development and Recreation funds into the general fund.

Expenditures	2009	2008	\$ variance	% variance
General government	\$ 13,711,965	\$ 13,678,122	\$ 33,843	0.2%
Public safety	33,887,251	35,845,343	(1,958,092)	-5.5%
Public ways and facilities	8,408,037	8,706,038	(298,001)	-3.4%
Community services	4,293,286	-	4,293,286	
Culture and recreation	12,809,831	5,965,548	6,844,283	114.7%
Debt service principal payments	681,072	-	681,072	0.0%
	<b>\$ 73,791,442</b>	<b>\$ 64,195,051</b>	<b>\$ 9,596,391</b>	<b>14.9%</b>

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

	2009	2008	\$ Variance
General Fund	15,221,161	17,023,105	(1,801,944)
Folsom RDA Spec.Rev.	15,527,470	19,361,461	(3,833,991)
Folsom RDA Debt Svc.	3,478,332	3,457,617	20,715
FPFA - Debt Svc.	113,979,558	116,443,222	(2,463,664)
Folsom RDA Cptl. Prjct	(174,089)	1,490,515	(1,664,604)
Transp. Imprvmt	10,730,599	4,219,234	6,511,365
Other Gvrnmntl.	31,521,003	34,326,464	(2,805,461)
	<b>190,284,034</b>	<b>196,321,618</b>	<b>(6,037,584)</b>

### **Folsom Redevelopment Agency Special Revenue Fund**

The Folsom Redevelopment Agency's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved 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 Agency include special revenue, debt service and capital projects funds.

The Agency's special revenue funds consist of the Central Folsom Redevelopment Project Fund and the Low/Moderate Housing Fund. The unreserved fund balances as of June 30, 2009 and 2008 were \$9,198,403 and \$11,372,910, respectively. Tax increment revenues provide the majority of revenue.

As of June 30, 2009, the Agency's special revenue funds reported combined ending fund balances of \$15,527,470, a decrease of \$3,833,991 in comparison with the prior fiscal year.

Revenues for governmental functions overall totaled \$8,121,630 in FY 2008-09, which represents an increase of \$54,576 in comparison with the prior fiscal year and is primarily due to an increase in tax increment revenue offset by a decrease in interest revenue. Expenditures for

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

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governmental functions, totaling \$11,955,621, increased by \$5,852,697 from the prior fiscal year, primarily due to increased OPA payments relating to the Sutter Street OPA and increased transfers associated with spending in the RDA Capital Projects Fund. For additional information please refer to the separately issued financial statements.

### **Folsom Redevelopment Agency Debt Service Fund**

The Folsom Redevelopment Agency debt service fund is used to account for the debt service in the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area. Major expenditures for the fiscal year included principal payments of \$525,000 and interest and fiscal charges of \$1,351,435.

### **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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The unreserved fund balances as of June 30, 2009 and 2008 were \$0 and \$257,001 respectively. As of June 30, 2009 and 2008, the Authority's governmental debt service fund reported combined ending fund balance of \$113,979,558 and \$116,443,222 respectively, a decrease of \$2,463,664 in comparison with the prior fiscal year.

Revenues for FPFA's governmental functions overall totaled \$20,510,535 in FY 2008-09, and represent a decrease of \$57,445,808 in comparison with the prior fiscal year. This is due to \$70 million in proceeds from the issuance of Special Tax Revenue Bonds issued during the prior fiscal year compared to \$11.95 million issued in the current year. Expenditures and other financing uses for governmental functions totaling \$22,974,199 increased by \$12,301,714 from the prior fiscal year due to payment to refunded escrow agent related to the bond issuance. For additional information please refer to the separately issued financial statements.

### **Folsom Redevelopment Capital Projects Fund**

This fund is used to account for construction proceeds of the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area Tax Allocation Bonds 1987 Series A, 1991 Series, and 2006 Series. The proceeds of the 2006 Series Bonds are being used to fund the construction of a multi-level parking structure on the Railroad Block and the Folsom Railroad Block Public Plaza. For FY 2008-09, expenditures totaled \$4,093,421.

### **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, to account for construction of light rail transportation projects, and to account for construction of the new bridge below Folsom dam. Revenues in the Transportation Improvement Capital Projects Fund exceeded expenditures by approximately \$6.5 million and were the result of intergovernmental revenues related to prior year expenditures that were reimbursed during fiscal year 2008-09.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

### ***Proprietary Funds***

#### **Water Fund**

Net assets of the Water Fund decreased by \$4 million in FY 2008-09. Operating revenue for FY 2008-09 was \$12.4 million, an increase of \$1.3 million, mostly due to a water rate increase in April 2008; while operating expenditures increased \$3.7 million to \$13.3 million. The increased operating expenditures were primarily due to increased contractual expenditures for water meter installation. Capital contributions declined by \$4.4 million due to minimal private development during the fiscal year. Net transfers were \$1,610,940, an increase of \$395,692 from prior year levels. As of June 30, 2009, the fund's net assets were \$81.6 million, of which \$76.4 million was invested in capital assets, while the remaining \$5.2 million was unrestricted.

#### **Wastewater Fund**

Operating revenues were at \$5.8 million, an increase of \$376,661 from the prior year. Operating expenses were at \$3.9 million, an increase of \$14,366 from the prior year. The net result was operating income of \$1.9 million. Other items which affected net assets were capital expenditures of \$1.07 million, capital contributions of \$81k and other non-operating revenues of \$203k. The total decrease to net assets in FY 2008-09 was \$793k for a total of \$39.1 million. As of June 30, 2009, of the Fund's net assets, \$36.0 million was invested in capital assets, and the remaining \$3.1 million was unrestricted.

#### **Solid Waste Fund**

Operating revenues were at \$9.8 million, a decrease of \$783,692 from the prior year. Operating expenses were at \$10.2 million, an increase of \$1.4 million from the prior year. The net result was an operating loss of \$343k. The total decrease of net assets in FY 2008-09 was \$1.1 million for total net assets at the end of the year of \$1.5 million. As of June 30, 2009, of the Fund's net assets, \$1.06 million was invested in capital assets, and the remaining \$457k was unrestricted.

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 proprietary funds for the current and previous fiscal years.

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances	
	2009	2008	2009	2008	2009	2008
Water	\$ 13,378,547	\$ 16,772,947	\$ 17,396,776	\$ 15,505,994	\$ (4,018,229)	\$ 1,266,953
Wastewater	6,162,579	7,191,564	6,955,277	5,655,888	(792,698)	1,535,676
Solid Waste	10,907,690	10,866,693	12,048,793	10,416,511	(1,141,103)	450,182
Other Enterprise Funds	5,382,807	9,376,161	9,250,545	8,639,470	(3,867,738)	736,691
<b>Total</b>	<b>\$ 35,831,623</b>	<b>\$ 44,207,365</b>	<b>\$ 45,651,391</b>	<b>\$ 40,217,863</b>	<b>\$ (9,819,768)</b>	<b>\$ 3,989,502</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

### 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.

After taking into account these adjustments, actual expenditures were \$4.3 million lower than final budget amounts. All expenditure categories except for Culture and recreation were less than current year budget appropriations due to savings in contracts, services and supplies and salary and benefit savings resulting from furloughs and vacant positions.

Revenues were \$59.8 million or 91% of budgeted amounts. The shortfall from budgeted amounts resulted from a few factors. The first factor is sales tax collections, which ended the fiscal year at 90% of budget, or \$16.1 million. Below budget collections are in line with regional and national trends due to the slowdown in vehicle sales, point-of-sale transactions and a drop in the residential real estate sector. The second factor is charges for current services which came in \$1.6 million less than budgeted due to lower than anticipated revenue for structure plan check fees, engineering fees and recreation fees, and the third factor is miscellaneous revenue which was \$5.04 million below 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, 2009, amounted to \$461.2 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, structures and improvements, vehicles, equipment and construction in progress. The total increase in the City's capital assets for the current fiscal year was 1% as shown in the table below.

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

**CAPITAL ASSETS**  
(Net of Depreciation)  
June 30, 2009

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease) % Change
	2009	2008	2009	2008	2009	2008	
Land	\$ 18,026,124	\$ 17,045,325	\$ 1,033,791	\$ 2,014,590	\$ 19,059,915	\$ 19,059,915	0%
Construction in progress	51,350,684	55,165,609	-	5,535,994	51,350,684	60,701,603	-15%
Buildings	38,219,320	34,946,794	60,146	5,138,091	38,279,466	40,084,885	-5%
Improvements	203,308,858	191,838,126	138,545,413	133,910,802	341,854,271	325,748,928	5%
Equipment	5,285,067	6,501,351	5,375,546	6,470,642	10,660,613	12,971,993	-18%
	<u>\$ 316,190,053</u>	<u>\$ 305,497,205</u>	<u>\$ 145,014,896</u>	<u>\$ 153,070,119</u>	<u>\$ 461,204,949</u>	<u>\$ 458,567,324</u>	<u>1%</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

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

- Construction expenditures of \$10.6 million relating to the new bridge below Folsom Dam. The bridge, officially named "Folsom Lake Crossing" opened to traffic in March of 2009. The new bridge includes a four-lane bridge and roadway with bike lanes from East Natoma Street to Folsom-Auburn Road below the existing Folsom Dam. Funding for the bridge is provided through federal funds and Measure A sales tax revenues.
- Construction expenditures of \$1.5 million for the Railroad Block Public Plaza and parking structure.
- Construction expenditures of \$2.0 million for the Water Main Replacement 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, 2009, the City had \$195,779,271 of outstanding long-term debt related to governmental activities and \$31,302,577 of long-term debt related to business-type activities, for a total of \$227,081,848. During the year, \$30.2 million of long-term debt was retired, while \$18.1 million was added, resulting in a net decrease of 6%. The City's debt obligations are in the form of general obligation bonds, certificates of participation, revenue bonds, tax allocation bonds, owner participation agreements, capital lease obligations, notes payable, compensated absences, landfill closure costs and deferred amounts for issuance discounts.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$207,100,000. Of this amount, \$20,665,000 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 City Redevelopment Agency also has Owner Participation Agreements totaling \$2,243,348.

The following table summarizes the City's outstanding debt at June 30, 2009:

#### LONG-TERM LIABILITIES June 30, 2009

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease) % Change
	2009	2008	2009	2008	2009	2008	
General obligation bonds	\$ 20,665,000	\$ 23,110,000	\$ -	\$ -	\$ 20,665,000	\$ 23,110,000	-11%
Certificates of participation	5,835,000	7,065,000	-	-	5,835,000	7,065,000	-17%
Revenue bonds	121,800,000	126,205,000	28,730,000	29,480,000	150,530,000	155,685,000	-3%
Tax allocation bonds	30,070,000	30,595,000	-	-	30,070,000	30,595,000	-2%
Owner participation agreements	2,243,348	5,338,117	-	-	2,243,348	5,338,117	-58%
Capital lease obligations	909,667	1,090,739	1,102,224	1,462,154	2,011,891	2,552,893	-21%
Compensated absences	6,755,303	6,499,817	1,009,690	1,177,838	7,764,993	7,677,655	1%
Notes payable	2,000,000	-	-	2,500,000	2,000,000	2,500,000	-20%
Post employment benefit obligation	3,335,459	-	302,741	-	3,638,200	-	-
Landfill closure liability	687,691	687,691	-	-	687,691	687,691	0%
Less: Deferred amounts on refunding and discounts/premiums	1,477,803	2,034,712	157,922	154,271	1,635,725	2,188,983	-25%
<b>Total</b>	<b>\$ 195,779,271</b>	<b>\$ 202,626,076</b>	<b>\$ 31,302,577</b>	<b>\$ 34,774,263</b>	<b>\$ 227,081,848</b>	<b>\$ 237,400,339</b>	<b>-4%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

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The following summarizes the City's long-term debt activity during FY 2008-09:

- 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 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.

### **Credit Rating**

As of June 30<sup>th</sup>, 2009 the City's General Obligation Bonds are rated at AA-/Stable by Standard & Poor's, and are rated A1 by Moody's Investor Services. The City's Certificates of Participation (COP's), issued to finance essential facilities such as the 1999 Recreation Facility and the 2001 Central Business District Fire Station, are rated A+ by Standard & Poor's. The 1998 Water Bonds are rated A2 by Moody's. Subsequent to the end of the City's fiscal year, Standard & Poor's upgraded their ratings for the General Obligation Bonds and Certificates of Participation to AA and AA-, respectively, citing the City's strong financial management and diverse economic base as key factors.

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 has 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. In FY 2009 the City refunded Prairie Oaks Assessment District, receiving an A rating by Standard & Poor's.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Economic Factors**

With the slow recovery in the economy, the City faces significant fiscal challenges. These include:

- Continued increases in labor, health care and pension costs.
- State budget actions are certain to affect the City. City property tax revenue may be reduced; grant funding is at risk.
- The City will not be immune from the budget actions of other governmental agencies. City residents depend on County services, and City departments are affected by reductions in County services. The County is largely dependent on the Federal and State governments for program funding. Federal and State budget actions that affect the County may adversely affect the City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)

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Economic factors that may affect the City in the longer term include:

- The slowing real estate market, on both the national and regional level, is well publicized. The change in the local market is having significant impact on tax revenues as the rate of growth in property taxes is smaller than in recent years.
- In the current fiscal year the City is realizing reductions in sales tax revenue.
- Meanwhile, the costs of doing business have increased and the City is absorbing anticipated employee benefit costs.

### **Next Year's Budget**

The City closed the fiscal year in a positive financial position, with a General Fund balance of \$15,221,161, a decrease of \$1.8 million over the prior year. While the General Fund remains in a positive position, expenditures exceeded revenues in the current fiscal year, creating a structural deficit. City management will continue to monitor the General Fund's position and report to Council on a quarterly basis.

The General Fund budget for 2010 appropriates approximately \$71.4 million, a decrease of 9% over the prior year. General Fund revenue for 2010 is projected to be \$68.4 million, a decrease of 18% over 2009. This decrease is partially due to significant transfers-in in FY 2009 due to the consolidation of funds mentioned previously. Staff'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 Finance Director, 50 Natoma Street, Folsom, CA 95630, (916) 355-7200 or visit the City's website at [www.folsom.ca.us](http://www.folsom.ca.us).



# CITY OF FOLSOM, CALIFORNIA

## STATEMENT OF NET ASSETS JUNE 30, 2009

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
Cash and investments	\$ 61,034,086	\$ 11,680,825	\$ 72,714,911
Receivables, net of allowances for uncollectibles	7,393,540	4,390,014	11,783,554
Due from other governments	7,837,643	162,502	8,000,145
Inventory	350,796	-	350,796
Insurance deposits	3,974,548	-	3,974,548
Deferred charges	4,120,011	-	4,120,011
Restricted assets - cash and investments	9,871,814	1,102,358	10,974,172
Investments held in trust	110,615,000	-	110,615,000
Land held for resale	774,149	-	774,149
Capital assets, net of accumulated depreciation:			
Nondepreciable	69,376,808	1,033,791	70,410,599
Depreciable	246,813,245	143,981,105	390,794,350
	522,161,640	162,350,595	684,512,235
Total assets			
<b>LIABILITIES:</b>			
Accounts payable	4,748,480	4,332,837	9,081,317
Wages payable	2,359,175	401,634	2,760,809
Interest payable	3,094,030	225,963	3,319,993
Due to other governments	388,909	1,195,435	1,584,344
Unearned revenue	2,558,180	133,018	2,691,198
Long-term liabilities:			
Due within one year	12,365,193	1,425,305	13,790,498
Due in more than one year	183,414,078	29,877,272	213,291,350
	208,928,045	37,591,464	246,519,509
Total liabilities			
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	249,294,117	116,127,108	365,421,225
Restricted for:			
Debt service	7,677,846	-	7,677,846
Low and moderate income housing	2,002,967	-	2,002,967
Transportation/streets	3,756,099	-	3,756,099
Lighting and Landscape Assessment Districts	3,175,738	-	3,175,738
Unrestricted	47,326,828	8,632,023	55,958,851
	\$ 313,233,595	\$ 124,759,131	\$ 437,992,726
Total net assets			

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, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 20,939,721	\$ 5,111,144	\$ -	\$ 36,350
Public safety	35,522,285	4,964,922	92,036	5,234
Public ways and facilities	23,627,838	12,335,305	9,520,818	18,405,544
Community services	4,371,136	3,012,191	58,946	-
Culture and recreation	15,608,095	4,750,580	202,556	745,972
Interest and fiscal charges	8,074,433	-	-	-
Total governmental activities	108,143,508	30,174,142	9,874,356	19,193,100
Business-type activities:				
Water	15,785,836	12,424,614	-	785,961
Wastewater	4,985,197	5,817,865	203,205	80,741
Solid Waste	10,225,341	9,814,954	181,604	62,044
Transit	2,172,862	190,354	1,926,233	-
Facilities Augmentation	210,976	-	-	-
Total business-type activities	33,380,212	28,247,787	2,311,042	928,746
<b>TOTAL</b>	<b>\$ 141,523,720</b>	<b>\$ 58,421,929</b>	<b>\$ 12,185,398</b>	<b>\$ 20,121,846</b>

**GENERAL REVENUES:**

- Taxes:
  - Property
  - Sales and use
  - Other
- Vehicle license fees
- Investment earnings
- Miscellaneous
- Gain on sale of capital assets

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

Net Assets, beginning of year

**Net assets, end of year**

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

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (15,792,227)	\$ -	\$ (15,792,227)
(30,460,093)	-	(30,460,093)
16,633,829	-	16,633,829
(1,299,999)	-	(1,299,999)
(9,908,987)	-	(9,908,987)
(8,074,433)	-	(8,074,433)
<u>(48,901,910)</u>	<u>-</u>	<u>(48,901,910)</u>
-	(2,575,261)	(2,575,261)
-	1,116,614	1,116,614
-	(166,739)	(166,739)
-	(56,275)	(56,275)
-	(210,976)	(210,976)
<u>-</u>	<u>(1,892,637)</u>	<u>(1,892,637)</u>
<u>(48,901,910)</u>	<u>(1,892,637)</u>	<u>(50,794,547)</u>
27,743,274	-	27,743,274
16,079,061	-	16,079,061
1,706,058	-	1,706,058
5,630,342	-	5,630,342
1,450,083	282,336	1,732,419
1,953,699	-	1,953,699
7,573	4,815	12,388
<u>8,214,282</u>	<u>(8,214,282)</u>	<u>-</u>
<u>62,784,372</u>	<u>(7,927,131)</u>	<u>54,857,241</u>
13,882,462	(9,819,768)	4,062,694
299,351,133	134,578,899	433,930,032
<u>\$ 313,233,595</u>	<u>\$ 124,759,131</u>	<u>\$ 437,992,726</u>

**PRIMARY GOVERNMENT:**

Governmental activities:

General government  
Public safety  
Public ways and facilities  
Community services  
Culture and recreation  
Interest and fiscal charges

Total governmental  
activities

Business-type activities:

Water  
Wastewater  
Solid Waste  
Transit  
Facilities Augmentation

Total business-type  
activities

**TOTAL**

**GENERAL REVENUES:**

Taxes:

Property  
Sales and use  
Other  
Vehicle license fees  
Investment earnings  
Miscellaneous  
Gain on sale of capital assets

**- Transfers**

**Total general revenues and transfers**

**Change in net assets**

Net Assets, beginning of year

**Net assets, 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, 2009**

	General Fund	Folsom Redevelopment Agency Special Revenue Fund	Folsom Redevelopment Agency Debt Service Fund	Folsom Public Financing Authority Debt Service Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,642,712	\$ 11,613,052	\$ 373,488	\$ -
Cash with fiscal agent	-	-	228,282	-
Receivables	994,378	5,362,891	1,181	-
Insurance deposits	3,974,548	-	-	-
Due from other funds	1,764,192	-	-	-
Due from other governments	2,178,307	264,012	-	-
Inventory	350,796	-	-	-
Investments held in trust	-	-	-	110,615,000
Land held for resale	-	774,149	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Cash with fiscal agent	-	-	2,875,381	3,366,136
	<u>\$ 19,904,933</u>	<u>\$ 18,014,104</u>	<u>\$ 3,478,332</u>	<u>\$ 113,981,136</u>
Total assets				
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,052,586	\$ 614,639	\$ -	\$ -
Wages payable	2,313,228	35,670	-	-
Due to other funds	-	-	-	1,578
Due to other governments	-	-	-	-
Deferred revenue	317,958	1,836,325	-	-
	<u>4,683,772</u>	<u>2,486,634</u>	<u>-</u>	<u>1,578</u>
Total liabilities				
<b>FUND BALANCE:</b>				
Reserved for:				
Encumbrances	1,311,737	74,451	-	-
Insurance deposits	3,974,548	-	-	-
Inventory	350,796	-	-	-
Loans receivable	-	3,477,500	-	-
Land held for resale	-	774,149	-	-
Low and moderate income housing	-	2,002,967	-	-
Debt service	-	-	2,875,381	3,364,558
Investments held in trust for debt service	-	-	-	110,615,000
Capital projects	-	-	-	-
Unreserved reported in:				
Designated for Debt Service	-	-	-	-
Undesignated, reported in:				
General Fund	9,584,080	-	-	-
Special Revenue funds	-	9,198,403	-	-
Capital Projects funds	-	-	-	-
Debt Service funds	-	-	602,951	-
	<u>15,221,161</u>	<u>15,527,470</u>	<u>3,478,332</u>	<u>113,979,558</u>
<b>TOTAL FUND BALANCE</b>				
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 19,904,933</u>	<u>\$ 18,014,104</u>	<u>\$ 3,478,332</u>	<u>\$ 113,981,136</u>

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

Folsom Redevelopment Agency Capital Projects Fund	Transportation Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
<b>ASSETS</b>				
\$ -	\$ 4,040,985	\$ 28,623,936	\$ 55,294,173	Cash and cash equivalents
561,523	-	3,442,872	4,232,677	Cash with fiscal agent
-	251,085	778,443	7,387,978	Receivables
-	-	-	3,974,548	Insurance deposits
-	-	1,335,833	3,100,025	Due from other funds
-	5,064,833	330,491	7,837,643	Due from other governments
-	-	-	350,796	Inventory
-	-	-	110,615,000	Investments held in trust
-	-	-	774,149	Land held for resale
-	2,192,390	-	2,192,390	Restricted assets:
-	-	1,437,907	7,679,424	Cash and cash equivalents
				Cash with fiscal agent
<u>\$ 561,523</u>	<u>\$ 11,549,293</u>	<u>\$ 35,949,482</u>	<u>\$ 203,438,803</u>	Total assets
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
\$ 735,612	\$ 429,785	\$ 915,858	\$ 4,748,480	Accounts payable
-	-	10,277	2,359,175	Wages payable
-	-	3,098,447	3,100,025	Due to other funds
-	388,909	-	388,909	Due to other governments
-	-	403,897	2,558,180	Deferred revenue
<u>735,612</u>	<u>818,694</u>	<u>4,428,479</u>	<u>13,154,769</u>	Total liabilities
<b>FUND BALANCE:</b>				
Reserved for:				
393,500	1,252,015	1,495,541	4,527,244	Encumbrances
-	-	-	3,974,548	Insurance deposits
-	-	-	350,796	Inventory
-	-	-	3,477,500	Loans receivable
-	-	-	774,149	Land held for resale
-	-	-	2,002,967	Low and moderate income housing
-	-	1,437,907	7,677,846	Debt service
-	-	-	110,615,000	Investments held in trust for debt service
-	2,192,390	-	2,192,390	Capital projects
Unreserved reported in:				
-	-	4,669,209	4,669,209	Designated for Debt Service
Undesignated, reported in:				
-	-	-	9,584,080	General Fund
-	-	12,298,643	21,497,046	Special Revenue funds
(567,589)	7,286,194	11,619,703	18,338,308	Capital Projects funds
-	-	-	602,951	Debt Service funds
<u>(174,089)</u>	<u>10,730,599</u>	<u>31,521,003</u>	<u>190,284,034</u>	<b>TOTAL FUND BALANCE</b>
<u>\$ 561,523</u>	<u>\$ 11,549,293</u>	<u>\$ 35,949,482</u>	<u>\$ 203,438,803</u>	<b>TOTAL LIABILITIES AND FUND BALANCE</b>

