Introduction

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Financial activities are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds used in government are classified into three broad categories: Governmental, Proprietary, and Fiduciary.

- Governmental funds are used to account for tax-supported activities. The City maintains five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and fiduciary funds.
- Proprietary funds focus on the determination of operating income, cost recovery, financial position and cash flows. The City maintains two different types of proprietary funds: enterprise and internal service funds.
- Fiduciary funds are used in situations where the government is acting in a fiduciary capacity as a trustee or agent.

Governmental Funds

Governmental funds typically are used to account for tax-supported activities.

A. General Fund:

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

B. Special Revenue Funds:

Used to record and account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes. These funds include:

1. **Gas Tax Fund:** used to account for the Highway User's Tax revenues received from the State of California under Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code. Activities in this fund are restricted to street and road construction and rehabilitation.
2. **Planning Services:** used to account for revenues and disbursements of special planning services for developers.
3. **Transportation Tax:** used to account for receipts of SB-325 transportation tax monies.
4. **Park Dedication:** used to account for Quimby Act Fees for park development purposes.

5. **Folsom Redevelopment Agency:** used to account for the revenue and expenditures of the Redevelopment Agency of the City of Folsom, except for the debt service and bond proceeds.
6. **Traffic Congestion Relief:** used to account for revenues and expenditures associated with certain street highway maintenance, rehabilitation, reconstruction and storm damage repair projects.
7. **Light and Landscape Districts:** used to account for assessments for maintenance pursuant to the 1972 Lighting and Landscaping Act in the following subsidiary funds maintained by the City:

Los Cerros	Sierra Estates	Willow Creek South
Briggs Ranch	Lakeridge	American River Canyon N
Natoma Station	La Collina dal Lago	Willow Springs
Folsom Heights	Cobble Ridge	Willow Springs Maint Dist
Broadstone Unit 3	Prairie Oaks	Broadstone #3 Maint Dist
Broadstone	Silverbrook	ARC Maintenance Dist
Hannaford Cross	Willow Creek East	American River Canyon
Lake Natoma Shores	Blue Ravine Oaks	The Residences at ARC N
Cobble Hill Reflections	Steeplechase	Fieldstone Meadows

8. **Transportation and Use Tax:** during FY 2004/05 this fund was merged into the Transportation System Management Fund.
9. **Transportation System Management:** used to account for revenue and disbursements for study of future traffic needs and receipts from Measure A (0.5 percent) sales tax and expenditures.
10. **Community Development Block Grant:** used to account for grants received from the U.S. Department of Housing and Urban Development (HUD). The grants are used for the redevelopment of a viable community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.
11. **Development:** used to account for revenues and expenditures related to development including engineering, planning, and building inspection.
12. **Humbug Willow Creek:** used to account for revenues and expenditures related to the planning for the Humbug Willow Creek trail area.
13. **General Plan Amendment:** used to account for fees collected for the update of the general plan.
14. **Tree Planting:** used to account for revenues and expenditures related to the mitigation of tree loss in construction.
15. **Miscellaneous Grants:** used to account for revenues and expenditures related to a OCJP and other Block grants.
16. **Library:** used to account for revenues and expenditures of the library.
17. **Park Renovation:** used to account for revenues and expenditures for renovation of City parks.
18. **General Special Revenue:** used to account for revenues and expenditures for designated special activities.

19. **Zoo Special Revenue:** used to account for revenues and expenditures for designated zoo activities.
20. **Building and Grounds:** used to account for revenues and expenditures for the maintenance and replacement of City buildings and grounds.
21. **Other Special Revenue:** used to account for revenues and expenditures in the following subsidiary funds:

    - Folsom Arts and Culture Council
    - Folsom Historic District
    - Housing Trust
    - Sacramento Transportation Billboard
    - Lembi Aquatic Center Sponsorship
    - Cultural Events – this fund was deactivated due to lack of activity

22. **Wetlands Special Revenue**: used to account for revenues and expenditures in the following subsidiary funds:

    - Willow Springs Wetlands Preserve
    - Lexington Hills Wetlands Maintenance
    - Willow Creek Wetland Preservation
    - Sierra Estates Space Maintenance

23. **Police Special Revenue**: used to account for revenues and expenditures related to police grants and reimbursements such as, SLESF, POST, Police Forfeiture 15% and Asset Forfeiture 14607.6 CVC.