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

# CITY OF FOLSOM, CALIFORNIA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

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

Total fund balances - total governmental funds	\$ 190,284,034
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	69,376,808
Depreciable capital assets, net	246,159,289
Deferred costs of issuance related to long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,120,011
Net unmatured long-term debt	(185,000,818)
Accrued interest	(3,094,030)
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	(687,691)
Compensated absences	(6,755,303)
Post-employment benefit obligation	(3,335,459)
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 Assets.	2,166,754
<b>Net assets of governmental activities</b>	<b><u><u>\$ 313,233,595</u></u></b>

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, 2009

	General Fund	Folsom Redevelopment Agency Special Revenue Fund	Folsom Redevelopment Agency Debt service Fund	Folsom Public Financing Authority Debt service Fund
<b>REVENUES</b>				
Taxes:				
Property	\$ 19,936,202	\$ 7,807,072	\$ -	\$ -
Sales and use	16,079,061	-	-	-
Transient occupancy	1,156,114	-	-	-
Real property transfer	277,607	-	-	-
Other	272,337	-	-	-
Licenses and permits	2,181,423	-	-	-
Vehicle license fees	5,630,342	-	-	-
Intergovernmental	360,371	-	-	6,992,286
Charges for current services	11,729,344	81,287	-	-
Fines and forfeitures	438,462	-	-	-
Assessment collections	-	-	-	-
Interest	488,812	201,926	34,096	23,531
Miscellaneous	1,268,746	9,834	-	-
Total revenues	<u>59,818,821</u>	<u>8,100,119</u>	<u>34,096</u>	<u>7,015,817</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,711,965	3,883,400	-	-
Public safety	33,887,251	-	-	-
Public ways and facilities	8,408,037	-	-	-
Community services	4,293,286	-	-	-
Culture and recreation	12,809,831	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal payments	681,072	3,094,769	525,000	3,955,000
Interest and fiscal charges	-	-	1,351,435	5,451,919
Cost of issuance	-	-	-	310,252
Total expenditures	<u>73,791,442</u>	<u>6,978,169</u>	<u>1,876,435</u>	<u>9,717,171</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,972,621)</u>	<u>1,121,950</u>	<u>(1,842,339)</u>	<u>(2,701,354)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds	-	-	-	11,955,000
Bond discount	-	-	-	(115,411)
Payment to refunded escrow agent	-	-	-	(12,822,662)
Transfers in	23,162,501	21,511	1,870,456	1,539,718
Transfers out	(10,991,824)	(4,977,452)	(7,402)	(318,955)
Total other financing sources (uses)	<u>12,170,677</u>	<u>(4,955,941)</u>	<u>1,863,054</u>	<u>237,690</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,801,944)</u>	<u>(3,833,991)</u>	<u>20,715</u>	<u>(2,463,664)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>17,023,105</u>	<u>19,361,461</u>	<u>3,457,617</u>	<u>116,443,222</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 15,221,161</u>	<u>\$ 15,527,470</u>	<u>\$ 3,478,332</u>	<u>\$ 113,979,558</u>

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

Folsom Redevelopment Agency Capital Projects Fund	Transportation Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 27,743,274
-	-	-	16,079,061
-	-	-	1,156,114
-	-	-	277,607
-	-	-	272,337
-	-	5,980	2,187,403
-	-	-	5,630,342
-	16,749,139	4,965,660	29,067,456
-	4,716,851	7,020,540	23,548,022
-	-	417,233	855,695
-	-	3,583,022	3,583,022
14,700	51,753	596,694	1,411,512
169,700	-	505,419	1,953,699
<u>184,400</u>	<u>21,517,743</u>	<u>17,094,548</u>	<u>113,765,544</u>
-	-	2,078,568	19,673,933
-	-	152,346	34,039,597
1,512,326	966,921	2,990,602	13,877,886
-	-	-	4,293,286
-	-	752,141	13,561,972
2,267,602	13,321,495	2,712,540	18,301,637
-	-	3,675,000	11,930,841
-	-	1,365,006	8,168,360
-	-	-	310,252
<u>3,779,928</u>	<u>14,288,416</u>	<u>13,726,203</u>	<u>124,157,764</u>
<u>(3,595,528)</u>	<u>7,229,327</u>	<u>3,368,345</u>	<u>(10,392,220)</u>
-	-	-	11,955,000
-	-	-	(115,411)
-	-	-	(12,822,662)
2,244,417	242,419	9,086,735	38,167,757
(313,493)	(960,381)	(15,260,541)	(32,830,048)
<u>1,930,924</u>	<u>(717,962)</u>	<u>(6,173,806)</u>	<u>4,354,636</u>
<u>(1,664,604)</u>	<u>6,511,365</u>	<u>(2,805,461)</u>	<u>(6,037,584)</u>
<u>1,490,515</u>	<u>4,219,234</u>	<u>34,326,464</u>	<u>196,321,618</u>
<u>\$ (174,089)</u>	<u>\$ 10,730,599</u>	<u>\$ 31,521,003</u>	<u>\$ 190,284,034</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  
Interest  
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  
Cost of issuance

Total expenditures

EXCESS (DEFICIENCY) OF REVENUES

OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES)

Refunding bonds  
Bond discount  
Payment to refunded escrow agent  
Transfers in  
Transfers out

Total other financing sources (uses)

NET CHANGE IN FUND BALANCE

FUND BALANCE, BEGINNING OF YEAR

FUND BALANCE, END OF YEAR

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



# 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, 2009

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

Net change in fund balances - total governmental \$ (6,037,584)

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:

Capitalized capital outlays	18,114,667
Depreciation expense	(13,351,616)
Reclassification of capital assets from Enterprise funds to governmental	6,168,899

Governmental funds report debt issuance costs (deferred charges) as part of debt service expenditures, whereas these costs are deferred and amortized in the Government-Wide Statement of Activities.

567,354

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.

33,836

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.

Principal repayments on long term debt	11,930,841	
Change in compensated absences	222,005	
Proceeds from issuance of long-term debt	(11,955,000)	
Payment to refunded escrow agent	12,822,662	
Bond discount	115,411	
Change in accrued interest	60,091	
Change in post-employment benefit obligation	(1,710,516)	
Issuance costs	310,252	
Reclassification of debt due to movement of funds	<u>(3,119,578)</u>	<u>8,676,168</u>

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.

(289,262)

### CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 13,882,462

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

# CITY OF FOLSOM, CALIFORNIA

## STATEMENT OF FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Total	Governmental Internal Service Funds
	Water	Wastewater	Solid Waste	Other Enterprise Funds		
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 6,592,852	\$ 3,455,574	\$ 815,882	\$ 816,517	\$ 11,680,825	\$ 1,507,236
Receivables, net of allowances	1,771,132	1,469,753	1,126,473	22,656	4,390,014	5,562
Due from other governments	730	430	4,629	156,713	162,502	-
Total current assets	8,364,714	4,925,757	1,946,984	995,886	16,233,341	1,512,798
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	-	-	-	1,102,056	1,102,056	-
Cash with fiscal agent	302	-	-	-	302	-
Capital assets	134,657,466	47,174,446	6,962,953	3,194,559	191,989,424	7,020,021
Accumulated depreciation	(29,364,750)	(11,133,491)	(4,796,282)	(1,680,005)	(46,974,528)	(6,366,065)
Total noncurrent assets	105,293,018	36,040,955	2,166,671	2,616,610	146,117,254	653,956
Total assets	113,657,732	40,966,712	4,113,655	3,612,496	162,350,595	2,166,754
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	2,311,525	435,954	796,121	789,237	4,332,837	-
Wages payable	126,729	75,684	152,250	46,971	401,634	-
Interest payable	180,545	-	45,418	-	225,963	-
Due to other governments	90	1,195,345	-	-	1,195,435	-
Unearned revenue	109,018	-	-	24,000	133,018	-
Accrued compensated absences, payable within one year	58,990	26,968	77,770	42,132	205,860	-
Long term debt, due within one year	783,651	-	-	-	783,651	-
Obligations under capital leases and note payable, due within one year	-	-	435,795	-	435,795	-
Total current liabilities	3,570,548	1,733,951	1,507,354	902,340	7,714,193	-
Noncurrent liabilities:						
Accrued compensated absences, payable after one year	309,974	134,163	280,023	79,670	803,830	-
Post-employment benefit obligation	72,783	-	138,270	91,688	302,741	-
Long term debt, due after one year net of unamortized deferred charges	28,104,271	-	-	-	28,104,271	-
Obligations under capital leases and note payable, due after one year	-	-	666,429	-	666,429	-
Total noncurrent liabilities	28,487,028	134,163	1,084,722	171,358	29,877,271	-
Total liabilities	32,057,576	1,868,114	2,592,076	1,073,698	37,591,464	-
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	76,405,096	36,040,955	1,064,447	2,616,610	116,127,108	653,956
Unrestricted	5,195,060	3,057,643	457,132	(77,812)	8,632,023	1,512,798
Total net assets	\$ 81,600,156	\$ 39,098,598	\$ 1,521,579	\$ 2,538,798	\$ 124,759,131	\$ 2,166,754

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 ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				Total	Governmental Internal Service Funds
	Water	Wastewater	Solid Waste	Other Enterprise Funds		
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 12,424,614	\$ 5,817,865	\$ 9,814,954	\$ 190,354	\$ 28,247,787	\$ -
<b>OPERATING EXPENSES:</b>						
Employee services	3,166,866	1,871,484	3,937,761	1,421,621	10,397,732	-
Utilities	700,441	47,995	13,488	92	762,016	-
Supplies	811,813	308,770	757,711	160,557	2,038,851	-
Maintenance and operations	292,437	115,707	406,916	72,718	887,778	-
Contractual services	4,261,399	200,551	3,872,689	3,350	8,337,989	-
Depreciation	3,461,739	1,259,547	867,594	388,842	5,977,722	198,848
Other	647,858	111,022	301,551	125,682	1,186,113	-
Total operating expenses	13,342,553	3,915,076	10,157,710	2,172,862	29,588,201	198,848
<b>OPERATING INCOME (LOSS)</b>	<b>(917,939)</b>	<b>1,902,789</b>	<b>(342,756)</b>	<b>(1,982,508)</b>	<b>(1,340,414)</b>	<b>(198,848)</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>						
Investment income	167,972	60,768	19,342	34,254	282,336	38,570
Interest expense	(1,396,475)	-	(67,631)	-	(1,464,106)	-
Capital improvement studies	(169,226)	(1,070,121)	-	(207,283)	(1,446,630)	-
Gain (Loss) on sale of capital assets	-	-	4,815	-	4,815	7,573
Other	(877,582)	203,205	10,593	(3,693)	(667,477)	-
Intergovernmental revenues	-	-	171,011	1,926,233	2,097,244	-
Total nonoperating revenue (expense)	(2,275,311)	(806,148)	138,130	1,749,511	(1,193,818)	46,143
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(3,193,250)</b>	<b>1,096,641</b>	<b>(204,626)</b>	<b>(232,997)</b>	<b>(2,534,232)</b>	<b>(152,705)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS:</b>						
Capital contributions	785,961	80,741	62,044	-	928,746	-
Transfers in	-	-	824,931	3,231,966	4,056,897	1,494,572
Transfers out	(1,610,940)	(1,970,080)	(1,823,452)	(6,866,707)	(12,271,179)	(1,631,129)
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(824,979)</b>	<b>(1,889,339)</b>	<b>(936,477)</b>	<b>(3,634,741)</b>	<b>(7,285,536)</b>	<b>(136,557)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(4,018,229)</b>	<b>(792,698)</b>	<b>(1,141,103)</b>	<b>(3,867,738)</b>	<b>(9,819,768)</b>	<b>(289,262)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>85,618,385</b>	<b>39,891,296</b>	<b>2,662,682</b>	<b>6,406,536</b>	<b>134,578,899</b>	<b>2,456,016</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 81,600,156</b>	<b>\$ 39,098,598</b>	<b>\$ 1,521,579</b>	<b>\$ 2,538,798</b>	<b>\$ 124,759,131</b>	<b>\$ 2,166,754</b>

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, 2009

### BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Water	Wastewater	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users	\$ 12,239,279	\$ 5,556,228	\$ 9,802,612
Payments to suppliers	(4,681,093)	(399,560)	(4,391,215)
Payments to employees	(3,058,329)	(1,840,932)	(3,798,855)
Payments to other governments	(730)	(430)	(4,629)
Cash received from (paid to) other sources	(1,521,789)	92,183	(286,143)
Net cash provided by (used for) operating activities	<u>2,977,338</u>	<u>3,407,489</u>	<u>1,321,770</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	(1,610,940)	(1,970,080)	(1,823,452)
Transfers from other funds	-	-	824,931
Intergovernmental revenues	-	-	171,011
Net cash provided by (used for) noncapital financing activities	<u>(1,610,940)</u>	<u>(1,970,080)</u>	<u>(827,510)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(1,782,963)	(784,630)	63,000
Payments for capital improvement studies	(169,226)	(1,070,121)	-
Principal paid on capital debt and leases	(750,000)	-	(825,647)
Interest paid on capital debt	(1,396,475)	-	(67,631)
Net cash used by capital and related financing activities	<u>(4,098,664)</u>	<u>(1,854,751)</u>	<u>(830,278)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and dividends on investments	216,904	81,611	27,556
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,515,362)	(335,731)	(308,462)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,108,516</u>	<u>3,791,305</u>	<u>1,124,344</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,593,154</u>	<u>\$ 3,455,574</u>	<u>\$ 815,882</u>
<b>Summary:</b>			
Cash and cash equivalents	\$ 6,592,852	\$ 3,455,574	\$ 815,882
Restricted assets:			
Cash with fiscal agent	302	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 6,593,154</u>	<u>\$ 3,455,574</u>	<u>\$ 815,882</u>

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

Other Enterprise Funds	Total	Governmental Internal Service Funds	
			CASH FLOWS FROM OPERATING ACTIVITIES:
\$ 524,226	\$ 28,122,345	\$ -	Receipts from customers and users
(323,839)	(9,795,707)	(35,576)	Payments to suppliers
(1,936,708)	(10,634,824)	(179,612)	Payments to employees
1,396,800	1,391,011	-	Payments to other governments
(129,375)	(1,845,124)	7,573	Cash received from (paid to) other sources
			Net cash provided by (used for)
(468,896)	7,237,701	(207,615)	operating activities
			CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
(1,888,571)	(7,293,043)	(1,695,817)	Transfers to other funds
731,966	1,556,897	1,494,572	Transfers from other funds
1,926,233	2,097,244	-	Intergovernmental revenues
			Net cash provided by (used for) noncapital financing activities
769,628	(3,638,902)	(201,245)	
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
			Acquisition and construction
(153,802)	(2,658,395)	-	of capital assets
(207,283)	(1,446,630)	-	Payments for capital improvement studies
-	(1,575,647)	-	Principal paid on capital debt and leases
-	(1,464,106)	-	Interest paid on capital debt
			Net cash used by capital
(361,085)	(7,144,778)	-	and related financing activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
41,035	367,106	44,530	Interest and dividends on investments
			NET DECREASE IN CASH AND CASH EQUIVALENTS
(19,318)	(3,178,873)	(364,330)	
1,937,891	15,962,056	1,871,566	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
<u>\$ 1,918,573</u>	<u>\$ 12,783,183</u>	<u>\$ 1,507,236</u>	CASH AND CASH EQUIVALENTS, END OF YEAR
			Summary:
\$ 816,517	\$ 11,680,825	\$ 1,507,236	Cash and cash equivalents
			Restricted assets:
1,102,056	1,102,358	-	Cash with fiscal agent
<u>\$ 1,918,573</u>	<u>\$ 12,783,183</u>	<u>\$ 1,507,236</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, 2009**

**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (917,939)	\$ 1,902,789	\$ (342,756)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	3,461,739	1,259,547	867,594
Amortization of deferred charges	3,651	-	-
Gain (loss) on sale of capital asset	-	-	4,815
Other non-operating income (expense)	(877,582)	203,205	10,593
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(192,272)	(136,889)	(12,342)
Decrease (increase) in due from other governments	(730)	(430)	(4,629)
Increase (decrease) in accounts payable	1,384,997	273,463	659,589
Increase (decrease) in wages payable	583	3,317	(9,626)
Increase (decrease) in due to other governments	-	(124,748)	-
Increase (decrease) in deferred revenue	6,937	-	-
Increase (decrease) in accrued compensated absences	69,552	27,235	77,214
Increase (decrease) in OPEB	38,402	-	71,318
	<u>38,402</u>	<u>-</u>	<u>71,318</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><u>\$ 2,977,338</u></u>	<u><u>\$ 3,407,489</u></u>	<u><u>\$ 1,321,770</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Receipt of contributed assets	\$ 785,961	\$ 80,741	\$ 62,044
Capital Lease	-	-	465,717
Transfer of note payable to governmental activities	-	-	-
Transfer of capital assets to governmental activities	-	-	-

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

Other Enterprise Funds	Total	Governmental Internal Service Funds	
			<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>
\$ (1,982,508)	\$ (1,340,414)	\$ (198,848)	Operating income (loss)
			Adjustments to reconcile operating income to net cash provided (used) by operating activities:
388,842	5,977,722	198,848	Depreciation
-	3,651	-	Amortization of deferred charges
-	4,815	7,573	Gain (loss) on sale of capital asset
(3,693)	(667,477)	-	Other non-operating income (expense)
			Changes in assets and liabilities:
			Decrease (increase) in accounts receivable
415,132	73,629	-	Decrease (increase) in due from other governments
1,396,800	1,391,011	-	Increase (decrease) in accounts payable
(87,122)	2,230,927	(35,576)	Increase (decrease) in wages payable
(181,389)	(187,115)	(47,525)	Increase (decrease) in due to other governments
-	(124,748)	-	Increase (decrease) in deferred revenue
(81,260)	(74,323)	-	Increase (decrease) in accrued compensated absences
(342,149)	(168,148)	(132,087)	Increase (decrease) in OPEB
8,451	118,171	-	
<u>\$ (468,896)</u>	<u>\$ 7,237,701</u>	<u>\$ (207,615)</u>	<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>
			<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>
\$ -	\$ 928,746	\$ -	Receipt of contributed assets
-	465,717	-	Capital Lease
2,500,000	2,500,000	-	Transfer of note payable to governmental activities
6,128,643	6,128,643	-	Transfer of capital assets to governmental activities

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

# CITY OF FOLSOM, CALIFORNIA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2009

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and investments	\$ 14,552,712
Cash with fiscal agent	624,669
Receivables, net:	
Accrued interest	39,057
Due from other governments	626,781
Restricted assets:	
Cash and cash equivalents	170,800
Cash with fiscal agent	<u>13,962,478</u>
Total assets	<u>\$ 29,976,497</u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 6,843
Rebatable arbitrage	497
Due to assessment holders	<u>29,969,157</u>
Total liabilities	<u>\$ 29,976,497</u>

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



# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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### 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 and Governmental Accounting Standards Board (GASB) Statement 14, as amended by GASB Statement 39, these financial statements present the government and its component units, entities 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 data from these units are combined with data of the primary government. Each blended component unit has a year-end of June 30.

**Blended Component Units** - The **Redevelopment Agency** of the City of Folsom (Agency) is a community redevelopment agency formed, organized and existing pursuant to the provisions of the Community Redevelopment Law of the State of California (California Health and Safety Code, Section 33000 et seq.) and was formed on August 1, 1983. The primary purpose of the Agency is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members in concurrent sessions serve as the governing board of the Agency, and all accounting and administrative functions are performed by the City. The Agency is reported in the City's fund financial statements as a special revenue fund, capital project fund, and a debt service fund, as well as in the City's government-wide financial statements.

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 a joint powers authority known as the **Folsom Public Financing Authority** (FPFA) on September 19, 1988, 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). The FPFA is 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 is reported in the City's fund financial statements as a debt service fund, consistent with the National Council on Governmental Accounting (NCGA) Statement No. 5 and GASB Statement 14, as amended by GASB Statement 39. Capital leases between the primary government and blended component units are eliminated. Interfund long-term debt between the City and the FPFA remains on the combined balance sheet. Amounts held for repayment of the local obligation bonds are reported as investments held in trust of the FPFA.

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 District's primary source of revenue for

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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.

Separate audited component unit financial statements for the Agency and FPFA may be obtained from the entities respective administration office as follows:

Redevelopment Agency of the City of  
Folsom  
50 Natoma Street  
Folsom, CA 95630

Folsom Public 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. Thus Fiduciary Funds have no measurement focus, but use the accrual method of accounting to report assets and liabilities.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current 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.

For this purpose, the City considers intergovernmental revenues, which are primarily grants and subventions, received as reimbursement for specific purposes or projects to be available if they are expected to be received within the upcoming year to repay interfund liabilities incurred as a result of borrowing cash in order to pay the expenditures. Other major revenues in accordance with GASB Statement No. 22, *Accounting for Taxpayer Assessed Tax Revenues in Governmental Funds* are considered to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered to be available include sales, transient occupancy, gas, and utility user taxes, franchise fees, interest and intergovernmental revenues, which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements. All other revenue items, such as business licenses and fines and penalties, are considered to be measurable and available only when cash is received by the City.

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 Redevelopment Agency Special Revenue Fund** is used to account for the revenue and expenditures of the Redevelopment Agency of the City of Folsom, except for debt service and bond proceeds.

The **Folsom Redevelopment Agency Debt Service Fund** is used to account for the debt service on the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area Refunding Allocation Bonds

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 **Folsom Redevelopment Agency Capital Projects Fund** is used to account for long-term redevelopment projects of the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area.

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.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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 Fund**, made up of the Equipment Replacement fund, is used to account for replacement of general governmental equipment.

**Fiduciary Funds** account for assets held in agency funds by the City as an agent for various bonded assessment districts.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the *option* following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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 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

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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, except guaranteed investment contracts, which are recorded at cost. 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.

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 GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
  - Credit Risk
- Overall

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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- Custodial Credit Risk
- Concentrations of Credit Risk
- Foreign Currency 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.

**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.

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** - Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 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 reservation of fund balance to indicate they do not constitute resources available for appropriation.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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**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 general 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 City's Redevelopment Agency.

**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.

**Capital Assets** – Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), 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 the lower of actual historical cost or fair market value (as of the date donated for contributed assets) although for certain older assets estimated historical costs are used.

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	99

**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

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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.

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.

**Unearned Revenue** - Unearned revenue in governmental funds arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

**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 assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Gains and losses on debt refunding are deferred and amortized over the life of the related debt using the straight-line method. Bonds payable are reported net of bond premium or discount and net of gains and losses on debt refunding. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt.

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.

**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 reserved fund balance since they do not constitute expenditures or liabilities.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans by City Management for future use of financial resources.



# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### **Effects of New Pronouncements -**

The following summarizes recent GASB pronouncements and their impact, if any, on future financial statements:

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software.

GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments," establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments.

GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," addresses the recognition, measurement, and disclosure information regarding derivative instruments entered into by state and local governments. The requirements of GASB 53 are effective for fiscal periods beginning after June 15, 2009.

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," was established to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for fiscal periods beginning after June 15, 2010.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments totaled \$223,614,742 as of June 30, 2009. 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 assets (proprietary funds) as "cash and investments or cash equivalents"

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

Total City deposits and investments at fair value as of June 30, 2009 are reported as follows:

	Governmental	Business-Type	Total	Fiduciary Funds	Total
	Activities	Activities		Statement of	
				Net Assets	
Cash, cash equivalents and investments	\$ 61,034,086	\$ 11,680,825	\$ 72,714,911	\$ 15,177,381	\$ 87,892,292
Investments held in trust	110,615,000	-	110,615,000	-	110,615,000
Restricted cash and investments	9,871,814	1,102,358	10,974,172	14,133,278	25,107,450
	<u>\$ 181,520,900</u>	<u>\$ 12,783,183</u>	<u>\$ 194,304,083</u>	<u>\$ 29,310,659</u>	<u>\$ 223,614,742</u>

	Credit Quality Rating		Fair Value
	Moody's	S & P	
<b>City treasury deposits:</b>			
Deposits	Not rated	Not rated	\$ (541,885)
Petty cash	Not rated	Not rated	8,575
Restricted cash	Not rated	Not rated	40,130
<b>Total city treasury deposits:</b>			<u>(493,180)</u>
<b>City treasury investments</b>			
Securities of U.S. government agencies			
Federal Home Loan Bank (FHLB)	Aaa	AAA	4,989,210
Federal Home Loan Mortgage Corporation (FHLMC)	Aaa	AAA	3,999,150
Total securities of U.S. government agencies			<u>8,988,360</u>
Local Agency Investment Fund	Not rated	Not rated	63,287,965
Money market mutual funds (WF)	Not rated	Not rated	4,033,442
Municipal obligations	Aaa	AAA	110,615,000
Corporate Notes (Gen Elec)	AA2	AA+	1,006,800
Corporate Notes (Lehman Brothers)*	WR	N/R	689,808
Corporate Notes (Wachovia Corp)	A1	AA-	987,000
Certificate of Deposit	Not rated	Not rated	8,000,000
<b>Total city treasury investments</b>			<u>197,608,375</u>
<b>Total funds in City Treasury</b>			<u>197,115,195</u>
<b>Cash and investments with fiscal agents</b>			
California Asset Management Program	Not rated	AAA	15,050,932
Money market mutual funds	Not rated	Not rated	11,448,615
<b>Total cash and investments with fiscal agents</b>			<u>26,499,547</u>
<b>Total cash and investments</b>			<u>\$ 223,614,742</u>

\* Potential unrealized loss relating to this investment has been allocated to the pool.

**Cash Deposits** – At June 30, 2009, the recorded amount of the City's deposits was (\$501,755); and the bank balance was \$914,250. As of June 30, 2009, the City's deposits with financial

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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%	None
Bonds Issued by the City	5 years	80%	None
U.S. Treasury Bills, Notes and Bonds	5 years	80%	None
Registered State Warrants, Treasury Notes or Bonds of the State	5 years	20%	None
Bonds, Notes or Warrants of any Local Agency within the State	5 years	20%	None
Federal Agency Securities or U.S. Government Sponsored Enterprise Obligations	5 years	50%	25%
Bankers Acceptances	180 days	40%	30%
Commercial Paper *1	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	20%	10%
Repurchase agreements	1 year	30%	None
Reverse Repurchase agreements	92 days	20%	None
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Notes, Bonds or Obligations for Purpose of Securing Local Agency Deposits	5 years	None	None
Mortgaged Backed or Consumer Pass-through Securities	5 years	20%	None
Shares of Beneficiary Interest issued by a JPA	N/A	20%	None

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

\*1 An additional 15%, or a total of 30%, may be invested in commercial paper if the weighted dollar average of the entire amount does not exceed 31 days.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

**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 Obligation			COP's				BTA						TAB's						
				1993 Series C	1993 Series D	2003 Refunding	1997 Parks & Traffic Signals	1999 Folsom CCF	2001 Central Bus. Dist. Fire	1999 Rec. Facility	1998 LARB (Hammalord)	1999 FPPA (Legends, et al.)	2002 City Hall & Comm. Ctr.	2003 FPPA	2004 FPPA Series A&B	2007 FPPA Series A&B	2008 FPPA Series A&B	1998 Water	2005 Series A Water	1997 RDA	2005 RDA	2006 RDA	
U.S. Treasury Obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	x	x	x	n/a	x	x	x	x	x	x
U.S. Treasury Obligations	5 years	None	None	n/a	n/a	n/a	x	x	n/a	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	x	n/a	n/a	n/a	x	x	x	x	n/a	x	x	x	x	x	x
Banker's Acceptances	360 days	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	n/a	x	x	n/a	x	x	n/a	n/a	n/a	n/a
Commercial paper	270 days	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a	x	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	n/a	n/a	n/a	x	n/a	n/a	x	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	n/a	n/a	n/a	x	n/a	n/a	x	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	x	n/a	n/a	n/a	x	x	x	x	n/a	x	x	x	x	x	x
Municipal obligations	None	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	x	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	x	n/a	n/a	n/a	x	x	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	x	n/a	n/a	n/a	x	x	x	x	n/a	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	n/a	n/a	n/a	n/a	n/a	x	x	x	x	x	x	x	x	x
Local Agency Investment Fund (LAIF)	None	None	None	n/a	n/a	n/a	n/a	n/a	*4	n/a	n/a	n/a	x	x	x	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other * **1	None	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	x	x	x	n/a	x	x	x	x	x	x
City's investment policy *2	N/A	N/A	N/A	x	x	x	n/a	n/a	n/a	x	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
Interest bearing accounts	None	None	None	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	x	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	x	x	n/a	n/a	n/a	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	n/a	x	x	n/a	x	x	n/a	x	x	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Deposit Accounts (FDIC Insured) *3	None	None	None	n/a	n/a	n/a	x	x	x	n/a	x	x	n/a	x	n/a	n/a	n/a	n/a	n/a	n/a	x	x	x
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	x	x	x
Certificates of deposit	None	None	None	n/a	n/a	n/a	n/a	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	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

**Disclosures Relating to 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, 2009, the City Treasury had the following investment maturities:

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### 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	20 to 25	
FHLB	\$ 4,989,210	\$ -	\$ -	\$ 989,210	\$ 1,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
FHLMC	3,999,150	-	-	999,150	-	2,000,000	1,000,000	-	-	-	-
LAIF	63,287,965	63,287,965	-	-	-	-	-	-	-	-	-
Money Market Funds	4,033,442	4,033,442	-	-	-	-	-	-	-	-	-
Municipal Obligations	110,615,000	3,428,030	4,066,271	6,486,393	5,042,422	5,011,323	32,989,407	22,996,154	26,820,000	3,775,000	
Certificate of Deposit	8,000,000	8,000,000	-	-	-	-	-	-	-	-	
Corporate Note	2,683,608	-	987,000	689,808	-	1,006,800	-	-	-	-	
<b>Total</b>	<b>\$ 197,608,375</b>	<b>\$ 78,749,437</b>	<b>\$ 5,053,271</b>	<b>\$ 9,164,561</b>	<b>\$ 6,042,422</b>	<b>\$ 11,018,123</b>	<b>\$ 33,989,407</b>	<b>\$ 22,996,154</b>	<b>\$ 26,820,000</b>	<b>\$ 3,775,000</b>	

### Fiscal Agent

Investment Type										
CAMP	\$ 15,050,932	\$ 15,050,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market Mutual Funds	11,448,615	11,448,615	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 26,499,547</b>	<b>\$ 26,499,547</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Disclosures Relating to 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, 2009, the City's credit risks, expressed on a percentage basis, are as follows:

#### 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
Federal Home Loan Bank (FHLB)	AAA	AAA	2.2%
Federal Home Loan Mortgage Corporation (FHLMC)	AAA	AAA	1.8%
Local Agency Investment Fund (LAIF)	Not rated	Not rated	28.2%
Money Market Funds	Not rated	Not rated	6.9%
Municipal Obligations	Not rated	Not rated	49.4%
Certificate of Deposit	Not rated	Not rated	3.6%
Corporate Note (Gen Elec)	AA2	AA+	0.4%
Corporate Note (Lehman Brothers)	WR	N/R	0.3%
Corporate Note (Wachovia Corp)	A1	AA-	0.5%
CAMP	Not rated	AAAm	6.7%
			<u>100.00%</u>

**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.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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**Custodial Credit Risk** - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits. At June 30, 2009, the City Treasury had \$0 exposed to custodial credit risk and there was no securities lending.

**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

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

accounting records maintained by CAMP, which are recorded on an amortized cost basis. Information regarding the amount of dollars invested in derivatives by CAMP was not available.

### 3. RECEIVABLES

Receivables as of June 30, 2009, consist of the following:

	Folsom Redevelopment Agency Special Revenue Fund		Folsom Redevelopment Agency Debt Service Fund		Transportation Improvement Capital Projects Fund		Other Governmental Funds		Internal Service Funds		Total
	General										
<b>Governmental Activities</b>											
General accounts	\$ 909,070	\$ 4,979	\$ -	\$ 231,390	\$ 357,108	\$ -	\$ 1,502,547				
Interest	85,308	44,087	1,181	19,695	134,289	5,562	290,122				
Loan	-	5,313,825	-	-	287,046	-	5,600,871				
Due from other governments	2,178,307	264,012	-	5,064,833	330,491	-	7,837,643				
<b>Total</b>	<b>\$ 3,172,685</b>	<b>\$ 5,626,903</b>	<b>\$ 1,181</b>	<b>\$ 5,315,918</b>	<b>\$ 1,108,934</b>	<b>\$ 5,562</b>	<b>\$ 15,231,183</b>				

	Water		Wastewater		Solid Waste		Other Enterprise		Total
<b>Business-Type Activities</b>									
General accounts	\$ 174,149	\$ -	\$ 4,672	\$ 17,072	\$ 195,893				
Utilities	1,608,526	1,490,382	1,147,362	-	4,246,270				
Allowance for uncollectibles	(35,948)	(33,340)	(26,973)	-	(96,261)				
Interest	24,405	12,711	1,412	5,584	44,112				
Due from other governments	730	430	4,629	156,713	162,502				
<b>Total</b>	<b>\$ 1,771,862</b>	<b>\$ 1,470,183</b>	<b>\$ 1,131,102</b>	<b>\$ 179,369</b>	<b>\$ 4,552,516</b>				

### 4. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables are as follows at June 30, 2009:

Receivable Fund	Payable Fund	Amount
General Fund	Development Special Revenue	\$ 1,762,569
	1915 Assessment Districts Capital Project	45
	Folsom Public Financing Authority	1,578
		<u>1,764,192</u>
Park Capital	Humbug Willow Creek Special Revenue	1,335,833
		<u>\$ 3,100,025</u>

All balances reported as "due to/due from" are short-term loans to cover temporary cash shortages as of June 30, 2009, and will be repaid in early fiscal year 2010.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### 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, 2009:

Transfers out	Transfers in										Total
	General	Folsom Redevelopment Agency Special Revenue Fund	Folsom Redevelopment Agency Debt Service Fund	Folsom Public Financing Authority Debt Service Fund	Folsom Redevelopment Agency Capital Projects Fund	Transportation Improvement Capital Projects Fund	Other Governmental	Solid Waste Enterprise Fund	Other Enterprise	Internal Service	
General	\$ -	\$ 2,499	\$ -	\$ 1,539,718	\$ -	\$ -	\$ 8,131,268	\$ -	\$ 3,231,966	\$ 1,242,142	\$ 14,147,593
Folsom RDA Special Revenue	577,492	-	1,870,456	-	2,244,417	-	255,481	-	-	29,606	4,977,452
Folsom RDA Debt Service	7,402	-	-	-	-	-	-	-	-	-	7,402
Folsom PFA Debt Service	19,843	-	-	-	-	-	299,112	-	-	-	318,955
Folsom RDA Capital Projects	313,493	-	-	-	-	-	-	-	-	-	313,493
Transportation Improvement	929,938	-	-	-	-	-	30,443	-	-	-	960,381
Other governmental	14,651,412	19,012	-	-	-	242,419	345,902	-	-	1,796	15,260,541
Water Enterprise	1,536,819	-	-	-	-	-	-	-	-	74,121	1,610,940
Wastewater Enterprise	1,076,898	-	-	-	-	-	-	824,931	-	68,251	1,970,080
Solid Waste Enterprise	1,749,331	-	-	-	-	-	-	-	-	74,121	1,823,452
Other enterprise	6,837,643	-	-	-	-	-	24,529	-	-	4,535	6,866,707
Internal Service	1,631,129	-	-	-	-	-	-	-	-	-	1,631,129
<b>Total</b>	<b>\$ 29,331,400</b>	<b>\$ 21,511</b>	<b>\$ 1,870,456</b>	<b>\$ 1,539,718</b>	<b>\$ 2,244,417</b>	<b>\$ 242,419</b>	<b>\$ 9,086,735</b>	<b>\$ 824,931</b>	<b>\$ 3,231,966</b>	<b>\$ 1,494,572</b>	<b>\$ 49,888,125</b>

During the year various interfund transfers listed above were made to finance expenditures, subsidize operating losses and service debt. Transfers into the City's General fund were for the following purposes: (1) Cost allocation plan \$4.8 million, (2) Public works support \$1.01 million, (3) Debt service \$500k (4) Salary and benefit reimbursement \$2.6 million, (5) Fund Movement \$12.4 million, (6) transfer of Capital Assets from Enterprise Funds \$6.2 million. Transfers to the governmental funds mostly consisted of (1) \$8 million to the Development due to closing of that fund, (2) \$2.2 million from the RDA special revenue fund to the RDA capital projects fund for capital projects (3) \$1.5 million to Internal Services for technical services. Transfers to the Enterprise funds mostly due to movement of funds to the general fund.

Note that this transfer schedule does not agree to the fund statements for the General fund due to the movement of capital assets and debt related to the approved shift of Enterprise and Internal Service funds to the General fund.



# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

<b>Governmental activities:</b>	<b>July 1, 2008</b>	<b>Transfers *</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2009</b>
Capital assets, not being depreciated					
Land	\$ 17,045,325	\$ 980,799	\$ -	\$ -	\$ 18,026,124
Construction in progress	55,165,609	(21,944,883)	18,129,958		51,350,684
<b>Total capital assets, not being depreciated</b>	<b>72,210,934</b>	<b>(20,964,084)</b>	<b>18,129,958</b>	<b>-</b>	<b>69,376,808</b>
Capital assets, being depreciated:					
Buildings	57,908,757	5,519,200	-	-	63,427,957
Improvements	285,905,333	21,849,805			307,755,138
Equipment	20,908,140	38,565	137,480	(197,342)	20,886,843
<b>Total capital assets, being depreciated</b>	<b>364,722,230</b>	<b>27,407,570</b>	<b>137,480</b>	<b>(197,342)</b>	<b>392,069,938</b>
Less accumulated depreciation for:					
Buildings	(22,961,963)	(443,800)	(1,802,874)	-	(25,208,637)
Improvements	(94,067,207)	-	(10,379,073)	-	(104,446,280)
Equipment	(14,406,789)	(24,043)	(1,368,286)	197,342	(15,601,776)
<b>Total accumulated depreciation</b>	<b>(131,435,959)</b>	<b>(467,843)</b>	<b>(13,550,233)</b>	<b>197,342</b>	<b>(145,256,693)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 305,497,205</b>	<b>\$ 5,975,643</b>	<b>\$ 4,717,205</b>	<b>\$ -</b>	<b>\$ 316,190,053</b>
<b>Business-type activities</b>	<b>July 1, 2008</b>	<b>Transfers *</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2009</b>
Capital assets, not being depreciated					
Land	\$ 2,014,590	\$ (980,799)	\$ -	\$ -	\$ 1,033,791
Construction in progress	5,535,994	(8,504,644)	2,968,650		-
<b>Total capital asset, not being depreciated</b>	<b>7,550,584</b>	<b>(9,485,443)</b>	<b>2,968,650</b>	<b>-</b>	<b>1,033,791</b>
Capital assets, being depreciated:					
Buildings	5,595,548	(5,519,200)	-	-	76,348
Improvements	166,929,068	8,599,720	464,730	-	175,993,518
Equipment	14,459,568	(38,563)	464,762	-	14,885,767
<b>Total capital assets, being depreciated</b>	<b>186,984,184</b>	<b>3,041,957</b>	<b>929,492</b>	<b>-</b>	<b>190,955,633</b>
Less accumulated depreciation for:					
Buildings	(457,457)	443,800	(2,545)	-	(16,202)
Improvements	(33,018,266)	-	(4,429,839)	-	(37,448,105)
Equipment	(7,988,926)	24,043	(1,545,338)	-	(9,510,221)
<b>Total accumulated depreciation</b>	<b>(41,464,649)</b>	<b>467,843</b>	<b>(5,977,722)</b>	<b>-</b>	<b>(46,974,528)</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 153,070,119</b>	<b>\$ (5,975,643)</b>	<b>\$ (2,079,580)</b>	<b>\$ -</b>	<b>\$ 145,014,896</b>

\* Represents capital asset transfers from certain Proprietary and Internal Service funds that were reclassified as a Governmental Fund during FY 2009

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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

<b>Governmental activities:</b>	
General government	\$ 1,002,207
Public safety	1,036,413
Public works	9,464,544
Culture and recreation	1,848,220
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	198,848
Total depreciation expense - governmental activities	<u>\$ 13,550,232</u>
<b>Business-type activities:</b>	
Water	\$ 3,460,973
Wastewater	1,258,711
Solid waste	869,196
Other enterprise funds	388,842
Total depreciation expense - business-type activities	<u>\$ 5,977,722</u>

## 7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2009:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Amount due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 23,110,000	\$ -	\$ (2,445,000)	\$ 20,665,000	\$ 2,560,000
Certificates of participation	7,065,000	-	(1,230,000)	5,835,000	1,295,000
Revenue bonds	126,205,000	11,955,000	(16,360,000)	121,800,000	4,580,000
Tax allocation bonds	30,595,000	-	(525,000)	30,070,000	580,000
Owner participation agreements	5,338,117	-	(3,094,769)	2,243,348	456,470
Capital lease obligations	1,090,739	-	(181,072)	909,667	189,190
Compensated absences	6,499,817	3,620,955	(3,365,469)	6,755,303	2,170,697
Notes payable	-	2,500,000	(500,000)	2,000,000	500,000
Post employment benefit obligation	1,624,943	1,710,516	-	3,335,459	-
Landfill closure liability (Note 16)	687,691	-	-	687,691	-
Less: Deferred amounts on refunding and issuance discounts/premiums	2,034,712	(523,073)	(33,836)	1,477,803	33,836
Governmental activities long-term liabilities	<u>\$ 204,251,019</u>	<u>\$ 19,263,398</u>	<u>\$ (27,735,146)</u>	<u>\$ 195,779,271</u>	<u>\$ 12,365,193</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 29,480,000	\$ -	\$ (750,000)	\$ 28,730,000	\$ 780,000
Capital lease obligations	1,462,154	465,717	(825,647)	1,102,224	435,795
Compensated absences	1,177,838	696,258	(864,406)	1,009,690	205,859
Notes payable	2,500,000	-	(2,500,000)	-	-
Post employment benefit obligation	184,570	154,361	(36,190)	302,741	-
Less: Deferred amounts for issuance cost, discounts/premiums	154,271	-	3,651	157,922	3,651
Business-type activities long-term liabilities	<u>\$ 34,958,833</u>	<u>\$ 1,316,336</u>	<u>\$ (4,972,592)</u>	<u>\$ 31,302,577</u>	<u>\$ 1,425,305</u>

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### General Obligation Bonds

1993 General Obligation Bonds Series C Bonds. Issued in February, 1996 in the amount of \$10,000,000, are payable semi-annually on February 1 and August 1 of each year commencing February, 1997 through 2016 with annual principal installments ranging from \$420,000 to \$775,000. Interest rates on the bonds range from 4.60% to 5.30%. Series C Bonds are issued in the denomination of \$5,000 each or any integral thereof. \$ 5,185,000

1993 General Obligation Bonds Series D Bonds, Issued in April, 1997, in the amount of \$11,415,000, are payable semi-annually on February 1 and August 1 of each year commencing February 1998 through 2017, with annual principal installments ranging from \$450,000 to \$915,000. Interest rates on the bonds range from 5.30% to 5.80%. Series D Bonds are issued in the denomination of \$5,000 each or any integral multiple thereof. 6,635,000

2003 Refunding General Obligation Bonds. Issued in February, 2003, the City issued the City of Folsom Refunding General Obligation Bonds Series 2003R for the purpose of refunding and defeasing Series A and B of the 1993 General Obligation Bonds. The Series 2003R are payable semi-annually on February 1 and August 1 of each year commencing August 1, 2003 through 2014, with annual principal installments ranging from \$1,255,000 to \$1,690,000. Interest rates on the bonds ranges from 1.10% to 4.00%. 8,845,000

**Total Governmental Activities General Obligation Bonds** \$ 20,665,000

Year Ending June 30	Governmental activities	
	Principal	Interest
2010	2,560,000	905,830
2011	1,490,000	801,170
2012	1,555,000	685,319
2013	1,620,000	559,118
2014	1,690,000	423,393
2015-2018	1,050,000	603,965
Total	<u>\$ 9,965,000</u>	<u>\$ 3,978,795</u>

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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### Certificates of Participation

In July, 1997, the City issued the City of Folsom Refunding Certificates of Participation (City Parks and Five Traffic Signals) for \$795,000 with interest rates of 4.75% to 5.875% and a final maturity on October 1, 2020. The Certificates were issued to refund the local obligation Certificates of Participation dated July 1, 1990, to fund a reserve, and to pay associated delivery costs. The Project is currently owned by the Folsom Public Financing Authority and leased to the City through a facility lease. \$ 540,000

The Folsom Public Financing Authority leases the Facility to the City and the City will make rental payments to a Trustee, on behalf of the Authority which will include principal and interest on the Certificates and will be paid on April 1 and October 1 of each year. The City has entered into a Contract for Custody and Program Services to State inmates with the State of California, which provides for payment by the State to the City for certain amounts, including all base rental payments under the Facility Lease. Base rental payments will be made solely from the amounts received from the State pursuant to the State Contract. 1,405,000

In October, 2001, the City of Folsom issued the 2001 Central Business District Fire Station Certificates of Participation for \$3,750,000 with interest rates from 2.20% to 4.375% for the serial bonds and 5.125% for the term bonds. The bonds were issued for the acquisition and construction of a fire station in the City's central business district. The serial bonds are payable semi-annually on April 1 and October 1 of each year commencing October 1, 2003 through 2016, with installments ranging from \$105,000 to \$155,000. The term bonds of \$2,030,000 mature on October 1, 2026, with installments ranging from \$160,000 to \$250,000. 3,105,000

In September, 1999, the Folsom Public Financing Authority issued Certificates of Participation for \$825,000 with interest rates of 5.75% and 6.0%. The Certificates were issued to provide funds to acquire and construct a recreation facility located within the City of Folsom, to fund a reserve for the Certificates, and to pay associated Certificate issue costs. The Folsom Public Financing Authority will lease the facility to the City and the City will make rental payments to a trustee on behalf of the Authority which will represent principal and interest payments for the Certificates. The Certificates mature on June 30, 2019 and June 30, 2029. 785,000

**Total Governmental Activities Certificates of Participation** \$ 5,835,000

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

Annual debt service requirements to maturity for certificates of participation are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2010	\$ 1,295,000	\$ 266,491
2011	370,000	224,289
2012	140,000	212,683
2013	150,000	206,944
2014	155,000	200,691
2015 - 2019	915,000	888,129
2020 - 2024	1,745,000	509,263
2025 - 2029	1,065,000	121,775
Total	<u>\$ 5,835,000</u>	<u>\$ 2,630,265</u>

### 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 2012 with interest rates from 3.75% to 5.5%, with remaining installments ranging from \$90,000 to \$215,000. 1,805,000

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 2012. 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. 3,940,000

In June 2002, the Folsom Public Financing Authority issued refunding lease revenue bonds for \$16,950,000 with interest rates of 1.40% and 5.0% payable on April 1 and October 1. The Certificates were issued to provide funds to refund the Authority's outstanding Revenue Bonds, Series 1992. The bonds mature beginning on October 1, 2002 through October 1, 2017, with remaining installments ranging from \$875,000 to \$1,275,000 10,620,000

In December 2003, the Folsom Public Financing Authority issued Reassessment Revenue bonds, with interest rates of 2.00% to 5.50%. The bonds mature beginning October 1, 2004 through October 1, 2018 with payments ranging from \$270,000 to \$830,000. The bonds were issued to refund the Public Financing Authority's 1988 Local Agency Revenue Bonds, by the purchase and cancellation of the City's Limited Obligation Improvement Bonds Assessment District 1989-1, which secure the refunded authority bonds, fund a reserve fund and pay certain costs of issuance. The bonds are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part with a redemption premium equal to the following percentages of such principal amount of Bonds to be redeemed, 3% on or prior to April 1, 2010 and 0% on or after October 1, 2010. 5,535,000