C. Debt Service Funds:

Used to account for the accumulation of resources and payment of general long-term debt obligations of the City and related entities. Funds included in this category are:

1. **Folsom Redevelopment Agency:** used to account for the debt service on the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area 1997 Refunding Allocation Bonds.
2. **Folsom Community Correctional Facility:** used to account for the debt service on the City of Folsom Certificates of Participation for the former Folsom Community Correctional Facility.
3. **City Park and Signals:** used to account for the debt service on the City of Folsom Refunding Certificates of Participation for City Park and Signals.
4. **Central Fire Station:** used to account for the debt service on the City of the Folsom Certificates of Participation for the Central Fire Station.
5. **General Obligation Bonds for School Facilities:** used to account for the debt service on the General Obligation Bonds issued for school facilities.

6. **Recreation Facility:** used to account for the debt service on the City of Folsom Certificates of Participation for the Natoma Station Learning Center.
7. **Folsom Public Financing Authority:** used to account for the proceeds of bonds issued for pooled debt financing for other funds and special assessment districts.

D. Capital Project Funds:

Used to account for financial resources that are used for the acquisition and improvement of major capital facilities (other than the ones that are financed by proprietary and trust funds). Funds included in this category are:

1. **1915 Act Assessment Districts:** used to account for the capital construction proceeds for the 1915 Act Assessment Districts. Construction activity for the following 1915 districts are accounted for in this fund:

   - Prairie Oaks Ranch Assessment District
   - Lake Natoma Shores Assessment District

   The funds listed below upon project completion were consolidated into a corresponding debt service or agency fund.

   - Folsom Auto Plaza Assessment District – consolidated to Folsom Auto Plaza Agency Fund
   - Blue Oaks Ravine East Assessment District – consolidated to Blue Ravine Oaks East Agency Fund
   - Natoma Station Assessment District – consolidated to Natoma Station Agency Fund
   - Nimbus Water Capital – consolidated to 1982-1 Nimbus Assessment District Debt Service Fund
   - Cobble Hill Ridge – consolidated to Cobble Hill Ridge Agency Fund
   - Ridgeview Assessment District – consolidated to Ridgeview Assessment District Agency Fund

2. **Mello-Roos Districts:** These funds are used to account for the capital construction proceeds for Mello-Roos Districts. Construction activity for the following Mello-Roos districts accounted for in this fund are:

   - 1995 Empire Ranch (Russell Ranch) Community Facilities District Number 10
   - 1999 Willow Springs Community Facilities District Number 11
   - 1996 Willow Creek Estates Community Facilities District Number 9
   - 1999 Willow Springs Community Facilities District Number 11
   - 2001 Parkway Community Facilities District Number 14

   The funds listed below upon project completion were consolidated into a corresponding debt service or agency fund:

- 1989 Folsom Heights Community Facilities District Number 3 – consolidated to corresponding agency fund
- 1987 Willow Creek Community Facilities District Number 1 – consolidated to corresponding agency fund
- 1994 Broadstone #2 Community Facilities District Number 7 – consolidated to corresponding agency fund
- 1989 Natoma Station Community Facilities District Number 2 – consolidated to corresponding agency fund