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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In June 2004, the Folsom Public Financing Authority issued Special Tax Revenue Bonds, Senior Series A \$14,685,000 with interest rates of 2.00% to 5.00% and Subordinate Series B \$7,800,000 with interest rates of 2.25% to 5.70%. The Serial bonds mature beginning September 1, 2005 through September 1, 2021, with payments ranging from \$540,000 to \$1,475,000. Term bond sinking fund requirements begin September 1, 2017 through September 1, 2021, with payments ranging from \$1,020,000 to \$1,235,000. The bonds were issued to finance and purchase two separate issues of special tax refunding bonds of existing community facilities districts and pay certain costs associated with issuance. Two Series A Bonds may be called on any September 1, or March 1 beginning September 1, 2012 at 102% and declining to 100% after September 1, 2014. Series B Bonds may be called on any September 1, or March 1 beginning September 1, 2009 at 102% and declining to 100% after September 1, 2011. 18,505,000

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. 69,440,000

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. 11,955,000

**Total Governmental Revenue Bonds** \$ 121,800,000

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### Business-type activities:

In November 1998, the Folsom Public Financing Authority issued the 1998 Water Revenue Bonds for \$19,325,000 with interest rates of 3.25% to 4.7%. The bonds mature beginning November 1, 2000 through 2013. The bonds were issued to provide funds for improvements to the Water system of the City of Folsom, to refund and defease the 1976 Series A and B Water Revenue Bonds, to fund a reserve, and to pay associated issue costs. \$ 15,665,000

In February 2005, the Folsom Public Financing Authority issued the 2005 Water Revenue Bonds for \$14,285,000 with interest rates of 2.50% to 4.50%. The bonds mature beginning December 1, 2005 through 2034. The bonds were issued to provide funds to finance the costs of designing, constructing, acquiring and installing certain additions, betterments, extensions and improvements to the water system of the City, and to pay associated issue costs. 13,065,000

**Total Business-type activities Revenue Bonds** \$ 28,730,000

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

Year Ending June 30	Governmental activities		Business-type activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 4,580,000	\$ 5,785,926	\$ 780,000	\$ 1,340,204	\$ 5,360,000	\$ 7,126,130
2011	5,280,000	5,591,894	810,000	1,307,899	6,090,000	6,899,793
2012	5,620,000	5,371,989	840,000	1,274,599	6,460,000	6,646,588
2013	6,275,000	5,118,196	875,000	1,239,026	7,150,000	6,357,222
2014	6,670,000	4,828,699	915,000	1,201,964	7,585,000	6,030,663
2015 - 2019	38,020,000	18,790,148	5,215,000	5,340,406	43,235,000	24,130,554
2020 - 2024	23,620,000	10,503,408	6,550,000	3,965,743	30,170,000	14,469,151
2025 - 2029	26,820,000	5,024,122	8,270,000	2,190,300	35,090,000	7,214,422
2030 - 2034	4,915,000	507,365	3,635,000	681,875	8,550,000	1,189,240
2035 - 2039	-	-	840,000	21,000	840,000	21,000
Total	<u>\$ 121,800,000</u>	<u>\$ 61,521,747</u>	<u>\$ 28,730,000</u>	<u>\$ 18,563,016</u>	<u>\$ 150,530,000</u>	<u>\$ 80,084,763</u>

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### Tax Allocation Bonds

In July, 1997, the City issued the Redevelopment Agency Refunding Tax Allocation Bonds, Series 1997 for \$7,000,000 with interest rates of 3.8% to 5.25%. The bonds mature beginning August 1, 1998 through 2013. The bonds were issued to refund the 1987 Series A and 1991 Redevelopment Bond issues, to fund a reserve, and to pay associated issue costs. \$ 2,935,000

In August 2005, the City issued the Redevelopment Agency Tax Allocation Bonds, Series 2005 for \$10,190,000 with interest rates ranging from 4.0% to 4.25% for the serial bonds and 4.5% for the term bonds. The bonds were issued to provide funds to pay a portion of the costs of constructing a new library facility, an adjacent baseball field and related improvements and infrastructure, to make a deposit to a reserve account in an amount equal to the Series 2005 Reserve Account Requirement (as defined in the Indenture), fund the interest due and pay associated costs of issuance. 10,190,000

In August 2006, the City issued Redevelopment Agency Tax Allocation Bonds, Series 2006 for \$16,945,000 with interest rates ranging from 4.0% to 4.5% for the serial bonds and 4.25% to 4.375% for the term bonds. The bonds were issued to provide funds to pay for a portion of the costs of constructing the Railroad Block Parking Structure and the Folsom Railroad Block Public Plaza and related improvements and infrastructure, to make a deposit to a reserve account for the Series 2006 Bonds (as defined in the Indenture) and to pay the costs of issuance of the 2006 Bonds. 16,945,000

**Total Governmental Tax Allocation Bonds** \$ 30,070,000

Annual debt service requirements to maturity for tax allocation bonds are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2010	\$ 580,000	\$ 1,303,646
2011	620,000	1,273,936
2012	665,000	1,241,395
2013	730,000	1,205,375
2014	680,000	1,170,670
2015 - 2019	3,875,000	5,390,673
2020 - 2024	4,725,000	4,515,932
2025 - 2029	5,835,000	3,381,225
2030 - 2034	7,220,000	1,959,016
2034 - 2037	5,140,000	349,235
Total	<u>\$ 30,070,000</u>	<u>\$ 21,791,103</u>



# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### Owner Participation Agreements

<p>In August 1995, the Agency entered into an owner participation agreement with Gaslight Properties, Inc. for \$272,000 to be paid in eleven annual installments of \$23,000 with one remaining payment of \$19,000. The agreement provides for reimbursement of fees and costs associated with the construction of a building on Sutter Street to be paid from the property tax increment.</p>	\$ 19,000
<p>In January 1997, the Agency entered into an owner participation agreement with Kikkoman, Inc. with an estimated value of \$1,500,000 depending on the increase of assessed value on the property. The City is scheduled to pay \$216,470 annually. The agreement will extend for ten years.</p>	892,230
<p>In January 1997, the Agency entered into an owner participation agreement with Spieker Properties, L.P. with an estimated value of \$854,819 depending on the increase of assessed value on the property. The City is currently paying \$215,000 annually. During FY 07-08, the City extended this agreement for an additional 8 1/2 years, increasing the estimated value by \$1.8 million.</p>	1,332,118
<p>In April 2006, the Agency entered into an owner participation agreement with Sutter Street Development Partners, LLC., with an estimated value of \$2.16 million. In October 2007, the Agency increased the financial assistance to the project by \$481,000 due to increased construction costs associated with the project. The Agency will purchase covenants on 51 parking spaces to be constructed on the site. Payments were funded in advance and disbursed to the Participant incrementally as construction of the Project was completed in Fiscal Years 2008 and 2009.</p>	-
	\$ 2,243,348

Annual debt service requirements to maturity of the owner participation agreements are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2010	\$ 456,470	\$ -
2011	437,470	-
2012	437,470	-
2013	463,820	-
2014	221,000	-
2015	227,118	-
	\$ 2,243,348	\$ -

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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### Obligations under Capital Lease

\$392,916 Lease secured by two solid waste vehicles payable in annual installments of \$84,912 beginning October, 2005 through October, 2009 with an interest rate of 4.03%.	81,623
\$484,637 Lease secured by one Type I Fire Engine payable in annual installments of \$81,602 beginning August, 2006 through August, 2012 with an interest rate of 4.59%.	292,134
\$867,214 Lease secured by four solid waste vehicles payable in annual installments of \$187,619 beginning July, 2006 through July, 2010 with an interest rate of 4.09%.	353,412
\$473,000 Lease secured by three solid waste vehicles payable in annual installments of \$51,559 beginning May, 2007 through May, 2012 with an interest rate of 3.94%.	243,232
\$700,000 Lease secured by one synthetic turf field payable in annual installments of \$50,544 beginning May, 2007 through May, 2015 with an interest rate of 4.00%.	494,668
\$205,131 Lease secured by one Tymco Street Sweeper payable in annual installments of \$45,320, beginning June, 2008 through June, 2012 with an interest rate of 5.24%	122,865
\$465,717 Lease secured by two solid waste vehicles payable in annual installments of \$105,875 beginning April, 2009 through October, 2013 with an interest rate of 4.80%	423,957
	<u><u>\$ 2,011,891</u></u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Machinery and equipment	\$ 2,214,768	\$ 2,197,755
Less: accumulated depreciation	<u>(522,100)</u>	<u>(924,488)</u>
Total	<u>\$ 1,692,668</u>	<u>\$ 1,273,267</u>

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Fiscal year ending	Governmental Funds	Business Type Activities	Total
2010	\$ 228,011	\$ 481,524	\$ 709,535
2011	228,010	448,171	676,181
2012	228,011	105,875	333,886
2013	182,690	105,875	288,565
2014	101,088	52,938	154,026
2015 - 2019	50,544	-	50,544
Total minimum lease payments	1,018,354	1,194,383	2,212,737
Less: amount representing interest	(108,687)	(92,160)	(200,847)
Present value of minimum lease payments	\$ 909,667	\$ 1,102,223	\$ 2,011,890

### Notes Payable

On January 31, 2006, the City acquired the Folsom Sports Complex for \$6.5 million. Terms of the agreement called for the City to make an initial \$3 million down payment and issue a promissory note for the remaining \$3.5 million to be paid in seven annual payments of \$500,000, beginning January 31, 2007 through January 31, 2013. The City will pay no interest on the note provided it makes the annual payments within 10 days of the due date, January 31. Annual debt service requirements to maturity for the notes payable are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2010	\$ 500,000	-
2011	500,000	-
2012	500,000	-
2013	500,000	-
	\$ 2,000,000	\$ -

### 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.

### Prior Year Defeasance

On July 19, 2007, the Folsom Public Financing Authority issued \$45,540,000 of Special Tax Revenue Bonds, Series 2007A and \$24,885,000 of Special Tax Revenue Bonds, Subordinated Series 2007B with interest rates ranging from 3.85% to 5.20%. Proceeds from the sale of bonds, as well as cash previously collected for debt service, held for rebate, or held for reserve, were used to purchase U.S. Government Securities. Those securities were deposited in an

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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irrevocable trust with an escrow agent to provide for the debt service of the entire 1996 CFD 9, portions of the 1999 and 2003 CFD 10, the entire 1998 CFD 11, and portion of 2002 CFD 14 Special Tax Revenue Bonds refunded. As a result, the CFD 9 and CFD 11 bonds, as well the as portions of CFD 10 and CFD 14 bonds, are considered to be defeased and the related liability has been removed from the government-wide statement of net assets. As of June 30, 2009, \$13,790,000 of the 1999 CFD 10 Bonds, \$23,430,000 of the 2003 CFD 10, and \$16,875,000 of the 2002 CFD 14 Bonds were outstanding.

### **Current Year Defeasance**

During the year ended June 30, 2009, the City utilized the proceeds of the \$11,955,000 Folsom Public Financing Authority Reassessment Revenue Bonds, Series 2008 (the "2008 Bonds"), with interest rates ranging from 3.00% to 4.50%, for the purpose of current refunding the Authority's outstanding 1997 Special Assessment Revenue Bonds, Series A (the "1997A Bonds") & Subordinated Series B (the "1997B Bonds"). Proceeds of the 2008 Bonds, in addition to prior issue funds, were deposited into irrevocable trusts to provide for the future debt service of \$10,692,349 for the 1997A Bonds and \$2,130,312 for the 1997B Bonds.

The City completed the refunding to reduce debt service payments by \$1,809,923 in aggregate and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$944,836 in aggregate.

## **8. PLEDGE OF FUTURE REVENUES**

The Folsom Public Financing Authority Water Revenue Bonds, Series 1998 are limited obligations of the Authority 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 a first lien on net revenues. Net revenues are revenues of the water system less maintenance and operation costs. \$19,325,000 in bonds were issued primarily to finance the costs of the 1998 Water Project, which consisted of increasing the peak capacity of the existing water treatment plant from 25 million gallons per day ("mgd") to 40 mgd, as well as replacement and rehabilitation of portions of the water system as a whole. The total principal and interest remaining to be paid on the bonds is \$24,649,239 through fiscal year 2029. Principal and interest paid for the current year and total customer net revenues were \$1,242,945 and \$2,711,772 respectively. Annual principal and interest payments on the bonds are expected to require less than 46 percent of net revenues.

The Folsom Public Financing Authority Water Revenue Bonds, Series 2005A are limited obligations of the Authority 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 a pledge of the available revenues. Available revenues are net revenues as defined by the 1998 Water Bonds less the payment of debt service on those bonds. \$14,285,000 in bonds were issued primarily 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 \$22,643,777 through fiscal year 2035. Principal and interest paid for the current year and net available revenues were

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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\$877,184 and \$1,468,827 respectively. Annual principal and interest payments on the bonds are expected to require less than 60 percent of available revenues.

The Redevelopment Agency of the City of Folsom Tax Allocation Bonds, Series 1997, Series 2005, and Series 2006 are limited obligations of the Redevelopment Agency payable solely from and secured solely by a pledge of tax revenues on a parity basis. The pledge of tax revenues in each bond year will be in an amount equal to annual debt service payable on the bonds. Tax revenues are defined as the taxes eligible for allocation to the Agency pursuant to the Redevelopment Law exclusive of (i) amounts, if any, not exceeding 20 percent of certain of such taxes which may be required by law to be set aside for certain housing purposes; (ii) amounts, if any, received pursuant to Section 16111 of the Government Code; and (iii) amounts, if any, payable pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law. \$34,135,000 in bonds were issued in three series to refund prior bonds, finance a Library Project, and finance a Parking Structure, within the Agency. The total principal and interest remaining to be paid on all the bonds is \$51,861,103 through fiscal year 2037. Principal and interest paid for the current year and tax revenues were \$1,855,455 and \$6,245,658, respectively. Annual principal and interest payments on the bonds are expected to require less than 30 percent of the available revenues.

### **9. SPECIAL ASSESSMENT 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, 2009 is as follows:

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

Description	Issue Date	Maturity Date	June 30, 2009
Assessment District Blue Ravine Oaks East	8/3/89	9/2/15	\$ 445,000
Assessment District 89-1 Folsom Auto Plaza	12/18/03	9/2/18	\$ 5,610,000
Assessment District 90-1 Hannaford Crossing	4/1/98	9/2/20	\$ 1,675,000
Assessment District 92-1 Natoma Station	12/8/92	9/2/19	\$ 230,000
Assessment District 93-1 Lake Natoma Shores	12/22/93	9/2/13	\$ 305,000
Assessment District 93-2 Legends	6/8/93	9/2/18	\$ 410,000
Assessment District 94-3 Cobble Hills Ridge	9/29/94	9/2/19	\$ 1,165,000
Assessment District 95-1 Ridgeview	7/24/95	9/2/20	\$ 1,140,000
Assessment District 95-2 Cresleigh Natoma	7/24/95	9/2/20	\$ 900,000
Reassessment District 2008-01 Prairie Oaks Ranch	7/30/08	9/2/19	\$ 11,770,000
Community Facilities District No. 2 Natoma Station II	9/16/97	12/1/19	\$ 13,110,000
Community Facilities District No. 3 Folsom Heights	3/18/98	12/1/15	\$ 1,705,000
Community Facilities District No. 4 Broadstone	5/13/98	8/1/18	\$ 2,650,000
Community Facilities District No. 7 Broadstone II, Series 1999	6/17/99	9/1/24	\$ 12,860,000
Community Facilities District No. 7 Broadstone II, Series 2004	5/19/04	9/1/21	\$ 14,540,000
Community Facilities District No. 8 The Parkway	5/19/04	9/1/21	\$ 3,965,000
Community Facilities District No. 9 Willow Creek South	7/19/07	9/1/17	\$ 1,565,000
Community Facilities District No. 10, Empire Ranch, Series 1999	12/1/99	9/1/24	\$ 22,425,000
Community Facilities District No. 10, Empire Ranch, Series 2003	10/9/03	9/1/09	\$ 155,000
Community Facilities District No. 10, Empire Ranch, Series 2007	7/19/07	9/1/28	\$ 41,750,000
Community Facilities District No. 11 Willow Springs	7/19/07	9/1/23	\$ 8,530,000
Community Facilities District No. 14 Parkway II, Series 2002	4/23/02	9/1/11	\$ 725,000
Community Facilities District No. 14 Parkway II, Series 2007	7/19/07	9/1/32	\$ 17,595,000
			\$ 165,225,000

## 10. CLASSIFICATION OF NET ASSETS

In the Government-wide Financial Statements, net assets are classified in the following categories.

**Invested in Capital Assets, Net of Related Debt** – This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets** – 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. Additionally, this category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs as established by City Council.

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

Reserves are portions of the fund balance not appropriable for expenditures under the flow of current financial resources measurement focus or those portions of the fund balance legally segregated for specific future use. Designations are portions of the fund balance, which have been identified by management to reflect tentative plans or commitments of governmental

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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resources. The City's reserves and designations at June 30, 2009, are comprised of the following:

### Reserved for:

**Encumbrances** – Represent approved purchase orders, contracts, and other commitments not completed at the end of the fiscal year.

**Insurance deposits** – Represent 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.

**Inventory** – Portion of fund balance which does not represent available, spendable resources even though it is a component of assets.

**Loans receivable** – Reflect the non-current portion of Loans Receivable and are not considered as current available funds.

**Land held for resale** – Reflects non-current resources not considered as current available funds.

**Low and moderate income housing** – Set aside for eligible low and moderate income family housing.

**Debt service** – For payment of long-term debt principal, interest and related fiscal charges.

**Investments held in trust for debt service** – Represents investments held for future special assessment debt service.

**Capital projects** – Represents cash restricted for specific capital projects.

### Designated for:

**Debt service** – For payment of long-term debt principal, interest and related fiscal charges.

## 11. PENSION PLAN

Plan Description - The City contributes to the Safety Plan of the City of Folsom and the Miscellaneous Plan of the City of Folsom (Plans) which are part of the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

All City employees are eligible to participate in PERS. Part-time employees must meet specific criteria for participation. City employees are eligible for retirement at age 50 or older with 5 years of service credit. Benefits are payable monthly for life in an amount equal to a certain percent of their average salary during their highest year of employment. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' comprehensive annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy – For the year ended June 30, 2009, the City's annual pension cost of \$3,790,796 for the Safety Plan and \$4,231,909 for the Miscellaneous Plan were equal to the

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

City's required contributions. The required contributions were determined as part of the June 30, 2006 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percent of pay. Active plan members in PERS are required to contribute 8% (9% for safety members) of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate is 16.006% for non-safety employees and 24.449% for safety employees. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by age, service, and type of employment from 3.25% to 14.45% for miscellaneous employees and 3.25% to 13.15% for safety employees; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. The Plans' initial unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2006 was 23 years for the Safety Plan and 22 years for the Miscellaneous Plan.

Three years of trend information regarding annual pension cost is summarized as follows:

Fiscal Year Ended	Miscellaneous Plan			Safety Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 3,606,580	100%	-	\$ 3,100,886	100%	-
6/30/2008	3,892,686	100%	-	3,274,360	100%	-
6/30/2009	4,231,909	100%	-	3,790,796	100%	-

Funding Status and Funding Progress – As of June 30, 2007, the most recent actuarial valuation date, the Safety Plan was 75.2% funded and the Miscellaneous Plan was 75.2% funded. For the Safety Plan, the actuarial accrued liability for benefits was \$77 million, and the actuarial value of assets was \$58 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14 million, and the ratio of the UAAL to the covered payroll was 138.2%. For the Miscellaneous Plan, the actuarial accrued liability for benefits was \$85 million, and the actuarial value of assets was \$64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$21 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24 million, and the ratio of the UAAL to the covered payroll was 88.1%.

The schedule of funding progress, presented as RSI following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## 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.



# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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 newly created 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.

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 2008-2009, the City contributed \$2,134,865 to the plan, including \$1,484,865 for current premiums and an additional \$650,000 to prefund benefits. Plan members receiving benefits contributed \$141,703, or approximately 10% of the total premiums, through their required contributions ranging from \$20 - \$215 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 following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 3,836,886
Interest on net OPEB obligation	126,666
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>3,963,552</u>
Contributions made	<u>(2,134,865)</u>
Increase in net OPEB obligation	1,828,687
Net OPEB obligation - beginning of year	<u>1,809,513</u>
Net OPEB obligation - end of year	<u>\$ 3,638,200</u>

The ARC was determined as part of the February 1, 2007 actuarial valuation. The ARC rate was 7% of annual covered payroll increased for a 3% increase in payroll costs during the fiscal year. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year were as follows:

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 3,725,132	51%	\$ 1,809,513
6/30/2009	3,963,522	54%	3,638,200

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 30,715,898
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 30,715,898</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 35,787,940
UAAL as a percentage of covered payroll	85.83%

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, 2007, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4% and an inflation assumption of 3%. 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 \$0.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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The plan's unfunded actuarial accrued liability is being amortized using the flat dollar amount method over 30 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 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 \$3,502,696 and \$3,839,881 as of June 30, 2009 and 2008 is recorded in the general fund as insurance deposits, respectively. Activity for the fiscal years ended June 30, 2009 and 2008 is as follows:

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

	Balance 6/30/2007	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2008
General Liability	\$ 1,746,551	\$ 882,176	\$ 318,144	\$ (1,565,226)	\$ (8,630)	\$ 1,373,015
Workers' Compensation	3,241,449	1,197,936	518,823	(2,373,661)	(117,681)	2,466,866
Total	<u>\$ 4,988,000</u>	<u>\$ 2,080,112</u>	<u>\$ 836,967</u>	<u>\$ (3,938,887)</u>	<u>\$ (126,311)</u>	<u>\$ 3,839,881</u>

	Balance 6/30/2008	Deposits & Other income	Investment Income & FMV change	Claims paid Net of refunds	Claims Admin. & other exp.	Balance 6/30/2009
General Liability	\$ 1,373,015	\$ 725,257	\$ 225,962	\$ (981,212)	\$ (313)	\$ 1,342,709
Workers' Compensation	2,466,866	1,096,394	401,903	(1,689,272)	(115,904)	2,159,987
Total	<u>\$ 3,839,881</u>	<u>\$ 1,821,651</u>	<u>\$ 627,865</u>	<u>\$ (2,670,484)</u>	<u>\$ (116,217)</u>	<u>\$ 3,502,696</u>

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2009.

	Liability	Workers' Compensation	Total
Assets	\$ 14,625,293	\$36,224,992	\$50,850,285
Liabilities	8,314,814	24,261,938	32,576,752
Net assets	<u>\$ 6,310,479</u>	<u>\$11,963,054</u>	<u>\$18,273,533</u>
Revenues	\$ 3,209,020	\$ 4,658,325	\$ 7,867,345
Expenses	5,520,194	5,669,380	11,189,574
Operating income	<u>(2,311,174)</u>	<u>(1,011,055)</u>	<u>(3,322,229)</u>
Investment income	973,055	2,118,896	3,091,951
Net income	<u>(1,338,119)</u>	<u>1,107,841</u>	<u>(230,278)</u>
Net assets, beginning of year	7,648,598	10,855,213	18,503,811
Net assets, end of year	<u>\$ 6,310,479</u>	<u>\$11,963,054</u>	<u>\$18,273,533</u>

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

### Coverage Limits:

Amount		Coverage provider	Payment Source
LIABILITY CLAIMS:			
\$	- \$ 100,000	Self-Insured	Banking layer
	100,001 500,000	Northern California Cities Self Insurance Fund	Shared risk pool
	500,001 25,000,000	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 25,000,000	California Joint Powers Risk Management Authority	Shared risk pool

## 14. COMMITMENTS

### Reimbursement Agreements –

On November 2, 1987, the City of Folsom entered into a reimbursement agreement with a developer for street improvements in the Willow Creek Estates South subdivision. As of June 30, 2009 reimbursements totaling \$817 in the form of credits on transportation improvement fees have been made to the developer. The balance at June 30, 2009 is \$817.

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, 2009 four projects have been completed and credits applied totaling \$1,144,060 with a remaining balance of \$51,922.

### 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

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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, 2009 the City received \$0 of critical facilities fees. The City, at June 30, 2009 had \$772,452 available for reimbursement of general facilities credits. Net assets of \$333,055 are all restricted for "Critical Facilities" use.

### **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 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

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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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 to reduce postclosure monitoring costs. Construction activity is expected to be completed during FY 2010. Provided the City meets all of the clean closure requirements as prescribed by the respective oversight agencies, the postclosure care period is expected to be reduced significantly. As of June 30, 2009, the estimate for postclosure costs was \$687,693.

The City has identified multiple funding sources for closure 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 Development Special Revenue Fund had a deficit fund balance of \$1,762,569 at June 30, 2009 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues and expenditure reductions.
- The Humbug Willow Creek Special Revenue Fund had a deficit fund balance of \$1,348,406 at June 30, 2009 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.
- The Folsom Redevelopment Agency Capital Project Fund had a deficit fund balance of \$174,089 at June 30, 2009 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.
- The Zoo Improvement Capital Project Fund had a deficit fund balance of \$16,528 at June 30, 2009 primarily as a result of expenditures incurred in advance of receipt of revenues and will be eliminated with future revenues.

# City of Folsom

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2009

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### 18. SUBSEQUENT EVENTS

**Debt Issuance** - In August 2009, the City issued the Series 2009 Refunding General Obligations Bonds which refunded the 1993 Series C & D General Obligation Bonds. The 1993 bonds had an outstanding amount of \$10.7 million after payment of the debt service in FY 2009-10. The 2009 Bonds were issued for \$10.2 million and will save taxpayers over the life of the bonds through reduced principal amounts and lower interest rates.

**Debt Issuance** - In October 2009, the Redevelopment Agency issued the \$18.1 million Redevelopment Agency of the City of Folsom Central Folsom Redevelopment Project Tax Allocation Bonds, Series 2009. The purpose of these bonds was to refund the remaining outstanding \$2.4 million principal of the 1997 RDA Bonds, with the remaining proceeds after issuance expenses to be used to fund various projects within the Agency.

**Proposition 1A** - On July 28, 2009, the California legislature and Governor Arnold Schwarzenegger passed the state budget and approved a provision allowing the state to borrow 8% of the amount of property tax revenue apportioned to cities, counties, and special districts. Under the provision, the State will be required to repay those obligations by June 13, 2013. The provision also created an option for California local public agencies to relieve the burden of loaning the State property tax revenue. The provision, called Proposition 1A Securitization, authorizes the California Statewide Communities development Authority ("California Communities") to purchase the receivable due to local agencies from the state. In a simultaneous transaction, California Communities will issue bonds and remit the cash proceeds to the participating local public agencies. To offset the shortages related to the borrowing of property taxes, the City has elected to participate in the Proposition 1A Securitization program. The securitization transaction closed on November 19, 2009, and the City will receive the installment payments on January 15 and May 3, 2010.

**Redevelopment Agencies** - In July 2009, the California Legislature passed ABX4-26 as part of the State's budget package which required redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State. Under ABX4-26, each redevelopment agency must contribute to a proportionate share of revenue to the newly created Supplemental Educational Revenue Augmentation Fund (SERAF). The bill authorizes redevelopment agencies, from July 1, 2009, to June 30, 2010, to suspend all or part of its required 20% allocation to its Low and Moderate Income Housing Fund (Housing Fund) in order to make the required payments. The Housing Fund must be repaid by June 30, 2015. If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for most agencies as long as the project area continues to receive tax increment. This will result in the delay or elimination of many affordable housing projects where redevelopment funding is a key funding component. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. A ruling is expected before May 2010, the date redevelopment agencies must make their 2009-2010 payment to the State.



# City of Folsom

## SCHEDULES OF FUNDING PROGRESS

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### PENSION PLAN

#### MISCELLANEOUS PLAN

Valuation Date	Accrued Liability (a)	Actuarial Value of assets (b)	Unfunded liability (a) - (b)	Funded Ratio (b) / (a)	Annual covered payroll (c)	UAAL as a % of payroll [(a)-(b)]/(c)
6/30/2005	\$ 64,785,147	\$ 47,557,761	\$ 17,227,386	73.4%	\$ 20,741,937	83.1%
6/30/2006	74,263,283	55,191,935	19,071,348	74.3%	22,634,393	84.3%
6/30/2007	85,002,077	63,956,392	21,045,685	75.2%	23,891,390	88.1%

#### SAFETY PLAN

6/30/2005	\$ 56,462,704	\$ 44,240,786	\$ 12,221,918	78.4%	\$ 11,570,472	105.6%
6/30/2006	65,626,854	50,872,272	14,754,582	77.5%	13,153,547	112.2%
6/30/2007	77,185,172	58,074,305	19,110,867	75.2%	13,825,259	138.2%

### POST-EMPLOYMENT HEALTH CARE BENEFITS

Valuation Date	Accrued Liability (a)	Actuarial Value of assets (b)	Unfunded liability (a) - (b)	Funded Ratio (b) / (a)	Annual covered payroll (c)	UAAL as a % of payroll [(a)-(b)]/(c)
2/1/2007	\$ 30,715,898	\$ -	\$ 30,715,898	0.0%	\$ 35,787,940	85.8%

# 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, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$ 17,742,610	\$ 17,742,610	\$ 19,936,202	\$ 2,193,592
Sales and use	17,854,091	17,854,091	16,079,061	(1,775,030)
Transient occupancy	1,591,000	1,591,000	1,156,114	(434,886)
Real property transfer	300,000	300,000	277,607	(22,393)
Other	280,000	280,000	272,337	(7,663)
Licenses and permits	1,880,860	1,880,860	2,181,423	300,563
Vehicle license fees	5,200,000	5,200,000	5,630,342	430,342
Intergovernmental revenues	359,358	359,358	360,371	1,013
Charges for current services	13,314,016	13,314,016	11,729,344	(1,584,672)
Fines and forfeitures	248,257	248,257	438,462	190,205
Interest revenue	380,147	380,147	488,812	108,665
Miscellaneous	6,306,755	6,306,755	1,268,746	(5,038,009)
Total revenues	<u>65,457,094</u>	<u>65,457,094</u>	<u>59,818,821</u>	<u>(5,638,273)</u>
EXPENDITURES:				
Current operating:				
General government	15,321,966	15,311,339	13,711,965	1,599,374
Public safety	34,935,657	35,336,805	33,887,251	1,449,554
Public ways and facilities	9,780,070	9,967,702	8,408,037	1,559,665
Community services	5,116,859	5,116,859	4,293,286	823,573
Culture and recreation	12,124,904	12,365,669	12,809,831	(444,162)
Debt service:				
Principal payments	-	-	681,072	(681,072)
Total expenditures	<u>77,279,456</u>	<u>78,098,374</u>	<u>73,791,442</u>	<u>4,306,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,822,362)</u>	<u>(12,641,280)</u>	<u>(13,972,621)</u>	<u>(1,331,341)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	18,413,303	18,413,303	23,162,501	4,749,198
Transfers out	(6,902,042)	(6,014,516)	(10,991,824)	(4,977,308)
Total other financing sources (uses)	<u>11,511,261</u>	<u>12,398,787</u>	<u>12,170,677</u>	<u>(228,110)</u>
NET CHANGE IN FUND BALANCE	<u>(311,101)</u>	<u>(242,493)</u>	<u>(1,801,944)</u>	<u>\$ (1,559,451)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>17,023,105</u>	<u>17,023,105</u>	<u>17,023,105</u>	
FUND BALANCE - ENDING	<u>\$ 16,712,004</u>	<u>\$ 16,780,612</u>	<u>\$ 15,221,161</u>	

**CITY OF FOLSOM, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOLSOM REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 7,200,000	\$ 7,200,000	\$ 7,807,072	\$ 607,072
Intergovernmental	-	-	-	-
Charges for current services	150,000	150,000	81,287	(68,713)
Interest	400,000	400,000	201,926	(198,074)
Miscellaneous	17,612,103	17,612,103	9,834	(17,602,269)
Total revenues	<u>25,362,103</u>	<u>25,362,103</u>	<u>8,100,119</u>	<u>(17,261,984)</u>
EXPENDITURES:				
Current operating:				
General government	7,838,527	8,076,777	3,883,400	4,193,377
Debt service:				
Principal payments	<u>3,030,500</u>	<u>3,030,500</u>	<u>3,094,769</u>	<u>(64,269)</u>
Total expenditures	10,869,027	11,107,277	6,978,169	4,129,108
EXCESS OF REVENUES OVER EXPENDITURES	<u>14,493,076</u>	<u>14,254,826</u>	<u>1,121,950</u>	<u>(13,132,876)</u>
OTHER FINANCING USES:				
Proceeds from sale of property	-	-	-	-
Transfers in	-	-	21,511	21,511
Transfers out	<u>(14,493,076)</u>	<u>(14,698,118)</u>	<u>(4,977,452)</u>	<u>9,720,666</u>
TOTAL OTHER FINANCING USES	<u>(14,493,076)</u>	<u>(14,698,118)</u>	<u>(4,955,941)</u>	<u>9,742,177</u>
NET CHANGE IN FUND BALANCE	-	(443,292)	(3,833,991)	<u>\$ (3,390,699)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>19,361,461</u>	<u>19,361,461</u>	<u>19,361,461</u>	
FUND BALANCE - END OF YEAR	<u>\$ 19,361,461</u>	<u>\$ 18,918,169</u>	<u>\$ 15,527,470</u>	

# City of Folsom

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2009

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### **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 reserved 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 Folsom Redevelopment Agency 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.

**CITY OF FOLSOM, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOLSOM REDEVELOPMENT AGENCY DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Interest	\$ 7,402	\$ 7,402	\$ 34,096	\$ 26,694
Total revenues	<u>7,402</u>	<u>7,402</u>	<u>34,096</u>	<u>26,694</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	1,345,456	1,345,456	1,351,435	(5,979)
Total expenditures	<u>1,870,456</u>	<u>1,870,456</u>	<u>1,876,435</u>	<u>(5,979)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,863,054)</u>	<u>(1,863,054)</u>	<u>(1,842,339)</u>	<u>20,715</u>
<b>OTHER FINANCING USES</b>				
Transfers in	1,870,456	1,870,456	1,870,456	-
Transfers out	<u>(7,402)</u>	<u>(7,402)</u>	<u>(7,402)</u>	<u>(14,804)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,863,054</u>	<u>1,863,054</u>	<u>1,863,054</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	20,715	<u>20,715</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>3,457,617</u>	<u>3,457,617</u>	<u>3,457,617</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,457,617</u>	<u>\$ 3,457,617</u>	<u>\$ 3,478,332</u>	

**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, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental	\$ 7,440,880	\$ 7,440,880	\$ 6,992,286	\$ (448,594)
Interest	19,843	19,843	23,531	3,688
Total revenues	<u>7,460,723</u>	<u>7,460,723</u>	<u>7,015,817</u>	<u>(444,906)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	4,230,000	4,230,000	3,955,000	275,000
Interest and fiscal charges	6,395,880	6,395,880	5,451,919	943,961
Cost of issuance	-	-	310,252	(310,252)
Total expenditures	<u>10,625,880</u>	<u>10,625,880</u>	<u>9,717,171</u>	<u>908,709</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,165,157)</u>	<u>(3,165,157)</u>	<u>(2,701,354)</u>	<u>463,803</u>
<b>OTHER FINANCING USES</b>				
Unrealized gain/loss on investment	3,185,000	3,185,000	-	(3,185,000)
Proceeds of refunding bonds	-	-	11,955,000	11,955,000
Bond premium	-	-	(115,411)	(115,411)
Payment to refunded bond escrow agent			(12,822,662)	(12,822,662)
Transfers in			1,539,718	1,539,718
Transfers out	(19,843)	(19,843)	(318,955)	299,112
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,165,157</u>	<u>3,165,157</u>	<u>237,690</u>	<u>(2,927,467)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(2,463,664)	<u>\$ (2,463,664)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>116,443,222</u>	<u>116,443,222</u>	<u>116,443,222</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 116,443,222</u>	<u>\$ 116,443,222</u>	<u>\$ 113,979,558</u>	

# CITY OF FOLSOM, CALIFORNIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,803,982	\$ 4,524,693	\$ 8,295,261	\$ 28,623,936
Cash with fiscal agent	-	15,302	3,427,570	3,442,872
Receivables				
General accounts	351,848	5,260	-	357,108
Accrued interest	50,622	12,677	29,661	92,960
Loans	287,046	-	-	287,046
Special assessments - delinquent	-	41,329	-	41,329
Due from other funds	-	-	1,335,833	1,335,833
Due from other governments	219,089	111,402	-	330,491
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash with fiscal agent	-	1,437,907	-	1,437,907
<b>Total assets</b>	<b>\$ 16,712,587</b>	<b>\$ 6,148,570</b>	<b>\$ 13,088,325</b>	<b>\$ 35,949,482</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 662,511	\$ 125	\$ 253,222	\$ 915,858
Wages payable	-	-	10,277	10,277
Interest payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	3,098,402	-	45	3,098,447
Deferred revenue	362,568	41,329	-	403,897
Accrued compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>4,123,481</b>	<b>41,454</b>	<b>263,544</b>	<b>4,428,479</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	290,463	-	1,205,078	1,495,541
Debt Service	-	1,437,907	-	1,437,907
Unreserved:				
Designated for debt service	-	4,669,209	-	4,669,209
Undesignated	12,298,643	-	11,619,703	23,918,346
<b>Total fund balances</b>	<b>12,589,106</b>	<b>6,107,116</b>	<b>12,824,781</b>	<b>31,521,003</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,712,587</b>	<b>\$ 6,148,570</b>	<b>\$ 13,088,325</b>	<b>\$ 35,949,482</b>

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Licenses and permits	\$ 5,980	\$ -	\$ -	\$ 5,980
Intergovernmental revenues	2,664,033	1,197,664	1,103,963	4,965,660
Charges for current services	4,370,210	-	2,650,330	7,020,540
Fines and forfeitures	417,233	-	-	417,233
Assessment collections	-	3,583,022	-	3,583,022
Interest revenue	302,446	46,760	247,488	596,694
Miscellaneous	118,056	387,363	-	505,419
Total revenues	<u>7,877,958</u>	<u>5,214,809</u>	<u>4,001,781</u>	<u>17,094,548</u>
EXPENDITURES:				
Current:				
General government	1,738,493	-	340,075	2,078,568
Public safety	5,128	-	147,218	152,346
Public ways and facilities	2,956,168	-	34,434	2,990,602
Culture and recreation	752,141	-	-	752,141
Capital outlay	-	-	2,712,540	2,712,540
Debt service:				
Principal payments	-	3,675,000	-	3,675,000
Interest and fiscal charges	-	1,360,583	4,423	1,365,006
Total expenditures	<u>5,451,930</u>	<u>5,035,583</u>	<u>3,238,690</u>	<u>13,726,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,426,028</u>	<u>179,226</u>	<u>763,091</u>	<u>3,368,345</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	8,253,728	40,000	793,007	9,086,735
Transfers out	<u>(13,345,957)</u>	<u>(30,819)</u>	<u>(1,883,765)</u>	<u>(15,260,541)</u>
Total other financing sources (uses)	<u>(5,092,229)</u>	<u>9,181</u>	<u>(1,090,758)</u>	<u>(6,173,806)</u>
NET CHANGE IN FUND BALANCES	(2,666,201)	188,407	(327,667)	(2,805,461)
FUND BALANCES, BEGINNING OF YEAR	<u>15,255,307</u>	<u>5,918,709</u>	<u>13,152,448</u>	<u>34,326,464</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,589,106</u>	<u>\$ 6,107,116</u>	<u>\$ 12,824,781</u>	<u>\$ 31,521,003</u>



**CITY OF FOLSOM, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	<u>Planning Services</u>	<u>Transportation Tax</u>	<u>Park Dedication (Quimby)</u>	<u>Traffic Congestion Relief</u>	<u>Gas Tax</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 86,824	\$ 70,348	\$ 164,854	\$ 475,044	\$ 681,801
Receivables					
General accounts	-	-	-	-	-
Accrued interest	385	255	517	1,488	2,270
Loans	-	-	-	-	-
Due from other governments	-	-	-	143,115	21,853
Total assets	<u>\$ 87,209</u>	<u>\$ 70,603</u>	<u>\$ 165,371</u>	<u>\$ 619,647</u>	<u>\$ 705,924</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 18,068	\$ 15,027	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	67,798	-	-	-	-
Total liabilities	<u>85,866</u>	<u>15,027</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	-	15,027	-	-	1,661
Unreserved:					
Undesignated	1,343	40,549	165,371	619,647	704,263
Total fund balances (deficit)	<u>1,343</u>	<u>55,576</u>	<u>165,371</u>	<u>619,647</u>	<u>705,924</u>
Total liabilities and fund balances (deficit)	<u>\$ 87,209</u>	<u>\$ 70,603</u>	<u>\$ 165,371</u>	<u>\$ 619,647</u>	<u>\$ 705,924</u>

Light and Landscape Districts	Transportation System Management	Community Development Block Grant	Development	Humbug Willow Creek	
					ASSETS
\$ 3,446,475	\$ 182,075	\$ -	\$ -	\$ -	Cash and cash equivalents
57,995	-	37,180	-	-	Receivables
10,780	487	-	-	-	General accounts
-	-	287,046	-	-	Accrued interest
54,121	-	-	-	-	Loans
					Due from other governments
<u>\$ 3,569,371</u>	<u>\$ 182,562</u>	<u>\$ 324,226</u>	<u>\$ -</u>	<u>\$ -</u>	Total assets
					LIABILITIES AND FUND BALANCE
					LIABILITIES
\$ 393,633	\$ -	\$ 2,499	\$ -	\$ 12,533	Accounts payable
-	-	-	1,762,569	1,335,833	Due to other funds
-	-	287,046	-	40	Deferred revenue
<u>393,633</u>	<u>-</u>	<u>289,545</u>	<u>1,762,569</u>	<u>1,348,406</u>	Total liabilities
					FUND BALANCES
-	15,201	4,800	-	35,339	Reserved for:
					Encumbrances
3,175,738	167,361	29,881	(1,762,569)	(1,383,745)	Unreserved:
					Undesignated
<u>3,175,738</u>	<u>182,562</u>	<u>34,681</u>	<u>(1,762,569)</u>	<u>(1,348,406)</u>	Total fund balances (deficit)
<u>\$ 3,569,371</u>	<u>\$ 182,562</u>	<u>\$ 324,226</u>	<u>\$ -</u>	<u>\$ -</u>	Total liabilities and fund balances (deficit)

Continued on next page

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2009**

	<u>General Plan Amendment</u>	<u>Tree Planting</u>	<u>Misc. Grants</u>	<u>Library</u>	<u>Park Renovation</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 850,358	\$ 2,412,687	\$ -	\$ -	\$ -
Receivables					
General accounts	-	-	-	-	-
Accrued interest	2,609	7,677	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 852,967</u>	<u>\$ 2,420,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 5,833	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,833</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	-	14,012	-	-	-
Unreserved:					
Undesignated	<u>852,967</u>	<u>2,400,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>852,967</u>	<u>2,414,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 852,967</u>	<u>\$ 2,420,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Special Revenue	Zoo	Buildings and Grounds	Other	Total Nonmajor Special Revenue Funds	
					ASSETS
\$ -	\$ 152,245	\$ -	\$ 7,281,271	\$ 15,803,982	Cash and cash equivalents
-	-	-	256,673	351,848	Receivables
-	1,436	-	22,718	50,622	General accounts
-	-	-	-	287,046	Accrued interest
-	-	-	-	219,089	Loans
					Due from other governments
<u>\$ -</u>	<u>\$ 153,681</u>	<u>\$ -</u>	<u>\$ 7,560,662</u>	<u>\$ 16,712,587</u>	Total assets
					LIABILITIES AND FUND BALANCE
					LIABILITIES
\$ -	\$ -	\$ -	\$ 214,918	\$ 662,511	Accounts payable
-	-	-	-	3,098,402	Due to other funds
-	-	-	7,684	362,568	Deferred revenue
					Total liabilities
			222,602	4,123,481	
					FUND BALANCES
			204,423	290,463	Reserved for:
					Encumbrances
-	153,681	-	7,133,637	12,298,643	Unreserved:
					Undesignated
-	153,681	-	7,338,060	12,589,106	Total fund balances (deficit)
<u>\$ -</u>	<u>\$ 153,681</u>	<u>\$ -</u>	<u>\$ 7,560,662</u>	<u>\$ 16,712,587</u>	Total liabilities and fund balances (deficit)

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Planning Services	Transportation Tax	Park Dedication (Quimby)	Traffic Congestion Relief	Gas Tax
<b>REVENUES:</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	47,700	-	611,032	1,224,578
Charges for current services	336,949	-	67,950	-	-
Fines and forfeitures	-	-	-	-	-
Interest	6,762	1,838	2,920	4,568	17,043
Miscellaneous	-	-	-	-	-
Total revenues	<u>343,711</u>	<u>49,538</u>	<u>70,870</u>	<u>615,600</u>	<u>1,241,621</u>
<b>EXPENDITURES:</b>					
Current:					
General government	303,287	-	-	-	-
Public safety	-	-	-	-	-
Public ways and facilities	-	16,000	-	-	19,256
Culture and recreation	-	-	-	-	-
Total expenditures	<u>303,287</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>19,256</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>40,424</u>	<u>33,538</u>	<u>70,870</u>	<u>615,600</u>	<u>1,222,365</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	992	-	-	-
Transfers out	(394,401)	(72,192)	(1,402)	(1,109)	(1,416,668)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(394,401)</u>	<u>(71,200)</u>	<u>(1,402)</u>	<u>(1,109)</u>	<u>(1,416,668)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(353,977)	(37,662)	69,468	614,491	(194,303)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	355,320	93,238	95,903	5,156	900,227
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,343</u>	<u>\$ 55,576</u>	<u>\$ 165,371</u>	<u>\$ 619,647</u>	<u>\$ 705,924</u>

Light and Landscape Districts	Transportation System Management	Community Development Block Grant	Development	Humbug Willow Creek	
\$ -	\$ -	\$ -	\$ -	\$ -	REVENUES:
-	-	36,350	-	744,373	Licenses and permits
2,413,276	150,924	24,858	-	28,545	Intergovernmental
-	-	-	-	-	Charges for current services
78,336	2,776	-	-	-	Fines and forfeitures
43,747	-	-	-	667	Interest
					Miscellaneous
<u>2,535,359</u>	<u>153,700</u>	<u>61,208</u>	<u>-</u>	<u>773,585</u>	Total revenues
					EXPENDITURES:
-	-	-	-	-	Current:
-	-	-	-	-	General government
2,808,943	-	55,564	-	-	Public safety
-	3,500	-	-	728,747	Public ways and facilities
					Culture and recreation
<u>2,808,943</u>	<u>3,500</u>	<u>55,564</u>	<u>-</u>	<u>728,747</u>	Total expenditures
<u>(273,584)</u>	<u>150,200</u>	<u>5,644</u>	<u>-</u>	<u>44,838</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
					OTHER FINANCING SOURCES (USES):
-	-	185,002	8,000,000	-	Transfers in
<u>(479,229)</u>	<u>(1,875)</u>	<u>(24,981)</u>	<u>-</u>	<u>-</u>	Transfers out
<u>(479,229)</u>	<u>(1,875)</u>	<u>160,021</u>	<u>8,000,000</u>	<u>-</u>	TOTAL OTHER FINANCING SOURCES (USES)
(752,813)	148,325	165,665	8,000,000	44,838	NET CHANGE IN FUND BALANCES
<u>3,928,551</u>	<u>34,237</u>	<u>(130,984)</u>	<u>(9,762,569)</u>	<u>(1,393,244)</u>	FUND BALANCES, BEGINNING OF YEAR
<u>\$ 3,175,738</u>	<u>\$ 182,562</u>	<u>\$ 34,681</u>	<u>\$ (1,762,569)</u>	<u>\$ (1,348,406)</u>	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 (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2009