3. **Folsom Redevelopment Agency:** used to account for the construction proceeds of the Redevelopment Agency of the City of Folsom, Central Folsom Redevelopment Project Area Tax Allocation Bonds—1987 Series A and 1991 Series.
4. **Transportation Improvement:** used to account for long-term major road projects financed through developer mitigation charges and to account for construction of light rail transportation projects.
5. **Park Capital Improvement:** used to account for long-term park projects financed through developer mitigation charges; to account for grant monies received for park capital outlay and facilities; and to account for the construction bond proceeds for park improvements.
6. **Police Capital:** used to account for development mitigation fees to finance police capital outlay and facilities.
7. **Fire Capital:** used to account for development mitigation fees to finance fire capital outlay and facilities.
8. **General Capital:** used to account for development mitigation fees to finance general capital outlay and facilities.
9. **Park Grant Capital Improvement:** during Fiscal Year 2004/05, this fund was merged into the Park Capital Improvement Fund.
10. **Drainage Capital:** used to account for development mitigation fees to finance drainage capital outlay and facilities.
11. **City Parks:** during Fiscal Year 2004/05, this fund was merged into the Park Capital Improvement Fund.
12. **Traffic Signals:** during Fiscal Year 2004/05, the remaining fund balance was consolidated to the City Parks and Signals Debt Service Fund.
13. **General Obligation School Facility Bond:** during Fiscal Year 2004/05, the remaining fund balance was consolidated to the General Obligation Bonds for School Facilities Fund.
14. **American River Bridge:** during Fiscal Year 2004/05, the remaining fund balance was consolidated into the Transportation Improvement Capital Project Fund.
15. **Zoo Improvement:** used to account for construction projects for the zoo.
16. **Light Rail Transportation:** used to account for construction of light rail transportation projects.
17. **Recreation Facility:** during Fiscal Year 2004/05, the remaining fund balance was transferred to the Recreation Facility Debt Service Fund.

18. **Folsom Aquatic Center:** during Fiscal Year 2004/05, the remaining fund balance was transferred to the Park Dedication Special Revenue Fund.
19. **Library Development:** used to account for construction of a new library.
20. **Major Capital and Renovation:** used to account for governmental building costs, which will be charged to other funds and accounts, and provide for replacement.

Proprietary Funds

Proprietary funds focus on the determination of operating income, cost recovery, financial position and cash flows.

A. Enterprise Funds:

These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. These funds include:

1. **Transit:** used to account for the operation and maintenance of the City's bus system.
2. **Water:** used to account for the operation and maintenance of the City's water productions, transmission and distribution system.
3. **Water Capital:** used to account for development mitigation fees to finance major capital improvements such as water treatment plant storage and transmission mains.
4. **Water Meters:** used to account for funds collected for purchase and sale of water meters.
5. **Water Revenue Projects:** used to account for the revenue bond proceeds for improvements to the City's water operations.
6. **Sewer:** used to account for the operation and maintenance of the City's sewer collection and transmission system.
7. **Sewer Capital:** used to account for development mitigation fees to finance sewer facilities.
8. **Facilities Augmentation:** used to account for additional services, including capital improvements of the Folsom South Area Facilities Plan.
9. **Solid Waste:** used to account for the operation and maintenance of the City's solid waste pick-up operation.
10. **Solid Waste Capital:** used to account for development mitigation fees to finance solid waste capital outlay and facilities.
11. **Solid Waste Recycling**: used to account for sale of recycling material by the City.
12. **Recreation:** used to account for the operation of the City's recreation services.
13. **Aquatic Center:** used to account for the operation of the City's aquatic center.

B. Internal Service Funds:

Used to account for the financing of goods and services by one department to others within the government on a cost reimbursement basis.

1. **Equipment Replacement:** used to account for general governmental equipment, which will be charged to other funds and accounts, and provide for replacement.
2. **Information Systems:** used to account for computer and imaging operations, which will be charged to other funds and accounts, and provide for replacement.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

A. Agency Funds:

Agency funds are used to account for situations where the government's role is purely custodial.

1. **1915 Act Assessment Districts:** used to account for the various assessments within the City of Folsom pursuant to the 1915 Bond Act.
2. **Mello-Roos Districts:** used to account for the various Mello-Roos Districts within the City of Folsom.