	General Plan Amendment	Tree Planting	Misc. Grants	Library	Park Renovation
<b>REVENUES:</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for current services	77,157	11,996	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	17,593	40,880	-	-	-
Miscellaneous	-	720	-	-	-
Total revenues	<u>94,750</u>	<u>53,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Current:					
General government	68,156	-	-	-	-
Public safety	-	-	-	-	-
Public ways and facilities	-	56,405	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>68,156</u>	<u>56,405</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>26,594</u>	<u>(2,809)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(3,887)</u>	<u>(179,001)</u>	<u>(141,321)</u>	<u>(1,823,663)</u>	<u>(592,885)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,887)</u>	<u>(179,001)</u>	<u>(141,321)</u>	<u>(1,823,663)</u>	<u>(592,885)</u>
NET CHANGE IN FUND BALANCES	22,707	(181,810)	(141,321)	(1,823,663)	(592,885)
FUND BALANCES, BEGINNING OF YEAR	<u>830,260</u>	<u>2,596,341</u>	<u>141,321</u>	<u>1,823,663</u>	<u>592,885</u>
FUND BALANCES, END OF YEAR	<u>\$ 852,967</u>	<u>\$ 2,414,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Special Revenue	Zoo	Buildings and Grounds	Other	Total Nonmajor Special Revenue Funds	
\$ -	\$ -	\$ -	\$ 5,980	\$ 5,980	REVENUES:
-	-	-	-	2,664,033	Licenses and permits
-	20,182	-	1,238,373	4,370,210	Intergovernmental
-	-	-	417,233	417,233	Charges for current services
-	10,354	-	119,376	302,446	Fines and forfeitures
-	51,628	-	21,294	118,056	Interest
-	82,164	-	1,802,256	7,877,958	Miscellaneous
-	-	-	-	-	Total revenues
-	-	-	1,367,050	1,738,493	EXPENDITURES:
-	-	-	5,128	5,128	Current:
-	-	-	-	2,956,168	General government
-	-	-	19,894	752,141	Public safety
-	-	-	1,392,072	5,451,930	Public ways and facilities
-	-	-	-	-	Culture and recreation
-	-	-	-	-	Total expenditures
-	82,164	-	410,184	2,426,028	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
-	67,734	-	-	8,253,728	OTHER FINANCING SOURCES (USES):
(150,975)	(582,464)	(6,927,201)	(552,703)	(13,345,957)	Transfers in
-	-	-	-	-	Transfers out
(150,975)	(514,730)	(6,927,201)	(552,703)	(5,092,229)	TOTAL OTHER FINANCING SOURCES (USES)
(150,975)	(432,566)	(6,927,201)	(142,519)	(2,666,201)	NET CHANGE IN FUND BALANCES
150,975	586,247	6,927,201	7,480,579	15,255,307	FUND BALANCES, BEGINNING OF YEAR
\$ -	\$ 153,681	\$ -	\$ 7,338,060	\$ 12,589,106	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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Charges for current services	\$ -	\$ 3,750	\$ 336,949	\$ 333,199
Interest	4,401	4,401	6,762	2,361
Total revenues	<u>4,401</u>	<u>8,151</u>	<u>343,711</u>	<u>335,560</u>
<b>EXPENDITURES</b>				
Current operating:				
General government	-	53,625	303,287	(249,662)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,401</u>	<u>(45,474)</u>	<u>40,424</u>	<u>85,898</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(4,401)	(4,401)	(394,401)	(390,000)
<b>NET CHANGE IN FUND BALANCE</b>	-	(49,875)	(353,977)	<u>\$ (304,102)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>355,320</u>	<u>355,320</u>	<u>355,320</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 355,320</u>	<u>\$ 305,445</u>	<u>\$ 1,343</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 47,700	\$ (2,300)
Other	211,467	258,867		
Interest	<u>1,500</u>	<u>1,500</u>	<u>1,838</u>	<u>338</u>
Total revenues	<u>262,967</u>	<u>310,367</u>	<u>49,538</u>	<u>(1,962)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>262,967</u>	<u>294,367</u>	<u>33,538</u>	<u>(1,962)</u>
OTHER FINANCING USES				
Transfers in	-	-	992	992
Transfers out	<u>(262,967)</u>	<u>(310,367)</u>	<u>(72,192)</u>	<u>238,175</u>
NET CHANGE IN FUND BALANCE	-	(16,000)	(37,662)	<u>\$ (21,662)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>93,238</u>	<u>93,238</u>	<u>93,238</u>	
FUND BALANCE - END OF YEAR	<u>\$ 93,238</u>	<u>\$ 77,238</u>	<u>\$ 55,576</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ 1,402	\$ 1,402	\$ 67,950	\$ 66,548
Interest	-	-	2,920	2,920
Miscellaneous	-	-	-	-
Total revenues	<u>1,402</u>	<u>1,402</u>	<u>70,870</u>	<u>69,468</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,402</u>	<u>1,402</u>	<u>70,870</u>	<u>69,468</u>
OTHER FINANCING USES				
Transfers out	<u>(1,402)</u>	<u>(1,402)</u>	<u>(1,402)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	69,468	<u>\$ 69,468</u>
FUND BALANCE - BEGINNING OF YEAR	<u>95,903</u>	<u>95,903</u>	<u>95,903</u>	
FUND BALANCE - END OF YEAR	<u>\$ 95,903</u>	<u>\$ 95,903</u>	<u>\$ 165,371</u>	

**CITY OF FOLSOM, CALIFORNIA  
TRAFFIC CONGESTION RELIEF  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 611,032	\$ 611,032
Charges for current services			-	-
Interest	<u>4,435</u>	<u>4,435</u>	<u>4,568</u>	<u>133</u>
Total revenues	<u>4,435</u>	<u>4,435</u>	<u>615,600</u>	<u>611,165</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,435</u>	<u>4,435</u>	<u>615,600</u>	<u>611,165</u>
OTHER FINANCING USES				
Transfers out	<u>(4,435)</u>	<u>(4,435)</u>	<u>(1,109)</u>	<u>3,326</u>
NET CHANGE IN FUND BALANCE	-	-	614,491	<u><u>\$ 614,491</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,156</u>	<u>5,156</u>	<u>5,156</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ 5,156</u></u>	<u><u>\$ 5,156</u></u>	<u><u>\$ 619,647</u></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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$1,093,746	\$1,093,746	\$1,224,578	\$ 130,832
Charges for current services	19,850	19,850	-	(19,850)
Interest	116	116	17,043	16,927
Miscellaneous	-	-	-	-
Total revenues	<u>1,113,712</u>	<u>1,113,712</u>	<u>1,241,621</u>	<u>127,909</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	-	23,026	19,256	3,770
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,113,712</u>	<u>1,090,686</u>	<u>1,222,365</u>	<u>131,679</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	390,796	390,796		390,796
Transfers out	<u>(1,504,508)</u>	<u>(1,504,508)</u>	<u>(1,416,668)</u>	<u>87,840</u>
NET CHANGE IN FUND BALANCE	-	(23,026)	(194,303)	<u>\$ (171,277)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>900,227</u>	<u>900,227</u>	<u>900,227</u>	
FUND BALANCE - END OF YEAR	<u>\$ 900,227</u>	<u>\$ 877,201</u>	<u>\$ 705,924</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ 2,269,744	\$ 2,269,744	\$ 2,413,276	\$ 143,532
Fines, Impact Fees			-	-
Interest	124,204	124,204	78,336	(45,868)
Miscellaneous	<u>1,685,112</u>	<u>1,720,462</u>	<u>43,747</u>	<u>(1,676,715)</u>
Total revenues	<u>4,079,060</u>	<u>4,114,410</u>	<u>2,535,359</u>	<u>(1,579,051)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>3,600,533</u>	<u>3,602,373</u>	<u>2,808,943</u>	<u>793,430</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>478,527</u>	<u>512,037</u>	<u>(273,584)</u>	<u>(785,621)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(478,527)</u>	<u>(478,527)</u>	<u>(479,229)</u>	<u>(702)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(478,527)</u>	<u>(478,527)</u>	<u>(479,229)</u>	<u>(702)</u>
NET CHANGE IN FUND BALANCE	-	33,510	(752,813)	<u>\$ (786,323)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,928,551</u>	<u>3,928,551</u>	<u>3,928,551</u>	
FUND BALANCE - END OF YEAR	<u>\$ 3,928,551</u>	<u>\$ 3,962,061</u>	<u>\$ 3,175,738</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ 175,883	\$ 175,883	\$ 150,924	\$ (24,959)
Interest	<u>1,000</u>	<u>1,000</u>	<u>2,776</u>	<u>1,776</u>
Total revenues	<u>176,883</u>	<u>176,883</u>	<u>153,700</u>	<u>(23,183)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities			-	-
Culture and recreation	<u>175,008</u>	<u>175,008</u>	<u>3,500</u>	<u>171,508</u>
Total expenditures	<u>175,008</u>	<u>175,008</u>	<u>3,500</u>	<u>171,508</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,875</u>	<u>1,875</u>	<u>150,200</u>	<u>148,325</u>
OTHER FINANCING USES:				
Transfers out	<u>(1,875)</u>	<u>(1,875)</u>	<u>(1,875)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	148,325	<u>\$ 148,325</u>
FUND BALANCE - BEGINNING OF YEAR	<u>34,237</u>	<u>34,237</u>	<u>34,237</u>	
FUND BALANCE - END OF YEAR	<u>\$ 34,237</u>	<u>\$ 34,237</u>	<u>\$ 182,562</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, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 36,350	\$ (463,650)
Charges for current services	75,000	75,000	24,858	(50,142)
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>61,208</u>	<u>(513,792)</u>
EXPENDITURES:				
Current Operating:				
Public ways and facilities	450,019	450,019	55,564	394,455
EXCESS OF REVENUES OVER EXPENDITURES	<u>124,981</u>	<u>124,981</u>	<u>5,644</u>	<u>(119,337)</u>
OTHER FINANCING USES:				
Transfers in	-	-	185,002	185,002
Transfers out	<u>(124,981)</u>	<u>(124,981)</u>	<u>(24,981)</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	-	-	165,665	<u>\$ 165,665</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(130,984)</u>	<u>(130,984)</u>	<u>(130,984)</u>	
FUND BALANCE - END OF YEAR	<u>\$ (130,984)</u>	<u>\$ (130,984)</u>	<u>\$ 34,681</u>	



**CITY OF FOLSOM, CALIFORNIA  
DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Licenses and permits	1,292,860	1,292,860	-	(1,292,860)
Charges for current services	3,112,323	3,112,323	-	(3,112,323)
Intergovernmental	60,000	60,000	-	(60,000)
Interest	10,147	10,147	-	(10,147)
Total revenues	<u>4,475,330</u>	<u>4,475,330</u>	-	<u>(4,475,330)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>4,649,781</u>	<u>4,734,024</u>	-	<u>4,734,024</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(174,451)</u>	<u>(258,694)</u>	-	<u>258,694</u>
OTHER FINANCING USES:				
Transfers in	503,489	503,489	8,000,000	7,496,511
Transfers out	<u>(329,038)</u>	<u>(329,038)</u>	-	<u>329,038</u>
NET CHANGE IN FUND BALANCE	-	(84,243)	8,000,000	<u>\$ 8,084,243</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(9,762,569)</u>	<u>(9,762,569)</u>	<u>(9,762,569)</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ (9,762,569)</u></u>	<u><u>\$ (9,846,812)</u></u>	<u><u>\$ (1,762,569)</u></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, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 572,056	\$ 572,056	\$ 744,373	\$ 172,317
Charges for current services	25,000	25,000	28,545	3,545
Miscellaneous	-	-	667	667
Total revenues	<u>597,056</u>	<u>597,056</u>	<u>773,585</u>	<u>176,529</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	<u>576,670</u>	<u>1,992,220</u>	<u>728,747</u>	<u>1,263,473</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>20,386</u>	<u>(1,395,164)</u>	<u>44,838</u>	<u>1,440,002</u>
OTHER FINANCING USES:				
Transfers out	<u>(20,386)</u>	<u>(20,386)</u>	<u>-</u>	<u>20,386</u>
NET CHANGE IN FUND BALANCE	-	(1,415,550)	44,838	<u>\$ 1,460,388</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(1,393,244)</u>	<u>(1,393,244)</u>	<u>(1,393,244)</u>	
FUND BALANCE - END OF YEAR	<u>\$ (1,393,244)</u>	<u>\$ (2,808,794)</u>	<u>\$ (1,348,406)</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ 583,887	\$ 583,887	\$ 77,157	\$ (506,730)
Interest	20,000	20,000	17,593	(2,407)
Miscellaneous			-	-
Total revenues	<u>603,887</u>	<u>603,887</u>	<u>94,750</u>	<u>(509,137)</u>
EXPENDITURES:				
Current operating:				
General government	<u>600,000</u>	<u>600,000</u>	<u>68,156</u>	<u>531,844</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>3,887</u>	<u>3,887</u>	<u>26,594</u>	<u>22,707</u>
OTHER FINANCING USES:				
Transfers out	<u>(3,887)</u>	<u>(3,887)</u>	<u>(3,887)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	22,707	<u>\$ 22,707</u>
FUND BALANCE - BEGINNING OF YEAR	<u>830,260</u>	<u>830,260</u>	<u>830,260</u>	
FUND BALANCE - END OF YEAR	<u>\$ 830,260</u>	<u>\$ 830,260</u>	<u>\$ 852,967</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 11,996	\$ 11,996
Fines and forfeitures			-	-
Interest	76,000	76,000	40,880	(35,120)
Miscellaneous	<u>102,464</u>	<u>102,464</u>	<u>720</u>	<u>(101,744)</u>
Total revenues	<u>178,464</u>	<u>178,464</u>	<u>53,596</u>	<u>(124,868)</u>
EXPENDITURES:				
Current operating:				
Public ways and facilities	<u>-</u>	<u>75,130</u>	<u>56,405</u>	<u>18,725</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>178,464</u>	<u>103,334</u>	<u>(2,809)</u>	<u>(106,143)</u>
OTHER FINANCING USES:				
Transfers out	<u>(178,464)</u>	<u>(178,464)</u>	<u>(179,001)</u>	<u>(537)</u>
NET CHANGE IN FUND BALANCE	-	(75,130)	(181,810)	<u>\$ (106,680)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>2,596,341</u>	<u>2,596,341</u>	<u>2,596,341</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,596,341</u>	<u>\$ 2,521,211</u>	<u>\$ 2,414,531</u>	

**CITY OF FOLSOM, CALIFORNIA  
 MISCELLANEOUS GRANTS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Interest	\$ 369	\$ 369	\$ -	\$ (369)
Total revenues	<u>369</u>	<u>369</u>	<u>-</u>	<u>(369)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(141,321)</u>	<u>(141,321)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(369)</u>	<u>(369)</u>	<u>(141,321)</u>	<u>(141,321)</u>
NET CHANGE IN FUND BALANCE	-	-	(141,321)	<u><u>\$ (141,321)</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>141,321</u>	<u>141,321</u>	<u>141,321</u>	
FUND BALANCE - END OF YEAR	<u><u>\$ 141,321</u></u>	<u><u>\$ 141,321</u></u>	<u><u>\$ -</u></u>	

**CITY OF FOLSOM, CALIFORNIA  
LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Taxes	\$1,625,250	\$1,625,250	\$ -	\$(1,625,250)
Intergovernmental	-	-	-	-
Charges for current services	-	-	-	-
Fines and forfeitures	60,000	60,000	-	(60,000)
Interest	60,000	60,000	-	(60,000)
Other	341,800	341,800	-	(341,800)
Total revenues	<u>2,087,050</u>	<u>2,087,050</u>	<u>-</u>	<u>(2,087,050)</u>
EXPENDITURES:				
Current operating:				
Culture and recreation	1,866,150	2,151,372	-	2,151,372
EXCESS OF REVENUES OVER EXPENDITURES	<u>220,900</u>	<u>(64,322)</u>	<u>-</u>	<u>64,322</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	325,000	325,000	-	(325,000)
Transfers out	(545,900)	(545,900)	(1,823,663)	(1,277,763)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(220,900)</u>	<u>(220,900)</u>	<u>(1,823,663)</u>	<u>(1,602,763)</u>
NET CHANGE IN FUND BALANCE	-	(285,222)	(1,823,663)	<u><u>\$(1,538,441)</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,823,663</u>	<u>1,823,663</u>	<u>1,823,663</u>	
FUND BALANCE - END OF YEAR	<u><u>\$1,823,663</u></u>	<u><u>\$1,538,441</u></u>	<u><u>\$ -</u></u>	

**CITY OF FOLSOM, CALIFORNIA  
PARK RENOVATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Other	<u>80,012</u>	<u>80,012</u>	<u>-</u>	<u>(80,012)</u>
Total revenues	<u>80,012</u>	<u>80,012</u>	<u>-</u>	<u>(80,012)</u>
<b>EXPENDITURES:</b>				
Current operating:				
Culture and recreation	<u>51,079</u>	<u>615,014</u>	<u>-</u>	<u>615,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>28,933</u>	<u>(535,002)</u>	<u>-</u>	<u>535,002</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	-
Transfers out	<u>(28,933)</u>	<u>(28,933)</u>	<u>(592,885)</u>	<u>(563,952)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,933)</u>	<u>(28,933)</u>	<u>(592,885)</u>	<u>(563,952)</u>
NET CHANGE IN FUND BALANCE	-	(563,935)	(592,885)	<u>\$ (28,950)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>592,885</u>	<u>592,885</u>	<u>592,885</u>	
FUND BALANCE - END OF YEAR	<u>\$ 592,885</u>	<u>\$ 28,950</u>	<u>\$ -</u>	

**CITY OF FOLSOM, CALIFORNIA  
GENERAL SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes	\$ 455,771	\$ 455,771	\$ -	\$ (455,771)
Charges for current services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>455,771</u>	<u>455,771</u>	<u>-</u>	<u>(455,771)</u>
EXPENDITURES:				
Current operating:				
General government	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>455,771</u>	<u>455,771</u>	<u>-</u>	<u>(455,771)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(455,771)</u>	<u>(455,771)</u>	<u>(150,975)</u>	<u>304,796</u>
NET CHANGE IN FUND BALANCE	-	-	(150,975)	<u>\$ (150,975)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>150,975</u>	<u>150,975</u>	<u>150,975</u>	
FUND BALANCE - END OF YEAR	<u>\$ 150,975</u>	<u>\$ 150,975</u>	<u>\$ -</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 20,182	\$ 20,182
Interest	10,000	10,000	10,354	354
Miscellaneous	<u>227,927</u>	<u>227,927</u>	<u>51,628</u>	<u>(176,299)</u>
Total revenues	<u>237,927</u>	<u>237,927</u>	<u>82,164</u>	<u>(155,763)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	73,070	73,070	67,734	(5,336)
Transfers out	<u>(310,997)</u>	<u>(310,997)</u>	<u>(582,464)</u>	<u>(271,467)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(237,927)</u>	<u>(237,927)</u>	<u>(514,730)</u>	<u>(276,803)</u>
NET CHANGE IN FUND BALANCE	-	-	(432,566)	<u>\$ (432,566)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>586,247</u>	<u>586,247</u>	<u>586,247</u>	
FUND BALANCE - END OF YEAR	<u>\$ 586,247</u>	<u>\$ 586,247</u>	<u>\$ 153,681</u>	

**CITY OF FOLSOM, CALIFORNIA  
BUILDINGS AND GROUNDS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Charges for current services	\$ -	\$ -	\$ -	\$ -
Interest	<u>25,055</u>	<u>25,055</u>	<u>-</u>	<u>(25,055)</u>
Total revenues	<u>25,055</u>	<u>25,055</u>	<u>-</u>	<u>(25,055)</u>
EXPENDITURES:				
Current operating:				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>25,055</u>	<u>25,055</u>	<u>-</u>	<u>(25,055)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(25,055)</u>	<u>(25,055)</u>	<u>(6,927,201)</u>	<u>(6,902,146)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,055)</u>	<u>(25,055)</u>	<u>(6,927,201)</u>	<u>(6,902,146)</u>
NET CHANGE IN FUND BALANCE	-	-	(6,927,201)	<u><u>\$(6,927,201)</u></u>
FUND BALANCE - BEGINNING OF YEAR	<u>6,927,201</u>	<u>6,927,201</u>	<u>6,927,201</u>	
FUND BALANCE - END OF YEAR	<u><u>\$6,927,201</u></u>	<u><u>\$6,927,201</u></u>	<u><u>\$ -</u></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, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ -	\$ 5,980	\$ 5,980
Intergovernmental	-	-	-	-
Charges for current services	90,000	90,000	\$ 1,238,373	\$ 1,148,373
Fines and forfeitures	250,000	250,000	417,233	167,233
Interest	29,040	29,040	119,376	90,336
Miscellaneous	28,100	361,937	21,294	(340,643)
<b>Total revenues</b>	<b>397,140</b>	<b>730,977</b>	<b>1,802,256</b>	<b>1,071,279</b>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	192,379	1,367,050	(1,174,671)
Public safety	-	-	5,128	(5,128)
Culture and recreation	266,000	423,915	19,894	404,021
<b>Total expenditures</b>	<b>266,000</b>	<b>616,294</b>	<b>1,392,072</b>	<b>(775,778)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>131,140</b>	<b>114,683</b>	<b>410,184</b>	<b>295,501</b>
<b>OTHER FINANCING USES:</b>				
Transfers in	-	-	-	-
Transfers out	(131,140)	(267,977)	(552,703)	(284,726)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(131,140)</b>	<b>(267,977)</b>	<b>(552,703)</b>	<b>(284,726)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(153,294)</b>	<b>(142,519)</b>	<b>\$ 10,775</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>7,480,579</b>	<b>7,480,579</b>	<b>7,480,579</b>	
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,480,579</b>	<b>\$ 7,327,285</b>	<b>\$ 7,338,060</b>	

# CITY OF FOLSOM, CALIFORNIA

## COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS JUNE 30, 2009

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals	Central Fire Station
<b>ASSETS</b>				
Cash and cash equivalents	\$ 982,660	\$ 12,038	\$ 32,500	\$ 571
Cash with fiscal agent	-	14,375	927	-
Investments				
Receivables:				
General accounts	-	-	-	-
Accrued interest	3,076	39	102	1
Leases				
Special assessments - delinquent	41,329	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash with fiscal agent	-	1,091,021	79,687	267,199
Investments with fiscal agent	-	-	-	-
Total assets	<u>\$ 1,027,065</u>	<u>\$ 1,117,473</u>	<u>\$ 113,216</u>	<u>\$ 267,771</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable				
Accounts payable	\$ -	\$ -	\$ -	\$ 125
Interest payable	-	-	-	-
Rebatable Arbitrage				
Due to other Funds	-	-	-	-
Deferred revenue	41,329	-	-	-
Total liabilities	<u>41,329</u>	<u>-</u>	<u>-</u>	<u>125</u>
<b>FUND BALANCES:</b>				
Reserved For:				
Debt service	-	1,091,021	79,687	267,199
For Long-Term Investments				
For Long-Term Leases				
Unreserved:				
Designated for debt service	985,736	26,452	33,529	447
Total fund balances	<u>985,736</u>	<u>1,117,473</u>	<u>113,216</u>	<u>267,646</u>
Total liabilities and fund balances	<u>\$ 1,027,065</u>	<u>\$ 1,117,473</u>	<u>\$ 113,216</u>	<u>\$ 267,771</u>

<u>General Obligation School Facilities</u>	<u>Recreation Facility</u>	<u>Total Nonmajor Debt Service Funds</u>	
ASSETS			
\$ 3,465,286	\$ 31,638	\$ 4,524,693	Cash and cash equivalents
-	-	15,302	Cash with fiscal agent
		-	Investments
			Receivables:
-	5,260	5,260	General accounts
9,375	84	12,677	Accrued interest
		-	Leases
-	-	41,329	Special assessments - delinquent
111,402	-	111,402	Due from other governments
			Restricted assets:
-	-	1,437,907	Cash with fiscal agent
-	-	-	Investments with fiscal agent
<u>\$ 3,586,063</u>	<u>\$ 36,982</u>	<u>\$ 6,148,570</u>	Total assets
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
			Accounts Payable
\$ -	\$ -	\$ 125	Accounts payable
-	-	-	Interest payable
		-	Rebatable Arbitrage
-	-	-	Due to other Funds
-	-	41,329	Deferred revenue
<u>-</u>	<u>-</u>	<u>41,454</u>	Total liabilities
FUND BALANCES:			
			Reserved For:
-	-	1,437,907	Debt service
		-	For Long-Term Investments
		-	For Long-Term Leases
			Unreserved:
3,586,063	36,982	4,669,209	Designated for debt service
<u>3,586,063</u>	<u>36,982</u>	<u>6,107,116</u>	Total fund balances
<u>\$ 3,586,063</u>	<u>\$ 36,982</u>	<u>\$ 6,148,570</u>	Total liabilities and fund balances

# CITY OF FOLSOM, CALIFORNIA

## NONMAJOR DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

	1915 Assessment Districts	Community Correctional Facility	City Parks and Signals	Central Fire Station
REVENUES:				
Intergovernmental	\$ -	\$ 1,197,664	\$ -	\$ -
Assessment collections	-	-	-	-
Interest	20,334	8,665	1,817	2,179
Miscellaneous	-	-	55,725	268,516
Total revenues	<u>20,334</u>	<u>1,206,329</u>	<u>57,542</u>	<u>270,695</u>
EXPENDITURES:				
Debt service:				
Principal payments	-	1,105,000	-	115,000
Interest and fiscal charges	-	110,106	34,512	154,675
Total expenditures	<u>-</u>	<u>1,215,106</u>	<u>34,512</u>	<u>269,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>20,334</u>	<u>(8,777)</u>	<u>23,030</u>	<u>1,020</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	40,000
Transfers out	<u>(3,342)</u>	<u>(3,338)</u>	<u>(414)</u>	<u>(1,574)</u>
Total other financing sources (uses)	<u>(3,342)</u>	<u>(3,338)</u>	<u>(414)</u>	<u>38,426</u>
NET CHANGE IN FUND BALANCES	16,992	(12,115)	22,616	39,446
FUND BALANCES, BEGINNING OF YEAR	<u>968,744</u>	<u>1,129,588</u>	<u>90,600</u>	<u>228,200</u>
FUND BALANCES, END OF YEAR	<u>\$ 985,736</u>	<u>\$ 1,117,473</u>	<u>\$ 113,216</u>	<u>\$ 267,646</u>

<u>General Obligation School Facilities</u>	<u>Recreation Facility</u>	<u>Total Nonmajor Debt Service Funds</u>	
			REVENUES:
\$ -	\$ -	\$ 1,197,664	Intergovernmental
3,583,022	-	3,583,022	Assessment collections
12,566	1,199	46,760	Interest
-	63,122	387,363	Miscellaneous
<u>3,595,588</u>	<u>64,321</u>	<u>5,214,809</u>	Total revenues
			EXPENDITURES:
			Debt service:
2,445,000	10,000	3,675,000	Principal payments
<u>1,010,152</u>	<u>51,138</u>	<u>1,360,583</u>	Interest and fiscal charges
<u>3,455,152</u>	<u>61,138</u>	<u>5,035,583</u>	Total expenditures
<u>140,436</u>	<u>3,183</u>	<u>179,226</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES):
-	-	40,000	Transfers in
<u>(19,759)</u>	<u>(2,392)</u>	<u>(30,819)</u>	Transfers Out
<u>(19,759)</u>	<u>(2,392)</u>	<u>9,181</u>	Total other financing sources (uses)
120,677	791	188,407	NET CHANGE IN FUND BALANCES
<u>3,465,386</u>	<u>36,191</u>	<u>5,918,709</u>	FUND BALANCES, BEGINNING OF YEAR
<u>\$ 3,586,063</u>	<u>\$ 36,982</u>	<u>\$ 6,107,116</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Special Assessment	\$ 2,984,630	\$2,984,630	\$ -	\$(2,984,630)
Interest	3,904	3,904	20,334	16,430
Total revenues	<u>2,988,534</u>	<u>2,988,534</u>	<u>20,334</u>	<u>(2,968,200)</u>
EXPENDITURES				
Debt service:				
Principal	1,280,000	1,280,000	-	1,280,000
Interest and fiscal charges	1,666,630	1,666,630	-	1,666,630
Total expenditures	<u>2,946,630</u>	<u>2,946,630</u>	<u>-</u>	<u>2,946,630</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>41,904</u>	<u>41,904</u>	<u>20,334</u>	<u>(21,570)</u>
OTHER FINANCING USES				
Transfers out	<u>(41,904)</u>	<u>(41,904)</u>	<u>(3,342)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	16,992	<u>\$ 16,992</u>
FUND BALANCE - BEGINNING OF YEAR	<u>968,744</u>	<u>968,744</u>	<u>968,744</u>	
FUND BALANCE - END OF YEAR	<u>\$ 968,744</u>	<u>\$ 968,744</u>	<u>\$ 985,736</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 1,208,375	\$1,208,375	\$ 1,197,664	\$ (10,711)
Interest	10,338	10,338	8,665	(1,673)
Total revenues	<u>1,218,713</u>	<u>1,218,713</u>	<u>1,206,329</u>	<u>(12,384)</u>
EXPENDITURES				
Debt service:				
Principal	1,105,000	1,105,000	1,105,000	-
Interest and fiscal charges	110,375	110,375	110,106	269
Total expenditures	<u>1,215,375</u>	<u>1,215,375</u>	<u>1,215,106</u>	<u>269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,338</u>	<u>3,338</u>	<u>(8,777)</u>	<u>(12,115)</u>
OTHER FINANCING USES				
Transfers out	<u>(3,338)</u>	<u>(3,338)</u>	<u>(3,338)</u>	<u>(6,676)</u>
NET CHANGE IN FUND BALANCE	-	-	(12,115)	<u>\$ (12,115)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,129,588</u>	<u>1,129,588</u>	<u>1,129,588</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,129,588</u>	<u>\$1,129,588</u>	<u>\$ 1,117,473</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, 2009**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Interest	\$ 414	\$ 414	\$ 1,817	\$ 1,403
Miscellaneous	<u>55,725</u>	<u>55,725</u>	<u>55,725</u>	<u>-</u>
Total revenues	<u>56,139</u>	<u>56,139</u>	<u>57,542</u>	<u>1,403</u>
EXPENDITURES				
Debt service:				
Principal	20,000	20,000	-	20,000
Interest and fiscal charges	<u>35,725</u>	<u>35,725</u>	<u>34,512</u>	<u>1,213</u>
Total expenditures	<u>55,725</u>	<u>55,725</u>	<u>34,512</u>	<u>21,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>414</u>	<u>414</u>	<u>23,030</u>	<u>2,616</u>
OTHER FINANCING USES				
Transfers out	<u>(414)</u>	<u>(414)</u>	<u>(414)</u>	<u>(828)</u>
NET CHANGE IN FUND BALANCE	-	-	22,616	<u>\$ 22,616</u>
FUND BALANCE - BEGINNING OF YEAR	<u>90,600</u>	<u>90,600</u>	<u>90,600</u>	
FUND BALANCE - END OF YEAR	<u>\$ 90,600</u>	<u>\$ 90,600</u>	<u>\$ 113,216</u>	

**CITY OF FOLSOM, CALIFORNIA  
CENTRAL FIRE STATION DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 1,574	\$ 1,574	\$ 2,179	\$ 605
Miscellaneous	268,516	268,516	268,516	-
Total revenues	<u>270,090</u>	<u>270,090</u>	<u>270,695</u>	<u>605</u>
EXPENDITURES				
Debt service:				
Principal	115,000	115,000	115,000	-
Interest and fiscal charges	153,516	153,516	154,675	(1,159)
Total expenditures	<u>268,516</u>	<u>268,516</u>	<u>269,675</u>	<u>(1,159)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,574</u>	<u>1,574</u>	<u>1,020</u>	<u>(554)</u>
OTHER FINANCING USES				
Transfers in	-	-	40,000	40,000
Transfers out	(1,574)	(1,574)	(1,574)	(3,148)
NET CHANGE IN FUND BALANCE	-	-	39,446	<u>\$ 39,446</u>
FUND BALANCE - BEGINNING OF YEAR	<u>228,200</u>	<u>228,200</u>	<u>228,200</u>	
FUND BALANCE - END OF YEAR	<u>\$ 228,200</u>	<u>\$ 228,200</u>	<u>\$ 267,646</u>	

**CITY OF FOLSOM, CALIFORNIA  
GENERAL OBLIGATION SCHOOL BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Assessment collections	\$ 3,455,940	\$ 3,455,940	\$ 3,583,022	\$ 127,082
Interest	19,759	19,759	12,566	(7,193)
Total revenues	3,475,699	3,475,699	3,595,588	119,889
EXPENDITURES				
Debt service:				
Principal	2,445,000	2,445,000	2,445,000	-
Interest and fiscal charges	1,010,940	1,010,940	1,010,152	788
Total expenditures	3,455,940	3,455,940	3,455,152	788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,759	19,759	140,436	120,677
OTHER FINANCING USES				
Transfers out	(19,759)	(19,759)	(19,759)	(39,518)
TOTAL OTHER FINANCING SOURCES (USES)	(19,759)	(19,759)	(19,759)	-
NET CHANGE IN FUND BALANCE	-	-	120,677	\$ 120,677
FUND BALANCE - BEGINNING OF YEAR	3,465,386	3,465,386	3,465,386	
FUND BALANCE - END OF YEAR	\$ 3,465,386	\$ 3,465,386	\$ 3,586,063	

**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, 2009**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 2,392	\$ 2,392	\$ 1,199	\$ (1,193)
Miscellaneous	61,138	61,138	63,122	1,984
Total revenues	<u>63,530</u>	<u>63,530</u>	<u>64,321</u>	<u>791</u>
EXPENDITURES				
Debt service:				
Principal	61,138	61,138	61,138	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>61,138</u>	<u>61,138</u>	<u>61,138</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,392</u>	<u>2,392</u>	<u>3,183</u>	<u>791</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(2,392)</u>	<u>(2,392)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,392)</u>	<u>(2,392)</u>	<u>(2,392)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	791	<u>\$ 791</u>
FUND BALANCE - BEGINNING OF YEAR	<u>36,191</u>	<u>36,191</u>	<u>36,191</u>	
FUND BALANCE - END OF YEAR	<u>\$ 36,191</u>	<u>\$ 36,191</u>	<u>\$ 36,982</u>	

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 18,957	\$ 3,751,603	\$ 718,791	\$ 2,517,628	\$ 440,472
Cash with fiscal agent	342	3,427,228	-	-	-	-
Receivables:						
Accrued interest	-	62	15,872	1,799	7,590	1,112
Due from other funds	-	-	1,335,833	-	-	-
Total assets	<u>\$ 342</u>	<u>\$ 3,446,247</u>	<u>\$ 5,103,308</u>	<u>\$ 720,590</u>	<u>\$ 2,525,218</u>	<u>\$ 441,584</u>
<b>LIABILITIES AND FUND BALANCES</b>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 115,327	\$ -	\$ 6,254	\$ -
Wages payable	-	-	10,277	-	-	-
Due to other funds	45	-	-	-	-	-
Total liabilities	<u>45</u>	<u>-</u>	<u>125,604</u>	<u>-</u>	<u>6,254</u>	<u>-</u>
FUND BALANCE						
Reserved for:						
Encumbrances	-	-	854,661	-	-	-
Unreserved:						
Undesignated	297	3,446,247	4,123,043	720,590	2,518,964	441,584
Total fund balances (deficit)	<u>297</u>	<u>3,446,247</u>	<u>4,977,704</u>	<u>720,590</u>	<u>2,518,964</u>	<u>441,584</u>
Total liabilities and fund balance	<u>\$ 342</u>	<u>\$ 3,446,247</u>	<u>\$ 5,103,308</u>	<u>\$ 720,590</u>	<u>\$ 2,525,218</u>	<u>\$ 441,584</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>Total Nonmajor Capital Projects Funds</u>	
<b>ASSETS</b>						
\$ 234,974	\$ -	\$ 368,865	\$ 77,579	\$ 166,392	\$ 8,295,261	Cash and cash equivalents
-	-	-	-	-	3,427,570	Cash with fiscal agent
1,293	-	1,120	246	567	29,661	Receivables:
-	-	-	-	-	1,335,833	Accrued interest
						Due from other funds
<u>\$ 236,267</u>	<u>\$ -</u>	<u>\$ 369,985</u>	<u>\$ 77,825</u>	<u>\$ 166,959</u>	<u>\$ 13,088,325</u>	Total assets
<b>LIABILITIES AND FUND BALANCES</b>						
LIABILITIES:						
\$ 113,976	\$ 16,528	\$ 1,137	\$ -	\$ -	\$ 253,222	Accounts payable
-	-	-	-	-	10,277	Wages payable
-	-	-	-	-	45	Due to other funds
<u>113,976</u>	<u>16,528</u>	<u>1,137</u>	<u>-</u>	<u>-</u>	<u>263,544</u>	Total liabilities
FUND BALANCE						
284,147	58,569	-	4,529	3,172	1,205,078	Reserved for:
(161,856)	(75,097)	368,848	73,296	163,787	11,619,703	Encumbrances
122,291	(16,528)	368,848	77,825	166,959	12,824,781	Unreserved:
						Undesignated
						Total fund balances (deficit)
<u>\$ 236,267</u>	<u>\$ -</u>	<u>\$ 369,985</u>	<u>\$ 77,825</u>	<u>\$ 166,959</u>	<u>\$ 13,088,325</u>	Total liabilities and fund balances

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<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	\$ -	\$ 18,470	\$ -	\$ -	\$ -	\$ -
Charges for current services	-	-	540,032	519,554	629,679	487,395
Interest	342	58,174	96,571	12,783	37,844	5,534
Total revenues	<u>342</u>	<u>76,644</u>	<u>636,603</u>	<u>532,337</u>	<u>667,523</u>	<u>492,929</u>
EXPENDITURES:						
General government	181,383	-	158,692	-	-	-
Public safety	-	-	-	-	147,218	-
Public ways and facilities	-	-	-	-	-	-
Capital outlay	-	22,949	463,083	-	-	-
Debt service:						
Interest and fiscal charges	-	4,423	-	-	-	-
Total expenditures	<u>181,383</u>	<u>27,372</u>	<u>621,775</u>	<u>-</u>	<u>147,218</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(181,041)</u>	<u>49,272</u>	<u>14,828</u>	<u>532,337</u>	<u>520,305</u>	<u>492,929</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	420,070	21,683	-	-	-
Transfers out	-	(264,449)	(607,032)	(246,717)	(3,876)	(1,009)
Total other financing sources (uses)	<u>-</u>	<u>155,621</u>	<u>(585,349)</u>	<u>(246,717)</u>	<u>(3,876)</u>	<u>(1,009)</u>
NET CHANGE IN FUND BALANCE	(181,041)	204,893	(570,521)	285,620	516,429	491,920
FUND BALANCE, BEGINNING OF YEAR	<u>181,338</u>	<u>3,241,354</u>	<u>5,548,225</u>	<u>434,970</u>	<u>2,002,535</u>	<u>(50,336)</u>
FUND BALANCE, END OF YEAR	<u>\$ 297</u>	<u>\$ 3,446,247</u>	<u>\$ 4,977,704</u>	<u>\$ 720,590</u>	<u>\$ 2,518,964</u>	<u>\$ 441,584</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>Total Nonmajor Capital Projects Funds</u>	
\$ 26,273	\$ -	\$ 1,059,220	\$ -	\$ -	\$ 1,103,963	REVENUES:
281,774	-	191,896	-	-	2,650,330	Intergovernmental
16,582	2,135	9,617	2,505	5,401	247,488	Charges for current services
						Interest
<u>324,629</u>	<u>2,135</u>	<u>1,260,733</u>	<u>2,505</u>	<u>5,401</u>	<u>4,001,781</u>	Total revenues
-	-	-	-	-	340,075	EXPENDITURES:
-	-	-	-	-	147,218	General government
34,434	-	-	-	-	34,434	Public safety
615,975	279,286	1,129,457	91,438	110,352	2,712,540	Public ways and facilities
						Capital outlay
-	-	-	-	-	4,423	Debt service:
						Interest and fiscal charges
<u>650,409</u>	<u>279,286</u>	<u>1,129,457</u>	<u>91,438</u>	<u>110,352</u>	<u>3,238,690</u>	Total expenditures
<u>(325,780)</u>	<u>(277,151)</u>	<u>131,276</u>	<u>(88,933)</u>	<u>(104,951)</u>	<u>763,091</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
-	28,605	23,537	-	299,112	793,007	OTHER FINANCING SOURCES (USES):
(549,076)	(9,496)	(104,364)	(7,523)	(90,223)	(1,883,765)	Transfers in
						Transfers out
<u>(549,076)</u>	<u>19,109</u>	<u>(80,827)</u>	<u>(7,523)</u>	<u>208,889</u>	<u>(1,090,758)</u>	Total other financing sources (uses)
(874,856)	(258,042)	50,449	(96,456)	103,938	(327,667)	NET CHANGE IN FUND BALANCE
<u>997,147</u>	<u>241,514</u>	<u>318,399</u>	<u>174,281</u>	<u>63,021</u>	<u>13,152,448</u>	FUND BALANCE, BEGINNING OF YEAR
<u>\$ 122,291</u>	<u>\$ (16,528)</u>	<u>\$ 368,848</u>	<u>\$ 77,825</u>	<u>\$ 166,959</u>	<u>\$ 12,824,781</u>	FUND BALANCE, END OF YEAR

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS JUNE 30, 2009

	Transit	Facilities Augmentation	Recreation	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 816,517	\$ -	\$ -	\$ 816,517
Receivables, net of allowances for uncollectibles	19,205	3,451	-	22,656
Due from other governments	156,713	-	-	156,713
Total current assets	<u>992,435</u>	<u>3,451</u>	<u>-</u>	<u>995,886</u>
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents	-	1,102,056	-	1,102,056
Capital assets	3,194,559	-	-	3,194,559
Less: accumulated depreciation	(1,680,005)	-	-	(1,680,005)
Total noncurrent assets	<u>1,514,554</u>	<u>1,102,056</u>	<u>-</u>	<u>2,616,610</u>
Total assets	<u>2,506,989</u>	<u>1,105,507</u>	<u>-</u>	<u>3,612,496</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	16,785	772,452	-	789,237
Wages payable	46,971	-	-	46,971
Deferred revenue	24,000	-	-	24,000
Accrued compensated absences payable within one year	42,132	-	-	42,132
Total current liabilities	<u>129,888</u>	<u>772,452</u>	<u>-</u>	<u>902,340</u>
Noncurrent liabilities				
Accrued compensated absences payable after one year	79,670	-	-	79,670
Post-employment benefit obligation	91,688	-	-	91,688
Total liabilities	<u>301,246</u>	<u>772,452</u>	<u>-</u>	<u>1,073,698</u>
Net assets				
Invested in capital assets, net of related debt	1,514,554	1,102,056	-	2,616,610
Unrestricted	691,189	(769,001)	-	(77,812)
Total net assets	<u>\$ 2,205,743</u>	<u>\$ 333,055</u>	<u>\$ -</u>	<u>\$ 2,538,798</u>

**CITY OF FOLSOM, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Recreation</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES:				
Charges for services	\$ 190,354	\$ -	\$ -	\$ 190,354
OPERATING EXPENSES:				
Employee services	1,421,621	-	-	1,421,621
Utilities	92	-	-	92
Supplies	160,557	-	-	160,557
Maintenance and operations	72,718	-	-	72,718
Contractual services	3,350	-	-	3,350
Depreciation	388,842	-	-	388,842
Other	125,682	-	-	125,682
TOTAL OPERATING EXPENSES	<u>2,172,862</u>	<u>-</u>	<u>-</u>	<u>2,172,862</u>
OPERATING INCOME (LOSS)	<u>(1,982,508)</u>	<u>-</u>	<u>-</u>	<u>(1,982,508)</u>
NONOPERATING REVENUE (EXPENSES):				
Investment income	9,241	25,013	-	34,254
Intergovernmental revenue	1,926,233	-	-	1,926,233
Capital improvement	-	(207,283)	-	(207,283)
Other	-	(3,693)	-	(3,693)
Total nonoperating revenue (expense)	<u>1,935,474</u>	<u>(185,963)</u>	<u>-</u>	<u>1,749,511</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(47,034)</u>	<u>(185,963)</u>	<u>-</u>	<u>(232,997)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Transfers in	349,248	-	2,882,718	3,231,966
Transfers out	<u>(421,222)</u>	<u>(10,567)</u>	<u>(6,434,918)</u>	<u>(6,866,707)</u>
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(71,974)</u>	<u>(10,567)</u>	<u>(3,552,200)</u>	<u>(3,634,741)</u>
CHANGE IN NET ASSETS	(119,008)	(196,530)	(3,552,200)	(3,867,738)
NET ASSETS, BEGINNING OF YEAR	<u>2,324,751</u>	<u>529,585</u>	<u>3,552,200</u>	<u>6,406,536</u>
NET ASSETS, END OF YEAR	<u>\$ 2,205,743</u>	<u>\$ 333,055</u>	<u>\$ -</u>	<u>\$ 2,538,798</u>

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Recreation</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 628,157	\$ -	\$ (103,931)	\$ 524,226
Payments to suppliers	(245,938)	60,203	(138,104)	(323,839)
Payments to employees	(1,396,281)	-	(540,427)	(1,936,708)
Payments to other governments	1,396,800	-	-	1,396,800
Cash paid to other sources	(129,375)	-	-	(129,375)
Net cash provided (used) for operating activities	<u>253,363</u>	<u>60,203</u>	<u>(782,462)</u>	<u>(468,896)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	(1,571,729)	(10,567)	(306,275)	(1,888,571)
Transfers from other funds	349,248	-	382,718	731,966
Transfer of capital assets to/from other funds	-	-	-	-
Advances (repayment to) from other funds	-	-	-	-
Intergovernmental revenues	1,926,233	-	-	1,926,233
Proceeds from capital debt	-	-	-	-
Net cash provided (used) for noncapital financing activities	<u>703,752</u>	<u>(10,567)</u>	<u>76,443</u>	<u>769,628</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(150,109)	(3,693)	-	(153,802)
Payments for capital improvement studies	-	(207,283)	-	(207,283)
Net cash used by capital and related financing activities	<u>(150,109)</u>	<u>(210,976)</u>	<u>-</u>	<u>(361,085)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and dividends on investments	9,511	28,798	2,726	41,035
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	816,517	(132,542)	(703,293)	(19,318)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>1,234,598</u>	<u>703,293</u>	<u>1,937,891</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 816,517</u>	<u>\$ 1,102,056</u>	<u>\$ -</u>	<u>\$ 1,918,573</u>
<b>Summary:</b>				
Cash and cash equivalents	\$ 816,517	\$ -	\$ -	\$ 816,517
Restricted assets:				
Cash and cash equivalents	<u>-</u>	<u>1,102,056</u>	<u>-</u>	<u>1,102,056</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 816,517</u>	<u>\$ 1,102,056</u>	<u>\$ -</u>	<u>\$ 1,918,573</u>

Continued on Next Page

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Transit</u>	<u>Facilities Augmentation</u>	<u>Recreation</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (1,982,508)	\$ -	\$ -	\$ (1,982,508)
Adjustments to reconcile operating loss to net cash used by operating activities				
Depreciation	388,842	-	-	388,842
Other non-operating income (expense)	(3,693)			(3,693)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	413,803	-	1,329	415,132
Decrease (increase) in due from other governments	1,396,800	-	-	1,396,800
Increase (decrease) in accounts payable	(9,221)	60,203	(138,104)	(87,122)
Increase (decrease) in wages payable	(10,840)	-	(170,549)	(181,389)
Increase (decrease) in deferred revenue	24,000	-	(105,260)	(81,260)
Increase (decrease) in accrued compensated absences	(8,461)	-	(333,688)	(342,149)
Increase (decrease) in OPEB	44,641		(36,190)	8,451
	<u>\$ 253,363</u>	<u>\$ 60,203</u>	<u>\$ (782,462)</u>	<u>\$ (468,896)</u>
Net cash provided (used) by operating activities				
	<u>\$ 253,363</u>	<u>\$ 60,203</u>	<u>\$ (782,462)</u>	<u>\$ (468,896)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Transfer of note payable to governmental activities	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000
Transfer of capital assets to governmental activities			6,128,643	6,128,643

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS JUNE 30, 2009

	Equipment Replacement	Information Systems	Total Internal Service Funds
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,507,236	\$ -	\$ 1,507,236
Receivables:			
Accrued interest	5,562	-	5,562
Total current assets	1,512,798	-	1,512,798
Noncurrent assets			
Capital assets	7,020,021	-	7,020,021
Less: accumulated depreciation	(6,366,065)	-	(6,366,065)
Total noncurrent assets	653,956	-	653,956
Total assets	2,166,754	-	2,166,754
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	653,956	-	653,956
Unrestricted	1,512,798	-	1,512,798
Total net assets	\$ 2,166,754	\$ -	\$ 2,166,754

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Equipment Replacement	Information Systems	Total Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
OPERATING EXPENSES:			
Depreciation	198,848	-	198,848
Total operating expenses	198,848	-	198,848
OPERATING LOSS	(198,848)	-	(198,848)
NONOPERATING REVENUE (EXPENSES):			
Investment income	38,570	-	38,570
Gain on sale of capital assets	7,573	-	7,573
Total nonoperating revenue (expenses)	46,143	-	46,143
Loss before transfers	(152,705)	-	(152,705)
TRANSFERS:			
Transfers in	-	1,494,572	1,494,572
Transfers out	(416,433)	(1,214,696)	(1,631,129)
CHANGE IN NET ASSETS	(569,138)	279,876	(289,262)
NET ASSETS, BEGINNING OF YEAR	2,735,892	(279,876)	2,456,016
NET ASSETS, END OF YEAR	\$ 2,166,754	\$ -	\$ 2,166,754

# CITY OF FOLSOM, CALIFORNIA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Equipment Replacement	Information Systems	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers	\$ -	\$ (35,576)	\$ (35,576)
Payments to employees	-	(179,612)	(179,612)
Cash received from other sources	7,573	-	7,573
Net cash provided (used) by operating activities	7,573	(215,188)	(207,615)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(416,433)	(1,279,384)	(1,695,817)
Transfers from other funds	-	1,494,572	1,494,572
Net cash provided by (used for) noncapital financing activities	(416,433)	215,188	(201,245)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	44,530	-	44,530
CHANGE IN CASH AND CASH EQUIVALENTS	(364,330)	-	(364,330)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,871,566	-	1,871,566
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,507,236	\$ -	\$ 1,507,236
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ (198,848)	\$ -	\$ (198,848)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	198,848	-	198,848
Gain (loss) on sale of capital assets	7,573		7,573
Change in assets and liabilities:			
Decrease in accounts payable	-	(35,576)	(35,576)
Decrease in wages payable	-	(47,525)	(47,525)
Decrease in accrued compensated absences	-	(132,087)	(132,087)
Net cash provided (used) by operating activities	\$ 7,573	\$ (215,188)	\$ (207,615)



**CITY OF FOLSOM, CALIFORNIA**

**COMBINING BALANCE SHEET  
AGENCY FUNDS  
JUNE 30, 2009**

	<u>Blue Ravine Oaks East</u>	<u>Legends Refunding</u>	<u>Natoma Station</u>	<u>Folsom Auto Plaza</u>	<u>Lake Natoma Shores</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 48,839	\$ 55,157	\$ 23,255	\$ 812,980	\$ 48,640
Cash with fiscal agent	8	-	-	-	85,336
Receivables:					
Accrued interest	108	142	154	2,199	128
Due from other governments	282	1,111	499	2,103	674
Restricted assets:					
Cash and cash equivalents	-	-	30,673	-	-
Cash with fiscal agent	57,500	-	-	-	82,480
	<u>57,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,480</u>
Total assets	<u>\$ 106,737</u>	<u>\$ 56,410</u>	<u>\$ 54,581</u>	<u>\$ 817,282</u>	<u>\$ 217,258</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ 31	\$ 990	\$ 50
Rebatable Arbitrage	-	-	-	-	-
Due to assessment holders	106,737	56,410	54,550	816,292	217,208
	<u>106,737</u>	<u>56,410</u>	<u>54,550</u>	<u>816,292</u>	<u>217,208</u>
Total liabilities	<u>\$ 106,737</u>	<u>\$ 56,410</u>	<u>\$ 54,581</u>	<u>\$ 817,282</u>	<u>\$ 217,258</u>

<u>Prairie Oaks</u>	<u>Cobble Hills Ridge</u>	<u>Ridgeview</u>	<u>Cresleigh Natoma</u>	<u>Hannaford Crossing</u>	
ASSETS					
\$ 1,096,746	\$ 139,854	\$ 158,260	\$ 91,300	\$ 170,801	Cash and cash equivalents
-	-	-	-	-	- Cash with fiscal agent
3,186	365	426	236	436	Receivables:
24,948	8,939	2,348	4,064	10,651	Accrued interest
					Due from other governments
140,127	-	-	-	-	Restricted assets:
-	-	-	-	-	Cash and cash equivalents
					Cash with fiscal agent
<u>\$ 1,265,007</u>	<u>\$ 149,158</u>	<u>\$ 161,034</u>	<u>\$ 95,600</u>	<u>\$ 181,888</u>	Total assets

LIABILITIES AND FUND BALANCES

LIABILITIES:					
\$ 1,900	\$ 36	\$ 633	\$ -	\$ 237	Accounts payable
-	-	-	-	-	Rebatable Arbitrage
<u>1,263,107</u>	<u>149,122</u>	<u>160,401</u>	<u>95,600</u>	<u>181,651</u>	Due to assessment holders
<u>\$ 1,265,007</u>	<u>\$ 149,158</u>	<u>\$ 161,034</u>	<u>\$ 95,600</u>	<u>\$ 181,888</u>	Total liabilities

**CITY OF FOLSOM, CALIFORNIA**

**COMBINING BALANCE SHEET (CONTINUED)  
AGENCY FUNDS  
JUNE 30, 2009**

	<u>Willow Creek CFD #1</u>	<u>Natoma Station CFD #2</u>	<u>Folsom Heights CFD #3</u>	<u>Broadstone CFD #4</u>	<u>Broadstone 2 CFD #7</u>	<u>Parkway CFD #8</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,802	\$ 2,378,673	\$ 473,941	\$ 374,109	\$ 2,978,825	\$ 484,296
Cash with fiscal agent	-	9,633	8	20	380,903	62,374
Receivables:						
Accrued interest	4	7,099	1,423	1,007	8,023	1,323
Due from other governments	5,539	44,771	38,784	11,052	51,809	7,329
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Cash with fiscal agent	-	1,497,749	304,926	346,495	2,967,492	424,535
<b>Total assets</b>	<b><u>\$ 7,345</u></b>	<b><u>\$ 3,937,925</u></b>	<b><u>\$ 819,082</u></b>	<b><u>\$ 732,683</u></b>	<b><u>\$ 6,387,052</u></b>	<b><u>\$ 979,857</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 353	\$ -	\$ 350	\$ 263	\$ 1,333	\$ 667
Rebatable Arbitrage	497	-	-	-	-	-
Due to assessment holders	6,495	3,937,925	818,732	732,420	6,385,719	979,190
<b>Total liabilities</b>	<b><u>\$ 7,345</u></b>	<b><u>\$ 3,937,925</u></b>	<b><u>\$ 819,082</u></b>	<b><u>\$ 732,683</u></b>	<b><u>\$ 6,387,052</u></b>	<b><u>\$ 979,857</u></b>

<u>Willow Creek Estates South CFD #8</u>	<u>Empire Ranch CFD #10</u>	<u>Willow Springs CFD #11</u>	<u>Parkway CFD #14</u>	<u>Folsom Historic District</u>	<u>Total Agency Funds</u>	
<b>ASSETS</b>						
\$ 208,684	\$ 3,308,386	\$ 917,508	\$ 778,047	\$ 2,609	\$ 14,552,712	Cash and cash equivalents
5,698	1,332	36,444	42,913	-	624,669	Cash with fiscal agent
						Receivables:
542	8,130	2,379	1,652	95	39,057	Accrued interest
3,424	344,185	22,441	39,469	2,359	626,781	Due from other governments
					170,800	Restricted assets:
-	-	-	-	-	13,962,478	Cash and cash equivalents
171,000	5,861,771	857,691	1,390,839	-		Cash with fiscal agent
<u>\$ 389,348</u>	<u>\$ 9,523,804</u>	<u>\$ 1,836,463</u>	<u>\$ 2,252,920</u>	<u>\$ 5,063</u>	<u>\$ 29,976,497</u>	Total assets
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,843	Accounts payable
-	-	-	-	-	497	Rebatable Arbitrage
389,348	9,523,804	1,836,463	2,252,920	5,063	29,969,157	Due to assessment holders
<u>\$ 389,348</u>	<u>\$ 9,523,804</u>	<u>\$ 1,836,463</u>	<u>\$ 2,252,920</u>	<u>\$ 5,063</u>	<u>\$ 29,976,497</u>	Total liabilities

**CITY OF FOLSOM, CALIFORNIA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

				\$
Cash with fiscal agent	-	-	-	-
Accrued interest	354	1,988	2,188	154
Due from other governments	1,966	118	1,585	499
Restricted cash	28,513	2,160	-	30,673
Total assets	<u>\$ 73,286</u>	<u>\$ 44,832</u>	<u>\$ 63,537</u>	<u>\$ 54,581</u>
Liabilities				
Accounts payable	\$ (19)	\$ 2,077	\$ 2,027	\$ 31
Due to assessment holders	73,305	39,126	57,881	54,550
Total liabilities	<u>\$ 73,286</u>	<u>\$ 41,203</u>	<u>\$ 59,908</u>	<u>\$ 54,581</u>

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Folsom Auto Plaza</b>				
Assets				
Cash	\$ 686,129	\$ 769,183	\$ 642,332	\$ 812,980
Cash with fiscal agent	-	-	-	-
Accrued interest	2,919	15,898	16,618	2,199
Due from other governments	3,996	2,103	3,996	2,103
Restricted cash	-	-	-	-
Total assets	<u>\$ 693,044</u>	<u>\$ 787,184</u>	<u>\$ 662,946</u>	<u>\$ 817,282</u>
Liabilities				
Accounts payable	\$ 990	\$ 4,019	\$ 4,019	\$ 990
Due to assessment holders	692,054	765,391	641,153	816,292
Total liabilities	<u>\$ 693,044</u>	<u>\$ 769,410</u>	<u>\$ 645,172</u>	<u>\$ 817,282</u>
<b>Lake Natoma Shores</b>				
Assets				
Cash	\$ 67,204	\$ 57,341	\$ 75,905	\$ 48,640
Cash with fiscal agent	82,670	2,666	-	85,336
Accrued interest	313	1,068	1,253	128
Due from other governments	1,786	673	1,785	674
Restricted cash	82,480	-	-	82,480
Total assets	<u>\$ 234,453</u>	<u>\$ 61,748</u>	<u>\$ 78,943</u>	<u>\$ 217,258</u>
Liabilities				
Accounts payable	\$ 50	\$ 3,720	\$ 3,720	\$ 50
Due to assessment holders	234,403	58,773	75,968	217,208
Total liabilities	<u>\$ 234,453</u>	<u>\$ 62,493</u>	<u>\$ 79,688</u>	<u>\$ 217,258</u>
<b>Prairie Oaks Refunding</b>				
Assets				
Cash	\$ 1,174,640	\$ 3,128,951	\$ 3,206,845	\$ 1,096,746
Cash with fiscal agent	-	-	-	-
Accrued interest	10,544	16,317	23,675	3,186
Due from other governments	93,143	28,187	96,382	24,948
Restricted cash	1,057,095	1,159,636	2,076,604	140,127
Total assets	<u>\$ 2,335,422</u>	<u>\$ 4,333,091</u>	<u>\$ 5,403,506</u>	<u>\$ 1,265,007</u>
Liabilities				
Accounts payable	\$ 1,546	\$ 16,095	\$ 15,741	\$ 1,900
Due to assessment holders	2,333,876	1,992,454	3,063,223	1,263,107
Total liabilities	<u>\$ 2,335,422</u>	<u>\$ 2,008,549</u>	<u>\$ 3,078,964</u>	<u>\$ 1,265,007</u>

CITY OF FOLSOM, CALIFORNIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Cobble Hills Ridge Refunding</b>				
Assets				
Cash	\$ 212,713	\$ 168,869	\$ 241,728	\$ 139,854
Cash with fiscal agent	-	-	-	-
Accrued interest	945	4,289	4,869	365
Due from other governments	7,208	8,575	6,844	8,939
Restricted cash	-	-	-	-
Total assets	<u>\$ 220,866</u>	<u>\$ 181,733</u>	<u>\$ 253,441</u>	<u>\$ 149,158</u>
Liabilities				
Accounts payable	\$ 36	\$ 3,618	\$ 3,618	\$ 36
Due to assessment holders	220,830	170,498	242,206	149,122
Total liabilities	<u>\$ 220,866</u>	<u>\$ 174,116</u>	<u>\$ 245,824</u>	<u>\$ 149,158</u>
<b>Ridgeview Refunding</b>				
Assets				
Cash	\$ 268,918	\$ 168,520	\$ 279,178	\$ 158,260
Cash with fiscal agent	-	-	-	-
Accrued interest	1,311	6,292	7,177	426
Due from other governments	7,038	3,578	8,268	2,348
Restricted cash	-	-	-	-
Total assets	<u>\$ 277,267</u>	<u>\$ 178,390</u>	<u>\$ 294,623</u>	<u>\$ 161,034</u>
Liabilities				
Accounts payable	\$ 633	\$ 2,902	\$ 2,902	\$ 633
Rebateable arbitrage	-	-	-	-
Due to assessment holders	276,634	163,408	279,641	160,401
Total liabilities	<u>\$ 277,267</u>	<u>\$ 166,310</u>	<u>\$ 282,543</u>	<u>\$ 161,034</u>
<b>Cresleigh Natoma Refunding</b>				
Assets				
Cash	\$ 108,401	\$ 111,417	\$ 128,518	\$ 91,300
Cash with fiscal agent	-	-	-	-
Accrued interest	438	1,952	2,154	236
Due from other governments	4,912	3,406	4,254	4,064
Restricted cash	-	-	-	-
Total assets	<u>\$ 113,751</u>	<u>\$ 116,775</u>	<u>\$ 134,926</u>	<u>\$ 95,600</u>
Liabilities				
Accounts payable	\$ -	\$ 2,634	\$ 2,633	\$ -
Due to assessment holders	113,751	110,540	128,691	95,600
Total liabilities	<u>\$ 113,751</u>	<u>\$ 113,174</u>	<u>\$ 131,324</u>	<u>\$ 95,600</u>

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Hannaford Crossing Refunding</b>				
Assets				
Cash	\$ 216,258	\$ 227,185	\$ 272,642	\$ 170,801
Cash with fiscal agent	-	-	-	-
Accrued interest	799	4,485	4,848	436
Due from other governments	14,378	9,556	13,283	10,651
Restricted cash	-	-	-	-
Total assets	<u>\$ 231,435</u>	<u>\$ 241,226</u>	<u>\$ 290,773</u>	<u>\$ 181,888</u>
Liabilities				
Accounts payable	\$ 237	\$ 3,580	\$ 3,580	\$ 237
Due to assessment holders	231,198	223,078	272,625	181,651
Total liabilities	<u>\$ 231,435</u>	<u>\$ 226,658</u>	<u>\$ 276,205</u>	<u>\$ 181,888</u>
<b>Willow Creek CFD #1 Refunding</b>				
Assets				
Cash	\$ 109,031	\$ 4,200	\$ 111,429	\$ 1,802
Cash with fiscal agent	-	-	-	-
Accrued interest	653	1,563	2,212	4
Due from other governments	5,014	525	-	5,539
Restricted cash	-	-	-	-
Total assets	<u>\$ 114,698</u>	<u>\$ 6,288</u>	<u>\$ 113,641</u>	<u>\$ 7,345</u>
Liabilities				
Accounts payable	\$ 304	\$ 109,332	\$ 109,283	\$ 353
Rebateable arbitrage	497	-	-	497
Due to assessment holders	113,897	2,883	110,285	6,495
Total liabilities	<u>\$ 114,698</u>	<u>\$ 112,215</u>	<u>\$ 219,568</u>	<u>\$ 7,345</u>
<b>Natoma Station CFD #2 Refunding</b>				
Assets				
Cash	\$ 2,285,883	\$ 1,599,867	\$ 1,507,077	\$ 2,378,673
Cash with fiscal agent	30,744	1,454,132	1,475,243	9,633
Accrued interest	11,622	68,755	73,278	7,099
Due from other governments	45,521	43,533	44,283	44,771
Restricted cash	1,502,876	24,143	29,270	1,497,749
Total assets	<u>\$ 3,876,646</u>	<u>\$ 3,190,430</u>	<u>\$ 3,129,151</u>	<u>\$ 3,937,925</u>
Liabilities				
Accounts payable	\$ -	\$ 12,584	\$ 12,584	\$ -
Due to assessment holders	3,876,646	1,619,367	1,558,088	3,937,925
Total liabilities	<u>\$ 3,876,646</u>	<u>\$ 1,631,951</u>	<u>\$ 1,570,672</u>	<u>\$ 3,937,925</u>



**CITY OF FOLSOM, CALIFORNIA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Folsom Heights CFD #3 Refunding</b>				
Assets				
Cash	\$ 397,189	\$ 416,287	\$ 339,535	\$ 473,941
Cash with fiscal agent	434	300,371	300,797	8
Accrued interest	1,984	11,822	12,383	1,423
Due from other governments	50,658	17,159	29,033	38,784
Restricted cash	305,526	-	600	304,926
Total assets	<u>\$ 755,791</u>	<u>\$ 745,639</u>	<u>\$ 682,348</u>	<u>\$ 819,082</u>
Liabilities				
Accounts payable	\$ -	\$ 10,218	\$ 9,868	\$ 350
Due to assessment holders	755,791	404,838	341,897	818,732
Total liabilities	<u>\$ 755,791</u>	<u>\$ 415,056</u>	<u>\$ 351,765</u>	<u>\$ 819,082</u>
<b>Broadstone CFD#4 Refunding</b>				
Assets				
Cash	\$ 363,778	\$ 389,487	\$ 379,156	\$ 374,109
Cash with fiscal agent	2,994	339,360	342,334	20
Accrued interest	1,431	5,317	5,741	1,007
Due from other governments	22,492	11,052	22,492	11,052
Restricted cash	346,495	-	-	346,495
Total assets	<u>\$ 737,190</u>	<u>\$ 745,216</u>	<u>\$ 749,723</u>	<u>\$ 732,683</u>
Liabilities				
Accounts payable	\$ 263	\$ 12,621	\$ 12,621	\$ 263
Due to assessment holders	736,927	381,544	386,051	732,420
Total liabilities	<u>\$ 737,190</u>	<u>\$ 394,165</u>	<u>\$ 398,672</u>	<u>\$ 732,683</u>
<b>Broadstone 2 CFD # 7</b>				
Assets				
Cash	\$ 2,937,964	\$ 2,943,277	\$ 2,902,416	\$ 2,978,825
Cash with fiscal agent	368,195	1,273,939	1,261,231	380,903
Accrued interest	11,807	55,955	59,739	8,023
Due from other governments	89,742	41,779	79,712	51,809
Restricted cash	2,949,234	18,258	-	2,967,492
Total assets	<u>\$ 6,356,942</u>	<u>\$ 4,333,208</u>	<u>\$ 4,303,098</u>	<u>\$ 6,387,052</u>
Liabilities				
Accounts payable	\$ 63	\$ 21,418	\$ 20,148	\$ 1,333
Due to assessment holders	6,356,879	2,939,640	2,910,800	6,385,719
Total liabilities	<u>\$ 6,356,942</u>	<u>\$ 2,961,058</u>	<u>\$ 2,930,948</u>	<u>\$ 6,387,052</u>

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Parkway CFD # 8</b>				
Assets				
Cash	\$ 477,561	\$ 445,144	\$ 438,409	\$ 484,296
Cash with fiscal agent	59,593	3,653	872	62,374
Accrued interest	2,046	9,780	10,503	1,323
Due from other governments	13,147	7,329	13,147	7,329
Restricted cash	424,535	-	-	424,535
Total assets	<u>\$ 976,882</u>	<u>\$ 465,906</u>	<u>\$ 462,931</u>	<u>\$ 979,857</u>
Liabilities				
Accounts payable	\$ 63	\$ 10,328	\$ 9,724	\$ 667
Due to assessment holders	976,819	442,731	440,360	979,190
Total liabilities	<u>\$ 976,882</u>	<u>\$ 453,059</u>	<u>\$ 450,084</u>	<u>\$ 979,857</u>
<b>Willow Creek Estates South CFD#9</b>				
Assets				
Cash	\$ 204,396	\$ 237,271	\$ 232,983	\$ 208,684
Cash with fiscal agent	3,138	2,876	316	5,698
Accrued interest	735	2,890	3,083	542
Due from other governments	6,622	3,424	6,622	3,424
Restricted cash	172,551	-	1,551	171,000
Total assets	<u>\$ 387,442</u>	<u>\$ 246,461</u>	<u>\$ 244,555</u>	<u>\$ 389,348</u>
Liabilities				
Accounts payable	\$ 31	\$ 6,535	\$ 6,566	\$ -
Due to assessment holders	387,411	234,894	232,957	389,348
Total liabilities	<u>\$ 387,442</u>	<u>\$ 241,429</u>	<u>\$ 239,523</u>	<u>\$ 389,348</u>
<b>Empire Ranch CFD # 10</b>				
Assets				
Cash	\$ 3,334,094	\$ 5,090,841	\$ 5,116,549	\$ 3,308,386
Cash with fiscal agent	3,019	2,506,351	2,508,038	1,332
Accrued interest	10,627	42,526	45,023	8,130
Due from other governments	232,110	338,243	226,168	344,185
Restricted cash	5,819,848	66,186	24,263	5,861,771
Total assets	<u>\$ 9,399,698</u>	<u>\$ 8,044,147</u>	<u>\$ 7,920,041</u>	<u>\$ 9,523,804</u>
Liabilities				
Accounts payable	\$ 31	\$ 28,015	\$ 28,046	\$ -
Due to assessment holders	9,399,667	5,266,835	5,142,698	9,523,804
Total liabilities	<u>\$ 9,399,698</u>	<u>\$ 5,294,850</u>	<u>\$ 5,170,744</u>	<u>\$ 9,523,804</u>

**CITY OF FOLSOM, CALIFORNIA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Willow Springs CFD # 11</b>				
Assets				
Cash	\$ 713,918	\$ 1,095,882	\$ 892,292	\$ 917,508
Cash with fiscal agent	31,299	6,742	1,597	36,444
Accrued interest	3,078	13,267	13,966	2,379
Due from other governments	72,392	18,694	68,645	22,441
Restricted cash	857,691	-	-	857,691
Total assets	<u>\$ 1,678,378</u>	<u>\$ 1,134,585</u>	<u>\$ 976,500</u>	<u>\$ 1,836,463</u>
Liabilities				
Accounts payable	\$ 31	\$ 8,001	\$ 8,032	\$ -
Due to assessment holders	1,678,347	1,051,199	893,083	1,836,463
Total liabilities	<u>\$ 1,678,378</u>	<u>\$ 1,059,200</u>	<u>\$ 901,115</u>	<u>\$ 1,836,463</u>
<b>Parkway CFD # 14</b>				
Assets				
Cash	\$ 751,401	\$ 1,442,817	\$ 1,416,171	\$ 778,047
Cash with fiscal agent	35,927	221,139	214,153	42,913
Accrued interest	2,390	9,580	10,318	1,652
Due from other governments	60,479	40,605	61,615	39,469
Restricted cash	1,390,839	-	-	1,390,839
Total assets	<u>\$ 2,241,036</u>	<u>\$ 1,714,141</u>	<u>\$ 1,702,257</u>	<u>\$ 2,252,920</u>
Liabilities				
Accounts payable	\$ 30	\$ 15,153	\$ 15,183	\$ -
Due to assessment holders	2,241,006	1,221,607	1,209,693	2,252,920
Total liabilities	<u>\$ 2,241,036</u>	<u>\$ 1,236,760</u>	<u>\$ 1,224,876</u>	<u>\$ 2,252,920</u>
<b>Folsom Historic District</b>				
Assets				
Cash	\$ -	\$ 113,439	\$ 110,830	\$ 2,609
Cash with fiscal agent	-	-	-	-
Accrued interest	-	5,225	5,130	95
Due from other governments	-	2,359	-	2,359
Restricted cash	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 121,023</u>	<u>\$ 115,960</u>	<u>\$ 5,063</u>
Liabilities				
Accounts payable	\$ -	\$ 105,825	\$ 105,825	\$ -
Due to assessment holders	-	116,034	110,971	5,063
Total liabilities	<u>\$ -</u>	<u>\$ 221,859</u>	<u>\$ 216,796</u>	<u>\$ 5,063</u>